IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

THIS OFFERING OF THE SECURITIES DESCRIBED IN THE ATTACHED PLACEMENT DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER REGULATION 2(1)(ZD) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED ("SEBI ICDR REGULATIONS").

IMPORTANT: This e-mail is intended for the named recipient(s) only. If you are not an intended recipient, please delete this e-mail from your system immediately. You must read the following before continuing. The following applies to the pre-numbered placement document of Srikalahasthi Pipes Limited (the "**Company**") dated December 26, 2017 (the "**Placement Document**") attached to this e-mail, and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached Placement Document. In accessing the Placement Document, you agree to be bound by the following terms and conditions, including any modifications to them, from time to time, each time you receive any information from us as a result of such access. The information in the Placement Document is confidential and subject to updating, completion, revision, verification, amendment and change without notice.

THE EQUITY SHARES HAVE NOT BEEN NOR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), AND THEY MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO PERSONS REASONABLY BELIEVED TO BE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) PURSUANT TO SECTION 4(A)(2) OR ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, AND (B) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT ("**REGULATION S**"), OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN TRANSACTIONS NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE EQUITY SHARES AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT, SEE "SELLING RESTRICTIONS", "NOTICE TO INVESTORS", AND "PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS". THE ATTACHED PRE NUMBERED PLACEMENT DOCUMENT MAY NOT BE FORWARDED, DOWNLOADED, DELIVERED OR DISTRIBUTED, IN WHOLE OR IN PART, ELECTRONICALLY OR OTHERWISE TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE EQUITY SHARES DESCRIBED IN THE ATTACHED PLACEMENT DOCUMENT.

This Issue and the distribution of this Placement Document is being done in reliance on Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, as amended and the rules made thereunder. This Placement Document is personal to each prospective investor and does not constitute an offer or invitation or solicitation of an offer to the public or to any other person or class of investors.

Confirmation of your Representation: You have accessed the attached Placement Document on the basis that you have confirmed your representation, agreement and acknowledgement to ICICI Securities Limited (the "**Book Running Lead Manager**") that: (1) (i) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and to the extent that you purchase the securities described in the attached Placement Document, you will be doing so pursuant to Regulation S or (ii) you are, or are acting on behalf of, a "qualified institutional buyer" (as defined in Rule 144A) pursuant to Section 4(a)(2) of the U.S. Securities Act; (2) the securities offered hereby have not been registered under the U.S. Securities Act; AND (3) that you consent to delivery of the attached Placement Document and any amendments or supplements thereto by electronic transmission.; and (4) you are a "Qualified Institutional Buyer" as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations and not excluded pursuant to Regulations 86(1)(b) of the SEBI ICDR Regulations.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or the Book Running Lead Manager to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute a "general solicitation" or "general advertising" (each as defined in Regulation D under the U.S. Securities Act) or "directed selling efforts" (as defined in Regulation S) in the United States or elsewhere. You are reminded that the attached Placement Document has been delivered to you on the basis that you are a person into whose possession the attached Placement Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Placement Document to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or invitation or solicitation in any place where offers, invitations or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and Book Running Lead Manager or any affiliate of the Book Running Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Book Running Lead Manager or such affiliate on behalf of the Company in such jurisdiction. Further, nothing in this electronic transmission constitutes an offer or an invitation or solicitation of an offer or an offer or invitation to the public under the Companies Act, 1956 or the Companies Act, 2013, as applicable, by or on behalf of either the Company or the Book Running Lead Manager to subscribe for or purchase any of the equity shares described in the attached Placement Document. The attached Placement Document has not been and will not be registered as a prospectus with any registrar of companies in India and is not and should not be construed as an offer document under the SEBI ICDR Regulations or any other applicable law. The attached Placement Document has not been and will not be reviewed or approved by any regulatory authority in India, including the Securities and Exchange Board of India, the Reserve Bank of India, any registrar of companies in India or any stock exchange in India. The attached Placement Document is not and should not be construed as an invitation, offer or sale of any securities to the public in India.

The Placement Document been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, Book Running Lead Manager or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any of them accepts any liability or responsibility whatsoever in respect of any difference between the Placement Document distributed to you in electronic format and the hard copy version available to you on request from the Book Running Lead Manager. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. The attached Placement Document is intended only for use by the addressee named herein and may contain legally privileged and / or confidential information. If you are not the intended recipient of the attached Placement Document, you are hereby notified that any dissemination, distribution or copying of the attached Placement Document is strictly prohibited. If you have received the attached Placement Document in error, please immediately notify the sender or the Book Running Lead Manager by reply email and destroy the email received and any printouts of it.

Actions That You May Not Take: You should not reply by e-mail to this announcement, and you may not purchase any of the equity shares described in the attached pre-numbered Placement Document by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) FORWARD OR DELIVER THE ATTACHED PLACEMENT DOCUMENT, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR (2) REPRODUCE SUCH PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Placement Document
Subject to completion
Not for Circulation
Serial Number:[●]
Strictly Confidential

SRIKALAHASTHI PIPES LIMITED

Our Company was incorporated on November 1, 1991 under the Companies Act, 1956, as Lanco Ferro Limited. Subsequently, the name of our Company was changed to Lanco Industries Limited with effect from July 6, 1994. The name of our Company was further changed to Srikalahasthi Pipes Limited with effect from September 29, 2014. The registered office of our Company is located at Rachgunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh 517 641, India. CIN: L74999AP1991PLC013391, Telephone No.: +91 8578 286650 *Facsimile No.:* +91 8578 286680 *E-mail:* companysecretary@srikalahathipipes.com *Website:* www.srikalahasthipipes.com

Srikalahasthi Pipes Limited (our "**Company**" or the "**Issuer**") is issuing 6,934,812 equity shares of face value of ₹ 10 each (the "**Equity Shares**") at a price of ₹ 360.50 per Equity Share (the "**Issue Price**"), including a premium of ₹ 350.50 per Equity Share, aggregating ₹ 2,500 million (the "**Issue**").

ISSUE IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULES MADE THEREUNDER, ALONGWITH CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS").

THIS ISSUE AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS ("QIBS") AS DEFINED IN THE SEBI ICDR REGULATIONS IN RELIANCE UPON CHAPTER VIII OF THE SEBI ICDR REGULATIONS, AS AMENDED AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, AND RULES MADE THEREUNDER. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN QIBS. THIS PLACEMENT DOCUMENT WILL BE CIRCULATED ONLY TO SUCH QIBS WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO EQUITY SHARES.

Invitations for subscription of Equity Shares have only be made pursuant to the Preliminary Placement Document together with the respective Application Form (as defined hereinafter). For further information, see the section "***Issue Procedure***" beginning on page 139. The distribution of the Preliminary Placement Document, this Placement Document or the disclosure of its contents without our Company's prior consent to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and agrees to make no copies of this Placement Document or any documents referred to in this Placement Document.

Our Company's outstanding Equity Shares are listed on BSE Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**", together with the BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on the BSE and NSE on December 22, 2017 was ₹ 406.35 and ₹ 409.95 per Equity Share, respectively. In-principle approvals under Regulation 28(1) of the SEBI Listing Regulations (as defined herein) for listing of the Equity Shares have been received from the BSE and NSE on December 20, 2017. Applications shall be made for obtaining the listing and trading approvals for the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

A copy of this Placement Document (which includes disclosures prescribed under Form PAS-4 under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended) has been delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Hyderabad, Telangana (the "**RoC**") and the Securities and Exchange Board of India ("**SEBI**") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended. This Placement Document has not been reviewed by SEBI, the Stock Exchanges or any other regulatory or listing authority and is intended only for use by QIBs. This Placement Document has not been and will not be registered as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" BEGINNING ON PAGE 38 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE PLACEMENT DOCUMENT. BIDDERS OF THE EQUITY SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISER.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any other applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**")) ("**U.S. QIB**") pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act; for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as "**QIBs**" and (b) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdiction where those offers and sales are made.For a description of selling restrictions in certain other jurisdictions, see "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 150 and 157, respectively.

The information on our Company's website, any website directly or indirectly linked to our Company's website, or the website of the Lead Manager or its affiliates does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites.

LEAD MANAGER
ICICI Securities

This Placement Document is dated December 26, 2017.

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Placement Document and confirms that, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company and the Equity Shares which are material in the context of making an investment in this Issue. The statements contained in this Placement Document relating to our Company and the Equity Shares are, in all material respects, true and accurate and not misleading. The opinions and intentions expressed in this Placement Document with regard to the Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to our Company and are based on reasonable assumptions. There are no other facts in relation to our Company and the Equity Shares, the omission of which would, in the context of this Issue, make any statement in this Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements.

The Lead Manager has made reasonable enquiries but has not separately verified all of the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the Lead Manager nor any of its affiliates including any of its shareholders, directors, officers, employees, counsel, representatives and/or agents make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Lead Manager nor any of its affiliates including any of its shareholders, directors, officers, employees, counsel, representatives, agents as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on the Lead Manager or any of its affiliates including any of its shareholders, directors, officers, employees, counsel, representatives, agents in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares. Prospective investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or the Lead Manager. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the U.S. Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offense in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable state securities laws of the United States and, unless so registered may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are U.S. QIBs pursuant to Section 4(a)(2) or another applicable exemption from registration under the U.S. Securities Act; for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as "**QIBs**" and (b) outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. Distribution of this Placement Document to any person other than the offeree specified by the Lead Manager or its representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized and any disclosure of its contents, without the prior written consent of our Company, is prohibited. Any reproduction or distribution of this Placement Document in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to not make copies of this Placement Document or any documents referred to in this Placement Document.

In making an investment decision, prospective investors must rely on their own examination of our Company and the Equity Shares and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, business, tax, accounting or investment advice.

Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Lead Manager are making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable legal, investment or similar laws or regulations. Each subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, and that it is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in the securities including the Equity Shares. Each subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document and disclosures included in "***Risk Factors***" on page 38.

The information on our Company's website, www.srikalahasthipipes.com, any website directly and indirectly linked to the website of our Company or on the websites of the Lead Manager or their respective affiliates, does not constitute nor form part of this Placement Document. The prospective investors should not rely on such information contained in, or available through, any such websites.

CERTAIN U.S. MATTERS

THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR ANY OTHER APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO PERSONS REASONABLY BELIEVED TO BE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) PURSUANT TO SECTION 4(a)(2) UNDER THE SECURITIES ACT, AND (B) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON TRANSFER OF THE EQUITY SHARES, SEE "TRANSFER RESTRICTIONS".

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information relating to investors in certain other jurisdictions, see the sections "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 150 and 157, respectively.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" is to the prospective investors in the Issue. By Bidding for and/or subscribing to any Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged to and agreed with our Company and the Lead Manager, as follows:

- You are a 'QIB' as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws, including any reporting obligations;

- You are eligible to invest in India under applicable laws, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and any notification, circulars or clarification issued thereunder, and have not been prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities;

- You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges (additional requirements apply if you are within the United States or a U.S. Person, see the section "***Transfer Restrictions***" beginning on page 157);

- You have made, or been deemed to have made, as applicable, the representations set forth in the sections "***Transfer Restrictions***" and "***Selling Restrictions***" beginning on pages 157 and 150, respectively;

- You are aware that this Placement Document has not been, and will not be, registered as a prospectus under the Companies Act, 2013 and the SEBI ICDR Regulations or under any other law in force in India. This Placement Document has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by QIBs.

- The Preliminary Placement Document has been filed and this Placement Document will be filed with the Stock Exchanges for record purposes only and the Preliminary Placement Document has been displayed and this Placement Document will be displayed on the websites of our Company and the Stock Exchanges. Furthermore, the Placement Document will be filed with the RoC and SEBI in accordance with the provisions of the Companies Act, 2013;

- You are entitled to subscribe for, and acquire, the Equity Shares under the laws of all relevant jurisdictions that apply to you and you have: (i) fully observed such laws; (ii) the necessary capacity, and (iii) obtained all necessary consents, governmental or otherwise, and authorizations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

- Neither our Company nor the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the Lead Manager. Neither the Lead Manager nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents ("**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Lead Manager may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Lead Manager have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material information relating to our Company and the Issue that was not publicly available;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law including but not limited to the Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003, as amended and the Companies Act, 2013, and the rules made thereunder;

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. Our Company assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the allotment of the Equity Shares shall be at the discretion of our Company in consultation with the Lead Manager;

- You are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their websites and you consent to such disclosures;

- You understand that the Equity Shares issued pursuant to the Issue will, be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

- You have been provided a serially numbered copy of the Preliminary Placement Document, this Placement Document and have read it in its entirety, including in particular, the section "***Risk Factors***" beginning on page 38;

- In making your investment decision, you have (i) relied on your own examination of our Company and the terms of the Issue, including the merits and risks involved, (ii) made and continue to make your own assessment of our Company, the Equity Shares and the terms of the Issue based solely on the information contained in the Preliminary Placement Document and no other disclosure or representation by our Company, our Directors, our Promoter and our affiliates or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) relied solely on the information contained in the Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither the Lead Manager nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the

Lead Manager or any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against our Company or the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not approach our Company and/or the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

- If you are acquiring the Equity Shares to be issued pursuant to the Issue, for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire such Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'Promoter' (as defined under Section 2(69) of the Companies Act, 2013 and the SEBI ICDR Regulations) of our Company or any of our affiliates and are not a person related to the Promoter, either directly or indirectly, and your Bid does not directly or indirectly represent the 'Promoter', or 'Promoter Group', (as defined under the SEBI ICDR Regulations) of our Company or persons relating to our Promoter;

- You have no rights under a shareholders' agreement or voting agreement with our Promoter or persons related to our Promoter, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares, which shall not be deemed to be a person related to our Promoter;

- You will have no right to withdraw your Bid after the Bid/Issue Closing Date;

- You are eligible to apply for and hold the Equity Shares Allotted to you together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable regulation;

- The Bid made by you would not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**");

- To the best of your knowledge and belief, the number of Equity Shares Allotted to you pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    a. The expression "belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

    b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the

Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that our Company shall make necessary filings with the RoC pursuant to the Allotment (which shall include certain details such as your name, address and number of Equity Shares Allotted) and if the Allotment of Equity Shares pursuant to the Issue results in you being one of the top ten shareholders of our Company, we shall also be required to disclose your name and shareholding details to the RoC within 15 days of Allotment under Section 93 of the Companies Act, 2013, and you consent to such disclosure being made by us;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1) of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and an in-principle approval has been received from the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the approvals for listing and trading in the Equity Shares will be obtained in time or at all. We shall not be responsible for any delay or non-receipt of such final approvals for listing and trading or any loss arising from such delay or non-receipt;

- You are aware and understand that the Lead Manager has entered into a placement agreement with our Company whereby the Lead Manager has, subject to the satisfaction of certain conditions set out therein, severally and not jointly set out therein, agreed to manage the Issue and use reasonable efforts to procure subscriptions for the Equity Shares on terms and conditions set forth therein;

- You understand that the contents of this Placement Document are exclusively the responsibility of our Company, and neither the Lead Manager nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or the Placement Document or otherwise. By participating in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Lead Manager or our Company or any of their respective affiliates or any other person, and neither the Lead Manager nor our Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You understand that the Lead Manager do not have any obligation to purchase or acquire all or any part of the Equity Shares Allotted to and purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by us or any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

- If you are within the United States, you are a U.S. QIB who is, or are, acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the requirements of a U.S. QIB, for investment purposes only and not with a view to, or for resale in connection with, the distribution (within the meaning of U.S. securities laws) thereof, in whole or in part;

- If you are outside the United States, you are purchasing the Equity Shares in an "offshore transaction" within the meaning of Regulation S under the U.S. Securities Act;

- You are not our affiliate or a person acting on behalf of such an affiliate;

- You are not acquiring or subscribing for the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the U.S. Securities Act) or directed selling efforts (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) thereof, and the Equity Shares may not be eligible for resale under Rule 144A. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described under the sections titled "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 150 and 157, respectively;

- You agree and acknowledge that in terms of Section 42(7) of the Companies Act, 2013 and Rule 14(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, our Company shall file the list of QIBs (to whom the Preliminary Placement Document has been circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and other filings required under the Companies Act, 2013 in connection with the Issue;

- You agree that any dispute arising out of or in connection with the Issue will be governed by and construed in accordance with the laws of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any such disputes which may arise out of or in connection with this Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts; and

Our Company, the Lead Manager, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Lead Manager on their own behalf and on behalf of our Company, and are irrevocable

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of the Regulation 22 of the SEBI FPI Regulations and circulars issued in this regard, a FPI, other than Category III FPIs and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue, subscribe or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) (all such offshore derivative instruments referred to herein as "**P-Notes**"), directly or indirectly, only in the event (i) such P-Notes are issued only to persons who are regulated by an appropriate regulatory authority; (ii) such P-Notes are issued after compliance with 'know your client' norms, and (iii) such offshore derivatives investments shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by residents Indian or NRIs.

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to the following conditions: (a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Prospective investors interested in purchasing a P-Note have the responsibility to obtain adequate disclosure as to the issuer of the P-Note and the terms and conditions of any such P-Notes from the issuer of such P-Note. The FPI is required to collect regulatory fee of US$1,000 or any other amount, as may be specified by SEBI from time to time, from every subscriber of P-Notes issued by it and deposit the same with SEBI by way of electronic transfer in the designated bank account of SEBI. FPI is required to deposit this regulatory fee once every three years, provided that for the block of three years beginning April 1, 2017, the FPI shall collect and deposit the regulatory fee within two months from the date of notification of the Securities and Exchange Board of India (Foreign Portfolio Investors) (Fourth Amendment) Regulations, 2017 (i.e. July 20, 2017).

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal and tax advisers regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations, including without limitation, Indian laws, rules, regulations and guidelines applicable to P-Notes.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claim on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company and the Lead Manager do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Lead Manager and do not constitute any obligations of, or claims on, the Lead Manager. FPI affiliates (other than Category III FPI and unregulated broad-based funds which are classified as FPI by virtue of their investment manager being appropriately regulated) of the Lead Manager may purchase, to the extent permissible under law, Equity Shares in the Issue, and may issue P-Notes in respect thereof.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer Clause of the Stock Exchanges

As required, a copy of the Preliminary Placement Document has been submitted and this Placement Document will be submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

(i) warrant, certify or endorse the correctness or completeness of the contents of the Preliminary Placement Document or this Placement Document;

(ii) warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

(iii) take any responsibility for the financial or other soundness of our Company, our Promoter, its management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that the Preliminary Placement Document or this Placement Document have been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares, may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to:

- 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue;
- the 'Company', our 'Company', 'Srikalahasthi Pipes Limited', and 'Issuer' are to Srikalahasthi Pipes Limited;
- 'we', 'us' or 'our' are to Srikalahasthi Pipes Limited; and
- a particular year are to the calendar year ended on December 31.

In this Placement Document, references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America, and references to 'INR', '₹', 'Rs', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Our Company has presented certain numerical information in this Placement Document in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000.

Our fiscal year commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year' or 'fiscal year' or 'fiscal' or 'FY' are to the twelve month period ended on March 31 of that year.

In this Placement Document, we have included, (i) the audited financial statements for Fiscal 2015 and 2016 prepared in accordance with Indian GAAP, and the Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013; (ii) the audited financial statements under Ind AS for Fiscal 2016 and Fiscal 2017 prepared in line with the Indian Accounting Standard ("**IND AS**") notified under the Companies Act, 2013, as amended read with the Companies (Indian Accounting Standards) Rules, 2015 ("**Ind AS Rules**"), circular (no. CIR/CFD/FAC/62/2016) dated July 5, 2016 issued by SEBI ("**SEBI IND AS Circular**") and the requirements of SEBI Listing Regulations, each as applicable; and (iii) the limited reviewed financial results for the six months ended September 30, 2017 included herein have been prepared in line with the IND AS Rules, SEBI IND AS Circular and the requirements of SEBI Listing Regulations, each as applicable (collectively, "**Financial Statements**"). Our Ind AS financial statements for Fiscal 2016 and Fiscal 2017, also includes reconciliation statements of the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards.Indian GAAP differs in certain respects significantly from International Financial Reporting Standards ("**IFRS**"). We have not attempted to quantify the impact of IFRS on the financial data included in this Placement Document, nor have we provided a reconciliation of our Financial Statements to those of IFRS. Accordingly, the degree to which the Financial Statements prepared in accordance with Indian GAAP and Ind AS included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

In this Placement Document, any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables, may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations and analysts and/or data from other external sources.

Statistical information, industry and market data used throughout this Placement Document has been obtained primarily from the report from CRISIL Research titled *"Assessment of ductile iron pipes market in India" released in June 2017*. The information sourced from this CRISIL Report is subject to the following disclaimer:

*"CRISIL Research, a division of CRISIL Limited ("CRISIL") has taken due care and caution in preparing this report (the "**Report**") based on the Information obtained by CRISIL from sources which it considers reliable (the "**Data**"). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data or the Report and is not responsible for any errors or omissions or for the results obtained from the use of the Data or the Report. The Report is not a recommendation to invest or disinvest in any entity covered in the Report and no part of the Report should be construed as expert advice or investment advice or any form of investment banking activity (within the meaning of any law or regulation). CRISIL especially states that it has no liability whatsoever to the subscribers, users, transmitters or distributors of the Report. Without limiting the generality of the foregoing, nothing in the Report will be construed as CRISIL providing, or intending to provide, any services in jurisdictions where CRISIL does not have the necessary permission or registration to carry out its business activities in this regard. Srikalahasthi Pipes Limited will be responsible for ensuring compliances and consequences of non-complainces for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division or CRISIL Risk and Infrastructure Solutions Ltd ("CRIS"), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the Report are that of CRISIL Research and not of CRISIL's Ratings Division or CRIS. No part of the Report may be published or reproduced in any form without CRISIL's prior written approval."*

We have not commissioned any report for purposes of this Placement Document. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry data used in this Placement Document are reliable, it has not been independently verified by our Company or the Lead Manager or any of its affiliates or advisors. The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Accordingly, investment decisions should not be based solely on such information.

Neither we nor the Lead Manager have independently verified this data and neither we nor the Lead Manager make any representation regarding the accuracy or completeness of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent source and neither the Lead Manager nor we can assure potential investors as to their accuracy. Similarly, internal estimates and surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither we nor the Lead Manager make any representation as to the accuracy and completeness of information based on trade, industry and government publications and websites, data reports compiled by government bodies, professional organisations and analysts, or from other external sources.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

AVAILABLE INFORMATION

Our Company has agreed that for so long as any Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, and our Company is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, our Company will furnish to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act, subject to compliance with the applicable provisions of Indian law.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical facts constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements contained in this Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- Our ability to procure sufficient good quality raw materials at reasonable costs;
- Volatility in raw material costs especially coking coal and iron ore;
- Failure to obtain new contracts for the DI Pipes business;
- Insufficient cash flows coupled with the inability to borrow funds to meet our working capital requirements;
- The loss of any one or more of our key customers;
- Withdrawal, termination of, or unavailability of tax benefits and exemptions which are currently being availed by us;
- Under-utilization of our manufacturing capacities and inablity to effectively utilize our expanded manufacturing capacities; and
- Change in Governmental policies and budgetary allocations.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections "***Risk Factors***", "***Industry Overview***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on pages 38, 105, 117 and 73, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections.

The forward-looking statements contained in this Placement Document are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document and neither our Company nor the Lead Manager undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise.

If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a company incorporated under the laws of India. The Board of Directors of our Company comprises of eight Directors, all of whom are Indian citizens. All of our Company's key managerial personnel are residents of India and a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce against them judgments obtained in courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended ("**Civil Code"**).

Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or parties litigating under the same title except:

(a) where the judgement has not been pronounced by a court of competent jurisdiction;
(b) where the judgement has not been given on the merits of the case;
(c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable;
(d) where the proceedings in which the judgment was obtained were opposed to natural justice;
(e) where the judgement has been obtained by fraud; or
(f) where the judgement sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the foreign judgment had been rendered by a district court in India. Under Section 14 of the Civil Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong, amongst others, has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Code but the United States has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit based upon the foreign judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to execution, and any such amount may be subject to tax in accordance with applicable laws. Any judgment for payment of amounts denominated in a foreign currency would be converted into Rupees on the date of the judgment or award and not on the date of the payment.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (₹ per US$), for the periods indicated. The exchange rates are based on the reference rates released by RBI, which are available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

On December 22, 2017, the exchange rate (RBI reference rate) was ₹ 64.04 to US$ 1 (*Source: www.rbi.org.in*)

(₹Per US$)

	Period end	Average(1)	High(2)	Low(3)
Fiscal Year:				(₹ Per US$)
2017	64.84	67.09	68.72	64.84
2016	66.33	65.46	68.78	62.16
2015	62.59	61.15	63.75	58.42
Quarter ended:				
September 30, 2017	65.36	64.29	65.76	63.63
June 30, 2017	64.74	64.46	65.04	64.00
March 31, 2017	64.84	67.01	68.23	64.84
Month ended:				
November 30, 2017	64.43	64.86	65.52	64.41
October 31, 2017	64.77	65.08	65.55	64.76
September 30, 2017	65.36	64.44	65.76	63.87
August 31, 2017	64.02	63.97	64.24	63.63
July 31, 2017	64.08	64.46	64.82	64.08
June 30, 2017	64.74	64.44	64.74	64.26

(1) *Average of the official rate for each working day of the relevant period.*

(2) *Maximum of the official rate for each working day of the relevant period*

(3) *Minimum of the official rate for each working day of the relevant period*

Note: In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end.

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any statute or regulations or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the sections "***Statement of Tax Benefits***" and "***Financial Statements***" beginning on pages 171 and 188, respectively, shall have the meaning given to such terms in such sections.

Company Related Terms

Term	Description
Articles of Association	Articles of association of our Company
APIDC	Andhra Pradesh Industrial Development Corporation
Auditors / Statutory Auditors	M/s Lodha & Co., statutory auditors of our Company
Audit Committee	The committee of the Board of Directors constituted as our Audit Committee in accordance with Regulation 18 of the SEBI Listing Regulations, comprising Rajkumar Khanna (Chairman), Maruthi Rao Gollapudi (Member) and Shermadevi Yegnaswami Rajagopalan (Member).
Board of Directors or Board	Board of Directors of our Company or any duly constituted committee thereof
Company / Issuer	Srikalahasthi Pipes Limited
Corporate Social Responsibility Committee	The committee of the Board of Directors constituted as our Corporate Social Responsibility Committee comprising Gouri Shankar Rathi (Chairman), Maruthi Rao Gollapudi (Member) and Rajkumar Khanna (Member)
ECL	Electrosteel Castings Limited
Equity Shares	Equity shares of our Company of face value ₹ 10 each
Financial Statements	The audited financial statements for Fiscal 2015 and 2016 prepared in accordance with Indian GAAP, and the Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013, the audited financial statements under Ind AS for Fiscal 2016 and Fiscal 2017 prepared in line with the IND AS notified under the Companies Act, 2013, as amended read with the Companies (Indian Accounting Standards) Rules, 2015, circular (no. CIR/CFD/FAC/62/2016) dated July 5, 2016 issued by SEBI and the requirements of SEBI Listing Regulations, each as applicable, and the limited reviewed financial results for the six months ended September 30, 2017 prepared in line with the IND AS Rules, SEBI IND AS Circular and the requirements of SEBI Listing Regulations, each as applicable, as included in the section titled "***Financial Statements***" on page 188
Independent Directors	Independent director(s) of our Company, unless otherwise specified
KMPs	The Key Managerial Personnel of our Company
LIL	Lanco Industries Limited
LKCL	Lanco Kalahasthi Castings Limited
Memorandum of Association	Memorandum of association of our Company
Nomination and Remuneration Committee	The committee of the Board of Directors constituted as our Nomination and Remuneration Committee comprising Rajkumar Khanna (Chairman), Maruthi Rao Gollapudi (Member) and Shermadevi Yegnaswami Rajagopalan (Member).
Promoter	Electrosteel Castings Limited
Promoter Group	Unless the context requires otherwise, the entities forming part of our promoter group in accordance with SEBI ICDR Regulations and which are disclosed by our Company to the Stock Exchanges from time to time
Registered Office	The registered office of our Company situated at Rachgunneri Village, Srikalahasthi Mandal, Chittoor, 517 641, Andhra Pradesh
Stakeholders' Relationship Committee	The committee of the Board of Directors constituted as our Stakeholders' Relationship Committee comprising Rajkumar Khanna (Chairman), Gouri

Term	Description
	Shankar Rathi (Member) and Shermadevi Yegnaswami Rajagopalan (Member).
TMC	Tirupati Municipal Corporation

Issue Related Terms

Term	Description
Allocated/ Allocation	The allocation of Equity Shares by our Company (in consultation with the Lead Manager) to successful Bidders on the basis of the Application Form submitted by such successful Bidders, and in compliance with Chapter VIII of the SEBI ICDR Regulations
Allot/ Allotment/ Allotted	The issue and allotment of Equity Shares pursuant to the Issue
Allottees	Successful Bidders to whom Equity Shares Allotted pursuant to the Issue
Application Form	The form (including any revisions thereof) pursuant to which a Bidder shall submit a Bid for the Equity Shares in the Issue
Bid(s)	Indication of interest of a Bidder, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares to be issued pursuant to the Issue
Bid/Issue Closing Date	December 26, 2017, which is the last date up to which the Application Forms were accepted by our Company (or the Lead Manager, on behalf of our Company)
Bid/Issue Opening Date	December 20, 2017 the date on which the acceptance of the Application Forms commenced by our Company (or the Lead Manager on behalf of our Company)
Bidder	Any prospective investor, being a QIB, who has made a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
Bidding Period	The period between the Bid/Issue Opening Date and Bid/Issue Closing Date inclusive of both dates during which Bidders can submit their Bids including any revision and/or modifications thereof
Lead Manager	ICICI Securities Limited.
CAN or Confirmation of Allocation Note	Note or advice or intimation to successful Bidders confirming Allocation of Equity Shares to such successful Bidders after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such successful Bidders
Category III foreign portfolio investor(s)	FPIs who are registered as “Category III foreign portfolio investors” under the SEBI (FPI) Regulations
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about December 28, 2017
Cut-off Price	The Issue Price of the Equity Shares to be issued pursuant to the Issue which shall be finalised by our Company in consultation with the Lead Manager
Designated Date	The date of credit of Equity Shares to the demat accounts of successful Bidders
Eligible FPIs	FPIs that are eligible to participate in this Issue and do not include qualified foreign investors or Category III foreign portfolio investors (who are not eligible to participate in the Issue)
Equity Shares	The equity shares of face value ₹ 10 each of our Company
Escrow Agreement	Agreement dated December 20, 2017, entered into amongst our Company, the Escrow Bank and the Lead Manager for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	HDFC Bank Limited
Escrow Bank Account	The account titled ‘Srikalahasthi Pipes Limited – Escrow Account’ to be opened with the Escrow Bank, subject to the terms of the Escrow Agreement, into which the application monies payable by Bidders in connection with subscription to Equity Shares pursuant to the Issue shall be deposited
Floor Price	The floor price of ₹ 379.33, which has been calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Provided however that, our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations.

Term	Description
Issue	The issue and Allotment of 6,934,812 Equity Shares each at a price of ₹ 360.50 per Equity Share, including a premium of ₹ 350.50 per Equity Share, aggregating ₹ 2,500 million pursuant to chapter VIII of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013
Issue Price	₹ 360.50 per Equity Share
Issue Size	The aggregate size of the Issue, which is ₹ 2,500 million
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in the Issue, which is available for Allocation to Mutual Funds
Pay-in Date	The last date specified in the CAN for payment of application monies by the successful Bidders
Placement Agreement	Placement agreement dated December 20, 2017 entered into between our Company and the Lead Manager
Placement Document	This placement document dated December 26, 2017 issued by our Company in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the rules prescribed thereunder
Preliminary Placement Document	The preliminary placement document dated December 20, 2017 issued to QIBs in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the rules prescribed thereunder
Pricing Date	The date of determination of the number of Equity Shares to be placed through the Issue and the Issue Price for the same
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
QIP	Qualified institutions placement, being private placement to Eligible QIBs under Chapter VIII of the SEBI ICDR Regulations and applicable sections of the Companies Act, 2013, read with applicable rules of the Companies (Prospectus and Allotment of Securities) Rules, 2014
Relevant Date	December 20, 2017, which is the date of the meeting of the Board of Directors of the Company or a duly authorized committee thereof decide to open the Issue

Business and Industry Related Terms

Term	Description
DI Pipes	Ductile iron pipes
EPC	Engineering, procurement and construction
MBF	Mini blast furnace
MT	Metric tonnes
Mm	Millimetres
MW	Mega watts
TPA	Tonnes per annum

Conventional and General Terms/Abbreviations

Term	Description
₹ / Rupees / INR	Indian Rupees
%	Percentage
AAEC	Appreciable adverse effect on competition
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
AMC	Asset management company
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment year

Term	Description
BSE	BSE Limited
CAGR	Compounded annual growth rate
Calendar Year	Year ending on December 31of the relevant year
Category III Foreign Portfolio Investors	An FPI registered as a category III foreign portfolio investor under the SEBI FPI Regulations
CBI	Central Bureau of Investigation
CDSL	Central Depository Services (India) Limited
CCI	Competition Commission of India
Cenvat	Central Value Added Tax
CEO	Chief executive officer
CESTAT	The Customs, Excise, Service Tax Appellate Tribunal
CII	Confederation of Indian Industry
CIN	Corporate identity number
Civil Procedure Code	The Code of Civil Procedure, 1908
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	The Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder to the extent in force pursuant to the notification of the Notified Sections
Competition Act	The Competition Act, 2002
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended
Depository Participant	A depository participant as defined under the Depositories Act
DTC	Direct Tax Code, 2013, proposed by the Ministry of Finance, Government of India
EBITDA	Earnings before interest, taxes, depreciation and amortization
EGM	Extraordinary general meeting
Eligible FPIs	FPIs that are eligible to participate in the Issue and does not include qualified foreign investors or Category III Foreign Portfolio Investors (who are not eligible to participate in the Issue)
EPS	Earnings per share
F&O	Futures and Options
FDI	Foreign Direct Investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified under Circular No. D/o IPP F. No. 5(1)/2017-FC-1, effective from August 28, 2017, as amended from time to time
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended
FIIs	Foreign institutional investors as defined under the SEBI FPI Regulations
FII Regulations	The Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
Financial Year / Fiscal Year / Fiscal	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FIPB	Erstwhile Foreign Investment Promotion Board
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI

Term	Description
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rule
GDP	Gross domestic product
GDR	Global depository receipts
GoI / Government	Government of India
GST	Goods and services tax
ICAI	Institute of Chartered Accountants of India
ICDS	Income Computation and Disclosure Standards
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board
IND AS	Indian accounting standards as notified by the MCA vide Companies (Indian Accounting Standards) Rule 2015 in its G.S.R dated February 16, 2015
Indian GAAP	Generally accepted accounting principles in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
ISO	International Organisation for Standardisation
IPC	Indian Penal Code, 1860
IT Act / Income Tax Act	The Income Tax Act, 1961
ITAT	Income Tax Appellate Tribunal
Kms	Kilometres
Mn	Million
MAT	Minimum alternate tax
MCA	Ministry of Corporate Affairs, Government of India
MoU	Memorandum of understanding
Net Worth	Net worth shall mean the aggregate of the paid-up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account
NGOs	Non-government organisations
Notified Sections	Sections of Companies Act, 2013 that have been notified by the Government of India
Non-Resident Indian or NRI	An individual resident outside India who is citizen of India or is an 'Overseas Citizen of India' cardholder within the meaning of section 7 (A) of the Citizenship Act, 1955
Non-Resident or NR	A person resident outside India, as defined under the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Issue
OFAC	Office of Foreign Assets Control of the U.S. Treasury Department
PAN	Permanent account number
PAT	Profit after tax
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies, Hyderabad, Telangana
RoE	Return on Equity

Term	Description
SCR (SECC) Regulations	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, notified by the SEBI
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEC	United States Securities and Exchange Commission
Stock Exchanges	The BSE and the NSE
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.K.	United Kingdom
US$ / USD / U.S. dollar	United States Dollar, the legal currency of the United States of America
USA / U.S. / United States	The United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in Form PAS-4 and the relevant pages in this Placement Document where these disclosures, to the extent applicable, have been provided.

S. No.	Disclosure Requirements	Relevant Page of this Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of the company indicating both registered office and corporate office.	Cover page
b.	Date of incorporation of the company.	Cover page
c.	Business carried on by the company with the details of branches or units, if any.	117
d.	Brief particulars of the management of the company.	128
e.	Names, addresses, DIN and occupations of the directors.	128-129
f.	Management's perception of risk factors.	38
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	184
i)	Statutory dues;	184
ii)	Debentures and interest thereon;	Not applicable ("**NA**")
iii)	Deposits and interest thereon; and	NA
iv)	Loan from any bank or financial institution and interest thereon.	184
h.	Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process.	Cover page, 187
2.	**PARTICULARS OF THE OFFER**	
a.	Date of passing of board resolution.	187
b.	Date of passing of resolution in the general meeting, authorizing the offer of securities.	187
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	Cover page
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	Cover page
e.	Name and address of the valuer who performed valuation of the security offered.	NA
f.	Amount which the company intends to raise by way of securities.	Cover page
g.	Terms of raising of securities:	30-31
(i).	Duration, if applicable;	30-31
(ii).	Rate of dividend;	NA
(iii).	Rate of interest;	NA
(iv).	Mode of payment; and	NA
(v)	Mode of repayment.	NA
h.	Proposed time schedule for which the offer letter is valid.	31
i.	Purposes and objects of the offer.	69
j.	Contribution being made by the promoter or directors either as part of the offer or separately in furtherance of such objects.	NA
k.	Principle terms of assets charged as security, if applicable.	NA
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC**	
a.	Any financial or other material interest of the directors, promoter or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	135
b.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority	183-185

S. No.	Disclosure Requirements	Relevant Page of this Placement Document
	against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	
c.	Remuneration of directors (during the current year and last three financial years).	131, 132, 133
d.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	103
e.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark.	103
f.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company.	183-185
g.	Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company.	184
4.	**FINANCIAL POSITION OF THE COMPANY**	
a.	The capital structure of the company in the following manner in a tabular form:	71
(i)(a)	The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	71
(b)	Size of the present offer; and	Cover page, 71
(c)	Paid up capital:	71
(A)	After the offer; and	71
(B)	After conversion of convertible instruments (if applicable);	NA
(d)	Share premium account (before and after the offer).	71
(ii)	The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	71
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	71
b.	Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	32-37
c.	Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid).	72
d.	A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	32-37
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	34-37

S. No.	Disclosure Requirements	Relevant Page of this Placement Document
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.	97-101
5.	**A DECLARATION BY THE DIRECTORS THAT**	
a.	The company has complied with the provisions of the Act and the rules made thereunder.	189
b.	The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.	190
c.	The monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.	190

SUMMARY OF BUSINESS

Overview

We are one of the leading manufacturers of ductile iron pipes ("DI Pipes") which is used in potable water transmission and distribution (*Source: CRISIL Report*). As of April 2017, we had a market share of approximately 12.93% of the total DI Pipes plants capacity in India (*Source: Based on information derived from the CRISIL Report*). In addition, as of April 2017, we had a market share of approximately 58.82% of the total DI Pipes plant capacity in southern region of India, as specified in the CRISIL Report; see "Industry Overview – Ductile Iron Pipes Industry – Supply review of DI Pipes".

We are engaged in the manufacturing of the following products:

DI Pipes. Our portfolio of products includes DI Pipes with diameters ranging from 100 mm to 1,100 mm. We sell our DI Pipes across India under the brand *SRIPIPES*. In Fiscal 2016, Fiscal 2017 and in the six months ended September 30, 2017, DI Pipes contributed 84.49%, 81.41% and 77.13% of our revenues from operations in these periods.

Pig Iron. We manufacture basic and foundry grade pig iron used by precision product manufacturers. We manufacture pig iron primarily for captive consumption.

Coke. We manufacture low ash metallurgical coke primarily for captive consumption with any surplus sold to local factories and foundries.

Cement. We manufacture portland slag cement, primarily used in civil applications, using slag and coke fines. We sell our portland slag cement under our brand *SPL Gold* and use some of the cement produced for captive consumption.

Other products. As part of our manufacturing operations, we also produce certain by-products including steel scrap and granulated slag

We have an integrated manufacturing facility at Srikalahasthi, Chittoor District, Andhra Pradesh, located near Tirupati. Our manufacturing facility includes a DI pipe plant, coke oven plant, mini blast furnace ("**MBF**") plant, sinter plant, cement plant and captive power plants along with sewage treatment facilities. Our manufacturing operations have received various quality standard certifications, including the Environment Management System Standard: ISO 14001:2015 by DNV Business Assurance and the Quality Management System Standard: ISO 9001:2015 by DNV Business Assurance.

We primarily procure orders for our DI Pipes on a purchase order basis or engineering, procurement and construction ("EPC") contractors, who procure these orders through the government tender process, and award such orders to us. We supply our DI Pipes to various government agencies including water boards and State municipal corporations as well as turnkey contractors appointed by government authorities for water infrastructure projects across India.

In Fiscal 2016, Fiscal 2017 and in the six months ended September 30, 2017, our revenue from operations were ₹ 11,776.70 million, ₹ 12,034.01 million and ₹ 7,808.17 million, respectively, while our profit after tax was ₹ 1,553.20 million, ₹ 1,402.32 million and ₹ 736.11 million, respectively.

Strengths

Well-positioned to benefit from the growth in the DI Pipes industry

We have more than 15 years of experience in the DI Pipes industry. As of April 2017, we had a market share of approximately 12.93% of the total DI Pipes plants capacity in India (*Source: Based on information derived from the CRISIL Report*). In addition, as of April 2017, we had a market share of approximately 58.82% of the total DI Pipes plant capacity in southern region of India, as specified in the CRISIL Report; see "Industry Overview – Ductile Iron Pipes Industry – Supply review of DI Pipes". We offer a comprehensive range of DI Pipes with diameters ranging from 100 mm to 1,100 mm, together with gaskets. Our quality, reliability and prompt delivery of products have enabled us to procure orders from EPC contractors, who in turn are awarded contracts from the government and governmental agencies for their water infrastructure projects.

The DI Pipe industry has been growing at a CAGR of 12% to 13% between 2012 and 2017 and is expected to grow at a CAGR of 11% to 13% between 2017 and 2022. The key reasons for the growth in the DI Pipes industry has been increased spending by state government and municipal corporations to improve accessibility of water, GoI schemes, such as, amongst others, Jawaharlal Nehru National Urban Renewal Mission, ATAL Mission for Rejuvenation and Urban Transformation and Swachh Bharat Mission and increased government acceptance towards usage of DI Pipes in the water supply and sanitation projects. In addition, several State and municipal corporations will also help in facilitating the growth of the DI Pipes industry through projects such as, amongst others, the Telangana water grid project, the Marathwada water grid project and the Silk City water project. During 2012 and 2017, the central and state government increased spending at a CAGR of 10% to 11%, aggregating to ₹ 485,000 million in Fiscal 2017. Further, it is expected that 1.4 million tonnes of DI Pipes will be added between 2017 and 2022. (*Source: CRISIL Report*)

We believe that DI pipes will continue to be the preferred choice over other classes of pipes for transportation of water and sewerage due to inherent features such as long service life, high ductility and busting strength, higher corrosion and abrasion resistance. In addition, we believe that our business will benefit from various government initiatives including the National Rural Drinking Water Programme for provision of safe, adequate drinking water to rural areas, the Telangana Drinking Water Supply Project for drinking water supply across the State of Telangana, the Swachh Bharat Abhiyan programme aimed at providing sanitation to all rural areas and the development of "smart cities" under the ATAL Mission for Rejuvenation and Urban Transformation.

We believe that we are well positioned to capitalise on the growth in the DI Pipe industry based on our execution track record, our long operational history, integrated manufacturing facility and efficient raw material and stringent quality management. Further, the DI Pipe industry in India has high entry barriers, and as a result there are relatively few large-scale suppliers of DI Pipes in India.

Integrated manufacturing facility with an emphasis on waste management and quality

We have an integrated manufacturing facility, which includes a sinter plant, a coke oven plant, captive power plants, a mini blast furnace and a sewage treatment plant. Our manufacturing facility produces pig iron, coke and cement which are the key raw materials required to manufacture our DI Pipes. Further, a significant portion of our limestone requirement for our cement production is met from three mines located in the same State as our manufacturing facility. Our integrated manufacturing facility helps us to minimize our manufacturing costs and enables us to competitively price our products. Our manufacturing operations have received various quality standard certifications, including the Environment Management System Standard: ISO 14001:2015 by DNV Business Assurance and the Quality Management System Standard: ISO 9001:2015 by DNV Business Assurance.

We also focus on minimizing the environmental impact of our business operations through recovery, re-use and recycling of waste and by reducing our ecological footprint. In order to achieve waste management, we have entered into an arrangement with Tirupati municipal corporation to supply sewage water generated at the Tirupati municipality to our manufacturing facility. Our sewage treatment facility treats the sewage water and utilizes it in the manufacture of our products. A significant portion of our water requirement for our manufacturing facility is met through this arrangement. Similarly, the slag from our mini blast furnace is used to manufacture cement and bricks and the power requirement for our manufacturing plant is sourced from our two captive power plants which produces power from the heat generated from our coke oven plant and mini blast furnace. We continuously endeavour to improve our cost competitiveness by adopting such innovative and cost saving measures in our operations.

In addition, we focus on specific product and service requirements of our customers to develop customer loyalty. We have developed comprehensive quality management procedures for every stage of our manufacturing processes to ensure constant monitoring and control. Our quality assurance team ensures the manufacturing processes and quality management systems are subject to periodic reviews. We have also received BSI KiteMark certifications issued by the British Standards Institution with respect to our DI Pipes, fittings, accessories and their joints for water pipelines and water and sewerage applications, which also enables us to export our products.

Raw material management and strategically located manufacturing facility

Raw material costs are a major component of our operating costs. In Fiscal 2016 and 2017 and in the six months ended September 30, 2017, cost of materials consumed were ₹ 4,831.29 million, ₹ 4,760.40million and ₹ 3,795.36 million, respectively. Accordingly, we believe that efficient raw material procurement has a direct result on our products and manufacturing process. Principal raw materials used in our manufacturing operations include pig iron, coke and cement.

We have an experienced raw material procurement and inventory management team focused on forecasting, planning and inventory control. We believe our ability to place bulk orders for coking coal enables us to negotiate better rates with suppliers and reduce inventory carrying costs. We intend to bid for iron ore mines to further support our backward integration and cost competitiveness. We believe this will allow us to reduce manufacturing expenses and enable us to secure our iron ore requirements to an extent. In addition, we have also set up our own electrified railway siding utilized for transportation of some of our raw materials directly to our manufacturing facility.

Our manufacturing facility is strategically located in close proximity to the ports at Krishnapatnam, Chennai and Ennore. Internal transport handling supported by advanced equipment and machinery including tippers, pay-loaders, cranes and forklifts, further enable us to ensure efficient raw material management. The strategic location of our manufacturing facility together with our ability to implement efficient raw material management enables us to manage manufacturing costs and price our products in a competitive manner.

Experienced promoter and management team

We benefit from the experience of our Promoter and the senior management team who have extensive industry knowledge and experience. Our Promoter, a thought leader in the DI Pipes industry, played a key role in the development of our business. Our Promoter is actively involved in our operations, and together with our senior management, has been instrumental in implementing our growth strategies and expanding our business through various process improvements and successful integration of our manufacturing facility.

We believe that the industry knowledge and experience of our Promoter and senior management team provide us a significant competitive advantage. In addition, we have an experienced and qualified team of employees. Our personnel policies are focused on recruiting qualified and talented individuals, facilitating their integration, providing a conducive work environment, and promoting the development of their skills, including through in-house and external training programmes.

Our Strategies

Increase our manufacturing capacity and improve our operational efficiency

Our manufacturing capacities and integrated facilities have enabled us to ensure product quality, achieve better production planning for deliveries and higher level of customization. We continue to focus on increase manufacturing capacity and improve utilization of our existing capacities to realize cost efficiencies. We have over the years made significant investments in expanding our manufacturing capabilities. In Fiscal 2017, we increased the manufacturing capacity of our DI Pipes facility from 225,000 TPA to 300,000 TPA. Further, our manufacturing facility is situated in a centralized complex spread over 330 acres of land owned by us. Currently, only a portion of this land has been utilized for our manufacturing facility, and we intend to utilize the surplus land situated around our manufacturing facility to increase our manufacturing capacity.

We have successfully launched multiple operational initiatives focused on increasing plant efficiency and productivity to enable us to manufacture our products at lower costs. We have also implemented cost saving measures by setting up a pulverized coal injection facility in our mini blast furnace plant and upgrading our mini blast furnace plant. We aim to continue implementing such initiatives to improve our asset utilization by operating our plants more efficiently and at higher operating levels, which will help us increase our margins. We also intend to continue to improve our operational reliability through inventory management programs and comprehensive predictive and preventive maintenance programs. We intend to continue to upgrade our processes and systems to take advantage of new technologies and include balancing equipment to improve our process and product efficiencies. Further, we intend to focus on scale-driven procurement efficiency improvements through our procurement team and also prioritize opportunities that generate attractive returns on invested capital.

Continue to focus on backward integration

Our manufacturing facility produces pig iron, coke and cement which are the key raw materials required to manufacture our DI Pipes. Our integrated manufacturing facility helps us to minimize our production cost and enable us to competitively price our products. In addition, the power requirement for our manufacturing facility is sourced from our two captive power plants that produce power from the heat generated from our coke oven plant and mini blast furnace. We intend to continue to focus on enhancing such backward integration.

We aim to bid for iron ore mines to support our cost competitiveness and secure our iron ore requirements from captive sources. Additionally, we are in the process of installing an additional coke oven battery and increasing the capacity of our captive power plants as a part of our backward integration strategy.

Enhance market share

The DI Pipe industry has been growing at a CAGR of 12% to 13% between 2012 and 2017 and is expected to grow at a CAGR of 11% to 13% between 2017 and 2022. Further, it is expected that 1.4 million tonnes of DI Pipes will be added between 2017 and 2022. (*Source: CRISIL Report*) We believe that we are well positioned to capitalize on this growth in the DI Pipe industry owing to our strong execution track record, long operational history, integrated facility and efficient raw material and quality management. As of April 2017, we had a market share of approximately 12.93% of the total DI Pipes plants capacity in India (*Source: Based on information derived from the CRISIL Report*). In addition, as of April 2017, we had a market share of approximately 58.82% of the total DI Pipes plant capacity in southern region of India, as specified in the CRISIL Report; see "Industry Overview – Ductile Iron Pipes Industry – Supply review of DI Pipes".

We intend to continue to explore both organic and inorganic growth opportunities by making strategic investments that may act as an enabler for further growing our business and market share. We intend to selectively pursue opportunities that will consolidate our market position as an integrated DI Pipe manufacturer, enhance our financial position, and increase our sales, customers and geographical reach. We aim to continue to improve on quality, execution and timely delivery of products and efficient after sale services.

In addition, we intend to continue to highlight to our customers the qualitative and structural benefits provided by DI pipes in comparison to other types of pipes. We also intend to continue to leverage our strategic alliances with turnkey contractors and other channel partners and peripheral vendors including gaskets and fittings manufacturers to enter into cost-effective pre-bid arrangements to enable us to obtain large project orders. We intend to leverage our design and customer support capabilities to target key accounts and rate contracts with various GoI and state government agencies. We expect to capitalize on the increasing demand for DI pipes in several international markets and commence exporting our DI pipes to international markets which would further enhance our market share and geographical reach.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections "***Risk Factors***", "***Use of Proceeds***", "***Placement***", "***Issue Procedure***" and "***Description of the Equity Shares***" beginning on pages 38, 69, 149, 139 and 168 respectively.

Issuer	Srikalahasthi Pipes Limited
Issue Price	₹ 360.50 per Equity Share
Face Value	₹ 10 per Equity Share
Floor Price	₹ 379.33 per Equity Share. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Provided however that, our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations.
Issue Size	Issue of 6,934,812 Equity Shares, aggregating ₹ 2,500 million. A minimum of 10% of the Issue Size i.e. up to 693,481 Equity Shares shall be available for Allocation to Mutual Funds only, and up to 6,241,331 Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof may be Allotted to other eligible QIBs.
Date of Board Resolution	April 29, 2017
Date of shareholders' Resolution	May 27, 2017
Eligible Investors	QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations to whom the Preliminary Placement Document and the Application Form is circulated and who are eligible to bid and participate in the Issue and QIBs not excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations. The Equity Shares are being offered and sold (a) in the United States only to persons who are U.S. QIBs pursuant to Section 4(a)(2) or another applicable exemption from registration under the U.S. Securities Act; and (b) outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. The list of QIBs to whom the Preliminary Placement Document and Application Form is delivered was determined by the Lead Manager in consultation with our Company, at their sole discretion. See the sections "***Issue Procedure***", "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on pages 139, 150 and 157, respectively.
Equity Shares issued and outstanding immediately prior to the Issue	39,763,595 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	Immediately after the Issue, 46,698,407 Equity Shares will be issued and outstanding.
Listing	Our Company has obtained in-principle approvals dated December 20, 2017 in terms of Regulation 28(1) of the SEBI Listing Regulations for listing of the Equity Shares pursuant to the Issue, from the Stock Exchanges.

	Our Company shall make application to each of the Stock Exchanges after allotment to obtain final listing and trading approvals for the Equity Shares.	
Lock-up	Please see the sub-section titled "***Lock-up***" of "***Placement Agreement***" on page 149 for a description of restrictions on our Company and our Promoter in relation to Equity Shares.	
Transferability Restrictions	The Equity Shares Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. See the section "***Transfer Restrictions***" beginning on page 157.	
Use of Proceeds	The gross proceeds from the Issue are ₹ 2,500 million. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹ 2,440 million. Please see "***Use of Proceeds***" beginning on page 69 for additional information.	
Risk Factors	Please see the "***Risk Factors***" beginning on page 38 for a discussion of risks you should consider before deciding whether to subscribe for the Equity Shares.	
Pay-In Date	Last date specified in the CAN sent to the QIBs for payment of application money.	
Closing	The Allotment of the Equity Shares offered pursuant to the Issue is expected to be made on or about December 28, 2017.	
Ranking	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company, including rights in respect of dividends. The shareholders of our Company will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Shareholders of our Company may attend and vote in shareholders' meetings on the basis of one vote for every Equity Share held.	
Voting Rights	See the section titled "***Description of Equity Shares- Voting Rights***" beginning on page 168.	
Security Codes for the Equity Shares	ISIN	INE943C01027
	BSE Code	513605
	NSE Code	SRIPIPES

SELECTED FINANCIAL INFORMATION

*The following tables set forth the selected financial information derived from our Financial Statements prepared in accordance with the Companies Act and Ind AS/Indian GAAP (as applicable). The selected financial information presented below should be read in conjunction with "**Management's Discussion and Analysis of Our Financial Conditions and Results of Operations**" and "**Financial Statements**".*

Balance Sheet as at March 31, 2017 (as per Ind AS)

	Particulars	31st March 2017	31st March 2016
	ASSETS		
1	**Non-Current Assets**		
	a. Property, Plant and Equipment	9,083.61	7,983.82
	b. Capital Work-In-Progress	56.76	194.42
	c. Intangible Assets	9.45	6.60
	d. Financial Assets	-	-
	Other Financial Assets	55.77	39.19
	e. Other Non Current Assets	13.52	58.89
	Total Non-Current Assets	**9,219.11**	**8,282.91**
2	**Current Assets**		
	(a) Inventories	2,134.29	1,188.86
	(b) Financial Assets	0	-
	(i) Investments	1,526.35	1,472.92
	(ii) Trade Receivables	1,433.45	2,075.50
	(iii) Cash and Cash Equivalents	542.91	211.25
	(iv) Bank Balances Other than (iii) above	11.92	4.14
	(v) Loans	232.15	61.49
	(vi) Other Financial Assets	7.50	19.17
	(c) Other Current Assets	461.86	493.55
	Total Current Assets	**6,350.44**	**5,526.88**
	Total Assets	**15,569.55**	**13,809.79**
	EQUITY AND LIABILITIES		
1	**Equity**		
	a. Equity Share Capital	397.64	397.64
	b. Other Equity	7,737.72	6,575.38
	Total Equity	**8,135.36**	**6,973.02**
2	**Liabilities**		
	Non-Current Liabilities		
	a. Financial Liabilities		
	(i) Borrowings	638.68	1,090.24
	(ii) Other Financial Liabilities	26.41	124.29
	b. Provisions	55.04	46.55
	c. Deferred Tax Liabilities (Net)	1,253.41	1,135.81
	Total Non-Current Liabilities	**1,973.53**	**2,396.89**
	Current Liabilities		
	a . Financial Liabilities		
	(i) Borrowings	3,872.25	2,925.04
	(ii) Trade Payables	709.70	515.38
	(iii) Other Financial Liabilities	722.18	872.40
	b. Other Liabilities	98.15	60.52
	c. Provisions	58.37	66.54
	Total Current Liabilities	**5,460.66**	**4,439.88**
	Total Liabilities	**7,434.19**	**6,836.77**

	Total Equity and Liabilities	**15,569.55**	**13,809.79**

Statement of profit and loss as on March 31, 2017 (as per Ind AS)

	Particulars	31st March 2017	31st March 2016
I	Revenue from operations	12,034.01	11,776.71
II	Other Income	304.69	199.32
III	**Total Income**	**12,338.71**	**11,976.02**
			-
IV	EXPENSES:		-
	Cost of materials consumed	4,760.40	4,831.29
	Purchase of Stock-in-Trade	738.41	287.03
	Changes in inventories of finished goods, Stock-in-Trade and work-in progress	(1.41)	2.10
	Excise duty on sale of goods	255.35	320.58
	Employee Benefit Expenses	706.73	680.38
	Finance costs	392.92	424.96
	Depreciation and Amortization Expense	368.85	346.68
	Other Expenses	3,205.22	2,987.94
	Total expenses	**10,426.47**	**9,880.95**
V	Profit/(loss) before exceptional items and tax (III-IV)	1,912.23	2,095.07
VI	Exceptional Items		-
VII	Profit/(loss) before tax (V+VI)	1,912.23	2,095.07
VIII	Tax expense:		-
	(1) Current tax	(458.15)	(522.31)
	(2) Deferred tax	(51.77)	(19.56)
	Total tax expense	(509.91)	(541.87)
IX	**Profit/(loss) for the period (VII - VIII)**	**1,402.32**	**1,553.21**
X	Other Comprehensive Income		
	Items that will not be reclassified to profit or loss		
	Remeasurement of the defined benefit plans	(1.05)	(2.87)
	Less: Income tax effect	0.36	0.99
	Total Other Comprehensive Income for the year	(0.69)	(1.88)
	Total Comprehensive Income for the year, net of tax	**1,401.63**	**1,551.33**
XII	**Earnings Per Share (EPS) of Rs. 10/- (not annualised)**		
	Basic and Diluted EPS (in Rs.)	**35.25**	**39.01**

Statement of Cash Flows as on March 31, 2017 (as per Ind AS)

Particulars	31st March 2017		31st March 2016	
A. Cash Flow from operating activities				
Net Profit Before Tax		1912.23		2095.07
Adjustments for :				
Finance Cost	392.92		424.96	
Depreciation / Amortisation	368.85		346.68	
Gain on sale of property, plant and equipment (net)	(0.30)		0.11	
Dividend on investments	(26.89)	734.58	(16.17)	755.58
Operating Profit before Working Capital changes		**2646.81**		**2850.65**
Adjustments for :				
(Increase) / decrease in Loans	30.42		182.18	
(Increase) / decrease in Trade Receivables	642.06		(215.04)	
(Increase) / decrease in Inventories	(945.43)		157.07	
Increase / (decrease) in Other Current Liabilities	37.63		(37.07)	
Increase / (decrease) in Current Liabilities	45.25	(190.08)	(475.29)	(388.15)
Cash Generated from Operations		2,456.73		2462.50
Direct Taxes Paid		(405.00)		(460.00)
Cash from Operating Activities (A)		**2051.73**		**2002.50**
B. Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment	(1,333.84)		(394.84)	
Sale of Property, Plant and Equipment	0.32		4.01	
(Increase) / decrease in Other Financial Assets	28.78		(33.94)	
Interest Receivable	11.67		(6.64)	
(Increase) / decrease in Bank Balances other than Cash	36.96		(126.11)	
Current Investments	(53.43)		(1,472.92)	
(Increase) / decrease in Loans	(201.09)			
Dividend on investments	26.89		16.17	
Net Cash Flow From Investing Activities (B)		**(1,483.76)**		**(2,014.27)**
C. Cash Flow from Financing Activities				
Long Term Borrowings-Receipts/(Repayments)[Net]	(451.56)		(709.43)	
Short Term Borrowings-Receipts/(Repayments)[Net]	947.22		938.41	
Increase / (decrease) in Other Financial Liabilities	(89.39)		6.80	
Interest Paid	(403.28)		(421.04)	
Dividends (including corporate dividend tax)	(239.29)		(143.57)	
Net Cash Flow From Financing Activities (C)		**(236.32)**		**(328.83)**
Net Increase/(Decrease) in Cash & Cash		331.65		(340.60)
Cash & Cash Equivalent as at Beginning of Year		211.25		551.86
Cash & Cash Equivalent as at End of the Year (Refer		542.91		211.25
Components of Cash & Cash Equivalents				
Cash On Hand		0.19		0.23
Balances with Banks				
In Current Account		392.72		211.03
In Deposit Account		150.00		0.00
		542.91		**211.25**

Balance Sheet as at March 31, 2016 (as per Indian GAAP)

	31st March 2016	**31st March 2015**
EQUITY AND LIABILITIES		
Shareholders' Funds		
(a) Share Capital	397.64	397.64
(b) Reserves and Surplus	3,884.04	2,535.31
	4,281.68	2,932.94
Non-Current Liabilities		
(a) Long-Term Borrowings	1,090.24	1,799.67
(b) Deferred Tax Liabilities (Net)	691.20	654.73
(c) Other Long-Term Liabilities	124.29	124.29
(d) Long-Term Provisions	51.35	39.30
	1,957.08	2,617.99
Current Liabilities		
(a) Short-Term Borrowings	2,925.04	1,986.63
(b) Trade Payables	515.38	1,024.04
(c) Other Current Liabilities	932.92	963.21
(d) Short-Term Provisions	301.03	187.08
	4,674.36	4,160.96
Total	**10,913.12**	**9,711.89**
ASSETS		
Non-Current Assets		
(a) Fixed Assets		
(i) Tangible Assets	4,880.69	4,863.55
(ii) Intangible Assets	6.60	9.43
(iii) Capital Work-In-Progress	194.42	88.89
	5,081.71	4,961.88
(b) Long-Term Loans and Advances	90.67	56.14
	5,172.38	5,018.02
Current Assets		
(a) Current Investments	1,460.18	-
(b) Inventories	1,188.86	1,345.92
(c) Trade Receivables	2,075.50	1,860.47
(d) Cash and Cash Equivalents	215.40	592.45
(e) Short-Term Loans and Advances	296.47	392.13
(f) Other Current Assets	504.33	502.89
	5,740.74	4,693.87
Total	**10,913.12**	**9,711.89**

Statement of profit and loss as on March 31, 2016 (as per Indian GAAP)

	31st March 2016	**31st March 2015**
Revenue from operations (Gross)	11,776.71	11,230.44
Less : Excise Duty	320.58	394.93
Revenue from operations (net)	11,456.13	10,835.51
Other Income	173.30	86.60
Total revenue	11,629.43	10,922.11
Expenses		
(a) Cost of materials consumed	4,831.29	5,320.43
(b) Purchases of traded goods	287.03	533.87
(c) Changes in inventories of finished goods & work-in-progress	2.10	103.50
(d) Employee benefits expense	683.25	537.49
(e) Finance costs	420.46	436.94
(f) Depreciation and amortization expense	270.88	311.69
(g) Other expenses	2,987.62	2,484.02
Total expenses	9,482.62	9,727.94
Profit / (Loss) before tax	**2,146.81**	**1,194.17**
Tax expenses:		
(a) Current Tax	(448.86)	(254.66)
(b) Prior Period Tax	(3.05)	(8.14)
(c) MAT Credit	(70.41)	240.85
(d) Deferred Tax	(36.47)	(350.55)
Profit / (Loss) for the year	**1,588.03**	**821.68**
Earnings per share (of ₹ 10/- each):		
(a) Basic	39.94	20.66
(b) Diluted	39.94	20.66

Statement of Cash Flows as on March 31, 2016 (as per Indian GAAP)

	31st March 2016		**31st March 2015**	
Net Profit Before Tax		2,146.81		1194.17
Adjustments for :				
Interest & Financial Charges	420.46		436.94	
Depreciation / Amortization	270.88		311.69	
(Profit) / Loss on Sale of Fixed Assets	0.11		14.18	
(Profit) / Loss on Sale of Investments	(3.44)	688.02	(4.66)	758.14
Operating Profit before Working Capital changes		2,834.82		1952.32
Adjustments for :				
(Increase) / decrease in Long term Loans & Advances	(34.53)		502.48	
(Increase) / decrease in Short Term Loans & Advances	95.66		(126.93)	
(Increase) / decrease in Other Current Assets	(33.74)		(367.37)	
(Increase) / decrease in Trade & Other Receivables	(215.03)		(380.38)	
(Increase) / decrease in Inventories	157.07		1021.59	
Increase / (decrease) in Long Term Liabilities & Provisions	12.05		(353.24)	
Increase / (decrease) in Current Liabilities	(514.47)	(532.99)	(904.11)	(607.96)
Cash Generated from Operations		2301.83		1344.36
Direct Taxes Paid		(460.00)		240.00
Prior Period Adjustment -Taxation		(3.05)		(8.14)
Cash from Operating Activities (A)		1,838.78		1576.22
Purchase of Fixed Assets	(394.84)		(748.31)	
Sale of Fixed Assets	4.01		15.53	
Current Investments	(1,460.18)		0.00	
Income on Current Investments	3.44		4.66	
Net Cash Flow From Investing Activities (B)		(1,847.57)		(728.12)
Long Term Borrowings-Receipts/(Repayments)[Net]	(709.43)		53.43	
Short Term Borrowings-Receipts/(Repayments)[Net]	938.41		(369.10)	
Interest Paid	(416.54)		(435.95)	
Dividend Paid	(119.29)		(59.65)	
Tax on Dividend	(24.28)		(10.14)	
Net Cash Flow From Financing Activities (C)		(331.13)		(821.41)
Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)		(339.93)		26.70
Cash & Cash Equivalent as at Beginning of Year		554.10		527.40
Cash & Cash Equivalent as at End of the Year		214.17		554.10
Components of Cash & Cash Equivalents				
Cash On Hand		0.23		0.15
Balances with Banks				
In Current Account		211.03		551.71
In Unpaid Dividend		2.92		2.24
		214.17		554.10

RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. Investors should carefully consider all information in this Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. In addition, the risks set out in this section may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. In order to obtain a complete understanding about us, prospective investors should read this section in conjunction with the sections "Industry Overview", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", as well as the other financial and statistical information included elsewhere in this Placement Document. If anyone or a combination of the risks described below or other risks that are not currently known or are currently deemed immaterial actually occur, our business, prospects, financial condition and results of operations could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. In making an investment decision, prospective investors should consult their tax, financial and legal advisors about the particular consequences of an investment in this Issue and must rely on their own examination of our business and financial performance and the terms of the Issue, including the merits and the risks involved.

This Placement Document may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Placement Document. For further information, see "Forward-Looking Statements".

In this section, unless the context otherwise requires, a reference to "our Company", "we", "us" or "our" refers to Srikalahasthi Pipes Limited.

Our Company's fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year.

We were required to prepare our financial statements in accordance with Ind AS for Fiscal 2017 (together with the corresponding financial statements under Ind AS for Fiscal 2016). Our historical financial statements for Fiscal 2015 and for Fiscal 2016 were originally prepared in accordance with Indian GAAP. Ind AS varies in many respects from Indian GAAP, and accordingly our Ind AS financial statements for Fiscal 2016 and Fiscal 2017 and that for the six months ended September 30, 2017 are not comparable with our historical Indian GAAP financial statements for Fiscal 2015 and Fiscal 2016. Our Ind AS financial Statements for Fiscal 2016 and Fiscal 2017, also includes reconciliation statements of the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards. For further information, see "– We were required to prepare and present our financial statements under Ind AS with effect from April 1, 2016. Our Ind AS financial statements for Fiscal 2016 and Fiscal 2017 and for the six months ended September 2017 are not comparable with the historical Indian GAAP financial statements for Fiscal 2015 and Fiscal 2016 included in this Placement Document." and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Statement of Reconciliation between Ind AS and Indian GAAP".

Indian GAAP and Ind AS differ in certain respects from IFRS and U.S. GAAP. Accordingly, the degree to which our financial statements included in this Placement Document will provide a meaningful information to a prospective investor is entirely dependent on such reader's level of familiarity with Indian accounting processes and practices.

Unless otherwise indicated, all financial information included in this section has been derived from our Ind AS financial statements for Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017.

The industry data included in this section has been derived from the CRISIL Report, which has been commissioned by the Company from CRISIL Limited.

Risk Relating to our Business

1. ***We have significant requirements for raw materials such as coking coal and iron ore. We have not entered into any long-term supply agreement with respect to these raw materials. Our business and growth plans are substantially dependent upon the availability, quality, quantity and cost of such raw***

materials. Any inability to timely procure sufficient good quality of such raw materials at reasonable costs may have an adverse impact on our growth plans, business, results of operations and financial condition.

The primary raw materials for our manufacturing operations is coking coal and iron ore, which are scarce natural resources. In Fiscal 2016 and 2017 and in the six months ended September 30, 2017, coking coal represented 44.02%, 48.23% and 53.03%, respectively, of our costs of material consumed, whereas, iron ore represented 28.17% 21.42%, 21.33%, respectively, of our costs of material consumed for the same periods. The success of our business and operations depends on, among other things, our ability to source raw materials at competitive prices. An inability to procure the appropriate amount, kind and quality of raw material at the relevant time could delay our manufacturing process, which could adversely impact our business. Any significant shortage or interruption in the supply or deterioration in quality of the raw materials due to natural causes or other factors could result in increased costs that we may not be able to pass on to customers.

We import coking coal from Australia as a result of which we face the risk in relation to shipment due to various external factors beyond our control. We enter into contracts for supply of required quantities of coking coal from time to time. Our iron ore requirements are met through spot procurement from online auctions. Majority of our contracts for coking coal are not on an annual basis and the price is fixed on a quarterly or spot basis depending upon the grade of coal. Absence of long-term procurement arrangements may expose us to risks such as inadequate supply of raw materials, or at prices that are not competitive or anticipated by us, not supplying raw materials in a timely manner, and selling raw materials to other buyers, some of whom may be our competitors. Additionally, if there are restrictions on procuring imported coal from Australia, we may not be able to source our coking coal requirements from domestic sources or other international suppliers at competitive rates. Further, failure of our suppliers to deliver raw materials on schedules may adversely affect our production processes which could adversely affect our business, financial condition and results of operations.

Most of our orders with our key customers are on a fixed price basis. Further, the terms under which we were awarded our contracts may not contain price escalation clauses covering increase in the cost of raw materials and other inputs. As a result, our ability to pass on increases in the cost of raw materials and other inputs may be limited in the case of contracts with limited or no price escalation provisions and we cannot assure you that these variations in cost will not lead to financial losses to our Company.

2. Changes in the market prices of coking coal and iron ore could adversely affect our results of operations.

In Fiscal 2016, Fiscal 2017 and in the six months ended September 30, 2017, the cost of coking coal was ₹ 2,126.93 million, ₹ 2,296.17 million and ₹ 2,012.87 million, respectively, while the cost of iron ore was ₹ 1,361.01 million, ₹ 1,019.55 million and ₹ 809.52 million, respectively, in the same periods.

Coking coal is the major raw material used in the manufacture of DI pipes and contributed 44.02%, 48.23% and 53.03%, of our costs of material consumed, in Fiscal 2016 and 2017 and in the six months ended September 30, 2017, respectively. Coal reserves in India have a comparatively higher ash content and are therefore are not suitable for DI pipes manufacturing. As a result, we currently import our coking coal requirements from suppliers in Australia, which is generally priced in U.S. Dollars. Due to capacity additions in India and internationally in the steel, cement, power and other basic industries that are coal-intensive, the demand for and prices of coal has increased significantly in recent years, and we expect this trend to continue. Particularly, in Fiscal 2017, the coking coal market has been very volatile and in the recent past, the prices have undergone significant fluctuation, which adversely affected the cost of production of DI Pipes, resulting in margin contraction.

The price of iron ore generally follows the price trend of, and varies with market conditions for, the demand for steel. We currently purchase iron ore primarily from the domestic market through online auctions, at market prices that typically vary with the fluctuations in international and domestic iron ore prices and demand for and production of steel.

Numerous factors, most of which are beyond our control, drive the cycles of the coking coal and iron ore industries and influence coking coal and iron ore prices, including general economic conditions, industry capacity utilization, slowdowns in basic manufacturing, import duties and other trade restrictions and currency exchange rates. In addition to market fluctuations, our average selling prices can be affected by contractual arrangements and hedging strategies. These commodities are exposed to price fluctuation risk, due to various factors such as, amongst others, global demand, supply constraints, government policies with reference to imports/ exports, change in rules and regulations from time to time. For instance, in Fiscal 2013, due to adverse power situation, production of slag cement was lower compared to that in Fiscal 2012. Procurement of calibrated iron ore through e-auction route at a higher cost during Fiscal 2013 resulted in significant increase in our raw material cost. Commodity prices in general and base metal in particular, are highly volatile and have direct impact on our cost of production and profit margin.

Further, any significant increase in the prices of these raw materials due to any reasons such as government policies, and our inability to pass on increased costs of raw material to our customers or reduction in demand from our customers, may adversely affect our sales and profitability. In the event of any disruption in the supply of raw materials supply in terms of requisite quantities and qualities, our production schedule may also be adversely affected. There can be no assurance that we will succeed in implementing price increases of our products sufficiently to absorb any cost increases in our raw materials.

3. We procure iron ore through an online auction process and may not be able to ensure adequate and timely procurement of iron ore through the auction route at competitive prices which may have an adverse impact on our business.

Our manufacturing operations and production depends on obtaining adequate supplies of iron ore on a timely basis. We procure the iron ore from Hospet and Bellary areas in the state of Karnataka through online auction process which is regulated by MSTC Limited. Bidders need to comply with the terms and conditions laid down by the monitoring committee which governs this auction process. These terms require bidders, including us, to deposit earnest money in favour of the monitoring committee. Further, the decision of the monitoring committee is discretionary, final and binding and the monitoring committee is not bound to accept the highest bid or provide any explanation for refusing any bid. Accordingly, the successful procurement of iron ore through the online auction process is subject to our compliance with the qualifications prescribed as well as factors beyond our control, as the award of such orders is at the discretion of the monitoring committee. In addition, the online auction process is subject to change and any adverse change would affect our ability to procure iron ore which would adversely impact our business and results of operations. As a result, we cannot assure an adequate and timely procurement of iron ore through the online auction process and any shortfall in supply of iron ore would adversely affect our manufacturing operations, consequently, affect our revenues and manufacturing capabilities.

4. We have one manufacturing facilitiy located in Andhra Pradesh, making us vulnerable to risks associated with having geographically concentrated operations.

Our integrated manufacturing facility is located at Srikalahasthi, Chittoor District, Andhra Pradesh. We believe that our strategic location and integrated manufacturing facility model helps us to minimize our production cost and enable us to competitively price our products. However, since our integrated manufacturing facility is in one location, our business operations are exposed to various factors affecting the region in which such manufacturing facility is located, including any labour unrest, inadequacy of power supply, natural calamities, legal and regulatory developments in Andhra Pradesh, and other socio-economic and political developments in the region. For instance, in Fiscal 2013, due to an adverse power situation in the state of Andhra Pradesh, we were required to purchase power from private companies at a higher cost compared to the cost of grid power. Any adverse development in any of these factors may affect us more than they might affect our competitors located in different regions or with greater geographic diversity. Any one of these events may require us to temporarily shut down operations, or lower production levels, and may result in a material adverse change in our business, financial condition, results of operations and cash flows.

As of April 2017, we had a market share of approximately 12.93% of the total DI Pipes plants capacity in India (Source: Based on information derived from the CRISIL Report). In addition, as of April 2017, we had a market share of approximately 58.82% of the total DI Pipes plant capacity in southern region of India, as specified in the CRISIL Report; see “Industry Overview – Ductile Iron Pipes Industry – Supply review of DI Pipes”. We have focussed our operations in the southern-western region of India and as a result, have limited operations in other parts of India. In addition, as an integrated manufacturing facility in one location, we may be unable to undertake major projects in other geographic regions as we may incur additional transportation costs, adjust manufacturing processes other geographic regions, or obtain requisite governmental and other approvals. This would adversely affect our ability from placing competitive bids in other regions which may impact our diversification and expansion plans and may have a material adverse effect on our business, results of operations and financial condition.

5. A significant portion of our revenue is derived from our DI Pipes business and our financial condition would be materially and adversely affected if we fail to obtain new contracts.

Our business depends significantly on our DI Pipes. In Fiscal 2016, Fiscal 2017 and in the six months ended September 30, 2017, revenue from sale of DI Pipes contributed 84.49%, 81.41% and 77.13% of our revenues from operations in these periods. Our business, growth prospects and financial performance largely depends on our ability to obtain new contracts in the DI Pipes business, and there can be no assurance that we will be able to procure new contracts for supply of DI Pipes. Our future results of operations and cash flows may fluctuate from period to period depending on the timing of contract awards, production and delivery on our contracts. In the event we are unable to obtain new contracts for our DI Pipes business, our business will be materially and adversely affected.

In addition to contracts procured through bilateral negotiation, we also receive orders awarded through government tender processes. We supply DI Pipes directly to government agencies such as water boards and State municipal corporations as well as to turnkey contractors appointed by the government for water infrastructure projects. There can however be no assurance that we will be able to meet the financial and technical qualification criteria required for such bidding processes. Government projects are usually awarded on the basis of price competitiveness. The government tender processes may also be subject to changes in qualification criteria, unexpected delays and uncertainties. We may also be required to furnish bank guarantees as a part of the tender process. There can be no assurance that the projects for which we bid will be tendered within a reasonable time, or at all or that we will be able to furnish such bank guarantees in order to qualify for the tender process. In the event that new projects which have been announced and which we plan to tender for are not put up for tender within the announced timeframe, or qualification criteria are modified such that we are unable to qualify, our business prospects and financial performance could be materially and adversely affected.

6. Our business is working capital intensive. If we experience insufficient cash flows from our operations or are unable to borrow funds to meet our working capital requirements, it may materially and adversely affect our business and results and operations.

Our business requires a significant amount of working capital primarily for activities such as expanding our operations, managing acquired assets, maintaining the condition of our existing equipment and maintaining compliance with environmental laws and regulations. While we endeavour to plan our raw material purchases in a manner that meets our contract orders and manufacturing requirements, there can sometimes be significant holding periods between purchase of our raw materials and the sale of our products. As a result of the high inventory turnover days, we are required to maintain sufficient stock, at all times, of our raw materials in order to meet production requirements, thus increasing our inventory and working capital requirements. In such circumstances we may need to either incur additional indebtedness or utilize internal accruals towards our working capital requirements. In addition, our working capital requirements may increase if, under certain contracts, payment terms include reduced advance payments or payment schedules that specify payment towards the end of a project or that are less favourable to us. As we pursue business growth, we expect that we will need to raise additional funds through increased indebtedness or through additional equity infusion to meet our working capital requirements. If we experience insufficient cash flows or are unable to borrow funds on a timely basis, or, at all, to meet our working capital and other requirements, or to pay our debts, it could materially and adversely affect our business and results of operations. In addition, we could be forced to reduce or delay capital expenditures, sell assets or restructure or refinance our indebtedness. If we raise funds through the issuance of equity, the proportional ownership interests of our shareholders may be diluted.

7. We were required to prepare and present our financial statements under Ind AS with effect from April 1, 2016. Our Ind AS financial statements for Fiscal 2016 and Fiscal 2017 and for the six months ended September 2017 are not comparable with the historical Indian GAAP financial statements for Fiscal 2015 and Fiscal 2016 included in this Placement Document.

We were required to prepare financial statements in accordance with Ind AS for Fiscal 2017 (together with the corresponding standalone and consolidated financial statements under Ind AS for Fiscal 2016). Our historical financial statements for Fiscal 2015 and for Fiscal 2016 were originally prepared in accordance with Indian GAAP. Ind AS varies in many respects from Indian GAAP, and accordingly our Ind AS financial statements for Fiscal 2016 and Fiscal 2017 and that for the six months ended September 30, 2017 are not comparable with our historical Indian GAAP financial statements for Fiscal 2015 and Fiscal 2016. For further information, see "*Financial Statements*". In this Placement Document we have included (i) the audited Indian GAAP financial statements for Fiscal 2015 and Fiscal 2016; (ii) the audited Ind AS financial statements for Fiscal 2016 and Fiscal 2017; and (iii) the reviewed Ind AS financial statements for the six months ended September 30, 2017. Our audited Ind AS financial statements for Fiscal 2016 and Fiscal 2017 also includes reconciliation statements of the Ind AS financial statements for Fiscal 2016 with our historical Indian GAAP financial statements for Fiscal 2016 explaining the impact of transition to Ind AS on the preparation and presentation of our financial statements.

Our management's discussion and analysis of our financial performance therefore compares our audited Ind AS financial statements for Fiscal 2017 with that for Fiscal 2016; and our audited Indian GAAP financial statements for Fiscal 2016 with that for Fiscal 2015. We have also included management's discussion and analysis on our reviewed Ind AS financial results for the six months ended September 30, 2017. Our Indian GAAP financial statements for Fiscal 2015 and 2016 and our Ind AS financial statements for Fiscal 2016 and 2017 have been audited by K.R. Bapuji & Co., Chartered Accountants, our previous statutory auditor, while our financial statements for the six months ended September 30, 2017 have been reviewed by Lodha & Co, Chartered Accountants, our current statutory auditor.

There can be no assurance that the impact of Ind AS on our future financial statements will not be more significant or that they will be comparable to the information provided in such Ind AS reconciliation information. There is not yet a significant body of established practice on which to draw informed judgments regarding its implementation and application. Additionally, Ind AS differs in certain respects from IFRS and U.S. GAAP and therefore financial statements prepared under Ind AS may be substantially different from financial statements prepared under IFRS and U.S. GAAP. Accordingly, the degree to which the financial information included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Potential investors should consult their own professional advisors for an understanding of the differences between Ind AS with IFRS and U.S. GAAP and how those differences might affect the financial information disclosed in this Placement Document. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity in future will not appear materially worse under Ind AS than under Indian GAAP. The estimates and assumptions used in the preparation of our financial statements in accordance with Ind AS will be based upon management's evaluation of the relevant facts and circumstances as on the date of the relevant financial statements, and such estimates and underlying assumptions may be reviewed in the future on an ongoing basis. We may also encounter difficulties in the ongoing process of implementing and enhancing our management information systems.

8. ***Our Promoter and certain other companies in the Electrosteel group may have conflicts of interest as they are also involved in the manufacture of DI Pipes and may compete for DI Pipes contracts with us.***

Our Promoter and certain other companies in the Electrosteel group are authorized to engage in businesses similar to our business operations. As a result, there may be conflicts of interest in allocating business opportunities between us, our Promoter and other companies in the Electrosteel group. There may also be conflicts of interest between our Promoter and us in pursuing new contracts for DI Pipes and ensuring cost effective sourcing of coal and iron ore. We have not entered into any non-compete agreements with our Promoter or the other companies in the Electrosteel group. There can be no assurance that our Promoters, members of our Promoter Group and other companies within the Electrosteel group will not compete with our existing business or any future business that we may undertake. Any such present and future conflicts could have a material adverse effect on our business and financial performance.

9. ***We do not enter into any long-term agreements with our customers for the sale of our DI Pipes and any failure to procure orders from customers could have a material adverse effect on us.***

Our DI Pipes business is the major source of our revenue contributing 84.49%, 81.41% and 77.13% of our revenues from operations in Fiscal 2016, Fiscal 2017 and in the six months ended September 30, 2017, respectively. Our future success depends on our ability to ensure continued demand for our product, which requires us to continuously anticipate and respond in a timely manner to customer requirements and preferences. However, our business is dependent on certain key customers with whom we have not entered into long-term contracts. Our key customers include water boards, municipal corporations and turnkey contractors across India. We usually conduct business with our customers on an order-by-order basis and accordingly, there can be no assurance that we will continue to enjoy undisrupted relationships with our customers in the future. Our customers could stop purchasing our products, reduce their purchase levels or request reduced pricing structures at any time.

The sale to each customer is dependent on our ability to manufacture products of acceptable quality that meet the customer's specifications and to deliver such products on a timely basis. As a result, we may need to adapt our manufacturing, pricing and marketing strategies in response to customers who may seek concessions in return for their continued or increased business. Further, the markets in which we operate are competitive and customers may seek to consolidate supplier relationships or change suppliers to obtain cost savings and other benefits. There is no commitment on the part of the customer to continue to place new work orders with us and as a result, our sales from period to period may fluctuate significantly due to changes in our customers' preferences. The short-term nature of our customers' commitments could reduce our ability to estimate accurately future customer requirements, making it difficult for us to schedule production and may also limit our ability to maximize utilization of our manufacturing capacity. A loss of one or more customers or a significant reduction in their purchases from us could have a material adverse effect on our business, financial condition and results of operations**.**

10. A significant proportion of our revenues are dependent on our relationships with certain key customers. The loss of any one or more of such key customers could have an adverse impact on our business operations, financial condition and results of operations.

A significant proportion of our revenues are dependent on our relationships with certain key customers. In Fiscal 2016 and 2017 and in the six months ended September 30, 2017, our top 10 customers represented 44.59%, 51.98% and 52.80%, respectively, of our total revenues from operations in such periods, while our largest customer represented 14.86%, 15.39% and 14.36% of our total revenues from operations in such periods. We do not typically enter into long term contracts with our customers and there can be no assurance that our existing customers will continue to purchase our products. The loss of any of our key customers or a significant decrease in orders received from such customers as a result of increased competition or other factors may adversely affect our results of operations. In addition, certain of our products are commodity products in highly competitive, price sensitive markets, and a significant fluctuation in the price of such commodity products may result in a decrease in orders from or discontinuation of business from key customers. Any failure to continue these contracts or renegotiate these contracts at terms acceptable to us may have an adverse impact on our financial condition and results of operations.

11. Any withdrawal, or termination of, or unavailability of tax benefits and exemptions being currently availed by us may have an adverse effect on our business, results of operations, financial condition and cash flows.

We are currently entitled to certain tax benefits and incentives pursuant to section 80-IA, section 35D, section 115JAA (1A) and section 115JB of the Income Tax Act, 1961, in respect of our manufacturing facility and operations. For further details please see "*Statement of Tax Benefits*". There can be no assurance in our ability to avail these tax benefits in the future, which could result in increased tax liabilities and reduced liquidity and have an adverse effect on our results of operations. Further, the reduction or termination of any of our tax incentives, or non-compliance with the conditions under which such tax incentives are made available, will increase our tax liability and adversely affect our business and financial condition.

12. Our substantial indebtedness and the conditions imposed by our financing and other agreements could adversely affect our ability to conduct our business and operations.

As of September 30, 2017, we had total outstanding debt of ₹ 5,522.00 million, and our debt to equity ratio was 0.64. Most of our financing arrangements are secured by our movable and immovable assets. In addition, we may incur substantial indebtedness in the future as we continue to expand our business operations.

The high level of our indebtedness could have several important consequences, including but not limited to the following:

- a substantial portion of our cash flows may be used towards repayment of our existing debt, which will reduce the availability of cash flows to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favorable to us may be limited;
- fluctuations in market interest rates may affect the cost of our borrowings, as certain of our indebtedness is subject to floating rates of interest;

- we may have difficulty in satisfying repayments and other restrictive covenants under our existing financing arrangements.

Many of our financing agreements also include conditions and covenants that require us to obtain lender consents prior to carrying out certain corporate activities and entering into certain transactions. Specifically, under our financing arrangements, we may require, and may be unable to obtain, lender consents to undertake any change in our capital structure, issuance of further equity shares or other securities, additional debt, any major expansion or modification of our capital expenditure plans and undertaking additional guarantee obligations on behalf of any third arty. Some of the lender consents obtained by us in relation to the Issue are subject to certain conditions, such as, the promoters' shareholding shall not fall below a specific percentage and there shall be no dilution of the security coverage provided to the lender.

Further, certain financing agreements also contain cross default provisions which could automatically trigger defaults under other financing agreements. In addition, any downgrading of our credit rating by a credit rating agency may qualify as an event of default under some financing agreements. Certain financing agreements also provide the banks and financial institutions with the right to convert amounts due into equity in the event of default. Certain of these banks and financial institutions also have a right to appoint nominee directors under these financing agreements in the event of default. Pursuant to the provisions of certain loan facilities availed of by us, the lenders are entitled to recall the loan at any time on demand or call notice, requiring the borrower to repay (either in full or in part) the amount outstanding on any particular day. Any or all of the above restrictive covenants may restrict our ability to conduct business and any breach thereof may adversely affect our results of operations and financial condition.

13. Our operations are subject to various business and operational risks and our future results of operations are difficult to predict.

Our operations are subject to various risks and hazards associated with the manufacturing of our DI Pipes and our other products, which may adversely affect our profitability, including natural calamities, breakdown of operations, loss or shutting down of our manufacturing facility, failure or substandard performance of equipment, third party liability claims, litigation filed by unsatisfied customers for non-receipt of committed supplies, labour disturbances or strikes due to wage demands, employee frauds and infrastructure failures. Our operations are subject to certain hazards, including explosions, fires, mechanical failures, operational problems, transportation interruptions, discharges or releases of hazardous substances and chemicals and other environmental risks. These hazards can cause personal injury and loss of life, damage to or destruction of property and equipment as well as environmental damage, which could result in a suspension of operations and the imposition of civil or criminal liabilities.

In addition, our results of operations may fluctuate in the future due to a number of factors, many of which are beyond our control. Our results of operations during any fiscal year and from period to period are difficult to predict. Our business, financial condition and results of operations may be adversely affected by, among other factors, the following:

- economic downturn or stagnant economies in India and global markets;
- any adverse change in international and domestic prices for our raw materials such as iron ore and coking coal;
- adverse changes in purchasing practices of our customers;
- adverse fluctuations in the exchange rate of the rupee versus major international currencies, including the US dollar;
- statutory and/ or regulatory requirements pertaining to the DI Pipes manufacturing industry; and
- competition from Indian DI Pipes manufacturing companies, including new entrants in the market.

Any liability incurred as a result of the above-mentioned events has the potential to materially impact our business, financial condition and results of operations. Such events may also adversely affect public perception about our business and the perception of our suppliers, customers and employees, leading to an adverse effect on our business.

14. Any unscheduled or prolonged disruption of our manufacturing operations could materially and adversely affect our business, financial condition and results of operations.

Any unscheduled or prolonged disruption of our manufacturing operations, including but not limited to power failure, fire and unexpected mechanical failure of equipments, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, earthquakes and other natural disasters, industrial accidents or any significant social, political or economic disturbances, could reduce our ability to meet the conditions of our contracts and adversely affect sales and revenues from operations in such period. Disruptions in our manufacturing operations could delay production or require us to temporarily cease operations at our manufacturing facility. We may be subject to manufacturing disruptions due to contraventions by us of any of the conditions of our regulatory approvals, which may require our manufacturing facility to cease, or limit, production until the disputes concerning such approvals are resolved. As regulatory approvals are site specific, we may be unable to transfer manufacturing activities to another location immediately.

Similarly, there is no assurance that those of our manufacturing facility unaffected by an interruption will have the capacity to increase their output to manufacture products for the affected manufacturing facility, to the extent that all outstanding orders will be filled in a timely manner. In the event of prolonged interruptions in the operations of our manufacturing facility, we may have to import various supplies and products in order to meet our production requirements, which could affect our profitability.

15. ***Under-utilization of our manufacturing capacities and an inablity to effectively utilize our expanded manufacturing capacities could have an adverse effect on our business, prospects and future financial performance.***

Our manufacturing operation is located in Andhra Pradesh. Our business is dependent on our ability to effectively manage our manufacturing facility, which are subject to various operating risks, including those beyond our control, such as the breakdown and failure of equipment or industrial accidents and severe weather conditions and natural disasters. Further, the success of any capacity expansion and expected return on investment on capital expenditure is subject to, among other factors, the ability to procure requisite regulatory approvals in a timely manner; recruit and ensure satisfactory performance of personnel to further grow our business; and the ability to absorb additional infrastructure costs and develop new expertise. Our capacity utilization is also affected by the product requirements of, and procurement practice followed by, our customers. Recently, we made significant investments for the expansion of our manufacturing capacities.

The following table sets forth certain information relating to our capacity utilization in Fiscal 2017, calculated on the basis of total installed capacity as of March 31, 2017, and actual production in Fiscal 2017:

S. No.	Name of the Plant/ Product	Installed Capacity as of March 31, 2017(1)(2)	Actual Production in Fiscal 2017	Capacity Utilization (%)(3)
1.	Mini Blast Furnace/ Pig Iron	275,000 metric tonnes	238,806 metric tonnes	86.83%
2.	Cement	90,000 metric tonnes	96,800 metric tonnes	107.55%
3.	Coke Oven Plant/ LAM Coke	225,000 metric tonnes	165,410 metric tonnes	73.51%
4.	Sinter Plant	500,000 metric tonnes	315,296 metric tonnes	63.05%
5.	DI Pipe	300,000 metric tonnes	228,152 metric tonnes	76.05%
6.	Captive Power Plant	14.5 MW	10.73 MW	74.38%

(1) As certified by Tarak Nath Ghar, Associated Chartered Engineer, Commtech Combine by certificates dated May 5, 2017 and May 15, 2017.

(2) The information relating to the aggregate installed capacity of our manufacturing facilities as of March 31, 2017 included above and elsewhere in this Placement Document are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our installed capacity. These assumptions and estimates include the period during which the manufacturing facilities operate in a year, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. Actual production levels and utilization rates may therefore vary significantly from the installed capacity information of our manufacturing facilities included in this Placement Document and undue reliance should not be placed on such information. See "Risk Factors – Information relating to the installed capacity and capacity utilisation of our manufacturing facility included in this Placement Document are based on various assumptions and estimates and future production and capacity utilization may vary."

(3) Capacity utilization in Fiscal 2017 has been calculated on the basis of actual production in Fiscal 2017 divided by the aggregate installed capacity of our manufacturing facility as of March 31, 2017.

The following table sets forth certain information relating to our capacity utilization (on an annualized basis) in the six months ended September 30, 2017, calculated on the basis of total installed capacity as of September 30, 2017, and actual production in the six months ended September 30, 2017:

S. No.	Name of the Plant/ Product	Installed Capacity as of September 30, 2017(1)(2)	Actual Production in the six months ended September 30, 2017	Capacity Utilization (annualized) (%)(3)
1.	Mini Blast Furnace/ Pig Iron	275,000 metric tonnes	141,101 metric tonnes	102.60%
2.	Cement	90,000 metric tonnes	48,529 metric tonnes	107.84%
3.	Coke Oven Plant/ LAM Coke	225,000 metric tonnes	84,498 metric tonnes	75.10%
4.	Sinter Plant	500,000 metric tonnes	181,829 metric tonnes	72.72%
5.	DI Pipe	300,000 metric tonnes	136,059 metric tonnes	90.70%
6.	Captive Power Plant	14.5 MW	6.24 MW	85.90%

(1) As certified by Tarak Nath Ghar, Associated Chartered Engineer, Commtech Combine by certificate dated December 8, 2017.
(2) The information relating to the aggregate installed capacity of our manufacturing facilities as of September 30, 2017 included above and elsewhere in this Placement Document are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our installed capacity. These assumptions and estimates include the period during which the manufacturing facilities operate in a year, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. Actual production levels and utilization rates may therefore vary significantly from the installed capacity information of our manufacturing facilities included in this Placement Document and undue reliance should not be placed on such information. See "Risk Factors – Information relating to the installed capacity and capacity utilisation of our manufacturing facility included in this Placement Document are based on various assumptions and estimates and future production and capacity utilization may vary."
(3) Capacity utilization (on an annualized basis) in the six months ended September 30, 2017 has been calculated on the basis of actual production in the six months ended September 30, 2017 divided by the aggregate installed capacity of our manufacturing facility as of September 30, 2017.

For further information on our manufacturing capacities, see "Our Business – Manufacturing Facilities".

Under utilization of our manufacturing capacities over extended periods, or significant under utilization in the short term, or an inability to fully realize the benefits of our recently implemented capacity expansion, could materially and adversely impact our business, growth prospects and future financial performance.

16. We would be adversely affected by any decline in the activity of water and sewerage infrastructure industry.

Our principal products include DI Pipes that are used in water infrastructure development for transportation of water and sewage. As a result, the demand for our DI Pipe products is significantly dependent upon the continued investment in projects involving transportation of water and sewage. If the activities in the water infrastructure industry were to decline, sales of our DI Pipe products may decrease resulting in an adverse impact our business and results of operations.

The DI Pipe industry has been growing at a CAGR of 12% to 13% between 2012 and 2017 and is expected to grow at a CAGR of 11% to 13% between 2017 and 2022. The key reasons for the growth in the DI Pipes industry has been increased spending by state government and municipal corporations to improve accessibility of water, GoI schemes, such as, amongst others, Jawaharlal Nehru National Urban Renewal Mission, ATAL Mission for Rejuvenation and Urban Transformation and Swachh Bharat Mission and increased government acceptance towards usage of DI Pipes in the water supply and sanitation projects. In addition, several State and municipal corporations will also help in facilitating the growth of the DI Pipes industry through projects such as, amongst others, the Telangana water grid project, the Marathwada water grid project and the Silk City water project. During 2012 and 2017, the central and state government increased spending at a CAGR of 10% to 11%, aggregating to ₹ 485,000 million in Fiscal 2017. (*Source: CRISIL Report*) However, there can be no assurance that such budgetary allocation and government policies will continue and will be favourable in the future. Any deviation in GoI policies or budgetary allocation will affect the price of our products and adversely impact our results of operations.

17. Our inability to renew or maintain our statutory and regulatory permits and approvals required to operate our business would adversely affect our operations and profitability.

We are required to obtain and maintain various statutory and regulatory permits, approvals, licenses and registrations to operate our business and for our manufacturing facility and mining land. Certain of such approvals, permits, licenses and registrations may have expired and have been applied for and certain of which are due to expire in the near future. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Further, these permits, licenses and approvals could be subject to several conditions, and we cannot assure you that we would be able to continuously meet such conditions or be able to prove compliance with such conditions to the statutory authorities, and this may lead to cancellation, revocation or suspension of relevant permits, licenses or approvals. Any failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and in the aggregate may have a material adverse effect on our business, financial condition and results of operations.

We own and operate three limestone mines situated at Tippalur, T.V. Palle and Kazipet in Kadapa District, Andhra Pradesh. Our rights to mine minerals in our allocated areas depend on the continued validity of our mining leases. We may need to incur additional costs in order to legally hold, use or benefit from the mining rights associated with these mines. We anticipate that not complying with the provisions of the mining leases would subject us to various risks. Our mining leases may be terminated by the Government if we fail to comply with our obligations under the mining leases, including the payment of royalties and taxes to the Government and the satisfaction of certain mining, environmental, health and safety requirements. The letters of allotment issued to us contain restrictions on the end use of limestone extracted from the mines allocated to us. We cannot assure that we will be in a position to comply with all these restrictions at all times and the Government may terminate our mining leases or take other action against us if we fail to comply with such restrictions.

18. Any delay or default in payments from our customers could result in the reduction of our profits.

We extend credit to our customers and our customers may fail to pay us the amounts due to us on time or at all, which could have a material adverse effect on our business, prospects, results of operations, cash flows and financial condition. If there is deterioration in our customers' financial condition, including insufficient liquidity, they may be unable to pay us these accounts receivables on time or at all. Consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. As a result of such industry conditions, we have and may continue to have high levels of outstanding receivables. As of September 30, 2017, our trade receivables were ₹ 2,872.80 million.

Any failure or delay in payment could also lead us to further extend our payment terms, restructure our accounts receivable or create allowances for doubtful debts. All of these factors could have a material adverse impact on our financial condition, results of operations and cash flows. Any global economic uncertainty could increase the risk of our customers being unable to pay amounts due to us and of our customers going into bankruptcy or reorganization proceedings, which could impact our ability to collect our receivables. If one or more of our customers were to become insolvent or otherwise unable or unwilling to pay for their orders, our results of operations, cash flows and financial condition could be adversely affected.

19. We are dependent on third party transportation providers for the supply of raw materials and delivery of our products.

Our success depends on the smooth supply and transportation of the various raw materials required for our manufacturing operations and of our products from our manufacturing facility to our customers, or intermediate delivery points such as ports and railway stations, both of which are subject to various uncertainties and risks. We have our own electrified railway siding for transporting iron ore and coal, however, we are dependent on third party service providers to get these raw materials from the railway siding to our manufacturing facility and deliver the finished goods to our customers. Transportation strikes may have an adverse effect on supplies and deliveries to and from our customers and suppliers. In addition, raw materials and products maybe lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of raw materials and products which may also affect our business and results of operation negatively. A failure to maintain a continuous supply of raw materials or to deliver our products to our customers in an efficient and reliable manner could have a material and adverse effect on our business, financial condition and results of operations. Any recompense received from insurers or third party transportation providers may be insufficient to cover the cost of any delays and will not repair damage to our relationships with our affected customers. We may also be affected by an increase in fuel costs, as it will have a corresponding impact on freight charges levied by our third party transportation providers. This could require us to expend considerable resources in addressing our distribution requirements, including by way of absorbing these excess freight charges to maintain our selling price, which could adversely affect our results of operations, or passing these charges on to our customers, which could adversely affect demand for our products.

20. Information relating to the installed capacity of our manufacturing facility included in this Placement Document is based on various assumptions and estimates and future production may vary.

Information relating to the installed capacity of our manufacturing facility included in this Placement Document is based on various assumptions and estimates of our management, including the period during which the manufacturing facility operate in a year, expected operations, availability of raw materials, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. Actual production levels may differ significantly from the estimated production capacities of our facility. Undue reliance should therefore not be placed on our production capacity for our existing facility included in this Placement Document.

21. We may not be successful in implementing our strategies, particularly our growth strategy. An inability to successfully manage our growth may adversely affect our business prospects.

The success of our business will depend greatly on our ability to effectively implement our business and strategies. For further details, see *"Our Business – Our Strategies"*. Even if we have successfully executed our business strategies in the past, there can be no assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of targeted customers. We expect our strategies to place significant demands on our management and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and strategies could have a material adverse effect on our business, financial condition and profitability.

Additionally, we have experienced significant growth in recent years. While there can be no assurance that the growth in our operations and increase in revenues experienced in the past will continue in the future, if we continue to grow in accordance with our estimates and our strategic business plans, such growth will place significant demands on our operations and will require us to continuously evolve and improve our operational, financial and internal controls across our organization. As part of our growth strategy, we continue to diversify our services into additional industries and continue to expand our service offerings. However, our limited experience working on projects in other industries may affect our ability to successfully deliver on the other industries' projects, which could hamper our growth prospects and may also damage our reputation. In addition, continued expansion and diversification of our operations increases the challenges involved in:

- maintaining high levels of project control, management and client satisfaction;
- ability to bid for and win projects in other industries;
- successfully executing such projects;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- operating in jurisdictions where we have limited experience;
- adhering to health, safety and environment and quality standards that meet client expectations;
- preserving a uniform culture, values and work environment in our operations; and
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

An inability to successfully manage our growth may have a material and adverse effect on our business, results of operations and financial condition.

22. Our failure to accurately forecast and manage inventory could result in an unexpected shortfall and/ or surplus of products, which could have a material adverse impact on our profitability.

We generally do not enter into long-term supply contracts with our customers. While we believe this is beneficial to our business as we retain the ability to take advantage of fluctuating demand and price our products accordingly, this also leads to challenges in managing our inventory, and consequent volatility in our revenues. We monitor our inventory levels based on our projections of future demand which is determined by the non-binding forecasts presented to us by our customers. Due to the length of time necessary to produce commercial quantities of our products, we make production decisions well in advance of sales for some of our products. An inaccurate forecast of demand for any product can result in the unavailability/ surplus of products. This unavailability of products in high demand may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of products, which may increase costs, negatively impact cash flow, reduce the quality of inventory, erode margins substantially and ultimately create write-offs of inventory. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

23. We operate in a highly competitive markets. Our inability to compete effectively may lead to lower market share or reduced operating margins, and adversely affect our results of operations.

We operate in a highly competitive markets and increasing consolidation in the DI Pipes industry is expected to significantly increase competition in the DI Pipes industry in India, thereby reducing our market share and earnings. Further, any expansion in capacity of existing manufacturers or entry of new players would further intensify the competition. As a result, to remain competitive, we must continuously strive to reduce our costs of production, transportation and distribution and improve our operating efficiencies. If we fail to do so, other producers may be able to sell their products at lower prices, which would have an adverse effect on our market share and results of operations. The principal factors for attracting customers are technical excellence or differentiation, service quality, health, safety and environmental standards and practices, financial strength, breadth of technology and technical sophistication, risk management awareness and processes, product quality and competitive pricing. Some of our competitors may have greater industry experience and substantial financial, technical and other resources, which may enable them to charge lower price as compared to our products. Our competitors may also have greater resources than us and/ or they may benefit from government-sponsored programs that subsidize their production costs or provide them with marketing or other advantages. Growing competition could subject us to pricing pressures, or result in a decline in our market share, which could require us to reduce the prices of our products in order to retain or attract customers. Our inability to effectively manage such competitive pressures and manage our costs efficiently, it could have a material adverse effect on our operating margins, business growth and prospects, financial condition and results of operations.

24. Stringent environmental, health and safety laws and regulations or stringent enforcement of existing environmental, health and safety laws and regulations may result in increased liabilities and increased capital expenditures

Our operations are subject to environmental, health and safety and other regulatory and/ or statutory requirements in the jurisdictions in which we operate. Our operations may generate pollutants and waste, some of which may be hazardous. We are accordingly subject to various national, state, municipal and local laws and regulations concerning environmental protection in India, including laws addressing the discharge of pollutants into the air and water, the management and disposal of any hazardous substances, and wastes and the clean-up of contaminated sites. Non-compliance with these laws and regulations, which among other things, limit or prohibit emissions or spills of toxic substances produced in connection with our operations, could expose us to civil penalties, criminal sanctions and revocation of key business licences. Environmental laws and regulations in India are becoming more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management.

As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated. We cannot assure you that our costs of complying with current and future environmental laws and other regulations will not adversely affect our business, results of operations or financial condition. In addition, we could incur substantial costs, our products could be restricted from entering certain markets, and we could face other sanctions, if we were to violate or become liable under environmental laws or if our products become non-compliant with applicable regulations. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs.

25. ***Our business and operations depend on our reputation. Any impairment of our reputation or erosion of our brand or failure to optimize our brand in the marketing of our products could have a material adverse effect on our capacity to retain our current customers and attract new customers and therefore on our sales and profitability.***

Our customers expect quality and high service levels and timely delivery of products. Any failure to meet the needs and demands of our customers may result in a loss of reputation and affect our brand name. We operate in a competitive environment, and we believe that our brand recognition provides us with a significant competitive advantage. We also believe our future success will in part be impacted by further development of our brand and our ability to effectively market our products to target customers in India and internationally. Any adverse publicity, whether or not justified, relating to our operations, products, employees or agents could tarnish our reputation and adversely impact our brand and customer goodwill. Damage to our reputation and loss of brand equity could reduce demand for our products. Any impairment of our reputation or erosion of our brand or failure to optimize our brand in the marketing of our products could have a material adverse effect on our capacity to retain our current customers and attract new customers and therefore on our sales and profitability, as well as require additional resources to rebuild our reputation and restore the value of our brand.

26. ***Activities at our manufacturing facility can be dangerous and can cause injury to people or property in certain circumstances. This could subject us to significant disruptions in our business, legal and regulatory actions, any of which could adversely affect our business, financial condition and results of operations.***

Along with our integrated manufacturing facility, we also own and operate three limestone mines situated at Tippalur, T.V. Palle and Kazipet in Kadapa District, Andhra Pradesh. Our operations require our work force to work under potentially dangerous circumstances, with highly flammable and explosive materials. Our operations are subject to hazards associated with handling of such dangerous materials. If improperly handled or subjected to unsuitable conditions, these materials could hurt our employees or other persons, including resulting in death of such employees/ persons, cause damage to our properties and properties of others or harm the environment. In the past, there have been certain instances of injuries or death of our employees while handling such dangerous materials. Due to the nature of these materials, we may also be liable for certain costs related to injuries and/ or death arising from occupational exposure to hazardous materials, claims and litigation from current or former employees for such injuries or other hazards at our manufacturing facility. Any further incidents or such accidents could subject us to significant disruption in our business, legal and regulatory actions, which could adversely affect our business, financial condition and results of operations.

27. ***Our operations are labour intensive and our manufacturing operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.***

Our operations are labour intensive and we are dependent on a large labour force for our manufacturing operations. In addition to our permanent employees, we have also employed contract labour at our manufacturing facility. Shortage of skilled/ unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. Further, our manufacturing facility is staffed by a unionized workforce and any labour disputes and other employee relations issues could adversely affect our financial results. There can be no assurance that we will not experience any disruption to business operations or other problems with our work force in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management‘s attention and result in increased costs. In addition, we are also dependent on the availability of a sufficient pool of contract labour to execute our manufacturing projects. If the requisite number of contract labour is not available within our district, we may employ the rest from outside the district, with the permission of the relevant government entity. As a result, we enter into contracts with independent contractors to complete specified assignments.

28. ***If more stringent labour laws or other industry standards in India become applicable to us, our profitability may be adversely affected.***

We are subject to a number of stringent labour laws and restrictive contractual covenants related to levels of employment. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. If this policy is adopted, our ability to hire employees of our choice may be affected due to restrictions on our pool of potential employees. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. If labour laws become more stringent or are more strictly enforced, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have an adverse effect on our business, results of operations, financial condition and cash flows.

Further, although we do not engage these labourers directly, we may be held responsible for wage payments to be made to such labourers in the event of default by independent contractors. Any requirement to fund their wage requirements may have an adverse effect on our results of operations, cash flows and financial condition. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations, cash flows and financial condition.

29. Our business is dependent on the delivery of adequate and uninterrupted supply of electrical power and water at a reasonable cost. We face certain risks with regard to the operation of our captive power plant in Andhra Pradesh. The outbreak of any fire and occurrence of any accidents or damages at the power plants may have an impact our business and results of operations.

Adequate and cost effective supply of electrical power and water is critical to our operations. The majority of our power requirement for our manufacturing facility located in Andhra Pradesh is sourced from our two captive power plants which produce power from the heat generated from our coke oven plant and mini blast furnace. We also rely on the power grid for electricity for our facility located in Andhra Pradesh. There may be power cuts in the supply provided by the state electricity board from time to time. Power costs represent a significant portion of our operating costs. If the per unit cost of electricity is increased by the state electricity boards our power costs will increase. Also, if fuel costs or the costs of operating our power generation plants go up, our cost of internal generation of electricity will rise. It may not be possible to pass on any increase in our power costs to our customers, which may adversely affect our profit margins. An interruption in or limited supply of electricity may result in suspension of our manufacturing operations. A prolonged suspension in production could materially and adversely affect our business, financial condition or results of operations.

Our operations and facility are especially dependent on a steady and stable supply of water, and irregular or interrupted supply of water, or government intervention are factors that could adversely affect our daily operations. A significant portion of our water requirement is met through our arrangement with Tirupati Municipal Corporation for the supply of sewage water generated at the Tirupati municipality to our sewage treatment plant located at our manufacturing facility. If there is an insufficient supply of water to satisfy our requirements or a significant increase in prices, we may need to limit or delay our production, which could adversely affect our business, financial condition and results of operations. We cannot assure you that we will always have access to sufficient supplies of water in the future to accommodate our production requirements and planned growth.

In addition to the production losses that we would incur during production shutdowns in the absence of supply of electrical power or water, we would not be able to immediately return to full production volumes following power interruptions, however brief. Any interruption of power, even if short, could give rise to inefficiencies when we resume production. Accordingly, any increase in power costs and water costs could adversely affect our operations and financial condition.

30. A significant part of our business transactions are with government or government funded entities or agencies which may expose us to risk, including additional regulatory scrutiny and pricing pressure. Any change in government policies or focus may affect our business and results of operations.

Our business is primarily dependent on projects in the water sector undertaken by government agencies such as water boards and State municipal corporations as well as to turnkey contractors appointed by the government for water infrastructure projects. In relation to such government contracts, we may be subject to additional regulatory scrutiny associated with commercial transactions with government owned or controlled entities and agencies. Furthermore in certain instances, we may face delays associated with collection of receivables from government owned or controlled entities.

Contracts with government agencies are subject to various uncertainties, restrictions, and regulations including oversight audits by various government authorities and profit and cost controls. For example, government agencies routinely review and audit government contractors to determine whether costs are in accordance with applicable regulations. These audits can result in adjustments to the amount of contract costs we believe are reimbursable by the agencies. If we violate a rule or regulation, fail to comply with a contractual or other requirement or do not satisfy an audit, a variety of penalties can be imposed including monetary damages and criminal and civil penalties. In addition, any or all of our government contracts could be terminated and we could be suspended or debarred from all government contract work, or payment of our costs could be disallowed. The occurrence of any of these actions could harm our reputation and could have a material adverse effect on our business, results of operations and financial condition.

In addition, since government contracts are subject to specific procurement regulations and a variety of other socio-economic requirements, our clients must comply with such requirements. We must also comply with various other government regulations and requirements as well as various statutes related to employment practices, environmental protection, recordkeeping, and accounting. These regulations and requirements affect how we transact business with our clients and, in some instances, impose additional costs on our business operations. Government contracts also contain terms that expose us to heightened levels of risk and potential liability than non-government contracts. Further, any change in the government (including creation of new States from existing States similar to the State of Telangana which was created out of the State of Andhra Pradesh) or changes in governmental policies or practices that results in a slowdown in such projects, may adversely affect our business and results of operations.

31. ***We depend on the experience and skills of our Promoter, senior management and certain key employees. An inability to retain of our key personnel could adversely affect our business and our ability to pursue our growth strategies.***

We are led by a dedicated senior management team who have several years of relevant industry experience. Our Promoter is a thought leader in the DI Pipe industry played a key role in the development of our business. Our Promoter is actively involved in our operations, and together with our senior management, has been instrumental in implementing our growth strategies and expanding our business through various process improvements and successful integration of our manufacturing facility.

Our success depends on our ability to retain our senior executives and key employees. Our continued success will depend on our ability to attract, recruit and retain experienced professionals and staff. If any senior executives or key employees were to leave, we could face difficulty replacing them. Their departure and our failure to replace such key personnel could have a negative impact on our business, including our ability to bid for and execute new projects as well as on our ability to meet our earnings and profitability targets and to pursue our growth strategies.

32. ***Changes in technology may affect our business by making our equipment or plants less competitive or obsolete.***

Our future success will depend in part on our ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails technical and business risks. While we have invested in, and are involved with, a number of technology and process initiatives, several technical aspects of these initiatives are still unproven and the eventual commercial outcomes cannot be assessed with any certainty. Even if we are successful with these initiatives, we may not be able to deploy them in a timely fashion. Accordingly, the costs and benefits from our investments in new technologies and the consequent effects on our financial results may vary from present expectations. We cannot assure you that we will be able to successfully implement new technologies or adapt our processing systems to customer requirements or emerging industry standards. Changes in technology and high fuel costs may make newer plants or equipment more competitive than ours or may require us to make additional capital expenditures to upgrade our facility. If we are unable, for technical, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business and results of operations could be adversely affected.

33. ***An inability to maintain our equipment assets may adversely affect our business and financial conditions***

We own a large number of equipment assets including, amongst others, material handling equipment, transportation equipment, welding equipment, batching plants, concrete pumps and laboratory testing machines, which enable us to quickly and effectively mobilise project works. The maintenance and management of such equipment is critical for timely completion and delivery of our projects. An inability to maintain and adequately manage our equipment assets, which have a limited period of useful life, could have an adverse impact on our business and financial condition.

34. An inability to procure and/ or maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.

Our operations are subject to inherent risks, such as defects, malfunctions and failures of manufacturing equipment, fire, riots, strikes, explosions, loss-in-transit for our products, accidents and natural disasters. Our insurance may not be adequate to completely cover any or all of our risks and liabilities. Further, there is no assurance that the insurance premiums payable by us will be commercially viable or justifiable. We cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. Our inability to procure and/or maintain adequate insurance cover in connection with our business could adversely affect our operations and profitability.

To the extent that we suffer loss or damage as a result of events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial performance and cash flows could be adversely affected. For further details on our insurance arrangements, see "Our Business – Insurance".

Additionally, we may be exposed to warranty and product liability claims. In certain cases, we may be exposed to the risk of payment of liquidated damages as a part of our arrangements with customers. We cannot assure you that we will not experience material product liability losses arising from individual suits or class actions alleging product liability defects or related claims in the future and that these will not have a negative impact on us.

35. Any inability on our part to comply with prescribed specifications and standards of quality in connection with our products and/or manufacturing facility along with product liability claims and costs incurred as a result of product recalls could adversely impact our business, results of operations and profitability.

Our business requires obtaining and maintaining quality certifications and factory accreditations from independent certification entities as well as some of our customers and government bodies and organisations that enable us to be eligible to participate in orders. Further, we are required to adhere to stringent regulatory/ statutory/ contractual specifications and standards, and our customers often require our manufacturing facility and products to be pre-approved and/ or accredited by various agencies before placing orders for our products. If we fail to adhere to the aforesaid requirements or changes thereto in a timely manner, or at all, we may be subject to loss of reputation. As a result, our cash flows, operations and/or profitability could be adversely affected. Our business and results of operations will be adversely affected if we are unable to develop and maintain a continuing relationship or pre-qualified status with certain of our key customers.

We also face an inherent business risk of exposure to product recall claims, in the event that our products does not meet the required specifications of our customers. We cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims. Depending on the terms under which we supply products, our customers may hold us responsible for some or all of the repair or replacement costs of defective products, when the product supplied does not conform with the prescribed specifications. Such warranties may be enforced against us even in cases where the underlying sales contract has expired. A successful warranty or product liability claim or costs incurred for a product recall in excess of our available insurance coverage, if any, would have an adverse effect on our business, results of operations and financial condition. We cannot assure you that such claims will not be brought against us in the future, and any adverse determination may have an adverse effect on our business, results of operations and financial condition.

36. We are exposed to foreign exchange fluctuations and other exchange control risks primarily in relation to import of our raw materials and the external commercial borrowings availed by us.

We have material exposure to foreign exchange related risks since we source coking coal from Australia which is generally priced in U.S. Dollars as well as due to the external commercial borrowings availed by us. As of September 30, 2017, we had outstanding external commercial borrowings of ₹ 469.66 million. Any appreciation or depreciation of the Indian Rupee against these currencies can impact our results of operations. We may from time to time be required to make provisions for foreign exchange differences in accordance with accounting standards.

We may experience foreign exchange losses and gains in respect of transactions denominated in foreign currencies. While we selectively enter into hedging transactions to minimise our foreign currency exchange risks, there can be no assurance that such measures will enable us to manage our foreign currency risks.

37. We benefit from certain raw material procurement arrangements with our Promoter. In the event of a change in our relationship with our Promoter or discontinuation of such arrangements, there could be an adverse effect on our business and financial performance.

We derive certain benefits from our relationship with our Promoter, Electrosteel Castings Limited (**"ECL"**). For example, we as a group place bulk orders for coking coal which helps us in negotiating better rates with the supplier as well as significantly reduce inventory carrying costs. We cannot assure you that we will be able to derive these benefits in the future. In the event of a change in our relationship with our Promoter or discontinuation of such arrangements, there could be an adverse effect on our business and financial performance.

38. A downgrade in our credit rating could adversely affect our ability to raise capital in the future.

Our financing agreements require us to obtain a credit rating from an independent agency. Our credit ratings, which are intended to measure our ability to meet our debt obligations, are a significant factor in determining our finance costs. In Fiscal 2016, Fiscal 2017 and in the six months ended September 30, 2017, our finance cost was ₹ 424.96 million, ₹ 392.91 million and ₹ 217.95 million. We have received credit rating of "CARE A+/Stable" and "CARE A1+" from CARE Ratings Limited. The interest rates of certain of our borrowings may be significantly dependent on our credit ratings. A downgrade of our credit ratings could lead to greater risk with respect to refinancing our debt and would likely increase our cost of borrowing and adversely affect our business, financial condition, results of operations and prospects.

39. We are involved in certain legal and other proceedings which, if determined against us, could have a material adverse impact on our financial condition.

We are involved in various legal proceedings in the ordinary course of our business. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory authorities/ other judicial authorities. Although it is our policy to make provisions for probable loss, we do not make provisions or disclosures in our financial statements where our assessment is that the risk is insignificant. These legal proceedings may not be decided in our favour and we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If any new developments arise, for example, rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. For further details, please see "***Legal Proceedings***" on page 183.

40. The names of two of our Directors have appeared in lists of disqualified directors under Section 164 of the Companies Act, 2013 issued by the respective jurisdictional registrars of companies. In the event such actions against our Directors are not quashed or withdrawn, we may be required to take necessary steps to replace them in order to meet applicable corporate governance requirements.

The respective jurisdictional registrars of companies have published the names of two of our Directors, Mr. Gouri Shankar Rathi and Mr. Maruthi Rao Gollapudi, on a list of disqualified directors under Section 164 of the Companies Act, 2013 for serving on the boards of directors of companies that have not filed their annual returns. Mr. Rathi and Mr. Gollapudi have both filed writ petitions before High Courts having appropriate jurisdiction, challenging the same. While the High Courts have granted a stay in both matters, there can be no assurance that the High Courts shall pass orders favourable to our Directors. In case the High Courts pass an adverse order against Mr. Rathi or Mr. Gollapudi, our Company may be required to take necessary steps to replace them in order to meet applicable corporate governance requirements. For details, see "***Legal Proceedings***" on page 183.

41. We may experience negative cash flows in the future.

We have may, in the future, experience negative cash flows.

The following table sets forth certain information relating to our cash flows under Ind AS in Fiscal 2016 and Fiscal 2017:

Particulars	**Fiscal 2016**	**Fiscal 2017**
	(₹ million)	
	(Ind AS, Audited)	
Net cash flow from/ (used in) operating activities	2,002.50	2,051.73
Net cash flow from/ (used in) investing activities	(2,014.27)	(1,483.76)
Net cash flow from/ (used in) in financing activities	(328.83)	(236.32)
Net increase/ (decrease) in cash and cash equivalents	(340.60)	331.65

The following table sets forth certain information relating to our cash flows under Indian GAAP in Fiscal 2015 and Fiscal 2016:

Particulars	**Fiscal 2015**	**Fiscal 2016**
	(₹ million)	
	(Indian GAAP, Audited)	
Net cash flow from/ (used in) operating activities	1,576.22	1,838.78
Net cash flow used in investing activities	(728.12)	(1,847.57)
Net cash flow from/ (used in) in financing activities	(821.41)	(331.13)
Net increase/ (decrease) in cash and cash equivalents	26.70	(339.93)

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our construction and growth plans. As a result, our business, financial condition and results of operations could be materially and adversely affected.

42. Our inventory holding periods and levels may not be comparable with other players in the business/industry. We cannot assure you that any of our inventory remaining unutilized for a relatively longer period of time may need to be written off, thereby adversely affecting our results of operations and financial position.

Our inventory holding periods and inventory levels may not be comparable with other companies with similar operations. There can be no assurance that any of our inventory that remains unutilised for relatively longer periods of time may be required to be written off, thereby adversely affecting our results of operations and financial position.

43. We have certain contingent liabilities that could adversely affect our financial condition.

Our contingent liabilities were ₹ 2,093.25 million, as of September 30, 2017. These comprised the following:

Particulars	**As of September 30, 2017**
	(Unaudited)
	(₹ million)
a) Guarantees given by banks on behalf of the Company	175.49
b) Bills discounted with banks	639.73
c) Outstanding Letter of Credits	47.45
d) Various demands raised, which in the opinion of the management are not tenable and are pending with various forums / authorities:	
(i) Sales Tax	371.59
(ii) Excise, Custom Duty & Service Tax	761.96
(iii) Forest Development Fee	93.26
(iv) Income Tax	3.77

For further details, see "*Financial Statements*".

We cannot assure you that any or all of these contingent liabilities and commitments will not become direct liabilities. In the event any or all of these contingent liabilities and commitments become direct liabilities, it may have an adverse effect on our business, financial conditions and results of operations.

44. Industry information included in this Placement Document has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.

We have availed the services of an independent third party research agency, CRISIL Limited, to prepare an industry report titled "Assessment of Ductile Iron Pipe market in India" dated June 2017, for purposes of inclusion of such information in this Placement Document. This report is subject to various limitations and based upon certain assumptions that are subjective in nature. We have not independently verified data from this industry report. Although we believe that the data may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, the BRLM or any of our or their respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Placement Document.

45. We have in the past entered into related party transactions and may continue to do so in the future. There can be no assurance that we could not have achieved more favourable terms if such transactions had been entered into with third parties.

We have entered into several transactions with related parties. While we believe that all such transactions have been conducted on an arms-length basis, there can be no assurance that we would not have achieved more favorable commercial terms with other parties. Furthermore, we may enter into related party transactions in the future, and such transactions may potentially involve conflicts of interest. For further information on our related party transactions, see "Financial Statements". We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, financial condition and cash flows.

46. We may undertake strategic acquisitions or investments, which may prove to be difficult to integrate and manage or may not be successful.

In the future, we may consider making strategic acquisitions of other companies whose resources, capabilities and strategies are complementary to and are likely to enhance our business operations. There can be no assurance that we will identify suitable acquisition or investment opportunities, or that if we do identify suitable opportunities, that we will complete those transactions on terms commercially acceptable to us or at all. The inability to identify suitable acquisition opportunities or investments or the inability to complete such transactions may materially and adversely affect our competitiveness and growth prospects. If we complete such an acquisition, we could face difficulty in integrating the acquired operations. In addition, key personnel of the acquired entity may decide not to work for us. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses. There can be no assurance that we will be able to achieve the strategic purpose of such acquisition or operational integration or our targeted return on investment.

47. Our operating expenses include fixed costs that are not dependent upon our volume of business. As a result, any decline in our operating performance may be magnified because we may be unable to reduce expenses immediately, or at all in response to a potential shortfall in volume of business.

Our operating expenses include various fixed costs, which are as such, not dependent on our volume of business. Any significant reduction in capacity utilization rates could adversely affect margins for these products and have a material adverse effect on our business, prospects, results of operations and financial condition. Further, any shortfall in order bookings and execution may cause significant variations in operating results in any particular quarter, as we would not be able to reduce our fixed operating expenses in the short term. The effect of any decline in order bookings may thereby be magnified because a portion of our earnings are committed to paying these fixed costs.

48. An inability to adapt to the changing needs of our industry and the specific requirements of our clients in our industry and in the other industries in which we may intend to diversify into, may adversely affect our business prospects, results of operations and financial condition.

Our future success will depend in part on our ability to address the changing needs of the industry and specific requirements of our clients in the water infrastructure sector as well as the other industries that we may seek to diversify into, including evolving engineering and construction technologies and processes. There can be no assurance that we will be able to address these requirements in a cost effective and timely manner, or at all. We may not have access to advanced construction technologies, processes or equipment and may not succeed in adopting emerging industry standards and processes in a cost-effective and timely manner. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely and cost effective manner to changing market conditions, customer requirements or technological changes, our business operations and financial performance could be adversely affected.

49. Our success also depends to an extent on our research and development capabilities and failure to derive the desired benefits from our product research and development efforts may hurt our competitiveness and profitability.

Our success is dependent on our ability to develop new products and continue to work on and improve production capabilities. Our research and development activities are largely limited to the development of ancillary and peripheral equipment to improve on our products and process efficiencies, and to improve the quality of various raw materials used in the manufacture of our products.

We cannot assure you that our future product research and development initiatives will be successful or be completed within the anticipated time frame or budget, or that our newly developed equipment will achieve or result in products and process efficiencies. Additionally, there can be no guarantee that the time and effort that we spend in research and development would be beneficial to the Company. There can be no assurance that costs incurred by us towards research and development may in the future actually reduce the costs incurred by us towards production of these products. Further, we cannot assure you that our existing or potential competitors will not develop products which are similar or superior to our products.

50. The purposes for which the funds are being raised pursuant to the Issue have not been appraised by any bank or financial institution. We have not entered into definitive agreements to use the proceeds of the Issue. Any delay in the schedule of implementation of the proceeds from the Issue may have an adverse impact on our profitability.

The net proceeds of the Issue, after deducting the Issue expenses will be approximately ₹ 2,440 million (the "**Net Proceeds**"). We intend to use the Net Proceeds of the Issue to meet capital expenditure for the coke oven plant of the Company, acquisition of mines and businesses, repayment of long term and short term debt, working capital requirements and general corporate purposes. Further, these intended uses of proceeds are based on our past experience and internal management estimates and depend upon variety of internal and external factors which are relevant to our operations and the business environment that we operate in and have not been appraised by any bank or financial institution. The estimate of costs is based on internal assessment and management estimates, which are subject to change and may result in cost escalation. These estimates may be inaccurate, and we may require additional funds to implement the purposes of the Issue.

We have not entered into definitive agreements for certain purposes of the Issue to utilise the proceeds from the Issue. Any change or cost escalation can significantly increase the cost of the purposes for which the funds are being raised pursuant to the Issue. The deployment of the proceeds from the Issue will be at the discretion of our Company. Our schedule of implementation for the use of proceeds from the Issue may be affected by various risks, including time and cost overruns as well as factors beyond our control. Further, we may need to vary our intended use of Issue proceeds due to factors or circumstances beyond our control including competitive and dynamic market conditions, variation in cost structures. If we are not able to utilize the proceeds from the Issue in the manner stipulated by us for the business purposes identified by us, it may adversely affect our business and results of operations. Such time and cost overruns may adversely impact our business, financial condition, results of operations and cash flows. Proceeds from the Issue, pending utilisation (for the stated purposes) may be invested in creditworthy instruments, including money market mutual funds and deposits with banks. Such investments would be at the discretion of the Board from time to time and in accordance with applicable laws. For details, see "Use of Proceeds".

51. If the Company is classified as a passive foreign investment company ("PFIC") for U.S. Federal income tax purposes, U.S. investors may incur adverse tax consequences.

Under U.S. Federal income tax laws, U.S. investors are subject to special tax rules if they invest in passive foreign investment companies, or PFICs. While the Company does not believe that it is, or will become in the foreseeable future, a PFIC since the applicable PFIC rules are complex and, to a certain extent, unclear, there is a risk that the Company is or may become a PFIC in the future. If it is or does qualify as being a PFIC, U.S. investors generally will not be subject to the regular U.S. federal income tax rules applicable to dividends and capital gains, but will be subject to complex PFIC rules that could result in additional taxation upon certain distributions by the Company and/ or disposition of Equity Shares.

52. An inability to maintain a strong sales team or a decrease in their productivity or any termination of our distribution arrangements may adversely affect our business, financial condition and results of operations.

We market and distribute our products across India. In addition to direct sales, we have a network of sales representatives and agents, traders and wholesalers. Our sales team interacts with customers to promote our products and also engages with traders and wholesalers to ensure that our products are adequately stocked.

We cannot assure you that attrition rates for our sales team will not increase. A significant increase in our employee attrition rate could result in loss of market knowledge and deterioration of established corporate relationships, and an increase in recruitment and training costs, thereby adversely affecting our business, results of operations and financial condition. We cannot assure you that we will be able to find or hire personnel with the necessary experience or expertise. In the event that we are unable to hire people with the necessary knowledge or the necessary expertise, our business may be severely disrupted, and our financial condition and results of operations may be adversely affected.

53. We do not hold any patents or other form of intellectual property protection in relation to our manufacturing processes, and our inability to maintain the integrity and secrecy of our manufacturing processes may adversely affect our business.

Our manufacturing processes are not protected by any intellectual property right and further, they may not be eligible for intellectual property protection. In addition, our technical skill and expertise may not be adequately protected by intellectual property rights such as patent registration. As a result, other players may be able to use the same or similar automation in production processes, thereby undermining any competitive advantage we may have derived from such processes and adversely affecting our financial condition and results of operations.

Additionally, we also rely in part on mutual trust for protection of our trade secrets and confidential information relating to our manufacturing processes. It is our policy to take precautions to protect our trade secrets and confidential information against breach of trust by our employees, consultants, customers and suppliers and our agreements with employees incorporate confidentiality provisions. However, it is possible that unauthorized disclosure of our trade secrets or confidential information may occur. We cannot assure you that we will be successful in the protection of our trade secrets and confidential information. As such, it would be difficult for us to enforce our intellectual property rights in any of these designs or products, in the event our competitors or other companies in the DI Pipe industry copy our designs or develop and market products manufactured using the same or similar technology as our DI Pipes. Further, if we fail to protect our intellectual property, including our trademarks and trade secrets, our business and financial condition may be adversely affected.

54. We do not own the logo appearing on the cover page of this Placement Document that is used by us for our business. In the event that we lose the right to use this logo, it may have a material adverse effect on our business, reputation and results of operations.

We do not own the logo appearing on the cover page of this Placement Document that is used by us for our business by us. We are using the logo pursuant to the no-objection letter dated October 14, 2014 issued by Mr. Lagadapati Rajagopal. Under this no-objection letter, we have been granted no objection to use this logo for our business purposes including, amongst others, printing the logo on our products such as DI Pipes, cement bags, our letter heads, visiting cards and product brochures.

55. Our information technology systems may be vulnerable to security breaches, privacy and hacking leading to disruption in services to our customers.

Our information technology systems may be vulnerable to computer viruses, privacy, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could lead to disruptions in our services to our customers. Moreover, we may not operate an adequate disaster recovery system. Fixing such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of our services, which could adversely affect our operations. Breaches of our information technology systems may result in unauthorized access to confidential information. Such breaches of our information technology systems may require us to incur further expenditure to put in place advanced security systems to prevent any unauthorised access to our networks.

56. Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, terms of our financing arrangements and capital expenditures.

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows, working capital requirements and our capital expenditure. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any financing arrangements. We have a board-approved dividend distribution policy to govern our dividend pay-out. We may not generate sufficient income to cover our operating expenses and therefore may be unable to pay dividends to our shareholders. Further, we may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends at any point in the future. For further information on dividends paid by our Company in the past, see "Dividend Policy".

57. Certain Directors hold Equity Shares in our Company and are therefore interested in the Company's performance in addition to their remuneration and reimbursement of expenses.

Certain of our Directors are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. Our Directors will continue to exercise significant control over us, including being able to determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may not be able to affect the outcome of such voting. Our Directors may take or block actions with respect to our business which may conflict with the best interests of the Company or that of minority shareholders.

58. Some of the properties used by us are occupied on lease basis. Any termination of the lease(s) or our failure to renew the same in a favorable, timely manner, or at all, could adversely affect our activities.

Currently, certain of the properties, including our marketing offices are on lease basis. We cannot assure you that we will be able to renew these lease arrangements. Further, termination of leases or other relevant agreements in connection with premises which are not owned by us, or our failure to renew the same, on favorable conditions and in a timely manner, or at all, could require us to vacate such premises, and could adversely affect our business and financial condition.

Risks Relating to India

59. Political instability or changes in the Government could adversely affect economic conditions in India and consequently our business.

Our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. The business of our Company, and the market price and liquidity of the Equity Shares may be affected by changes in GoI policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian governments have pursued policies of economic liberalisation, financial sector reforms including significantly relaxing restrictions on the private sector. The governments have usually been multi-party coalitions with differing agendas. Any political instability could affect the rate of economic liberalisation and the specific laws and policies affecting foreign investment. Other matters affecting investment in the Equity Shares could change as well. A significant change in India's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular, if any new restrictions on the private sector are introduced or if existing restrictions are increased.

60. The Indian tax regime is currently undergoing substantial changes which could adversely affect the Company's business and the trading price of the Equity Shares.

The goods and service tax ("GST") that has been implemented with effect from July 1, 2017 combines taxes and levies by the GoI and state governments into a unified rate structure, and replaces indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, cess and surcharge and excise that were being collected by the GoI and state governments.

As regards the General Anti-Avoidance Rules ("GAAR"), the provisions of Chapter X-A (sections 95 to 102) of the Income Tax Act, 1961, are applicable from assessment year 2019 (Fiscal 2018) onwards. The GAAR provisions intend to declare an arrangement as an "impermissible avoidance arrangement", if the main purpose or one of the main purposes of such arrangement is to obtain a tax benefit, and satisfies at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, that is not ordinarily engaged for bona fide purposes. If GAAR provisions are invoked, the tax authorities will have wider powers, including denial of tax benefit or a benefit under a tax treaty. In the absence of any precedents on the subject, the application of these provisions is uncertain. As the taxation regime in India is undergoing a significant overhaul, its consequent effects on economy cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, future financial performance and the trading price of the Equity Shares.

Further, the GoI has issued a set of Income Computation and Disclosure Standards (**"ICDS"**) that will be applied in computing taxable income and payment of income taxes thereon, effective from April 1, 2016. ICDS apply to all taxpayers following an accrual system of accounting for the purpose of computation of income under the heads of "Profits and gains of business/profession" and "Income from other sources". This is the first time such specific standards have been issued for income taxes in India, and the impact of the ICDS on our tax incidence is uncertain.

61. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction. Also see, "Enforcement of Civil Liabilities".

62. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Competition Act, 2002, as amended (the "Competition Act"), regulates practices having an appreciable adverse effect on competition in the relevant market in India and has mandated the Competition Commission of India to curb anti-competitive practices. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and may result in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services in any manner, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or in any other similar way, or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance of or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and may be liable to punishment.

On March 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the "CCI"). Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, which sets out the mechanism for implementation of the merger control regime in India. The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. In the event that we enter into any agreements or transactions that are held to have an appreciable adverse effect on competition in the relevant market in India, the provisions of the Competition Act will be applicable. Any prohibition or substantial penalties levied under the Competition Act could materially and adversely affect our financial condition, cash flows and results of operations.

63. It may not be possible for investors to enforce any judgment obtained outside India against us, the Placement Agents or any of their directors and executive officers in India respectively, except by way of a law suit in India.

The enforcement of civil liabilities by overseas investors in the Equity Shares, including the ability to effect service of process and to enforce judgments obtained in courts outside of India may be adversely affected by the fact that the Company is incorporated under the laws of the Republic of India and all of its executive officers and directors reside in India. As a result, it may be difficult to enforce the service of process upon the Company and any of these persons outside of India or to enforce outside of India, judgments obtained against the Company and these persons in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13, 14 and Section 44A of the Code of Civil Procedure, 1908 ("**Civil Code**") on a statutory basis. Section 44A of the Civil Code provides that where a certified copy of a decree of any superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the same nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment).

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Code. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and/ or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

Further, there are considerable delays in the disposal of suits by Indian courts. It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment.

64. A slowdown in economic growth in India could cause our business to suffer.

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Any slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could also adversely affect our business, results of operations, financial condition and the trading price of the Equity Shares.

India's economy could be adversely affected by a general rise in interest rates, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy.

The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A decline in India's foreign exchange reserves may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares.

65. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.

The annual rate of inflation, was at 3.59% (provisional) for the month of October, 2017 (over October, 2016) as compared to 2.60% (provisional) for the previous month and 1.27% during the corresponding month of 2016. (*Source: Index Numbers of Wholesale Price in India, Review for the month of November 2017, published on November 14, 2017 by Government of India, Ministry of Commerce and Industry*) Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our payers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition

66. Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Europe and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Recently, the currencies of a few Asian countries suffered depreciation against the US Dollar owing to amongst other, the announcement by the US government that it may consider reducing its quantitative easing measures. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, future financial performance and the prices of the Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major US and European financial institutions. These and other related events, such as the European sovereign debt crisis, have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in global credit and financial markets. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets.

However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current difficult conditions in the global credit markets continue or if there is any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

67. Fluctuation in the exchange rate between the Indian Rupee and other foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.

Our Equity Shares are quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares may reduce the proceeds received by Equity Shareholders. The exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

68. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war in India or globally may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

69. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Under FEMA Regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI's or GoI's prior approval is required. Additionally, shareholders who seek to convert Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all

70. A third party could be prevented from acquiring control of us because of the anti-takeover provisions under Indian law.

There are provisions in Indian law that may discourage a third party from attempting to take control over us, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Under the takeover regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control of us. See "*The Securities*

Market of India – Takeover Regulations".

71. Any downgrade of India's debt rating by an independent agency may adversely affect our ability to raise financing.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our capital expenditure plans, business, financial condition and the price of our Equity Shares.

Risks relating to the Issue and the Equity Shares

72. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.

The Issue Price of the Equity Shares will be determined by our Company in consultation with the BRLM. This price will be determined on the basis of applicable law and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

73. The Equity Shares are subject to transfer restrictions.

The Equity Shares are being offered in transactions not required to be registered under the Securities Act. Therefore, the Equity Shares may be transferred or resold only in a transaction registered under or exempted from the registration requirements of the Securities Act and in compliance with any other applicable securities laws. Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of Equity Shares in the Issue, QIBs subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the Stock Exchanges and may not enter into any off-market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of our Equity Shares. Furthermore, stock exchanges may impose restrictions on the movements in trading price of our equity shares. Stock Exchanges are not required to inform us of such restrictions and they may change without our knowledge. In the event such restrictions are imposed, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

74. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

75. Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.

Pursuant to the SEBI ICDR Regulations, applicants in this Issue are not permitted to withdraw their Bids at any stage after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with its depository participant could take approximately seven days and up to 10 days from the Issue Closing Date. However, material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the Issue Closing Date and the date of Allotment. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline on listing.

76. *SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time*.

We are subject to an index-based market-wide circuit breaker generally imposed by SEBI on Indian stock exchanges. This may be triggered by an extremely high degree of volatility in the market activity (among other things). Due to the existence of this circuit breaker, there can be no assurance that shareholders will be able to sell the Equity Shares at their preferred price or at all at any particular point in time.
SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time.

77. *Any future issuance of Equity Shares or convertible instruments could dilute the holdings of investors in the Company and could adversely affect the market price of the Equity Shares.*

Our Company may be required to finance its future growth and business requirements through additional securities offerings. Any future issuance of the Equity Shares or convertible instruments could dilute the holdings of investors in the Company and could adversely affect the market price of the Equity Shares. In addition, any future issuances of Equity Shares or any sale by any significant shareholder, or a perception in the market that such issuance or sale may occur, could adversely affect the trading price of the Equity Shares. Such securities may also be issued at price below the then current trading price of the shares.

78. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

79. *There is no guarantee that the Equity Shares issued pursuant to this Issue will be listed on the BSE and the NSE in a timely manner, or at all, and any trading closure at the Stock Exchanges may adversely affect the trading price of the Equity Shares*.

In accordance with Indian regulations and practice, permission for listing and trading of the Equity Shares issued pursuant to this Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict an investor's ability to dispose of the Equity Shares. The Stock Exchanges have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of listed Indian entities, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the Stock Exchanges could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

MARKET PRICE INFORMATION

The Equity Shares have been listed and are available for trading on the BSE and the NSE. As on the date of this Placement Document, 3,97,63,595 Equity Shares have been issued and are fully paid up.

On December 22, 2017 the closing price of the Equity Shares on the BSE and the NSE was ₹ 406.35 and ₹ 409.95 per Equity Share, respectively. Because the Equity Shares are actively traded on the BSE and the NSE, the market price and other information for each of the BSE and the NSE has been given separately.

(i) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the BSE and the NSE on the dates on which such high and low prices were recorded for Fiscals ended March 31, 2017, March 31, 2016 and March 2015:

BSE

Fiscal	High (₹)	Date of High	Total Volume on date of High (Number of Equity Shares traded on the date of high)	Turnover on the date of high (in ₹ million)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares traded on the date of low)	Total Volume of Equity shares traded on the on date of low (in ₹ million)	Average price for the year (₹)
2017	392.20	March 28, 2017	19,989	7.90	225.20	April 1, 2016	26,329	6.00	289.20
2016	340.80	August 5, 2015	167,031	56.60	137.10	April 27, 2015	84,180	11.50	234.10
2015	168.90	March 9, 2015	213,577	35.90	25.00	April 1, 2014	9,266	0.20	66.80

(Source: www.bseindia.com)

NSE

Fiscal	High (₹)	Date of High	Volume on date of High (Number of Equity Shares traded on the date of high)	Total Volume of Equity shares traded on the date of high (in ₹ million)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares traded on the date of low)	Total Volume of Equity shares traded on the on date of low (in ₹ million)	Average price for the year (₹)
2017	392.40	March 28, 2017	73,760	29.20	225.25	April 1, 2016	95,062	21.50	289.30
2016	340.40	August 5, 2015	120,644	27.40	137.45	April 27, 2015	176,972	24.30	234.10
2015	169.40	March 9, 2015	173,993	25.50	25.00	April 1, 2014	8,643	0.20	66.80

(Source: www.nseindia.com)

<u>Notes:</u>

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same high or low price, the date with the higher volume has been considered.*

(ii) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the BSE and the NSE on the dates on which such high and low prices were recorded during each of the last six months:

BSE

Month Year	High (₹)	Date of High	Turnover on the date of high (₹ mn)	Total Volume of Equity shares traded on the date of high	Low (₹)	Date of Low	Turnover on the date of Low (₹ mn)	Total Volume of Equity shares traded on the date of Low	Average price for the month (₹)
November, 2017	419.60	November 27, 2017	99.6	2,36,235	355.05	November 15, 2017	9.0	24,912	382.42
October, 2017	366.40	October 24, 2017	21.49	58,742	310.75	October 11, 2017	4.08	12,933	332.88
September, 2017	358.25	September 1, 2017	3.61	10,101	298.55	September 27, 2017	4.4	14,438	334.62
August, 2017	372.80	August 2, 2017	3.60	9,630	346.8	August 10, 2017	11.04	31,446	362.33
July, 2017	393.80	July 26, 2017	24.53	62,176	348.45	July 4, 2017	4.26	12,188	374.45
June, 2017	356.20	June 8, 2017	4.53	12,733	322.25	June 1, 2016	1.90	5,896	342.63

(Source: www.bseindia.com)

NSE

Month Year	High (₹)	Date of High	Turnover on the date of high (₹ mn)	Total Volume of Equity shares traded on the date of high	Low (₹)	Date of Low	Turnover on the date of Low (₹ mn)	Total Volume of Equity shares traded on the date of Low	Average price for the month (₹)
November, 2017	418.15	November 27, 2017	452.12	10,73,544	354.70	November 15, 2017	52.81	1,45,812	384.24
October, 2017	365.50	October 24, 2017	44.23	3,95,246	309.25	October 11, 2017	26.13	80,033	332.60
September, 2017	357.70	September 1, 2017	27.09	69,772	298.35	September 27, 2017	115.52	81,960	334.58
August, 2017	374.15	August 2, 2017	27.32	39,239	347.90	August 10, 2017	21.33	135,192	362.76
July, 2017	395.05	July 26, 2017	18.71	2,97,560	347.60	July 4, 2017	14.60	38,581	374.82
June, 2017	356.10	June 8, 2017	12.73	99,412	322.40	June 1, 2016	9.63	50,884	342.75

(Source: www.nseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case two days with the same high or low price, the date with the higher volume has been considered.*

(iii) The following table set forth the details of the number of Equity Shares traded and the volume of business transacted during the last six months and the Fiscals ending March 31, 2017, March 31, 2016 and March 31, 2015 on the BSE and the NSE:

Period	Number of Equity Shares Traded		Volume of Business Transacted (in ₹ million)	
	BSE	NSE	BSE	NSE
Fiscal 2015	2,88,95,220	6,57,65,741	2,146	5,124
Fiscal 2016	1,57,94,236	5,73,58,679	3,795	14,501
Fiscal 2017	74,91,142	3,08,49,875	2,231	9,199,777

Period	Number of Equity Shares Traded		Volume of Business Transacted (in ₹ million)	
	BSE	**NSE**	**BSE**	**NSE**
November, 2017	14,32,687	70,09,393	566	2,764
October, 2017	5,14,177	36,25,224	181	777
September, 2017	3,45,074	19,59,766	116	1,133
August, 2017	2,42,626.00	13,18,105	88	739
July, 2017	6,56,996.00	29,70,462	249	667
June, 2017	2,00,107.00	16,77,885	69	260

(*Source: www.bseindia.com and www.nseindia.com*)

(iv) The following table sets forth the market price on the BSE and NSE on May 2, 2017, i.e., the first working day following the approval of the Board of Directors for the Issue:

BSE						NSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Turnover (in ₹ million)**	**Open**	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Turnover (in ₹ million)**
379	379.45	372	373	9,712	3.64	377	381	370.65	371.85	111,983	41.80

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The total proceeds of the Issue will be ₹ 2,500 million. After deducting the Issue expenses (including fees and commissions) of approximately ₹ 60 million, the net proceeds of the Issue will be approximately ₹ 2,440 million (the "**Net Proceeds**").

Subject to compliance with applicable laws and regulations, we intend to use the Net Proceeds to meet capital expenditure for the coke oven plant of the Company, acquisition of mines and businesses, repayment of long term and short term debt, working capital requirements and general corporate purposes.

Out of the Net Proceeds, our Company intends to deploy ₹ 750 million from the Net Proceeds towards capital expenditure for the coke oven plant of the Company which currently comprises of three batteries and three boilers (the "**Project**"). The break-up of the proposed capital expenditure to be incurred for this Project is listed below:

Sr. No	Particulars	Estimated Costs (in ₹ million)
1.	Additional coke oven battery	410
2.	Boiler and peripherals	235
3.	Quenching tower and breeze pond	35
4.	Coke sizing line	70
	Total	750

Our Company proposes to deploy Net Proceeds aggregating up to ₹ 750 million towards the aforesaid Project between December 2017 and March 2019.

If the Net Proceeds are not completely utilised for the purposes stated hereinabove by such periods due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in construction or procuring equipment; (iv) receiving the necessary approvals; and (v) other commercial considerations, the same would be utilised (in part or full) in the subsequent periods as may be decided by our Board, in accordance with applicable law. Further, the Board may at its discretion, utilise any unutilised portion of Net Proceeds allocated for the Project, towards general corporate purposes.

The use of proceeds indicated hereinabove is based on management estimates, current circumstances of our business and the prevailing market conditions. As permissible under applicable laws, our management will have flexibility in deploying the Net Proceeds received by our Company from the Issue. Our Company may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/ exchange rate fluctuations and other external factors, which may not be within the control of our Company. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our Board.

Pending utilisation for the purposes described above, our Company intends to temporarily invest funds in creditworthy instruments, including money market, mutual funds, deposits with banks and financial institutions, and structured products. Any modification/ change in the investment policy would be at the discretion of the Board from time to time and in accordance with applicable laws.

Neither our Promoters nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

CAPITALISATION STATEMENT

The following table sets forth the capitalisation of our Company derived from the limited reviewed financial results of our Company for the quarter and six month period ended September 30, 2017 and the balance sheet as on that date, and as adjusted to give effect to the Issue. This table should be read in conjunction with **"*Selected Financial Information*"**, **"*Risk Factors*"** and **"*Management's Discussion and Analysis of Financial Condition and Results of Operations*"** on pages 32, 38 and 73, respectively, of this Placement Document.

(₹ in million)

	As on September 30, 2017	
	Unadjusted	**As adjusted for the Issue***
Shareholders' funds		
Capital	397.63	466.98
Reserves and surplus	8,186.29	10,616.94
Total shareholders' funds (A)	**8,583.92**	**11,083.92**
Borrowings		
Long term debt		
Secured	512.91	512.91
Unsecured	-	-
Current Maturities of long term debt (Secured)	256.75	256.75
Sub-total (B)	**769.66**	**769.66**
Short term debt		
Secured	4,002.33	4,002.33
Unsecured	750.00	750.00
Sub-total (C)	**4,752.33**	**4,752.33**
Total borrowings (B+C)	**5,521.99**	**5,521.99**
Total capitalization (A+B+C)	**14,105.91**	**16,605.91**

**As adjusted to reflect the number of Equity Shares issued pursuant to the Issue and proceeds from the Issue.*

*The figures for the respective financial statement line items under post-Issue column are unaudited and derived after considering only the impact of the issue of 6,934,812 Equity Shares of ₹ 10 each at a premium of ₹ 350.50 per Equity Share (aggregating to ₹ 2,500 million) through the Issue and not considering any other transactions or movements for such financial statement line items after September 30, 2017. These Equity Shares are yet to be allotted. In the post-Issue details, the reserves and surplus amount has not been adjusted for Issue-related expenses that will be deducted from the amount of share premium received from the Issue; and the debt amount has not been adjusted for any proceeds/repayment of loans post September 30, 2017.

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Placement Document is set forth below:

(In ₹, except share data)

		Aggregate value at face value
A	**AUTHORIZED SHARE CAPITAL**	
	5,30,00,000 Equity Shares	53,00,00,000
B	**ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL BEFORE THE ISSUE**	
	39,763,595 Equity Shares	397,635,950
C	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	6,934,812 Equity Shares aggregating to ₹ 2,500 million(1)	69,348,120
D	**PAID-UP CAPITAL AFTER THE ISSUE**	
	46,698,407 Equity Shares	466,984,070
E	**SECURITIES PREMIUM ACCOUNT**	
	Securities premium account prior to the Issue	Nil
	Securities premium account after the Issue	2,430.65 million

(1)The Issue has been authorised by the Board vide a resolution passed in its meeting held on April 29, 2017 and by the shareholders of our Company pursuant to a special resolution dated May 27, 2017.

Equity Share Capital History of our Company

The history of the Equity Share capital of our Company is provided in the following table:

Date of Issue/ Allotment	Number of Equity Shares	Face value (₹)	Issue price (₹)	Cumulative number of Equity Shares	Cumulative paid up capital (₹)	Nature of consideration	Reason for Allotment
September 25, 1991	70	10	10	70	700	Cash	Subscribers to Memorandum of Association
May 27, 1992	960,000	10	10	960,070	9,600,700	Cash	Preferential Allotment
July 12, 1994	22,019,330	10	10	22,979,400	229,794,000	Cash	Public issue of equity shares
July 31, 1995	4,532,979	10	10	27,512,379	275,123,790	Cash	Rights Issue
June 23, 2000	2,400,000	10	10	29,975,280	299,752,800	Cash	Conversion of debt into equity pursuant to loan agreement
April 26, 2002	22,000,000	10	10	51,975,280	519,752,800	Cash	Preferential Allotment
April, 8, 2004	(38,934,285)	10	-	12,978,094	129,780,940	-	Scheme of arrangement
April 8, 2004	2,67,85,500	10	-	39,763,595	397,635,950	-	Scheme of arrangement

In the last one year preceding the date of this Placement Document, our Company has not issued any Equity Shares for consideration other than cash.

DIVIDENDS

The declaration and payment of dividends by our Company is governed by the applicable provisions of the Companies Act, 2013 and our Memorandum and Articles of Association. Under the Companies Act, 2013, the board of directors of a company recommends the payment of dividend and the shareholders approve of the same at a general meeting.

The table below sets forth the details of the dividends declared by our Company on its Equity Shares during the last three Fiscals:

Particulars	Paid During Financial year ending		
	March 31, 2017	**March 31, 2016**	**March 31, 2015**
Face value of Equity Shares (₹ per share)	10.00	10.00	10.00
Interim Dividend (₹in million)	-	-	-
Final Dividend (₹ in million)	198.82	119.29	59.65
Total Dividend (₹ In million)	198.82	119.29	59.65
Dividend per share (in ₹)	5.00	3.00	1.50
Dividend Rate (%)	50%	30%	15%
Dividend Distribution Tax (₹ in million)	40.47	24.29	10.14

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. The declaration of dividends is dependent on a number of factors, including but not limited to the earnings, capital requirements, contractual obligations, applicable legal restrictions, results of operations, overall financial position of our Company and other factors that may be considered relevant by the Board. Our Company has no formal dividend policy. The Board may also from time to time pay interim dividends. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Placement Document may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Placement Document. For further information, see "Forward-Looking Statements".

In this section, unless the context otherwise requires, a reference to "our Company", "we", "us" or "our" refers to Srikalahasthi Pipes Limited.

Our Company's fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year.

Our Company was required to prepare financial statements in accordance with Ind AS for Fiscal 2017 (together with the corresponding financial statements under Ind AS for Fiscal 2016). Our historical financial statements for Fiscal 2015 and for Fiscal 2016 were originally prepared in accordance with Indian GAAP. Ind AS varies in many respects from Indian GAAP, and accordingly our Ind AS financial statements for Fiscal 2016 and Fiscal 2017 as well as for the six months ended September 30, 2017 are not comparable with our historical Indian GAAP financial statements for Fiscal 2015 and Fiscal 2016. Our Ind AS financial statements for Fiscal 2016 and Fiscal 2017, also includes reconciliation statements of the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards. For further information, see "Risk Factors – We were required to prepare and present our financial statements under Ind AS with effect from April 1, 2016. Our Ind AS financial statements for Fiscal 2016 and Fiscal 2017 and for the six months ended September 2017 are not comparable with the historical Indian GAAP financial statements for Fiscal 2015 and Fiscal 2016 included in this Placement Document."

Indian GAAP and Ind AS differ in certain respects from IFRS and U.S. GAAP. Accordingly, the degree to which our financial statements included in this Placement Document will provide a meaningful information to a prospective investor is entirely dependent on such reader's level of familiarity with Indian accounting processes and practices

The industry data used in this section has been derived from the CRISIL Report, which has been commissioned by the Company from CRISIL Limited.

OVERVIEW

We are one of the leading manufacturers of ductile iron pipes ("DI Pipes") which is used in potable water transmission and distribution (*Source: CRISIL Report*). As of April 2017, we had a market share of approximately 12.93% of the total DI Pipes plants capacity in India (*Source: Based on information derived from the CRISIL Report*). In addition, as of April 2017, we had a market share of approximately 58.82% of the total DI Pipes plant capacity in southern region of India, as specified in the CRISIL Report; see "Industry Overview – Ductile Iron Pipes Industry – Supply review of DI Pipes".

We are engaged in the manufacturing of the following products:

DI Pipes. Our portfolio of products includes DI Pipes with diameters ranging from 100 mm to 1,100 mm. We sell our DI Pipes across India under the brand *SRIPIPES*. In Fiscal 2016, Fiscal 2017 and in the six months ended September 30, 2017, DI Pipes contributed 84.49%, 81.41% and 77.13% of our revenues from operations in these periods.

Pig Iron. We manufacture basic and foundry grade pig iron used by precision product manufacturers. We manufacture pig iron primarily for captive consumption.

Coke. We manufacture low ash metallurgical coke primarily for captive consumption with any surplus sold to local factories and foundries.

Cement. We manufacture portland slag cement, primarily used in civil applications, using slag and coke fines. We sell our portland slag cement under our brand *SPL Gold* and use some of the cement produced for captive consumption.

Other products. As part of our manufacturing operations, we also produce certain by-products including steel scrap and granulated slag

We have an integrated manufacturing facility at Srikalahasthi, Chittoor District, Andhra Pradesh, located near Tirupati. Our manufacturing facility includes a DI pipe plant, coke oven plant, mini blast furnace ("**MBF**") plant, sinter plant, cement plant and captive power plants along with sewage treatment facilities. Our manufacturing operations have received various quality standard certifications, including the Environment Management System Standard: ISO 14001:2015 by DNV Business Assurance and the Quality Management System Standard: ISO 9001:2015 by DNV Business Assurance.

We primarily procure orders for our DI Pipes on a purchase order basis or engineering, procurement and construction ("EPC") contractors, who procure these orders through the government tender process, and award such orders to us. We supply our DI Pipes to various government agencies including water boards and State municipal corporations as well as turnkey contractors appointed by government authorities for water infrastructure projects across India.

In Fiscal 2016, Fiscal 2017 and in the six months ended September 30, 2017, our revenue from operations were ₹ 11,776.70 million, ₹ 12,034.01 million and ₹ 7,808.17 million, respectively, while our profit after tax was ₹ 1,553.20 million, ₹ 1,402.32 million and ₹ 736.11 million, respectively.

RECENT DEVELOPMENT

Announcement of September Financial Results

Pursuant to a meeting of our Board of Directors on October 27, 2017, we have adopted and filed with the Stock Exchanges, the unaudited financial results for the six months ended September 30, 2017 in accordance with the provisions of Regulation 33 of the SEBI Listing Regulations with the Stock Exchanges. For further information, see "Financial Statements - Unaudited Interim September Financial Information".

PRESENTATION OF FINANCIAL INFORMATION

Transition from Indian GAAP to Ind AS Financial Statements

Our Company was required to prepare financial statements in accordance with Ind AS for Fiscal 2017 (together with the corresponding financial statements under Ind AS for Fiscal 2016). Our historical financial statements for Fiscal 2015 and for Fiscal 2016 were originally prepared in accordance with Indian GAAP. Ind AS varies in many respects from Indian GAAP, and accordingly our Ind AS financial statements for Fiscal 2016 and Fiscal 2017 and for the six months ended September 30, 2017 are not comparable with our historical Indian GAAP financial statements for Fiscal 2015 and Fiscal 2016. See Note 45 of our Ind AS Audited Financial Statements for Fiscal 2016 and Fiscal 2017 in "Financial Statements" and "Risk Factors – We were required to prepare and present our financial statements under Ind AS with effect from April 1, 2016. Our Ind AS financial statements for Fiscal 2016 and Fiscal 2017 and for the six months ended September 2017 are not comparable with the historical Indian GAAP financial statements for Fiscal 2015 and Fiscal 2016 included in this Placement Document."

In this Placement Document we have included (i) the audited Indian GAAP financial statements for Fiscal 2015 and Fiscal 2016; (ii) the audited Ind AS financial statements for Fiscal 2016 and Fiscal 2017; and (iii) the reviewed Ind AS financial statements for the six months ended September 30, 2017. Our audited Ind AS financial statements for Fiscal 2016 and Fiscal 2017 also includes reconciliation statements of the Ind AS financial statements for Fiscal 2016 with our historical Indian GAAP financial statements for Fiscal 2016 explaining the impact of transition to Ind AS on the preparation and presentation of our financial statements. For purposes of transition to Ind AS, we have followed the guidance prescribed under Ind AS 101 – First time adoption of Indian Accounting Standards ("Ind AS 101"), with April 1, 2015 as the transition date.

Our management's discussion and analysis of our financial performance therefore compares (i) our audited Ind AS financial statements for Fiscal 2017 with that for Fiscal 2016; and (ii) our audited Indian GAAP financial statements for Fiscal 2016 with that for Fiscal 2015. We have also included management's discussion and analysis on the reviewed Ind AS financial statements for the six months ended September 30, 2017.

Our Indian GAAP financial statements for Fiscal 2015 and 2016 and our Ind AS financial statements for Fiscal 2016 and 2017 have been audited by K.R. Bapuji & Co., Chartered Accountants, our previous statutory auditor, while our financial statements for the six months ended September 30, 2017 have been reviewed by Lodha & Co, Chartered Accountants, our current statutory auditor.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following is a discussion of certain factors that have had, and continue to have, a significant effect on our financial results:

Volatility in price of key raw materials

The primary raw materials involved in the production of DI Pipes include coking coal and iron ore, prices of which are subject to domestic and international supply and demand, import/export tariffs and duties, domestic duties and various other factors beyond our control. Commodity prices for the key raw materials for production of our products i.e., DI Pipes are influenced by changes in global economic conditions, related industry cycles and demand-supply dynamics. Further, price fluctuation is also affected due to various factors such as global demand, supply constraints, government policies regarding imports/ exports, change in rules and regulations from time to time, etc. In recent years, there have been significant fluctuations in the prices of these raw materials. For instance, we import our major raw material i.e. coking coal from Australia and there has been significant price fluctuation in the price of coking coal, which have adversely affected the cost of production of DI Pipes, resulting in margin contraction. We intend to mitigate the risk of future volatility in the price of its raw materials through acquisition of iron ore mining facilities. Towards this objective, we intend to bid for iron ore mines to bolster our backward integration and cost competitiveness. If a lease for this mine is obtained and this mine is developed, it would help us in reducing our production costs and enable us to secure our iron ore requirements to a certain extent. Additionally, we are also installing an additional coke oven battery and increasing the capacity of our captive power plants as a part of our backward integration strategy. We will continue to explore such initiatives that enable us to reduce our production costs and backward integrate our manufacturing facility. For further details see *"Our Business"*.

Single point and strategically located manufacturing facility

We have an integrated manufacturing facility which is located at Srikalahasthi, Chittoor District, Andhra Pradesh which is near Tirupati. We believe that our integrated manufacturing facility model helps us to minimize our production cost and enable us to competitively price our products. A large portion of our orders are towards projects in the southern and western regions. Depending on various factors, such as geographical presence and familiarity with local working conditions, we believe we are often able to provide more cost-effective products than our competitors or offer a more valuable proposition. The strategic location of our manufacturing facility coupled with our own railway sidings and internal transport handling division, enables us to price our products competitively. However, since our integrated single point manufacturing facility is in one location, our production can be stalled owing to a labour unrest, power failures, natural calamities, or civic unrest which will impact our production, delivery of goods and financial results. In order to mitigate this risk, we will explore both organic and inorganic growth opportunities. We would also continue focusing on quality, execution and timely delivery of products and efficient after sale services. In addition to the above, we propose to explore avenues to commence exporting our DI Pipes to countries outside India which enables us to increase our geographical reach and market share.

Capacity utilization and product line and grade optimization

Our profitability depends significantly on our capacity utilization rates, which is calculated by dividing production volume for a particular period by installed capacity adjusted for scheduled and unscheduled plant maintenance during the relevant period. Higher capacity utilization results in greater production volumes and higher sales, and with relatively fixed operating costs, offsets in part increased prices of steel and other raw materials and therefore increases profitability. The aggregate capacity in the sector has risen from 1.5 million tonnes in fiscal 2012 to 2.32 million tonnes as of April 2017. TATA Metaliks, Electrosteel Steel, Sathavahana Ispat, and our Company have added capacities in the past five years *(Source: CRISIL Report)*.

Our ability to improve our cost competitiveness is largely dependent on the efficient management of our production costs and effective execution of our backward integration process. Our cost of production is dependent on the efficiency of the operations of our manufacturing facility which can improve specific consumption of raw materials, energy and manpower, each of which is a significant factor influencing the cost of production, and thereby affecting our operational and financial performance.

The following table sets forth certain information relating to our capacity utilization in Fiscal 2017, calculated on the basis of total installed capacity as of March 31, 2017, and actual production in Fiscal 2017:

S. No.	Name of the Plant/ Product	Installed Capacity as of March 31, 2017[(1)(2)]	Actual Production in Fiscal 2017	Capacity Utilization (%)[(3)]
7.	Mini Blast Furnace/ Pig Iron	275,000 metric tonnes	238,806 metric tonnes	86.83%
8.	Cement	90,000 metric tonnes	96,800 metric tonnes	107.55%
9.	Coke Oven Plant/ LAM Coke	225,000 metric tonnes	165,410 metric tonnes	73.51%
10.	Sinter Plant	500,000 metric tonnes	315,296 metric tonnes	63.05%
11.	DI Pipe	300,000 metric tonnes	228,152 metric tonnes	76.05%
12.	Captive Power Plant	14.5 MW	10.73 MW	74.38%

(1) As certified by Tarak Nath Ghar, Associated Chartered Engineer, Commtech Combine by certificates dated May 5, 2017 and May 15, 2017.

(2) The information relating to the aggregate installed capacity of our manufacturing facilities as of March 31, 2017 included above and elsewhere in this Placement Document are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our installed capacity. These assumptions and estimates include the period during which the manufacturing facilities operate in a year, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. Actual production levels and utilization rates may therefore vary significantly from the installed capacity information of our manufacturing facilities included in this Placement Document and undue reliance should not be placed on such information. See "Risk Factors – Information relating to the installed capacity and capacity utilisation of our manufacturing facility included in this Placement Document are based on various assumptions and estimates and future production and capacity utilization may vary."

(3) Capacity utilization in Fiscal 2017 has been calculated on the basis of actual production in Fiscal 2017 divided by the aggregate installed capacity of our manufacturing facility as of March 31, 2017.

The following table sets forth certain information relating to our capacity utilization (on an annualized basis) in the six months ended September 30, 2017, calculated on the basis of total installed capacity as of September 30, 2017, and actual production in the six months ended September 30, 2017:

S. No.	Name of the Plant/ Product	Installed Capacity as of September 30, 2017[(1)(2)]	Actual Production in the six months ended September 30, 2017	Capacity Utilization (annualized) (%)[(3)]
7.	Mini Blast Furnace/ Pig Iron	275,000 metric tonnes	141,101 metric tonnes	102.60%
8.	Cement	90,000 metric tonnes	48,529 metric tonnes	107.84%
9.	Coke Oven Plant/ LAM Coke	225,000 metric tonnes	84,498 metric tonnes	75.10%
10.	Sinter Plant	500,000 metric tonnes	181,829 metric tonnes	72.72%
11.	DI Pipe	300,000 metric tonnes	136,059 metric tonnes	90.70%
12.	Captive Power Plant	14.5 MW	6.24 MW	85.90%

(1) As certified by Tarak Nath Ghar, Associated Chartered Engineer, Commtech Combine by certificate dated December 8, 2017.

(2) The information relating to the aggregate installed capacity of our manufacturing facilities as of September 30, 2017 included above and elsewhere in this Placement Document are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our installed capacity. These assumptions and estimates include the period during which the manufacturing facilities operate in a year, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. Actual production levels and utilization rates may therefore vary significantly from the installed capacity information of our manufacturing facilities included in Placement Document and undue reliance should not be placed on such information. See "Risk Factors – Information relating to the installed capacity and capacity utilisation of our manufacturing facility included in this Placement Document are based on various assumptions and estimates and future production and capacity utilization may vary."

(3) Capacity utilization (on an annualized basis) in the six months ended September 30, 2017 has been calculated on the basis of actual production in the six months ended September 30, 2017 divided by the aggregate installed capacity of our manufacturing facility as of September 30, 2017.

Our DI pipes business is also significantly dependent on specific water and sewage management projects, since the dimension and quality specifications are more standardized in the DI pipes, we are able to exercise greater control on the rationalization of the product line and grade mix to optimize productivity and maximize operating margins in these businesses.

We intend to continue to improve our operational reliability by adopting rigorous statistical process controls, comprehensive predictive and preventive maintenance programs, and risk-based inspection schedules. We intend to continue to upgrade our processes and systems to take advantage of new technologies and include balancing equipment to improve our process and product efficiencies. We are considering a number of initiatives to further reduce our operating costs, including energy optimization programs and other automation systems. We intend to continue to improve our production planning, leverage the significant credit facilities extended to us and streamline our procurement processes to reduce raw materials costs.

Competition in the industry

We sell our products in highly competitive markets, and competition in these markets is based primarily on demand and price. As a result, to remain competitive in our markets, we must continuously strive to reduce our production, transportation and distribution costs and improve our operating efficiencies. If we fail to do so, other producers of DI Pipes may be able to sell their products at prices lower than our prices, which would have an adverse affect on our market share and results of operations. While entry barriers in this industry are high, any expansion in capacity by existing manufacturers or entry of new players would further intensify the competition. However, we believe that we are one of the leading manufacturer of DI Pipes in South India and compete with other DI Pipe manufacturers on the basis of the quality of our products that meet various international standards.

We may face the risk that our competitors may be better known in the market, enjoy better relationships with potential customers, gain early access to information and be better placed to act upon such information. Increasing competition could result in price and supply volatility, which could cause our business to suffer. Our competitors may further, enter into business combinations or alliances that strengthen their competitive positions or prevent us from taking advantage by entering such business combinations or alliances. Increasing competition may result in pricing pressures or decreasing profit margins or lost market share or failure to improve our market position, any of which could substantially harm our business and results of operations. We will be required to compete effectively with our existing and potential competitors, to maintain and grow our market share and in turn, our results of operations. To remain competitive, we will have to continuously strive to reduce our costs and improve operating efficiencies. For further details in relation to the competition we face and our significant competitors, see "*Industry Overview*" and "*Our Business*".

Governmental policies and budgetary allocations

Demand for our products are primarily dependent on sustained economic development in the regions in which we operate and the applicable governmental policies. It is also significantly dependent on budgetary allocations made by governments to these sectors, as well as funding provided by the financial institutions for development of such sectors. Further, the tender processes conducted by the Indian government authorities may be subject to change in qualification criteria, unexpected delays and uncertainties. Currently, the Indian government in its efforts to improve access of potable water, sanitation and the drainage facilities has announced huge allocations. Further, it has initiated various programmes and schemes such as, amongst others, The National Rural Drinking Water Programme, Mission Bhagiratha - Telangana Water Grid Scheme, Telangana Drinking Water Supply Project, Swachh Bharat Abhiyan and Atal Mission for Rejuvenation and Urban Transformation. During the last 10 years, GoI has given thrust to improve the urban infrastructure and it has been implementing various programs and schemes in the water supply and sanitation sector. Further, we believe that government initiatives such as establishment of 'smart cities' in India in a phased manner will drive the demand for DI Pipes that we manufacture. However, there can be no guarantee that budgetary allocation and government policies shall be the same in future. The prices at which we sell these products and our Company's results of operations shall also get affected by any deviation in government policies and budgetary allocation as we are significantly dependent on the performance of the infrastructure industry and continued investment in water and sewage transportation projects.

Additionally, the Government of India has introduced Goods and Services Tax ("GST"), a regime that combines taxes and levies by the Central and state Governments into a unified rate structure.

Fluctuations in exchange rate

We import coking coal and therefore raw material prices are impacted by fluctuation of exchange rate between Indian Rupee and US Dollar. The exchange rate between the Indian Rupee and foreign currencies has fluctuated in the past and our results of operations have been impacted by such fluctuations and may be impacted by such fluctuations in the future. As a result, the appreciation or depreciation of the U.S. Dollar against the Indian Rupee can have a material impact on our results of operations. Further, as on September 30, 2017, our outstanding external commercial borrowings were USD 7.19 million. As a result of our foreign currency loans, the exchange rate between Indian Rupees and US Dollar is also likely to have an impact on interest payments and cash outflow. We endeavour to mitigate the risk by adopting a proper hedging strategy and we have an effective foreign exchange management policy. Further, we closely follow our exposure to foreign currencies and selectively enter into hedging transactions in an attempt to reduce the risks of currency fluctuations.

SIGNIFICANT ACCOUNTING POLICIES UNDER IND AS

The Ind AS 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 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.

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:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included within level 1 that are observable either directly or indirectly for the asset or liability.

- Level 3: inputs for the asset or liability which are not based on observable market data.

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
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.

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.

De-recognition 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.

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.

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.

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 amortised 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 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 and loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.

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, 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 asset'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.

Inventories

- 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.

- 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.

- Cost in respect of work in progress represents cost incurred up to the stage of completion.

- By-Products are valued at net realizable value.

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.

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.

Provisions, Contingent Liabilities and Contingent Assets

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

Contingent liabilities is not recognized and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or when there is a present obligation 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.

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.

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.

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.

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.

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.

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.

SIGNIFICANT ACCOUNTING POLICIES UNDER INDIAN GAAP

Our financial statements in Fiscal 2015 and Fiscal 2016 were prepared in accordance with generally accepted accounting principles in India ("GAAP") under the historical cost convention on the accrual basis except as disclosed in the notes and materially comply with the mandatory accounting standards as prescribed by the

Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 read together with Companies Rules, 2014, and guidelines issued by the Securities and Exchange Board of India (SEBI) and the Institute of Chartered Accountants of India.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the balance sheet date and the reported amounts of income and expenses during the year. Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

Fixed Assets and Depreciation

Tangible Assets

- *Gross Block*: Fixed assets are stated at cost of acquisition inclusive of inland freight, duties, taxes and incidental expenses related to acquisition with due adjustments for Cenvat / VAT credits. Capital work-in-progress includes machinery to be installed, construction and erection materials, and unallocated preoperative expenses.

- *Depreciation*: Leasehold land is amortized on straight-line method over the period of the lease. Depreciation is provided on fixed assets used during the year under straight line method at the rates specified in the Schedule II of the Companies Act, 2013. In respect of plant and machinery at MBF, sinter plant and coke oven plant which are continuous process plants, the company has estimated the useful life of its assets based on a technical study and its internal assessment and estimates the useful lives of these assets as 20 years. In respect of these assets, depreciation is provided on the straight line method over the residual useful lives of the assets. From accounting year commencing on or after April 1, 2011, the Company has adjusted exchange difference arising on translation / settlement of long-term foreign currency monetary items by reinstating the liabilities as at balance sheet date pertaining to acquisition of a depreciable asset to the cost of the asset and depreciates the same at the applicable rate in respect of such asset.

Intangible Assets

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

Impairment of Assets

The Company has assessed at each balance sheet date whether there is any indication of that an asset may be impaired. In such cases, the recoverable amount of the asset is estimated. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit/division to which the said asset belongs.

If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced accordingly and the value so reduced is treated as impairment loss and is recognized in the statement of profit and loss. If at any balance sheet date there is an indication that the previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is stated at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognized.

Revenue Recognition

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

Sales

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

Investments

Long term investments have been stated at cost less permanent diminution, if any, in value. Current Investments have been carried at lower of cost or fair value.

Inventories

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

Foreign Currency Transactions

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

The loss or gain thereon and also on exchange differences on settlement of the foreign currency transactions during the year are adjusted to the statement of profit and loss. The difference between the forward rate and exchange rate at the date of transaction is recognized as income or expense over the life of the contracts. For accounting period commencing from April 1, 2011, the exchange differences arising on long term foreign currency monetary items related to acquisition of fixed assets are capitalized and depreciated at the applicable rate in respect of such asset. For this purpose, the company treats a foreign monetary item as long term foreign currency monetary item if it has a term of more than 12 months at the date of its origination.

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

Retirement Benefits

Provident and 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.

Leave Encashment Benefits

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

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

Miscellaneous Expenses

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

Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred. In accordance with Accounting Standard 16 borrowing cost includes interest, amortization of ancillary cost incurred with the arrangement of borrowing and exchange differences arising from foreign currency borrowing to the extent they are regarded as an adjustment to the interest cost.

Contingent Liabilities

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

Export Benefits

Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Such benefits under duty entitlement pass books (DEPB) are accounted for on accrual basis.

Government Grants and Other Claims

Revenue grants including subsidy/rebates, refunds, claims etc. are credited to statement of profit and loss under other income or deducted from the related expenses. Grants relating to fixed assets are credited to capital reserve account or adjusted in the cost of such assets as the case may be, as and when the ultimate realizability of such grants etc. are established/ realized.

Income Tax

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

PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE IN OUR IND AS FINANCIAL STATEMENTS

Income

Revenue from Operations

Our revenue from operations is primarily generated from sale of manufactured goods and traded goods. Manufactured goods comprise DI Pipes, pig iron, cement, coke and other products, while traded goods primarily comprise coal.

Other Income

Other income primarily consists of (i) interest on financial assets which has been carried at amortised cost, (ii) rent received, (iii) income received as dividends on investments, (iv) investments measured at fair value through profit or loss, (v) gain on sale of property, plant and equipment, (vi) exchange gains/ losses on foreign currency transaction and translation, and (vii) miscellaneous income.

Expenditure

Our expenses primarily consist of (i) cost of materials consumed, (ii) purchase of stock-in-trade, (iii) changes in inventories of finished goods, work-in-progress and stock-in-trade, (iv) excise duty on sale of goods, (v) employee benefit expenses, (vi) finance costs, (vii) depreciation and amortization expense, and (viii) other expenses.

Cost of Materials Consumed

Cost of material consumed comprises the cost of the raw materials used by us in the manufacturing process of our products. Raw materials purchased represent a significant majority of our total expenditure, and includes coking coal/ coke, iron ore/ iron ore fines, mild steel scrap and others.

Purchase of Stock in Trade

Purchase of stock-in-trade represent purchase of coal during the relevant fiscal period.

Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

Changes in inventories of finished goods, work-in-progress and stock-in-trade consist of costs attributable to an increase or decrease in inventory levels during the relevant financial period. The work in progress inventory primarily comprises DI Pipes and by products including pig iron.

Employee Benefit Expenses

Employee benefits expense includes (i) salaries and wages, (ii) contribution to provident fund and other funds, and (iii) employee welfare expenses.

Finance Costs

Finance cost includes interest paid on our debt facilities, including term loans and working capital loans, bank and financial charges and security deposit.

Depreciation and Amortization Expense

Depreciation and amortisation includes the expense incurred by way of depreciation on property plant and equipment and amortisation of intangible fixed assets.

Other Expenses

Other expenses consist of cost of power and fuel, consumption of stores and spare parts and consumables, handling and transport charges, directors' sitting fee and commission, rental costs, professional and consultancy fees, rates and taxes, insurance costs, freight, packing, forwarding and LD charges, commission to selling agents and losses incurred on the sale of property, plant and equipment.

PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE IN OUR INDIAN GAAP FINANCIAL STATEMENTS

Income

Revenue

Total revenue consists of revenue from operations (net) and other income.

Revenue from Operations (Net)

Revenue from operations (net) is primarily generated from sale of manufactured goods and traded goods. Manufactured goods comprise DI Pipes, pig iron, cement, coke and other products, while traded goods primarily comprise coal.

Other Income

Other income comprises primarily of interest income, rent received, net gain on sale of investments and miscellaneous income.

Expenditure

Our expenses primarily consist of (i) cost of materials consumed, (ii) purchase of stock-in-trade, (iii) changes in inventories of finished goods and work-in-progress, (iv) employee benefit expenses, (v) finance costs, (vi) depreciation and amortization expense, and (vii) other expenses.

Cost of Material Consumed

Cost of material consumed comprises the cost of the raw materials used by us in the manufacturing process of our products. Raw materials purchased represent a significant majority of our total expenditure, and includes coking coal/ coke, iron ore/ iron ore fines, mild steel scrap and others.

Purchase of Stock in Trade

Purchase of stock-in-trade represent purchase of coal during the relevant fiscal period.

Changes in Inventories of Finished Goods and Work-in-Progress

Changes in inventories of finished goods, work-in-progress and stock-in-trade consist of costs attributable to an increase or decrease in inventory levels during the relevant financial period. The work in progress inventory primarily comprises DI Pipes and other products, while finished goods primarily comprise DI Pipes and pig iron.

Employee Benefit Expenses

Employee benefits expense includes (i) salaries and wages, (ii) contribution to provident fund and other funds, and (iii) employee welfare expenses.

Finance Costs

Finance cost includes interest paid on our debt facilities, including term loans and working capital loans, bank and financial charges and security deposit, as well as loss on exchange differences.

Depreciation and Amortization Expense

Depreciation and amortisation includes the expense incurred by way of depreciation on property plant and equipment and amortisation of intangible fixed assets.

Other Expenses

Other expenses consist of cost of power and fuel, consumption of stores and spare parts and consumables, handling and transport charges, directors' sitting fee and commission, rental costs, professional and consultancy fees, rates and taxes, insurance costs, freight, packing, forwarding and LD charges, commission to selling agents and losses incurred on the sale of property, plant and equipment.

MANAGEMENT DISCUSSION AND ANALYSIS OF OUR IND AS FINANCIAL STATEMENTS FOR FISCAL 2016, FISCAL 2017 AND THE SIX MONTHS ENDED SEPTEMBER 30, 2017

SIX MONTHS ENDED SEPTEMBER 30, 2017 COMPARED TO SIX MONTHS ENDED SEPTEMBER 30, 2016 (UNDER IND AS)

Results of Operations

The following table sets forth certain information relating to our results of operations for the six months ended September 30, 2016 and 2017:

Particulars	**Six Months ended September 30,**	
	2016	**2017**
	(₹ million)	
	(Ind AS, Unaudited)	
Revenue		

Particulars	Six Months ended September 30,	
	2016	2017
	(₹ million)	
	(Ind AS, Unaudited)	
Revenue from operations	4,663.67	7,808.18
Other income	218.39	114.83
Total income	4,882.06	7,923.00
Expenses		
Cost of material consumed	1,706.61	3,795.37
Purchase of stock in trade	0.05	725.72
Changes in inventories of finished goods, stock in trade and work-in-progress	(34.58)	(27.17)
Excise duty on Sale of Goods	122.50	74.38
Employee benefits expense	362.53	376.46
Finance costs	194.95	217.95
Depreciation and amortisation expense	262.71	181.18
Other expenses	1,326.28	1,561.30
Total expenses	3,941.06	6,905.19
Profit before tax	941.01	1,017.81
Tax expense		
Current tax	247.01	241.31
Deferred tax	4.55	40.39
Total tax expense	251.56	281.70
Profit for the period	689.45	736.11
Other comprehensive income		
Items that will not be reclassified to profit or loss	(1.76)	(0.53)
Income tax relating to items that will not be reclassified to profit or loss	0.61	0.18
Other comprehensive income (net of tax)	(1.15)	(0.34)
Total comprehensive income for the period	688.30	735.77
Paid-up equity share capital (face value ₹ 10 per share)	397.64	397.64
Earnings per share of ₹ 10 each	17.31	18.50

Revenue

Total income increased by ₹ 3,040.94 million, or 62.29%, from ₹ 4,882.06 million in the six months ended September 30, 2016 to ₹ 7,923.00 million in the six months ended September 30, 2017.

Revenue from Operations

Our revenues from operations increased by ₹ 3,144.51 million, or 67.43%, from ₹ 4,663.67 million in the six months ended September 30, 2016 to ₹ 7,808.18 million in the six months ended September 30, 2017, primarily due to increase in sale of DI Pipe, coke, traded products and other products.

Other Income

Other income decreased by ₹ 103.56 million, or 47.42%, from ₹ 218.39 million in the six months ended September 30, 2016 to ₹ 114.83 million in the six months ended September 30, 2017, primarily due to decrease in miscellaneous income which includes sales tax subsidy.

Expenditure

Cost of Materials Consumed

Cost of materials consumed increased by ₹ 2,088.76 million, or 122.39%, from ₹ 1,706.61 million in the six months ended September 30, 2016 to ₹ 3,795.37 million in the six months ended September 30, 2017, primarily due to higher production and increase in cost of coal and iron ore.

Purchase of Stock in Trade

Purchase of stock in trade increased significantly from ₹ 0.05 million in the six months ended September 30, 2016 to ₹ 725.72 million in the six months ended September 30, 2017, primarily due to an increase in trading of coal.

Excise Duty on Sale of Goods

Excise duty on sale of goods decreased by ₹ 48.12 million, or 39.28%, from ₹ 122.50 million in the six months ended September 30, 2016 to ₹ 74.38 million in the six months ended September 30, 2017, due to implementation of GST with effect from July 2017, our revenue is being shown as net off GST.

Employee Benefit Expense

Employee benefit expense increased by ₹ 13.93 million, or 3.84%, from ₹ 362.53 million in the six months ended September 30, 2016 to ₹ 376.46 million in the six months ended September 30, 2017, due to an increase in the employees' salaries, wages, bonus and other benefits, contribution to provident and other fund and other employee benefits.

Finance Costs

Finance costs increased by ₹ 23.00 million, or 11.80%, from ₹ 194.95 million in the six months ended September 30, 2016 to ₹ 217.95 million in the six months ended September 30, 2017, primarily due to an increase in foreign exchange loss and increase in other finance costs.

Depreciation and Amortisation Expense

Depreciation and amortisation expense decreased by ₹ 81.53 million, or 31.03%, from ₹ 262.71 million in the six months ended September 30, 2016 to ₹ 181.18 million in the six months ended September 30, 2017, primarily due to decrease in value of fixed assets and write off of assets on componetization.

Other Expenses

Other expenses increased by ₹ 235.02 million, or 17.72%, from ₹ 1,326.28 million in the six months ended September 30, 2016 to ₹ 1,561.30 million in the six months ended September 30, 2017, primarily due to increase in power and fuel, consumption of stores, spares and consumables, handling and transport charges, professional and consultancy charges, insurance, repairs and maintenance of plant and machinery.

Tax Expense

Tax expenses increased by ₹ 30.14 million, or 11.98%, from ₹ 251.56 million in the six months ended September 30, 2016 to ₹ 281.70 million in the six months ended September 30, 2017, due to an increase in deferred taxes.

Profit for the Period

For the reasons discussed above, profit for the period was ₹ 736.11 million in the six months ended September 30, 2017, compared to ₹ 689.45 million in the six months ended September 30, 2016.

FISCAL 2017 COMPARED TO FISCAL 2016 (UNDER IND AS)

Results of Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

Particulars	Fiscal 2016	Fiscal 2017
	(₹ million)	
	(Ind AS, Audited)	
Revenue		
Revenue from operations	11,776.71	12,034.01
Other income	199.32	304.69
Total income	11,976.02	12,338.71
Expenses		
Cost of materials consumed	4,831.29	4,760.40
Changes in inventories of finished goods, work-in-	2.10	(1.41)

Particulars	Fiscal 2016	Fiscal 2017
	(₹ million)	
	(Ind AS, Audited)	
progress and stock-in-trade		
Purchase of stock in trade	287.03	738.41
Excise duty on Sale of goods	320.58	255.35
Employee benefits expense	680.38	706.73
Finance costs	424.96	392.92
Depreciation and amortisation expense	346.68	368.85
Other expenses	2,987.94	3,205.22
Total expenses	9,880.95	10,426.47
Profit/ (Loss) before tax	2,095.07	1,912.23
Tax expense	541.87	509.91
Profit / (Loss) for the period	1,553.21	1,402.32
Other comprehensive income		
Items that will not be reclassified to profit or loss	(2.87)	(1.05)
Income tax relating to items that will not be reclassified to profit or loss	0.99	0.36
Total comprehensive income for the period	1,551.33	1,401.63
Paid-up equity share capital (face value ₹ 10 per share)	397.64	397.64
Other equity excluding revaluation reserve	6,575.38	7,737.72
Earnings per share (EPS) of ₹ 10 each (not annualised)	39.01	35.25

Revenue

Total income increased by ₹ 362.68 million, or 3.03%, from ₹ 11,976.02 million in Fiscal 2016 to ₹ 12,338.71 million in Fiscal 2017.

Revenue from Operations

Revenues from operations increased by ₹ 257.31 million, or 2.18%, from ₹ 11,776.71 million in Fiscal 2016 to ₹ 12,034.01 million in Fiscal 2017, primarily due to an increase in sale of cement, coke, traded products and other products, which was offset in part by a decrease in sale of pig iron and a marginal decrease in sales of DI Pipes.

Other Income

Other income increased by ₹ 105.37 million, or 52.87%, from ₹ 199.32 million in Fiscal 2016 to ₹ 304.69 million in Fiscal 2017, primarily due to an increase in dividends received on investments made and increase in miscellaneous income which includes sales tax subsidy.

Expenditure

Cost of Materials Consumed

Cost of materials consumed decreased by ₹ 70.89 million, or 1.47%, from ₹ 4,831.29 million in Fiscal 2016 to ₹ 4,760.40 million in Fiscal 2017, primarily due to a decrease in cost of iron ore/ iron ore fines, which was offset in part by an increase in cost of coking coal/ coke, cold rolled coil/mild steel scrap and other materials.

Purchase of Stock in Trade

Purchase of stock in trade increased by ₹ 451.38 million, or 157.26%, from ₹ 287.03 million in Fiscal 2016 to ₹ 738.41 million in Fiscal 2017, primarily due to an increase in trading of coal.

Excise Duty on Sale of Goods

Excise duty on sale of goods decreased by ₹ 65.23 million, or 20.35%, from ₹ 320.58 million in Fiscal 2016 to ₹ 255.35 million in Fiscal 2017, due to a decrease in sale of duty-paid manufactured products.

Employee Benefit Expense

Employee benefit expense increased by ₹ 26.36 million, or 3.87%, from ₹ 680.38 million in Fiscal 2016 to ₹ 706.73 million in Fiscal 2017, primarily due to increases in employees' salaries, wages, bonus and other benefits, contribution to provident and other fund and other employee benefits.

Finance Costs

Finance costs decreased by ₹ 32.05 million, or 7.54%, from ₹ 424.96 million in Fiscal 2016 to ₹ 392.92 million in Fiscal 2017, primarily due to a decrease in interest expenses and other finance costs.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by ₹ 22.17 million, or 6.40%, from ₹ 346.68 million in Fiscal 2016 to ₹ 368.85 million in Fiscal 2017, primarily due to additions of fixed assets such as, property, plant and equipment.

Other Expenses

Other expenses increased by ₹ 217.28 million, or 7.27%, from ₹ 2,987.94 million in Fiscal 2016 to ₹ 3,205.22 million in Fiscal 2017, primarily due to increases in power and fuel, consumption of stores, spares and consumables, handling and transport charges, rental expenses, professional and consultancy charges, insurance, freight packing, forwarding and LD charges, repairs and maintenance of plant and machinery.

Tax Expense

Tax expense decreased by ₹ 31.96 million, or 5.90%, from ₹ 541.87 million in Fiscal 2016 to ₹ 509.91 million in Fiscal 2017, due to a decrease in taxable profit.

Profit for the Period

For the reasons discussed above, profit for the period was ₹ 1,402.32 million in Fiscal 2017, compared to ₹ 1,553.21 million in Fiscal 2016.

FISCAL 2016 COMPARED TO FISCAL 2015 (UNDER INDIAN GAAP)

Results of Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

Particulars	Fiscal 2015	Fiscal 2016
	(₹ million)	
	(Indian GAAP, Audited)	
Revenue		
Revenue from operations (gross)	11,230.44	11,776.71
Less: Excise duty	394.93	320.58
Revenue from operations (net)	10,835.51	11,456.13
Other income	86.60	173.30
Total revenue	10,922.11	11,629.43
Expenses		
Cost of materials consumed	5,320.43	4,831.29
Purchases of traded goods	533.87	287.03
Changes in inventories of finished goods & work-in-progress	103.50	2.10
Employee benefits expense	537.49	683.25
Finance costs	436.94	420.46
Depreciation and amortisation expense	311.69	270.88
Other expenses	2,484.02	2,987.62
Total expenses	9,727.94	9,482.62
Profit / (Loss) before tax	1,194.17	2,146.81
Tax expenses		
Current tax	(254.66)	(448.86)
Prior period tax	(8.14)	(3.05)

Particulars	Fiscal 2015	Fiscal 2016
	(₹ million)	
	(Indian GAAP, Audited)	
MAT credit	240.85	(70.41)
Deferred tax	(350.55)	(36.47)
Profit / (Loss) for the year	821.68	1,588.03
Earnings per share (of ₹ 10 each):		
Basic	20.66	39.94
Diluted	20.66	39.94

Revenue

Total revenue increased by ₹ 707.32 million, or 6.48%, from ₹ 10,922.11 million in Fiscal 2015 to ₹ 11,629.43 million in Fiscal 2016.

Revenue from Operations (Net)

Revenue from operations (gross) increased by ₹ 546.27 million, or 4.86%, from ₹ 11,230.44 million in Fiscal 2015 to ₹ 11,776.71 million in Fiscal 2016, primarily due to an increase in sale of DI Pipes which was offset in part by a decrease in sale of our other products as well as in traded products.

However, excise duty decreased by ₹ 74.35 million, or 18.83%, from ₹ 394.93 million in Fiscal 2015 to ₹ 320.58 million in Fiscal 2016, primarily due to a decrease in sale of duty-paid manufactured products.

Accordingly, revenue from operations (net) increased by ₹ 620.62 million, or 5.73%, from ₹ 10,835.51 million in Fiscal 2015 to ₹ 11,456.13 million in Fiscal 2016.

Other Income

Other income increased by ₹ 86.70 million, or 100.11%, from ₹ 86.60 million in Fiscal 2015 to ₹ 173.30 million in Fiscal 2016, primarily due to increase in interest income and other miscellaneous income.

Expenditure

Cost of Materials Consumed

Cost of materials consumed decreased by ₹ 489.13 million, or 9.19 %, from ₹ 5,320.43 million in Fiscal 2015 to ₹ 4,831.29 million in Fiscal 2016, primarily due to a decrease in price of coking coal/ coke, iron ore/ iron ore fines. This decrease was offset in part by an increase in the raw material price of cold rolled coil/metal scrap and other materials.

Purchase of Traded Goods

Purchase of traded goods decreased by ₹ 246.85 million, or 46.24%, from ₹ 533.87 million in Fiscal 2015 to ₹ 287.03 million in Fiscal 2016, primarily due to a decrease in trading of coal.

Employee Benefit Expense

Employee benefit expense increased by ₹ 145.75 million, or 27.12 %, from ₹ 537.49 million in Fiscal 2015 to ₹ 683.25 million in Fiscal 2016, which was primarily due to an increase in employees' salaries and wages.

Finance Costs

Finance costs decreased by ₹ 16.48 million, or 3.77 %, from ₹ 436.94 million in Fiscal 2015 to ₹ 420.46 million in Fiscal 2016, primarily due to repayment of long-term borrowings and decrease in other finance costs.

Depreciation and Amortisation Expense

Depreciation and amortisation expense decreased by ₹ 40.81 million, or 13.09%, from ₹ 311.69 million in Fiscal 2015 to ₹ 270.88 million in Fiscal 2016, primarily due to an increase in fixed assets.

Other Expenses

Other expenses increased by ₹ 503.60 million, or 20.27%, from ₹ 2,484.02 million in Fiscal 2015 to ₹ 2,987.62 million in Fiscal 2016, primarily due to primarily due to increases in power and fuel, handling and transport charges, rental expenses, professional and consultancy, insurance, commission to selling agents which was partially offset by a decrease in freight, packing, forwarding and LD charges and repairs and maintenance of plant and machinery as a result of increase in production of DI Pipes.

Tax Expense

Tax expenses increased by 50.01% from ₹ 372.50 million in Fiscal 2015 to ₹ 558.78 million in Fiscal 2016 due to increase in taxable income.

Profit for the Period

For the reasons discussed above, profit for the period was ₹ 1,588.03 million in Fiscal 2016, compared to ₹ 821.68 million in Fiscal 2015.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity requirements arise principally from our operating activities, capital expenditures for maintenance activities, the repayment of borrowings and debt service obligations. Historically, our principal sources of funding have included cash from operations, short and long-term loan facilities that are repayable on demand, external commercial borrowings, cash and cash equivalents and equity and financing provided by our shareholders.

CASH FLOWS UNDER OUR IND AS FINANCIAL STATEMENTS

The following table sets forth certain information relating to our cash flows under Ind AS in Fiscal 2016 and Fiscal 2017:

Particulars	Fiscal 2016	Fiscal 2017
	(₹ million)	
	(Ind AS, Audited)	
Net cash flow from/ (used in) operating activities	2,002.50	2,051.73
Net cash flow from/ (used in) investing activities	(2,014.27)	(1,483.76)
Net cash flow from/ (used in) in financing activities	(328.83)	(236.32)
Net increase/ (decrease) in cash and cash equivalents	(340.60)	(331.65)

Operating Activities

Fiscal 2017

In Fiscal 2017, net cash from operating activities was ₹ 2,051.73 million and the operating cash flows before working capital changes was ₹ 2,646.81 million. The main working capital adjustments was an increase in inventories of ₹ 945.43 million, which was partially offset by a decrease in trade receivables of ₹ 642.06 million. Direct taxes paid was ₹ 405.00 million in Fiscal 2017.

Fiscal 2016

In Fiscal 2016, net cash from operating activities was ₹ 2,002.50 million and the operating cash flows before working capital changes was ₹ 2,850.65 million. The main working capital adjustments was a decrease in current liabilities of ₹ 475.29 million and increase in trade receivables of ₹ 215.04 million. Direct taxes paid was ₹ 460.00 million in Fiscal 2016.

Investing Activities

Fiscal 2017

Net cash used in investing activities was ₹ 1,483.76 million in Fiscal 2017, primarily on account of purchase of property, plant and equipment of ₹ 1,333.84 million and an increase in loans of ₹ 201.09 million. This was partly offset by dividends received of ₹ 26.89 million.

Fiscal 2016

Net cash used in investing activities was ₹ 2,014.27 million in Fiscal 2016, primarily on account of current investment of ₹ 1,472.92 million and purchase of property, plant and equipment of ₹ 394.84 million. There was also an increase in other financial assets of ₹ 33.94 million.

Financing Activities

Fiscal 2017

Net cash used in financing activities was ₹ 236.32 million, primarily due to repayment of long-term borrowings of ₹ 451.56 million, interest paid of ₹ 403.28 million and dividends paid (including dividend distribution tax) of ₹ 239.29 million. This was partly offset by short-term loan availed of ₹ 947.22 million.

Fiscal 2016

Net cash used in financing activities was ₹ 328.83 million, primarily due to repayment of long-term borrowings of ₹ 709.43 million and interest paid of ₹ 421.04 million. This was partly offset by short-term loans availed of ₹ 938.41 million.

CASH FLOWS UNDER OUR INDIAN GAAP FINANCIAL STATEMENTS

The following table sets forth certain information relating to our cash flows under Indian GAAP in Fiscal 2015 and Fiscal 2016:

Particulars	Fiscal 2015	Fiscal 2016
	(₹ million)	
	(Indian GAAP, Audited)	
Net cash flow from/ (used in) operating activities	1,576.22	1,838.78
Net cash flow used in investing activities	(728.12)	(1,847.57)
Net cash flow from/ (used in) in financing activities	(821.41)	(331.13)
Net increase/ (decrease) in cash and cash equivalents	26.70	(339.93)

Operating Activities

Fiscal 2016

In Fiscal 2016, net cash from operating activities was ₹ 1,838.78 million and operating cash flows before working capital changes was ₹ 2,834.82 million. The main working capital adjustments were an increase in trade and other receivables of ₹ 215.04 million and decrease in current liabilities of ₹ 514.47 million, which was offset in part by decrease in inventories of ₹ 157.07 million. Direct taxes paid was ₹ 460.00 million in Fiscal 2016.

Fiscal 2015

In Fiscal 2015, net cash from operating activities was ₹ 1,576.22 million and operating cash flows before working capital changes was ₹ 1,952.32 million. The main working capital adjustments were decrease in current liabilities of ₹ 904.11 million, increase in trade and other receivables of ₹ 380.38 million and increase in other current assets of ₹ 367.37 million. This was offset in part by a decrease in inventories of ₹ 1,021.59 million.

Investing Activities

Fiscal 2016

Net cash used in investing activities was ₹ 1,847.57 million in Fiscal 2016, primarily on account of current investments of ₹ 1,460.18 million and purchase of fixed assets of ₹ 394.84 million.

Fiscal 2015

Net cash used in investing activities was ₹ 728.12 million in Fiscal 2015, primarily on account of purchase of fixed assets amounting to ₹ 748.31 million, which was offset in part by proceeds from sale of fixed assets of ₹ 15.53 million.

Financing Activities

Fiscal 2016

Net cash used in financing activities was ₹ 331.13 million in Fiscal 2016, primarily on account of repayment of long-term borrowings of ₹ 709.43 million and interest paid of ₹ 416.54 million. This was offset in part by short-term loans availed of ₹ 938.41 million.

Fiscal 2015

Net cash used in financing activities was ₹ 821.41 million in Fiscal 2015, primarily on account of interest paid of ₹ 435.95 million and short-term loans repaid of ₹ 369.10 million. This was offset in part by long-term borrowings of ₹ 53.43 million.

CHANGES IN ACCOUNTING POLICIES RESULTING FROM TRANSITION TO IND AS AND RECONCILIATION WITH INDIAN GAAP

- *Property, Plant and Equipment ("PPE")*: We have used fair value of PPE as carried out by an external valuer in our opening Ind AS statement of financial position as deemed cost.

  i) The aggregate of those fair values was ₹ 8,090.62 million; and

  ii) The aggregate adjustment to the carrying amounts of land reported under previous GAAP was ₹ 3,217.64 million.

  The fair value of PPE has been determined based on the valuation carried out by an 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.

  We have ascertained major components of plant and machinery earlier and reviewed their useful life in terms of Ind AS as on the date of transition. This has resulted in additional depreciation to the extent of ₹ 76.11 million and ₹ 30.73 million for the year ended March 31, 2016 and as on April 1, 2015 respectively.

  We have reclassified leasehold land as explained in point (f) below, accordingly an amount of ₹ 7.68 million and ₹ 7.99 million are adjusted for the year ended March 31, 2016 and as on April 1, 2015, respectively.

  Cumulatively, the above has resulted in a total adjustment of ₹ 3,103.12 million and ₹ 3,178.92 million for the year ended March 31, 2016 and as on April 1, 2015 respectively.
- *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 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 Indian 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 were reduced by ₹ 41.18 million and ₹ 24.62 million as on April 1, 2015 and March 31, 2016 respectively. This has resulted in increase in total equity of ₹ 41.18 million and ₹ 24.62 million as on April 1, 2015 and March 31, 2016, respectively.

- *Derivative Financial Instruments*: Under Indian 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, we had fair valued the outstanding forward contract/swap and options resulting in a loss of ₹ 16.11 million and gain of ₹ 33.39 million as on April 1, 2015 and March 31, 2016 respectively. This has resulted in decrease in total equity of ₹ 16.11 million as on April 1, 2015 and net increase in equity of ₹ 17.28 million as at March 31, 2016.

- *Investment in Mutual Funds*: Under Indian 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, we had recognised a gain of ₹ 12.74 million in respect of mutual funds for the year ended March 31, 2016. This has resulted in increase in ₹ 12.74 million (income) and total equity by ₹ 12.74 million for the year ended March 31, 2016.

- *Fair Valuation of Financial Assets and Liabilities*: Under India 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, we had fair valued certain financial assets resulting in loss of ₹ 0.00 million and reduction of other financial assets by ₹ 0.27 million for the year ended March 31, 2017.

- *Reclassification of Lease*: Under Indian 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 we had reclassified such leasehold land to operating lease amounting to ₹ 7.99 million as on April 1, 2015 and ₹ 7.68 million as on March 31, 2016.

- *Defined benefit liabilities*: Both under Indian GAAP and Ind AS, we recognize costs related to our post-employment defined benefit plan on an actuarial basis. Under Indian 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 under OCI within equity. We have taken recourse of the said provision and have 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, employee benefit cost were reduced by ₹ 7.42 million on the transition date i.e., April 1, 2015 and ₹ 1.88 million for the Fiscal 2016 and re-measurement losses on defined benefit plans have been recognized in the OCI, net of tax.

- *Taxation*: We have accounted for current and deferred tax on various adjustments between Indian 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, we had reclassified such MAT credit from current tax to deferred tax amounting to ₹ 331.13 million as on April 1, 2015 and ₹ 260.72 million as on March 31, 2016.

- *Proposed Dividend*: Under Indian 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 we had derecognised proposed dividend and dividend tax amounting to ₹ 143.57 million and recognised them during Fiscal 2016 following approval by shareholders. Similarly, proposed dividend and dividend tax of ₹ 239.29 million have been derecognised during Fiscal 2016. This has resulted in increase in total equity of ₹ 143.57 million and ₹ 95.72 million as on April 1, 2015 and March 31, 2016 respectively.

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

First-time adoption of Ind AS – Reconciliation

Particulars	As of April 1, 2015 (Date of transition)			As of March 31, 2016 (End of last period presented under Indian GAAP)		
	Indian GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet	Indian GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet
	(₹ million)					
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	4,863.55	3,178.92	8,042.48	4,880.69	3,103.12	7,983.82
Capital Work-In-Progress	88.89	-	88.89	194.43	-	194.42
Intangible Assets	9.43	-	9.43	6.59	-	6.59
Financial Assets		-			-	
Other Financial Assets	37.99	-	37.99	39.46	(0.27)	39.19
Other Non-Current Assets	18.14	7.99	26.13	51.21	7.68	58.89
Total Non-Current Assets	**5,018.02**	**3,186.91**	**8,204.93**	**5,172.38**	**3,110.53**	**8,282.91**
Current Assets					-	
Inventories	1,345.92	-	1,345.92	1,188.86	-	1,188.86
Financial Assets					-	
Investments	-	-	-	1,460.18	12.74	1,472.92
Trade Receivables	1,860.47	-	1,860.47	2,075.50	-	2,075.50
Cash and Cash Equivalents	551.82	-	551.82	211.25	-	211.25
Bank Balances Other Than Cash and Cash Equivalents	40.59	-	40.59	4.14	-	4.14
Loans	243.66	-	243.67	61.48	-	61.48
Other Financial Assets	12.52	-	12.53	19.17	-	19.17
Other Current Assets	628.66	(305.77)	322.89	720.15	(226.60)	493.55
Total Current Assets	**4,683.66**	**(305.77)**	**4,377.88**	**5,740.74**	**(213.87)**	**5,526.88**
Total Assets	**9,701.68**	**2,881.13**	**12,582.81**	**10,913.13**	**2,896.66**	**13,809.78**
EQUITY AND LIABILITIES						
Equity						
Equity Share Capital	397.63	-	397.64	397.64	-	397.64
Other Equity	2,535.30	2,632.32	5,167.63	3,884.04	2,691.34	6,575.38
Total Equity	**2,932.94**	**2,632.32**	**5,565.26**	**4,281.68**	**2,691.34**	**6,973.02**
Liabilities						
Non-Current Liabilities						

Particulars	As of April 1, 2015 (Date of transition)			As of March 31, 2016 (End of last period presented under Indian GAAP)		
	Indian GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet	Indian GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet
	(₹ million)					
Financial Liabilities						
Borrowings	1,799.67	-	1,799.67	1,090.24	-	1,090.24
Other Financial Liabilities	124.29	-	124.29	124.88	-	124.88
Provisions	39.30	0.45	39.75	51.35	(4.81)	46.55
Deferred Tax Liabilities (Net)	654.73	392.10	1,046.83	691.20	444.611	1,135.81
Total Non-Current Liabilities	**2,617.99**	**392.55**	**3,010.54**	**1,957.08**	**439.806**	**2,396.89**
Current Liabilities						
Financial Liabilities						
Borrowings	1,986.59	-	1,986.59	2,925.04	-	2,925.04
Trade Payables	1,024.04	-	1,024.04	515.38	-	515.38
Other Financial Liabilities	865.60	-	865.61	872.40	-	872.40
Other Liabilities	97.59	-	97.59	60.52	-	60.52
Provision	176.91	(143.74)	33.17	301.03	(234.49)	66.54
Total Current Liabilities	**4,150.74**	**(143.74)**	**4,007.00**	**4,674.37**	**(234.49)**	**4,439.88**
Total Liabilities	**6,768.73**	**248.81**	**7,017.54**	**6,631.45**	**205.32**	**6,836.77**
Total Equity and Liabilities	**9,701.68**	**2,881.13**	**12,582.81**	**10,913.13**	**2,896.66**	**13,809.78**

Reconciliation between Balance Sheet under Indian GAAP and IND AS for the year ended March 31, 2016 and Ind AS first-time adoption on April 1, 2015 re-presented as under:

Particulars	First Time Adoption	12 Months
	April 1, 2015	March 31, 2016
	(₹ million)	
Other Equity as per Indian GAAP	2,535.31	3,884.04
Add dividend & dividend distribution tax	143.57	239.29
Add Processing Charges	41.18	16.56
Less: Addl. Depreciation	(30.73)	(106.83)
Less: MTM	(16.11)	17.28
Add: deferred tax April 1, 2015	5.89	5.89
Less: Deferred Tax 2015-16	-	17.90
Less: Deferred Tax PPE (land)	(729.12)	(729.12)
Accrued Investments	-	12.74
Deemed Rent on Deposit	-	(0.01)
Profit on Revaluation of PPE	3,217.64	3,217.64
Other Equity As per Ind AS	5,167.63	6,575.38

Statement of Profit and Loss for the Reconciliation

Particulars	Fiscal 2016		
	As per Indian GAAP	Ind AS Adjustments	As per Ind AS
	(₹ million)		
Revenue			
Revenue from operations	11,776.71	-	11,776.71
Other Income	173.30	26.01	199.32
Total revenue	**11,950.01**	**26.01**	**11,976.03**
Expenses			
Cost of materials consumed	4,831.29	-	4,831.29
Changes in inventories of finished goods, stock-in-trade and work-in progress	2.10	-	2.10
Purchase of stock-in-trade	287.03	-	287.03
Excise duty on sale of goods	320.58		320.58
Employee Benefit Expenses	683.25	(2.87)	680.38
Finance costs	420.45	4.50	424.96
Depreciation, Depletion,	270.88	75.79	346.68

Particulars	Fiscal 2016		
	As per Indian GAAP	Ind AS Adjustments	As per Ind AS
	(₹ million)		
Amortization and Impairment			
Other Expenses	2,987.62	0.32	2,987.94
Total expenses	9,803.20	77.74	9,880.95
Profit/(loss) before exceptional items and tax	2,146.81	(51.74)	2,095.08
Exceptional Items	-	-	-
Profit/(loss) before tax	2,146.81	(51.74)	2,095.08
Tax expense			
Current tax	(522.31)		(451.90)
Deferred tax	(36.47)	16.91	(19.56)
Total tax expense	(558.78)	16.91	(541.87)
Profit/(loss) for the period	**1,588.03**	**(34.83)**	**155.32**
Other Comprehensive Income	-	-	-
Items that will not be reclassified to profit or loss	-	-	-
Re-measurement of the defined benefit plans	-	2.87	2.87
Less: Income tax effect	-	(0.99)	(0.99)
Total Comprehensive Income for the year, net of tax	-	1.88	1.88
	1,588.02	(36.69)	1,551.32

Particulars	Fiscal 2016
	(₹ million)
Net profit under previous GAAP	1,588.03
Actuarial (gain)/loss on employee defined benefit Plans recognized in other comprehensive income	2.87
Reclassification of Property Plant and Equipment	(76.11)
Finance Costs as per Effective Interest Rate method	(24.62)
Effect on measuring financial instrument at fair valuation of Forward and Derivative contract	33.39
Accrued investments	12.74
Others	(0.01)
Effect of Deferred Taxes on above	16.91
Net Profit for the period under Ind AS	1,553.21
Other comprehensive income, net of income tax:	
Actuarial gain/(loss) on employee defined benefit plans	(1.88)
Total Comprehensive Income under Ind AS	1,551.33

Indebtedness

As of March 31, 2017, we had long term borrowings of ₹ 999.08 million and short term borrowings of ₹ 3,872.25 million. The following table sets forth certain information relating to our outstanding indebtedness as of March 31, 2017, and our repayment obligations in the periods indicated:

	As of March 31, 2017				
	Payment due by period				
Particulars	**Total**	**Not later than 1 year**	**1-3 years**	**3 -5 years**	**More than 5 years**
	(₹ million)				
Long term borrowings					
Secured	999.08	360.40	511.41	127.27	-
Unsecured	-	-	-	-	-
Total long term borrowings	**999.08**	**360.40**	**511.41**	**127.27**	**-**
Short Term Borrowings					
Secured	3,122.25	3,122.25	-	-	-

	As of March 31, 2017				
	Payment due by period				
Particulars	**Total**	**Not later than 1 year**	**1-3 years**	**3 -5 years**	**More than 5 years**
	(₹ million)				
Unsecured	750.00	750.00	-	-	-
Total Short Term Borrowings	**3,872.25**	**3,872.25**	-	-	-

As of March 31, 2017 our total borrowings was ₹ 4,871.33 million, representing a net debt to equity ratio of 0.34. For further information on our indebtedness, see "Financial Statements – Note 17 – Non-Current Liabilities – Borrowings" and "Financial Statements – Note 21 – Current Liabilities – Borrowings".

As of September 30, 2017 our total borrowings was ₹ 5,522.00 million, representing a net debt to equity ratio of 0.38 times. For further information on our indebtedness, see "Risk Factors - Our substantial indebtedness and the conditions imposed by our financing and other agreements could adversely affect our ability to conduct our business and operations."

Contingent Liabilities and Commitments

Particulars	As of March 31, 2017
	(₹ million)
Contingent liabilities	
Guarantees given by banks on behalf of the Company*	75.65
Bills discounted with banks	845.35
Outstanding letter of credit	367.48
Demands raised which are pending with authorities:	
Sales tax	166.54
Excise, custom duty and service tax	12.89
Forest development fee*	85.99
Income tax	3.77

**Bank guarantee includes an amount of ₹ 17.96 million issued against demand for forest development fee*

Contractual Obligations and Arrangements

The following table sets forth certain information relating to future payments due under known contractual commitments as of March 31, 2017, aggregated by type of contractual obligation:

	As of March 31, 2017			
	Payment due by period			
	Total	**Less than 1 year**	**1-5 years**	**More than 5 years**
Particulars	**(₹ million)**			
Obligations under capital leases	-	-	-	-
Capital commitments	49.59	49.59	-	-
Non-cancellable operating lease obligations	43.41	0.85	4.26	38.30
Purchase obligations	-	-	-	-
Other long-term liabilities	-	-	-	-
Total Contractual Obligations	49.60	50.45	4.26	38.30

Capital Expenditures

In Fiscal 2016, Fiscal 2017 and in the six months ended September 30, 2017, our capital expenditure towards additions to fixed assets (property, plant and equipment and intangible assets) were ₹ 289.24 million, ₹ 1,465.12 million and ₹ 2.25 million, respectively. The following table sets forth our fixed assets as on March 31, 2017:

Particulars	As of March 31, 2017
	(₹ million)
Property, plant and equipment	9,083.61
Capital work in progress	56.76
Intangible assets	9.45

Particulars	As of March 31, 2017
	(₹ million)
Intangible assets under development	-
Total	9,151.82

Interest Service Coverage Ratio

The following table details the Company's interest coverage ratio in Fiscal 2016 and 2017 under Indian AS:

Particulars	Fiscal 2016	Fiscal 2017
	Ind AS (₹ million, except percentages)	
EBIT	2,484.11	2,275.18
Interest Expense	392.41	368.17
Interest Coverage Ratio	6.33	6.18

The following table details the Company's interest coverage ratio in Fiscal 2015 and 2016 under Indian GAAP:

Particulars	Fiscal 2015	Fiscal 2016
	Indian GAAP (₹ million, except percentages)	
EBIT	1,563.64	2,511.22
Interest Expense	410.25	367.79
Interest Coverage Ratio	3.81	6.82

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business including issue of compulsorily convertible preference shares, rent/ lease charges paid, loans given/repaid, trade advances taken/repaid and expenses paid / received, etc. For further information relating to our related party transactions, see "Financial Statements".

AUDITOR OBSERVATIONS

There are no qualifications highlighted by the auditors in their reports to our financial statements for the last five fiscal years.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risks during the normal course of business. Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk and commodity risk. We are exposed to commodity risk, interest rate risk, liquidity risk, and inflation risk in the normal course of our business.

Commodity risk

We are exposed to the price risk associated with purchasing our raw materials, which form the highest component of our expenses. We typically do not enter into long term formal arrangements with our customers. Therefore, fluctuations in the price and availability of raw materials may affect our business, cash flows and results of operations. We do not currently engage in any hedging activities against commodity price risk. For further information, see "Risk Factors – Changes in the market prices of iron ore and coking coal could adversely affect our results of operations."

Interest rate risk

We are exposed to market risk with respect to changes in interest rates related to our borrowings. Interest rate risk exists with respect to our indebtedness that bears interest at floating rates tied to certain benchmark rates as well as borrowings where the interest rate is reset based on changes in interest rates set by RBI. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, domestic and international economic and political conditions, inflation and other factors. Upward fluctuations in interest rates increase the cost of servicing existing and new debts, which adversely affects our results of operations and cash flows.

Inflation risk

India has experienced high inflation in the recent past, which has contributed to an increase in interest rates. High fluctuation in inflation rates may make it more difficult for us to accurately estimate or control our costs.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

Except as described in this Placement Document, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

KNOWN TRENDS OR UNCERTAINTIES

Other than as described in this Placement Document, particularly in the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

FUTURE RELATIONSHIP BETWEEN COST AND INCOME

Other than as described elsewhere in the sections "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

SEASONALITY OF BUSINESS

We do not believe that our business is seasonal in nature.

SIGNIFICANT DEPENDENCE ON A SINGLE OR FEW CUSTOMERS OR SUPPLIERS

Other than as described in this Placement Document, particularly in sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", to our knowledge, there is no significant dependence on a single or few customers or suppliers.

COMPETITIVE CONDITIONS

We operate in a competitive environment. See sections, *"**Our Business**"*, "***Industry Overview***" and "***Risk Factors***".

SIGNIFICANT DEVELOPMENTS AFTER SEPTEMBER 30, 2017 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed in this section including under "– Significant Factors Affecting Our Results of Operations and Financial Condition" and "Our Business", to our knowledge no circumstances have arisen since September 30, 2017, that could materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

INDUSTRY OVERVIEW

*Unless noted otherwise, the information in this section is obtained or extracted from "Assessment of ductile iron pipes market in India" dated June 2017 (the "***CRISIL Report***") prepared and issued by CRISIL Limited on our request and from various publicly available information, data and statistics derived from various government publications and industry sources, including publications of the Reserve Bank of India ("***RBI***") and reports that have been prepared by the World Bank that have the following disclaimer: "This is an adaptation of an original work by The World Bank. Views and opinions expressed in the adaptation are the sole responsibility of the author or authors of the adaptation and are not endorsed by The World Bank." Neither we nor any other person connected with the Issue have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.*

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INDIAN ECONOMY

The Indian economy with a gross domestic product ("**GDP**") at constant (fiscal 2012) prices for fiscal 2017 is estimated at ₹ 121,900 billion, showing a growth rate of 7,1% over the estimates of GDP for fiscal 2016 of ₹ 113,810 billion (*Source: Press Note on Provisional Estimates of Annual National Income, 2016-2017 and Quarterly Estimates of Gross Domestic Product for the Fourth Quarter of 2016-2017, Central Statistics Officer, Ministry of Statistics and Programme Implementation, Government of India, May 31, 2017*). The Indian economy in fiscal 2017 was marked by moderate expansion and macroeconomic stability, low inflation, and improvement in current account and fiscal deficits due to negative impacts from the global slowdown and the transient impact of demonetisation (*Source: Reserve Bank of India Annual Report 2016 - 2017*). Due to the slowdown in gross capital formation, the GDP growth in fiscal 2017 moderated, however, the Government of India ("**GoI**") and private consumption accelerated and held up aggregate demand. (*Source: Reserve Bank of India Annual Report 2016 - 2017*). The GDP at constant (fiscal 2012) prices in the first quarter of fiscal 2018 is estimated at ₹ 31,100 billion, showing a growth rate of 5.7% over the estimates of GDP in the first quarter of fiscal 2017 of ₹ 29,420 billion (*Source: Press Note on Estimates of Gross Domestic Product for the first quarter (April-June) 2017-2018, Central Statistics Office, Ministry of Statistics and Programme Implementation, Government of India, August 31, 2017)*. India's GDP growth slowed in fiscal 2017 amid disruptions due to demonetization and uncertainty leading up to the implementation of the Goods and Services Tax ("**GST**") in

July 2017. *(Source: World Bank. 2017. "Growth out of the Blue." South Asia Economic Focus (October), Washington, DC: World Bank. Doi: 10.1596/978-1-4648-1213-2. License: Creative Commons Attribution CC BY 3.0 IGO*)

However, the outlook for growth in India in fiscal 2018 has brightened, with the implementation of major policy reforms which would help to unlock bottlenecks to growth. (*Source: Reserve Bank of India Annual Report 2016 - 2017*). India's economic activity is expected to stabilize and maintain an annual GDP growth at 7% in fiscal 2018. India's growth is projected to increase gradually to 7.4% by fiscal 2020, reinforced by a recovery in private investment, which is expected to increase due to rise in public capital expenditure and an improvement in the investment scenario partly due to the implementation of GST and the Insolvency and Bankruptcy Code, 2016, and favourable measures to attract foreign direct investment. (*Source: World Bank. 2017. "Growth out of the Blue." South Asia Economic Focus (October), Washington, DC: World Bank. Doi: 10.1596/978-1-4648-1213-2. License: Creative Commons Attribution CC BY 3.0 IGO*)

The Union Budget 2017 announcements and the expectations of accelerated reforms and political stability further reinforced the overall positive business sentiment in India. The Union Budget 2017 reduced fiscal deficit from 3.9% of GDP in fiscal 2015 - 2016 to 3.5% in fiscal 2016 - 2017. (*Source: Reserve Bank of India - Financial Stability Report, June 2017*)

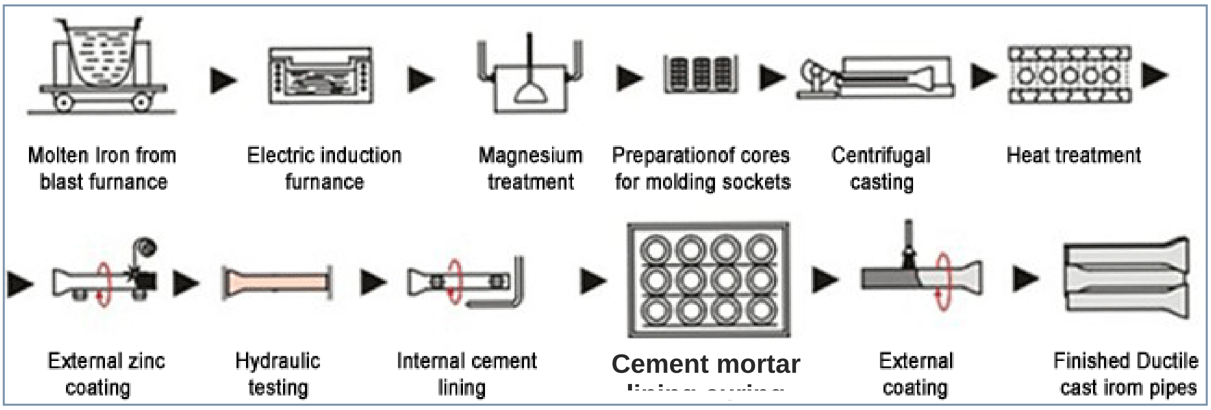
Consumer price inflation fell sharply in the first quarter of Fiscal 2018, driven down by a collapse in food inflation and a marked moderation in inflation in other components. However, the trajectory reversed in July 2017 and August 2017 as vegetable prices increased and prices of other goods and services compressed. CPI inflation was projected to pick up from 3.4% during August 2017 to 4.2% in the third quarter in fiscal 2018 and 4.6% in the fourth quarter of Fiscal 2018, reflecting the combined effects of unfavourable base effects, the upturn in food prices and the impact of the increase in the house rent allowances as announced by the GoI. (*Source: Reserve Bank of India – Monetary Policy Report, October 2017*) Consumer price inflation was 3.58% (provisional) in October 2017. (*Source: Press Release on Consumer Price Index Numbers on Base 2012=100 for Rural, Urban and Combined for the month of October 2017, Ministry of Statistics and Programme Implementation, Central Statistics Office, November 13, 2017*)

Inflation is expected to increase and economic activity is expected to recover, with an improvement in the services sector. The Reserve Bank of India's baseline projections for inflation for the fourth quarter (year-on-year) in Fiscal 2018 and Fiscal 2019 is 4.6% and 4.5%, respectively, and for real gross value added growth is 6.7% and 7.4% in Fiscal 2018 and Fiscal 2019, respectively. (*Source: Reserve Bank of India – Monetary Policy Report, October 2017*)

DUCTILE IRON PIPES INDUSTRY

Ductile iron ("DI") pipe is a pipe made of ductile cast iron, commonly used for potable water transmission and distribution. DI pipes have directly evolved from earlier cast iron pipes. Ductile iron is made by adding a closely controlled amount of magnesium alloy to molten iron of low phosphorous and sulphur content. The magnesium alloy addition produces a distinguished change in the microstructure, by causing the carbon in the iron to form a spheroidal or nodular shape (as contrasted to the flake form of graphite in grey cast iron), and at the same time, produces a finer grained iron matrix in the surrounding ferrite structure. As a result of this change, a far stronger and ductile material is obtained. (*Source: CRISIL Report*)

Manufacturing process of DI pipes

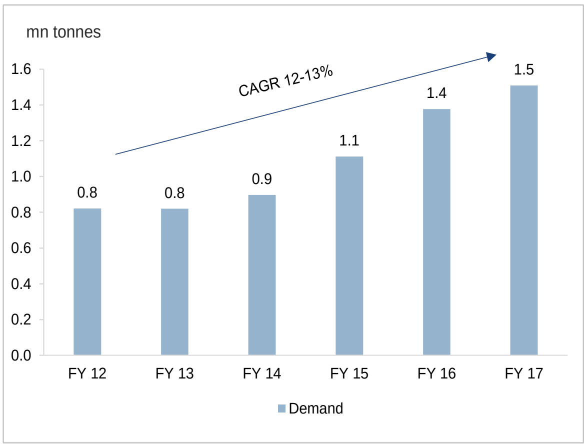


Source: CRISIL Report

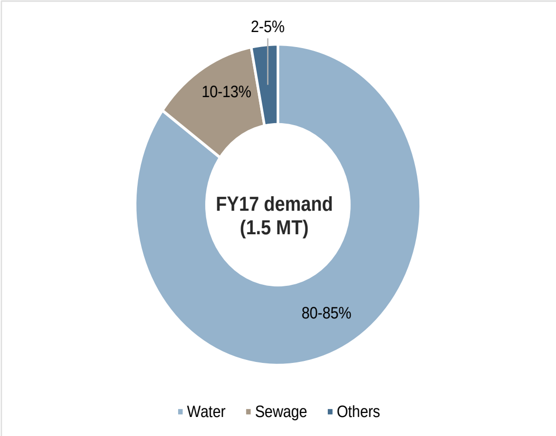
Demand of DI Pipes

DI pipes are primarily employed for water supply and sanitation ("WSS") projects. The major demand sources are public sector projects undertaken by central, state, and municipal level bodies. DI pipes consumption has witnessed a growth of 12% to 13% during 2012 and 2017. The key growth drivers have been (i) increased spending by state governments and municipal corporations to improve accessibility of water for an increasing population; (ii) GoI led schemes to augment WSS, such as, amongst others, Jawaharlal Nehru National Urban Renewal Mission, ATAL Mission for Rejuvenation and Urban Transformation and Swachh Bharat Mission; and (iii) increased government acceptance towards usage of DI pipes in WSS projects across India, resulting in higher penetration due to its various merits. (*Source: CRISIL Report*)

Estimated demand of DI pipes



Demand segmentation by end sectors

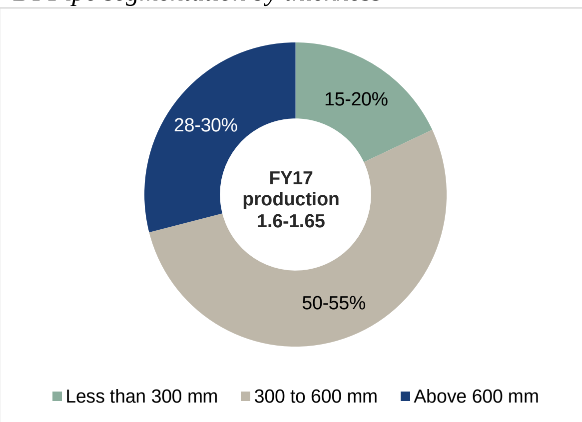


Note: The demand is not adjusted for end of year inventory.
Source: CRISIL Report

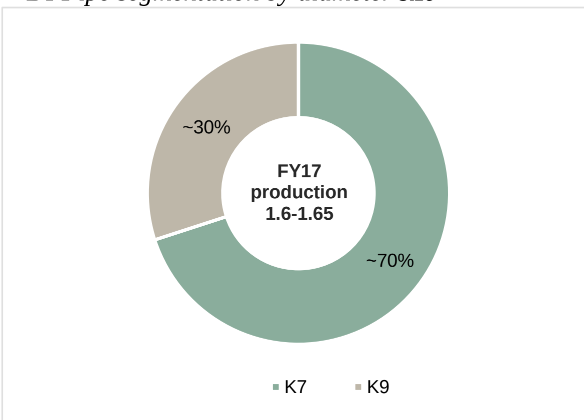
Segmentation by DI pipe specification

DI pipes can be classified based on diameters. DI Pipes are classified as (i) small pipes (80 millimetres to 300 millimetres); (ii) medium pipes (300 millimetres to 600 millimetres); and (iii) large pipes (above 600 millimetres). Small pipes are used as last mile distribution pipes while larger pipes are used for transmission. DI Pipes are manufactured on two thickness levels, namely, K7 (lower thickness) and K9 (higher thickness). (*Source: CRISIL Report*)

DI Pipe segmentation by thickness



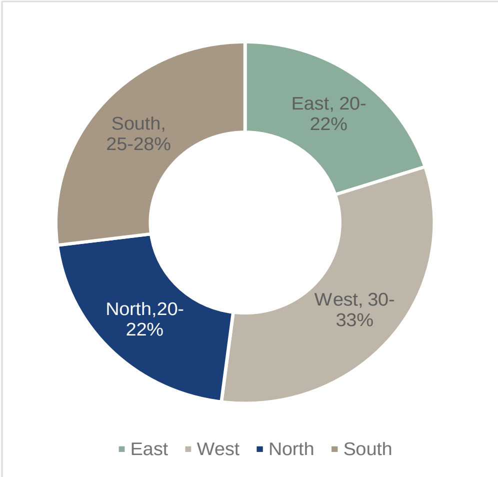
DI Pipe segmentation by diameter size



Source: CRISIL Report

Region wise demand segmentation of DI Pipe industry

DI pipe industry structure



Note:

i. *East - Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Sikkim, Tripura, West Bengal;*
ii. *West – Gujarat, Madhya Pradesh, Maharashtra;*
iii. *North – Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand; and*
iv. *South - Andhra Pradesh, Goa, Karnataka, Kerala, Puducherry, Tamil Nadu, Telangana.*

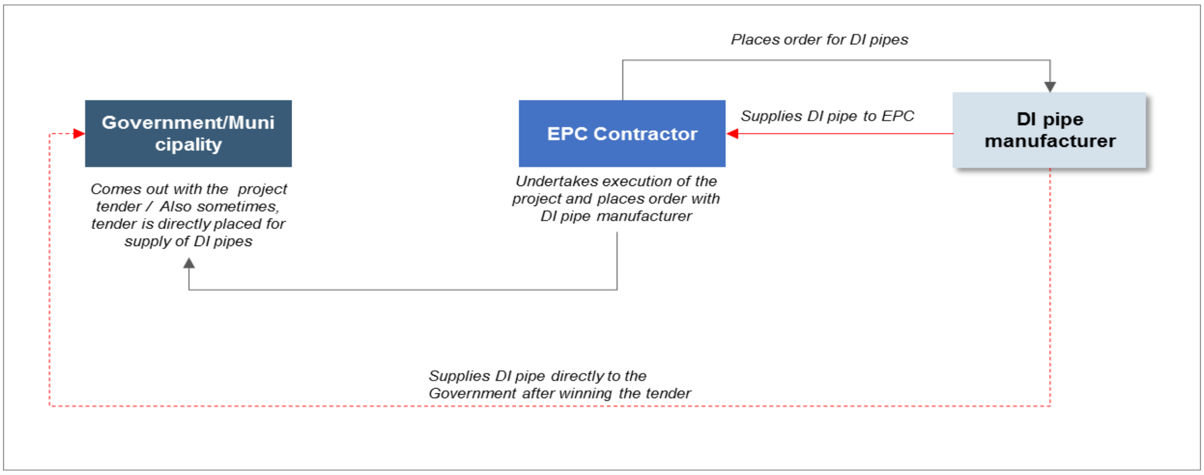
Source: CRISIL Report

Western India leads DI pipe consumption with higher investments especially in the state of Maharashtra. The municipal of Greater Mumbai had a capital expenditure of ₹ 128,000 million in Fiscal 2017 and the states of Gujarat and Madhya Pradesh also made significant investments in the infrastructure of WSS. Southern India contributes 25% to 28% to the DI pipe demand. Higher investments in newly formed capital of Amravati coupled with higher investments in Hyderabad and Bengaluru have resulted in an increase in DI pipe usage. The Telangana water grid project plans to lay 0.12 million kilometers stretch of pipelines for supplying water to towns and villages apart from providing water for the industrial needs and the GoI has released ₹ 60,000 million in Fiscal 2017 out of the total amount of ₹ 370,000 million planned to be used for the project. Other major demand centers in southern India are Kochi, Vizag, Coimbatore, Madurai and Vijaywada. (*Source: CRISIL Report*)

Eastern India contributes to 20% to 22% to the DI Pipes demand. The eastern India region houses relatively higher number of states, however, the DI pipe usage in hilly terrains of north east of India is limited due to its limitations of weight and diameter. Northern India contributes 20% to 22% to the DI Pipes demand. Rajasthan and Uttar Pradesh are the two major states in northern India with significant investments in WSS housing key demand pockets of Agra, Lucknow, Kanpur, Allahabad, Varanasi and Jaipur. Further, under the National Mission for Clean Ganga, investments are mainly focused towards Northern region. (*Source: CRISIL Report*)

DI pipes industry structure

DI pipe manufacturers can supply either directly to government or through engineering, procurement and construction ("EPC") contractors. Typically, tenders for large scale EPC projects are placed through EPC contractors, while those for medium scale or smaller scale works (repair, maintenance and distribution lines) may be placed directly with the DI pipe suppliers. Tenders for project execution typically specify the type of pipe (steel/DI) to be used in the project. The EPC contractor has the authority to finalise the design and the type of pipe. The order cycle for DI pipe suppliers is usually 6 to 12 months, with specific delivery schedules. (*Source: CRISIL Report*)



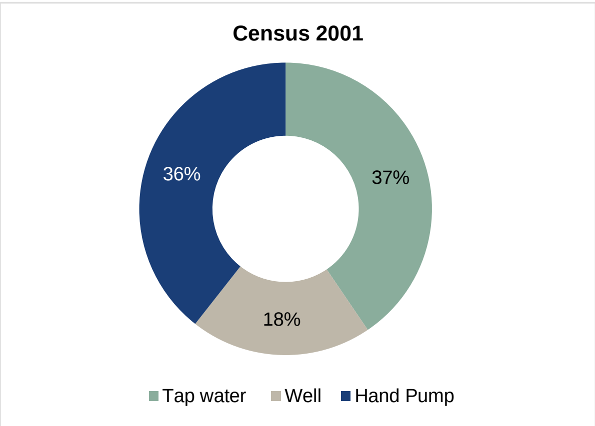
Source: CRISIL Report

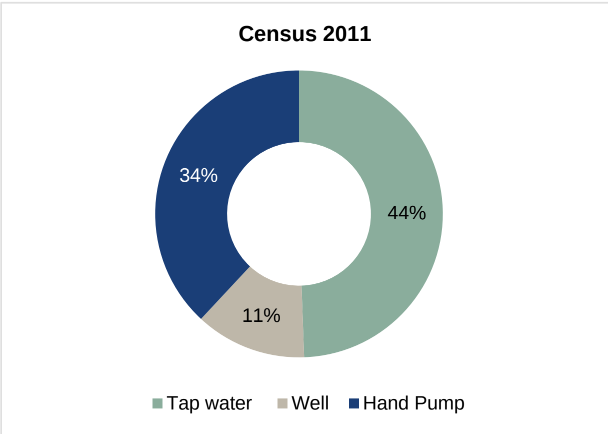
Key drivers of growth in DI pipes industry

Rising penetration of tap water in Indian households

Growth of the DI pipes industry growth is heavily dependent on government expenditure. Emphasis on WSS investments across central, state, and municipal levels have significantly boosted DI pipes demand from 2012 onwards. There has been a significant increase in tap water penetration in Indian households, led by the GOI's increased spend in this sector. The share of households drinking through tap water has risen from 37% in census 2001 to 44% in census 2011. (*Source: CRISIL Report*)

Total Indian households by main source of drinking water



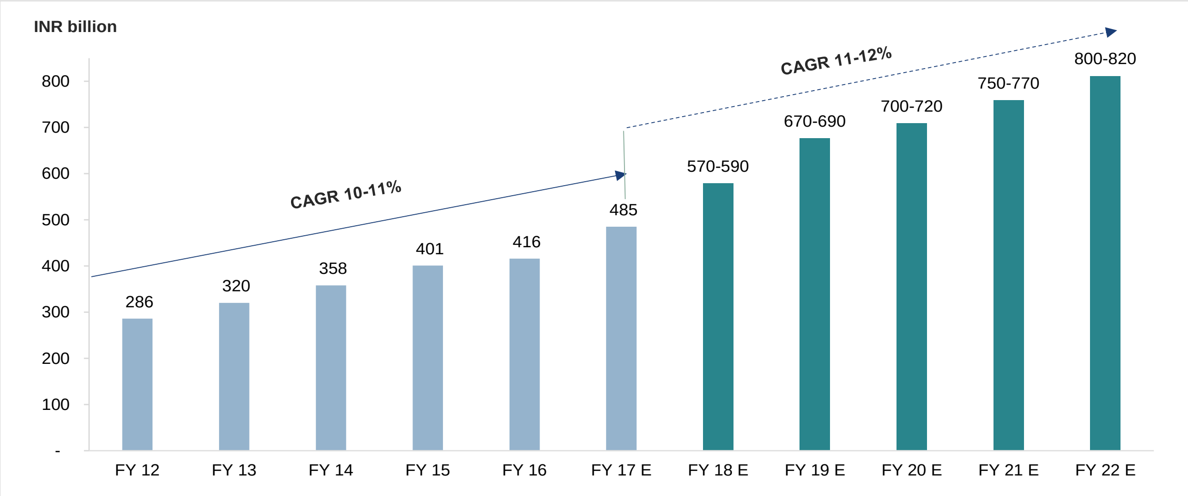


Source: CRISIL Report

Healthy growth in government investments towards WSS

The GoI spend in this sector has risen at a CAGR of 10% to 11% during 2012 to 2017, amounting to approximately ₹ 485 billion in Fiscal 2017. This has been led by several GoI schemes along with rising emphasis by municipal authorities, such as, Mumbai Metropolitan Region Development Authority and Mumbai and Pune Municipal Corporation. (*Source: CRISIL Report*)

Investments in WSS sector over the years (₹ billion)



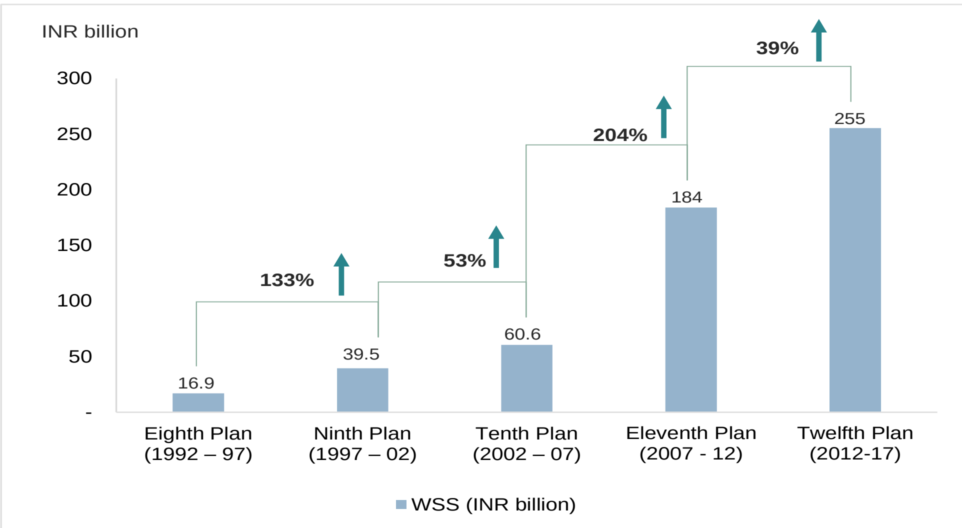
Source: CRISIL Report

The GoI's push on urban infrastructure development is expected to drive investment in this sector from 2017 to 2022. It is expected that a growth of 1.6 times in investments towards WSS will take place over 2017 and 2022. Primarily the state governments, through centrally sponsored programmes and investments by, amongst others, Municipal Corporations and Jal Nigams, will drive the investments. Gujarat, Rajasthan, Karnataka, Andhra Pradesh, Uttar Pradesh, and Telangana will potentially lead state investments in WSS projects. (*Source: CRISIL Report*)

Rising share of WSS in GoI's five year plans

Government outlay towards the WSS sector has significantly risen in the past few Five Year Plans; a sign of its heightened efforts to increase penetration of safe drinking water and improve sanitation facilities. It has introduced several programmes at the national level such as, amongst others, Jawaharlal Nehru National Urban Renewal Mission, ATAL Mission for Rejuvenation and Urban Transformation and Swachh Bharat Mission, to ensure regular funding and focused work in the sector. The share of WSS in the overall investment outlay of Five Year plans has increased from 0.1 per cent in 1950's to 4-6% in the past decade. (*Source: CRISIL Report*)

Central Government's five year plan investments towards WSS

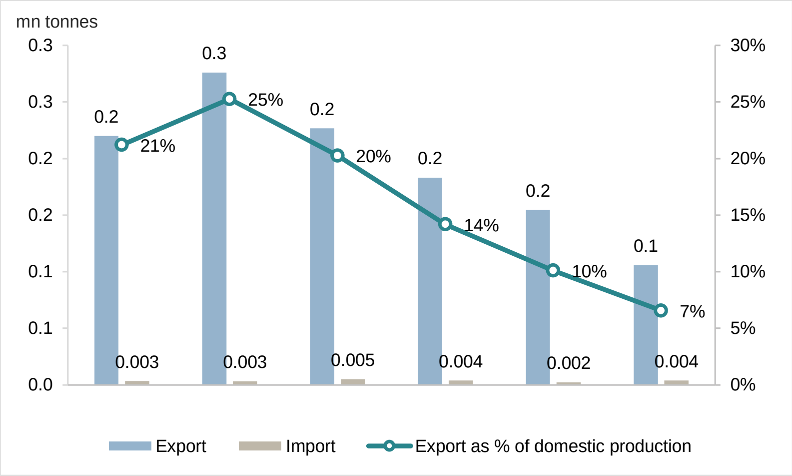


Source: CRISIL Report

Trade review of DI Pipes industry

India is a net exporter of DI pipes, a status that owes to an over-supplied domestic market, coupled with trade restrictions on imports, especially anti-dumping duty on Chinese DI pipes. (*Source: CRISIL Report*)

Import-export of DI pipes in India



Source: CRISIL Report

Exports

The share of exports in the overall production declined from 21% in Fiscal 2012 to 7% in Fiscal 2017. This has been led by an ever rising domestic demand, coupled with trade restrictions on India by the European Union. In September 2015, the European Union imposed an anti-dumping duty on the Indian DI pipe industry. While the original duty was up to 32%, it was revised to 19% in August 2016. For Electrosteel Castings, the duty imposed was only 4%. Jindal SAW and Electrosteel Castings are the major exporters of DI pipes from India. Europe remains the primary export market for Indian DI pipe manufacturers, especially France, Italy, and Spain. Other key markets include United Arab Emirates, Turkey, and Sri Lanka. (*Source: CRISIL Report*)

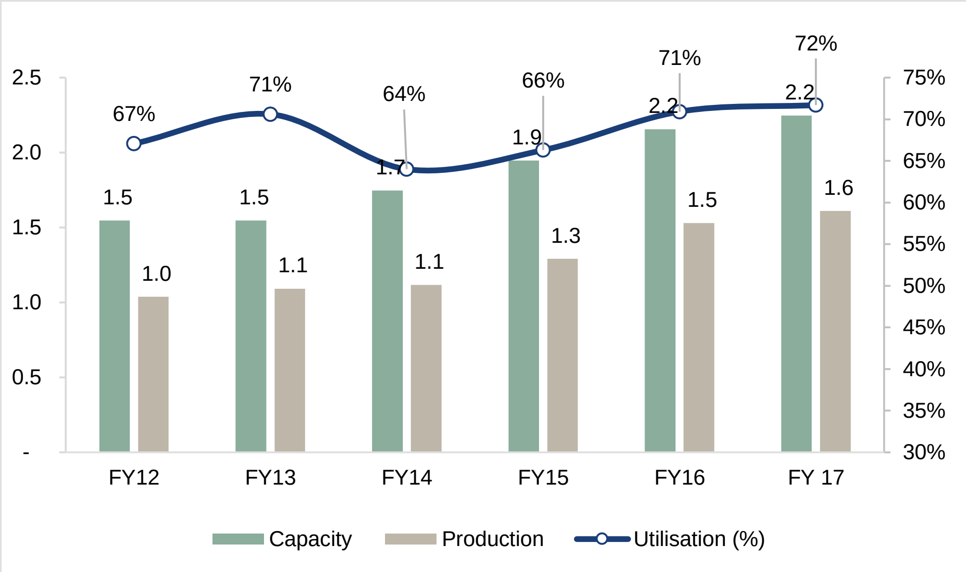
Imports

Indian imports of DI pipes are very limited, as the market is already saturated. Further, anti-dumping on Chinese DI pipes also restricts imports. Supplying to public sector projects involves a higher credit cycle, bureaucratic procedures, and other operational challenges, which result in tepid interest from foreign players. In Fiscal 2007, the GoI imposed an anti-dumping duty on Chinese steel pipes from 2007 till 2012, after detailed investigation on imports during Fiscal 2004 and Fiscal 2006. Imports had shot up by 48% in Fiscal 2005. Duty was revised further in Fiscal 2012, after investigation on Chinese exports to other countries, where it continued to sell DI pipes at a lower price. The duty imposed was $ 139 per tonne. Currently, the major exporters to India for DI pipes are the United States and Canada. (*Source: CRISIL Report*)

Supply review of DI pipes

The DI pipe industry is primarily an organised market dominated by a few key players. Currently, there are eight to ten DI pipe manufacturers in India, concentrated in the east and south regions of India. The aggregate capacity in the sector has risen from 1.5 million tonnes in Fiscal 2012, to 2.25 million tonnes in Fiscal 2017. TATA Metaliks, Electrosteel Steel, Sathavahana Ispat, and Srikalahasti Pipes have added capacities during 2012 and 2017. While Electrosteel Steel and Sathavahana Ispat have commissioned greenfield capacities, the TATA Metaliks and Srikalahasti Pipes have expanded existing plant capacities. Srikalahasti Pipes expanded capacity by 75,000 tonnes per annum by the end of Fiscal 2017. (*Source: CRISIL Report*)

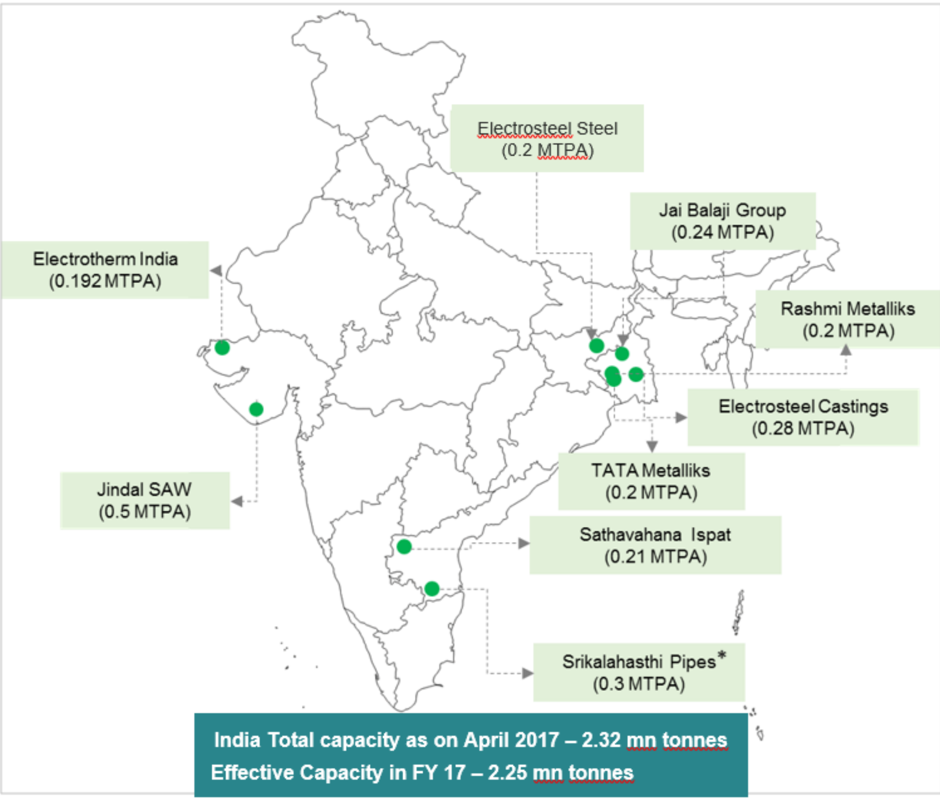
DI Pipe industry supply dynamics



Note: Capacities are indicative of effective capacities (it does not include the 75,000 tonnes per annum capacity of Srikalahasti Pipes which was commissioned in March 2017)
Source: CRISIL Report

In the eastern region, West Bengal houses four manufacturing units, while Jharkhand, another key state for metal industry, houses one. Availability of raw material in the eastern region, and the thriving ecosystem for the iron and steel industry, has led players to add capacities in the region. (*Source: CRISIL Report*)

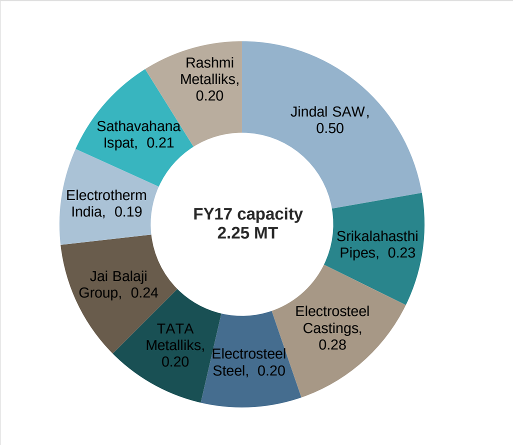
DI pipe plants in India



*Note: * Capacities are as of April 2017. It includes 75,000 tonnes per annum capacity of Srikalahasti Pipes which was commissioned in March 2017. Effective capacity does not consider Srikalahasti Pipes' capacity addition.*
Source: CRISIL Report

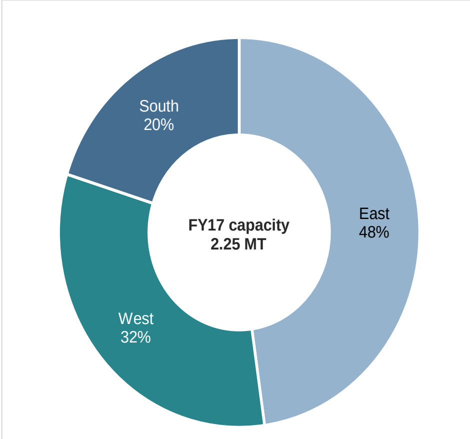
Jindal SAW has the largest DI pipe plant in the country in Mundra, Gujarat, with a capacity of 0.5 million tonnes per annum. Electrosteel Group has plants in Jharkhand (Electrosteel Steel), West Bengal (Electrosteel Castings) and Andhra Pradesh (Srikalahasti Pipes). (*Source: CRISIL Report*)

Player wise capacity in Fiscal 17



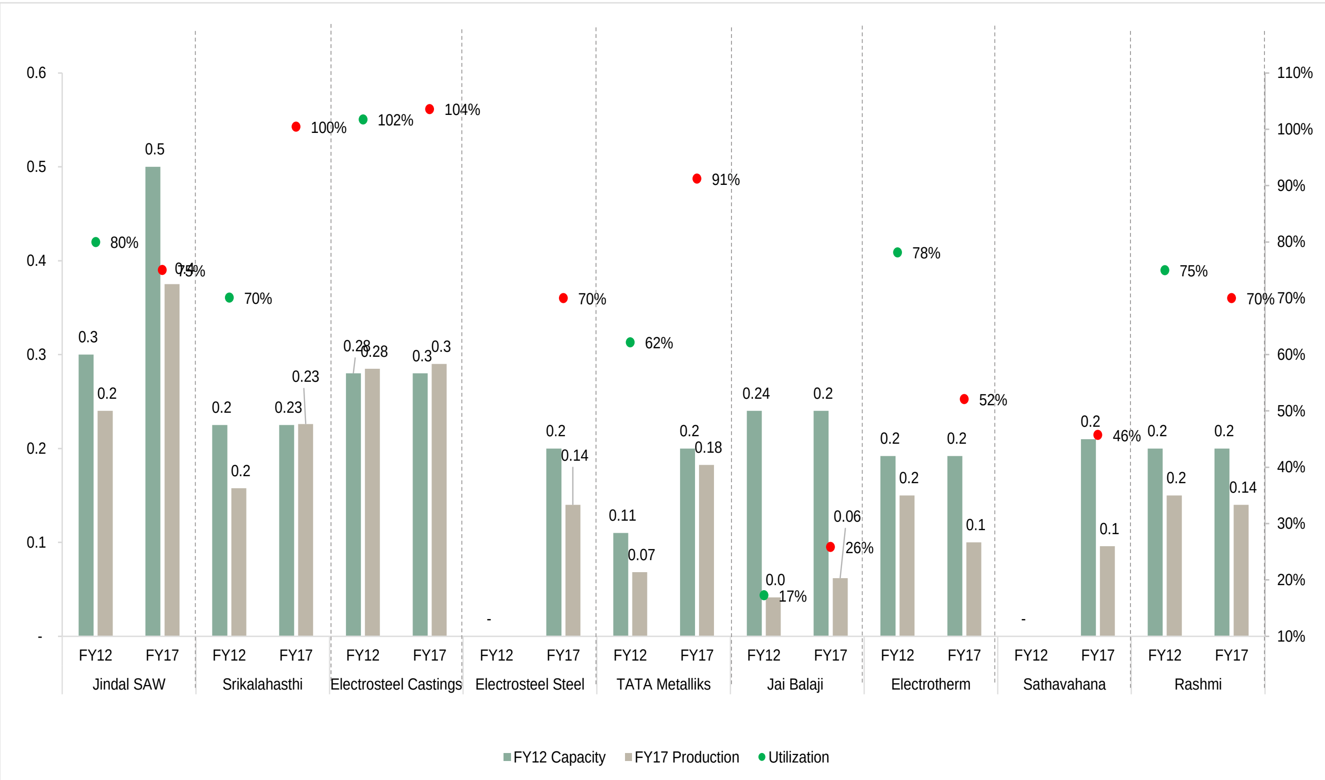
Note: Capacities are indicative of effective capacities (it does not include the 75,000 tonnes per annum capacity of Srikalahasti Pipes which was commissioned in March 2017)
Source: CRISIL Report

Region wise capacity in Fiscal 17



Note: Capacities are indicative of effective capacities (it does not include the 75,000 tonnes per annum capacity of Srikalahasti Pipes which was commissioned in March 2017)
Source: CRISIL Report

Player wise capacity and production dynamics



Source: CRISIL Report

Player wise production and utilization levels indicate that Electrosteel Castings, Srikalahasti Pipes and TATA Metaliks operate at relatively higher utilization rates. Electrotherm India, Sathavana Ispat and Jai Balaji Group are running at lower utilization levels, pulling down the aggregate utilization level of the industry. TATA Metaliks has been able to significantly increase its utilization during 2012 and 2017 by nearly doubling their capacity. Jindal SAW has added significant capacity making it the largest individual DI pipe maker in India. Jindal SAW is also engaged in other pipes manufacturing such as SAW and seamless, which provides a relatively higher operational leverage. (*Source: CRISIL Report*)

Manufacturing capabilities of suppliers

DI pipe diameters range varies from 80 millimeters to 1,200 millimeters. All players have the facility to manufacture below 800 millimeters pipes which are the most widely used DI pipes in India. Electrotherm and Electrosteel Steel have capability to produce up to 1,200 millimeters pipes. In terms of thickness, all the manufacturing players are capable of producing K7 and K9 pipes. (*Source: CRISIL Report*)

Player wise manufacturing capabilities

Source: CRISIL Report

Demand outlook of the DI Pipe Industry

During 2017 and 2022, the DI pipe demand is expected to witness a growth rate of 11% to 13%. The demand growth is expected to come majorly from the southern and western regions of India, followed by the northern and eastern regions of India. The GoI's continuous efforts on increasing the penetration of tap water and improving sewage facilities under various schemes will continue to support the sector during 2017 and 2022, which shall be facilitated by:

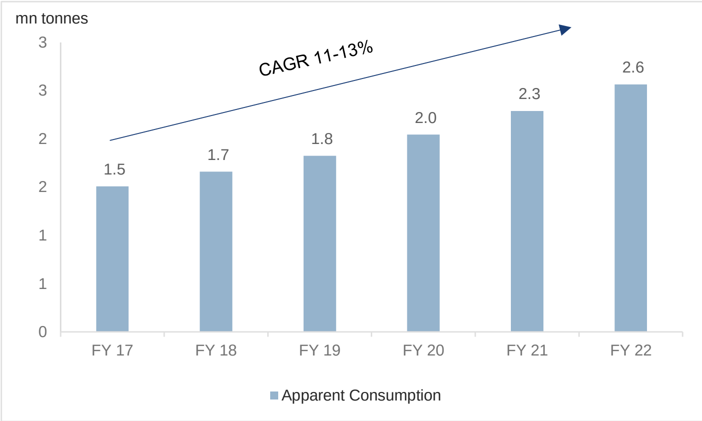
- Several GoI's schemes such as, amongst others, ATAL Mission for Rejuvenation and Urban Transformation, Swach Bharat Abhayan and National Clean Ganga Mission;

- City level water grids planned by the state and municipal corporations such as, amongst others:

  - Telangana water grid project (₹ 370,000 million for laying 0.12 million kilometers of pipelines for supplying water to towns and villages apart from providing water for the industrial needs);
  - Marathwada water grid project to resolve water issues in the district;
  - Silk city water project at Behrampur, Odisha (₹ 5,820 million) for resolving drinking water problem of Berhampur and also for supplying water to 52 villages in Aska, Hinjili, Sheragada and Kukudakhandi blocks in Ganjam district. (*Source: CRISIL Report*)

Further, it is also expected that DI pipes can potentially find newer application in open water irrigation applications which will provide additional push to this sector. (*Source: CRISIL Report*)

Demand outlook for DI pipe



Source: CRISIL Report

Demand for higher gauge pipe (larger diameter) is also expected to rise on account of larger size of projects for requiring higher volume of water flow through the system. (*Source: CRISIL Report*)

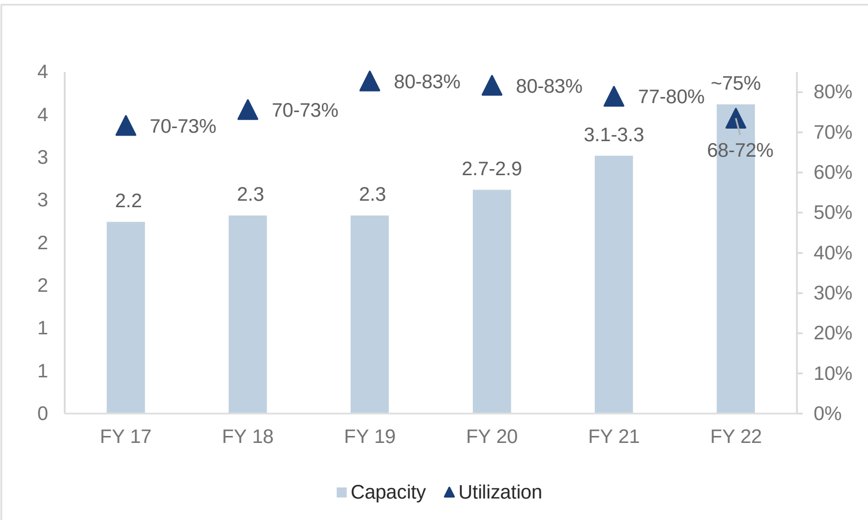
Supply outlook of the DI Pipe Industry

Capacity and utilization

It is expected that 1.4 million tonnes of DI pipe capacity will be added during 2017 and 2022 primarily led by brownfield expansion by key players. Sesa Goa, part of Vedanta Group is planning to set up a 1 million tonne greenfield integrated pig iron (0.7 million tonne) and DI plant (0.3 million tonne) in Jharkhand and Vedanta has recently applied for environmental clearance for the project. Rashmi Metaliks is also planning to increase its current capacity phase wise to 0.5 million tonne during 2017 and 2022 and has also sought environmental clearance for this brownfield expansion at its plant in West Bengal. (*Source: CRISIL Report*)

Other companies with a strong market share, higher utilization rates and relatively better financial prowess are also expected to increase capacity (mainly brownfield) during 2017 and 2022. Jindal SAW, TATA Metaliks, Srikalahasti Pipes and Electrosteel Castings are the leading players who might undertake expansion with the increasing demand. It is expected that utilization will rise in the near term with strong demand growth amidst muted capacity additions. However, post Fiscal 2020, it is expected that capacity additions from Vedanta and other key players will materialize, thereby, resulting in a decline in utilization level to 68% to 72% in Fiscal 2022. Key players like TATA Metaliks, Srikalahasti Pipes, Electrosteel Castings and Jindal SAW are already operating at much higher rate than the average utilization rate of the industry and can potentially add capacities. (*Source: CRISIL Report*)

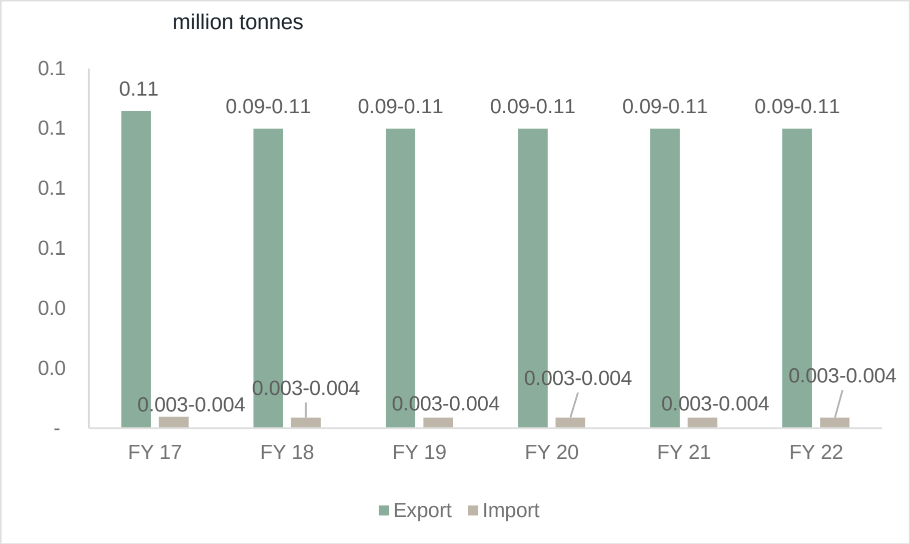
Supply and utilization outlook



Source: CRISIL Report

Trade outlook of the DI Pipe Industry

DI Pipe trade outlook



Source: CRISIL Report

DI pipe trade is expected to remain largely range bound during 2017 and 2022. This is on account of the import restrictions which is likely to continue on the Chinese DI pipes due to protectionist nature of the government towards iron and steel industry. Further, anti-dumping on Indian DI pipe manufacturers in Europe will restrict exports from India Additionally, a strong demand growth in the domestic market will push manufacturers to cater to the local demand. (*Source: CRISIL Report*)

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors affecting our Financial Condition and Results of Operations", for a discussion of certain factors that may affect our business, financial condition or results of operations.

In this section, unless the context otherwise requires, a reference to "our Company", "we", "us" or "our" refers to Srikalahasthi Pipes Limited.

Our Company's fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year.

We were required to prepare our financial statements in accordance with Ind AS for Fiscal 2017 (together with the corresponding financial statements under Ind AS for Fiscal 2016). Our historical financial statements for Fiscal 2015 and for Fiscal 2016 were originally prepared in accordance with Indian GAAP. Ind AS varies in many respects from Indian GAAP, and accordingly our Ind AS financial statements for Fiscal 2016 and Fiscal 2017 and that for the six months ended September 30, 2017 are not comparable with our historical Indian GAAP financial statements for Fiscal 2015 and Fiscal 2016. Our Ind AS financial Statements for Fiscal 2016 and Fiscal 2017, also includes reconciliation statements of the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards. For further information, see "Risk Factors – We were required to prepare and present our financial statements under Ind AS with effect from April 1, 2016. Our Ind AS financial statements for Fiscal 2016 and Fiscal 2017 and for the six months ended September 2017 are not comparable with the historical Indian GAAP financial statements for Fiscal 2015 and Fiscal 2016 included in this Placement Document." and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Statement of Reconciliation between Ind AS and Indian GAAP".

Indian GAAP and Ind AS differ in certain respects from IFRS and U.S. GAAP. Accordingly, the degree to which our financial statements included in this Placement Document will provide a meaningful information to a prospective investor is entirely dependent on such reader's level of familiarity with Indian accounting processes and practices.

Unless otherwise indicated, all financial information included in this section has been derived from our Ind AS financial statements for Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017.

The industry data included in this section has been derived from the CRISIL Report, which has been commissioned by the Company from CRISIL Limited.

Overview

We are one of the leading manufacturers of ductile iron pipes ("DI Pipes") which is used in potable water transmission and distribution (*Source: CRISIL Report*). As of April 2017, we had a market share of approximately 12.93% of the total DI Pipes plants capacity in India (*Source: Based on information derived from the CRISIL Report*). In addition, as of April 2017, we had a market share of approximately 58.82% of the total DI Pipes plant capacity in southern region of India, as specified in the CRISIL Report; see "Industry Overview – Ductile Iron Pipes Industry – Supply review of DI Pipes".

We are engaged in the manufacturing of the following products:

DI Pipes. Our portfolio of products includes DI Pipes with diameters ranging from 100 mm to 1,100 mm. We sell our DI Pipes across India under the brand *SRIPIPES*. In Fiscal 2016, Fiscal 2017 and in the six months ended September 30, 2017, DI Pipes contributed 84.49%, 81.41% and 77.13% of our revenues from operations in these periods.

Pig Iron. We manufacture basic and foundry grade pig iron used by precision product manufacturers. We manufacture pig iron primarily for captive consumption.

Coke. We manufacture low ash metallurgical coke primarily for captive consumption with any surplus sold to local factories and foundries.

Cement. We manufacture portland slag cement, primarily used in civil applications, using slag and coke fines. We sell our portland slag cement under our brand *SPL Gold* and use some of the cement produced for captive consumption.

Other products. As part of our manufacturing operations, we also produce certain by-products including steel scrap and granulated slag

We have an integrated manufacturing facility at Srikalahasthi, Chittoor District, Andhra Pradesh, located near Tirupati. Our manufacturing facility includes a DI pipe plant, coke oven plant, mini blast furnace ("**MBF**") plant, sinter plant, cement plant and captive power plants along with sewage treatment facilities. Our manufacturing operations have received various quality standard certifications, including the Environment Management System Standard: ISO 14001:2015 by DNV Business Assurance and the Quality Management System Standard: ISO 9001:2015 by DNV Business Assurance.

We primarily procure orders for our DI Pipes on a purchase order basis or engineering, procurement and construction ("EPC") contractors, who procure these orders through the government tender process, and award such orders to us. We supply our DI Pipes to various government agencies including water boards and State municipal corporations as well as turnkey contractors appointed by government authorities for water infrastructure projects across India.

In Fiscal 2016, Fiscal 2017 and in the six months ended September 30, 2017, our revenue from operations were ₹ 11,776.70 million, ₹ 12,034.01 million and ₹ 7,808.17 million, respectively, while our profit after tax was ₹ 1,553.20 million, ₹ 1,402.32 million and ₹ 736.11 million, respectively.

Strengths

Well-positioned to benefit from the growth in the DI Pipes industry

We have more than 15 years of experience in the DI Pipes industry. As of April 2017, we had a market share of approximately 12.93% of the total DI Pipes plants capacity in India (*Source: Based on information derived from the CRISIL Report*). In addition, as of April 2017, we had a market share of approximately 58.82% of the total DI Pipes plant capacity in southern region of India, as specified in the CRISIL Report; see "Industry Overview – Ductile Iron Pipes Industry – Supply review of DI Pipes". We offer a comprehensive range of DI Pipes with diameters ranging from 100 mm to 1,100 mm, together with gaskets. Our quality, reliability and prompt delivery of products have enabled us to procure orders from EPC contractors, who in turn are awarded contracts from the government and governmental agencies for their water infrastructure projects.

The DI Pipe industry has been growing at a CAGR of 12% to 13% between 2012 and 2017 and is expected to grow at a CAGR of 11% to 13% between 2017 and 2022. The key reasons for the growth in the DI Pipes industry has been increased spending by state government and municipal corporations to improve accessibility of water, GoI schemes, such as, amongst others, Jawaharlal Nehru National Urban Renewal Mission, ATAL Mission for Rejuvenation and Urban Transformation and Swachh Bharat Mission and increased government acceptance towards usage of DI Pipes in the water supply and sanitation projects. In addition, several State and municipal corporations will also help in facilitating the growth of the DI Pipes industry through projects such as, amongst others, the Telangana water grid project, the Marathwada water grid project and the Silk City water project. During 2012 and 2017, the central and state government increased spending at a CAGR of 10% to 11%, aggregating to ₹ 485,000 million in Fiscal 2017. Further, it is expected that 1.4 million tonnes of DI Pipes will be added between 2017 and 2022. (*Source: CRISIL Report*)

We believe that DI pipes will continue to be the preferred choice over other classes of pipes for transportation of water and sewerage due to inherent features such as long service life, high ductility and busting strength, higher corrosion and abrasion resistance. In addition, we believe that our business will benefit from various government initiatives including the National Rural Drinking Water Programme for provision of safe, adequate drinking water to rural areas, the Telangana Drinking Water Supply Project for drinking water supply across the State of Telangana, the Swachh Bharat Abhiyan programme aimed at providing sanitation to all rural areas and the development of "smart cities" under the ATAL Mission for Rejuvenation and Urban Transformation.

We believe that we are well positioned to capitalise on the growth in the DI Pipe industry based on our execution track record, our long operational history, integrated manufacturing facility and efficient raw material and stringent quality management. Further, the DI Pipe industry in India has high entry barriers, and as a result there are relatively few large-scale suppliers of DI Pipes in India.

Integrated manufacturing facility with an emphasis on waste management and quality

We have an integrated manufacturing facility, which includes a sinter plant, a coke oven plant, captive power plants, a mini blast furnace and a sewage treatment plant. Our manufacturing facility produces pig iron, coke and cement which are the key raw materials required to manufacture our DI Pipes. Further, a significant portion of our limestone requirement for our cement production is met from three mines located in the same State as our manufacturing facility. Our integrated manufacturing facility helps us to minimize our manufacturing costs and enables us to competitively price our products. Our manufacturing operations have received various quality standard certifications, including the Environment Management System Standard: ISO 14001:2015 by DNV Business Assurance and the Quality Management System Standard: ISO 9001:2015 by DNV Business Assurance.

We also focus on minimizing the environmental impact of our business operations through recovery, re-use and recycling of waste and by reducing our ecological footprint. In order to achieve waste management, we have entered into an arrangement with Tirupati municipal corporation to supply sewage water generated at the Tirupati municipality to our manufacturing facility. Our sewage treatment facility treats the sewage water and utilizes it in the manufacture of our products. A significant portion of our water requirement for our manufacturing facility is met through this arrangement. Similarly, the slag from our mini blast furnace is used to manufacture cement and bricks and the power requirement for our manufacturing plant is sourced from our two captive power plants which produces power from the heat generated from our coke oven plant and mini blast furnace. We continuously endeavour to improve our cost competitiveness by adopting such innovative and cost saving measures in our operations.

In addition, we focus on specific product and service requirements of our customers to develop customer loyalty. We have developed comprehensive quality management procedures for every stage of our manufacturing processes to ensure constant monitoring and control. Our quality assurance team ensures the manufacturing processes and quality management systems are subject to periodic reviews. We have also received BSI KiteMark certifications issued by the British Standards Institution with respect to our DI Pipes, fittings, accessories and their joints for water pipelines and water and sewerage applications, which also enables us to export our products.

Raw material management and strategically located manufacturing facility

Raw material costs are a major component of our operating costs. In Fiscal 2016 and 2017 and in the six months ended September 30, 2017, cost of materials consumed were ₹ 4,831.29 million, ₹ 4,760.40million and ₹ 3,795.36 million, respectively. Accordingly, we believe that efficient raw material procurement has a direct result on our products and manufacturing process. Principal raw materials used in our manufacturing operations include pig iron, coke and cement.

We have an experienced raw material procurement and inventory management team focused on forecasting, planning and inventory control. We believe our ability to place bulk orders for coking coal enables us to negotiate better rates with suppliers and reduce inventory carrying costs. We intend to bid for iron ore mines to further support our backward integration and cost competitiveness. We believe this will allow us to reduce manufacturing expenses and enable us to secure our iron ore requirements to an extent. In addition, we have also set up our own electrified railway siding utilized for transportation of some of our raw materials directly to our manufacturing facility.

Our manufacturing facility is strategically located in close proximity to the ports at Krishnapatnam, Chennai and Ennore. Internal transport handling supported by advanced equipment and machinery including tippers, pay-loaders, cranes and forklifts, further enable us to ensure efficient raw material management. The strategic location of our manufacturing facility together with our ability to implement efficient raw material management enables us to manage manufacturing costs and price our products in a competitive manner.

Experienced promoter and management team

We benefit from the experience of our Promoter and the senior management team who have extensive industry knowledge and experience. Our Promoter, a thought leader in the DI Pipes industry, played a key role in the development of our business. Our Promoter is actively involved in our operations, and together with our senior management, has been instrumental in implementing our growth strategies and expanding our business through various process improvements and successful integration of our manufacturing facility.

We believe that the industry knowledge and experience of our Promoter and senior management team provide us a significant competitive advantage. In addition, we have an experienced and qualified team of employees. Our personnel policies are focused on recruiting qualified and talented individuals, facilitating their integration, providing a conducive work environment, and promoting the development of their skills, including through in-house and external training programmes.

Our Strategies

Increase our manufacturing capacity and improve our operational efficiency

Our manufacturing capacities and integrated facilities have enabled us to ensure product quality, achieve better production planning for deliveries and higher level of customization. We continue to focus on increase manufacturing capacity and improve utilization of our existing capacities to realize cost efficiencies. We have over the years made significant investments in expanding our manufacturing capabilities. In Fiscal 2017, we increased the manufacturing capacity of our DI Pipes facility from 225,000 TPA to 300,000 TPA. Further, our manufacturing facility is situated in a centralized complex spread over 330 acres of land owned by us. Currently, only a portion of this land has been utilized for our manufacturing facility, and we intend to utilize the surplus land situated around our manufacturing facility to increase our manufacturing capacity.

We have successfully launched multiple operational initiatives focused on increasing plant efficiency and productivity to enable us to manufacture our products at lower costs. We have also implemented cost saving measures by setting up a pulverized coal injection facility in our mini blast furnace plant and upgrading our mini blast furnace plant. We aim to continue implementing such initiatives to improve our asset utilization by operating our plants more efficiently and at higher operating levels, which will help us increase our margins. We also intend to continue to improve our operational reliability through inventory management programs and comprehensive predictive and preventive maintenance programs. We intend to continue to upgrade our processes and systems to take advantage of new technologies and include balancing equipment to improve our process and product efficiencies. Further, we intend to focus on scale-driven procurement efficiency improvements through our procurement team and also prioritize opportunities that generate attractive returns on invested capital.

Continue to focus on backward integration

Our manufacturing facility produces pig iron, coke and cement which are the key raw materials required to manufacture our DI Pipes. Our integrated manufacturing facility helps us to minimize our production cost and enable us to competitively price our products. In addition, the power requirement for our manufacturing facility is sourced from our two captive power plants that produce power from the heat generated from our coke oven plant and mini blast furnace. We intend to continue to focus on enhancing such backward integration.

We aim to bid for iron ore mines to support our cost competitiveness and secure our iron ore requirements from captive sources. Additionally, we are in the process of installing an additional coke oven battery and increasing the capacity of our captive power plants as a part of our backward integration strategy.

Enhance market share

The DI Pipe industry has been growing at a CAGR of 12% to 13% between 2012 and 2017 and is expected to grow at a CAGR of 11% to 13% between 2017 and 2022. Further, it is expected that 1.4 million tonnes of DI Pipes will be added between 2017 and 2022. (*Source: CRISIL Report*) We believe that we are well positioned to capitalize on this growth in the DI Pipe industry owing to our strong execution track record, long operational history, integrated facility and efficient raw material and quality management. As of April 2017, we had a market share of approximately 12.93% of the total DI Pipes plants capacity in India (*Source: Based on information derived from the CRISIL Report*). In addition, as of April 2017, we had a market share of approximately 58.82% of the total DI Pipes plant capacity in southern region of India, as specified in the CRISIL Report; see “Industry Overview – Ductile Iron Pipes Industry – Supply review of DI Pipes”.

We intend to continue to explore both organic and inorganic growth opportunities by making strategic investments that may act as an enabler for further growing our business and market share. We intend to selectively pursue opportunities that will consolidate our market position as an integrated DI Pipe manufacturer, enhance our financial position, and increase our sales, customers and geographical reach. We aim to continue to improve on quality, execution and timely delivery of products and efficient after sale services.

In addition, we intend to continue to highlight to our customers the qualitative and structural benefits provided by DI pipes in comparison to other types of pipes. We also intend to continue to leverage our strategic alliances with turnkey contractors and other channel partners and peripheral vendors including gaskets and fittings manufacturers to enter into cost-effective pre-bid arrangements to enable us to obtain large project orders. We intend to leverage our design and customer support capabilities to target key accounts and rate contracts with various GoI and state government agencies. We expect to capitalize on the increasing demand for DI pipes in several international markets and commence exporting our DI pipes to international markets which would further enhance our market share and geographical reach.

Key Milestones

Calendar Year	Major Milestones
1991	Incorporated as "Lanco Ferro Limited"
1994	Name changed to "Lanco Industries Limited"
1994	Equity shares listed on the BSE
2002	Electrosteel Castings Limited acquired control of Lanco Industries Limited and Lanco Kalahasthi Castings Limited
2003	Lanco Kalahasthi Castings Limited was merged into Lanco Industries Limited
2007	Equity shares listed on NSE
2014	Name changed to "Srikalahasthi Pipes Limited"

Our Products

We manufacture DI Pipes; pig iron; cement; coke and other products. We also trade surplus coal procured by us.

The following table sets forth certain information relating to revenues from operations under Ind AS in the periods indicated:

Business	Fiscal 2016		Fiscal 2017		Six months ended September 30, 2017	
	Revenue from Operations	As % of Total Income	Revenue from Operations	As % of Total Income	Revenue from Operations	As % of Total Income
	(Audited)				(Unaudited)	
(Ind AS)						
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Sale of Manufactured Products						
DI Pipes	9,950.76	84.49%	9,797.08	81.41%	6,022.45	77.13%
Pig Iron	385.14	3.27%	74.24	0.62%	65.30	0.84%
Cement	280.88	2.39%	304.12	2.53%	115.97	1.49%
Coke	159.81	1.36%	363.91	3.02%	459.83	5.89%
Other Products	705.94	5.99%	729.72	6.06%	392.99	5.03%
Sale of Traded Products						
Coal	294.15	2.51%	764.91	6.36%	751.70	9.63%

The following table sets forth certain information relating to revenues from operations under Indian GAAP in the periods indicated:

Business	Fiscal 2015		Fiscal 2016	
	Revenue from Operations	As % of Total Revenue	Revenue from Operations	As % of Total Revenue
(Indian GAAP)				
	(₹ million)	(%)	(₹ million)	(%)
Sale of Manufactured Products				

Business	Fiscal 2015		Fiscal 2016	
	Revenue from Operations	As % of Total Revenue	Revenue from Operations	As % of Total Revenue
(Indian GAAP)				
DI Pipes	8,328.62	74.16%	9,950.76	84.49%
Pig Iron	773.21	6.88%	385.14	3.27%
Cement	266.83	2.38%	280.88	2.39%
Coke	384.01	3.42%	159.81	1.36%
Other Products	938.93	8.36%	705.94	5.99%
Sale of Traded Products				
Coal	538.81	4.80%	294.15	2.51%

DI Pipes

DI Pipe is a pipe made of ductile cast iron, commonly used for potable water transmission and distribution (*Source: CRISIL Report*). We manufacture DI Pipes with diameters ranging from 100 mm to 1,100 mm. We sell our DI Pipes across India under the brand *SRIPIPES*. Our large diameter DI Pipes are used to transport water to and from water sources, treatment centers and used to manage drainage across transportation corridors while our smaller diameter DI Pipe are used to deliver potable water to and remove wastewater from residential and commercial establishments. We supply DI Pipes with inside cement mortar lining and outside zinc rich epoxy paint followed by bituminous coating or blue epoxy coating.

Pig Iron

Pig iron is an intermediate product in smelting iron ore and is primarily manufactured for captive consumption. Pig iron is casted from the liquid metal not immediately converted into DI Pipes. Pig iron can be re-melted for conversion into DI Pipes, and surplus pig iron can be sold. We manufacture basic and foundry grade pig iron, which caters to the specific needs of precision product manufacturers. We sell our surplus pig iron to local steel companies and foundries located near our manufacturing facility. Pig iron is used in various applications including for engine blocks, crankshafts, steel mills, pump housing and machine tools.

Coke

Low ash metallurgical coke is a key fuel required for the production of liquid metal used for manufacture of DI Pipes. Coking coal is the only raw material required by us in the manufacture of such coke. We manufacture low ash metallurgical coke primarily for captive consumption, and the surplus is sold to factories and foundries.

Cement

We manufacture portland slag cement which enables us in effective utilization of wastes. Slag and coke fines are converted into slag cement for civil applications. We sell the cement manufactured in our manufacturing facility under our brand *SPL Gold* and also use a certain portion for our captive requirement. Slag cement is primarily used in coastal areas to protect walls against chlorates and sulphates present in sea breeze.

Other products

We also generate certain by-products, including steel scrap and granulated slag during the manufacturing process of our products.

Coal

Most of the coal procured by us is utilized in our manufacturing process. We also sell some surplus coal procured by us to certain related parties, such as Electrosteel Casting Limited, on an arm's length basis. We import coking coal from Australia. Most of the coking coal contracts entered by us are on spot basis.

Manufacturing Process

A brief description of the relevant manufacturing processes involved in the manufacture of our products is provided below:

DI Pipes

The manufacturing process of our DI Pipes comprises the following sub-processes: sintering, metal extraction, liquid metal refining and treatment, casting, heat treatment, grinding, inspection and coating.

Sinter

Sintering is the process of converting iron-ore fines into lumps (agglomeration process). During this process, iron ore fines, limestone fines, quick lime, dolomite fines and fuels are batched, such batched sintering mixing material is sent to the primary and secondary mixers and evenly mixed with water to form iron balls. These iron balls are heated to form lumps. Subsequently, this is crushed by a single roll crusher and screened by the hot vibration screen to form sinter, which is used in the mini blast furnace to get pig iron.

Coke

Raw coking coal is inserted in the coal crusher for crushing. Crushed coal is then taken to the charging car through belt conveyor and then charged into the ovens for carbonization in heat-recovery ovens. Coke is the carbonaceous sintered mass left behind after the carbonization of coking coal. In the process of manufacturing coke, coal is heated in a controlled atmosphere until all volatile matter is eliminated. The residual temperature in the oven initiates the burning of volatile matters of the newly charged coal.

Heat generated during the coking cycle is absorbed into the refractory and supports the next charge, making the process self-sustaining. The ovens are operated under negative pressure to ensure combustion of all the gases. The coke produced is inserted into coke cutter for sizing and then screened into different fractions with the help of mechanical screens

Metal extraction

Iron ore (lumps or sinter) and coke are charged into a mini blast furnace to smelt and extract the liquid metal which is the base material for the production of DI Pipes. Any liquid metal which is in excess of plant capacity and cannot be utilised immediately is cast into pig iron for later use or sale.

Liquid metal refining and treatment

The liquid metal from the mini blast furnace is transferred to the induction furnaces where the temperature and composition of the molten metal is adjusted. Then the metal of required composition and temperature is poured into a converter and added to a measured quantity of magnesium. The magnesium burns in the molten metal and the flake form graphite contained in the molten metal is changed to modular form.

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Casting

The liquid metal is cast into pipes of various diameters by centrifugal casting machines of various shapes and specifications by casting in moulds.

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Heat treatment

The spun cast pipes are heat treated in an annealing furnace to develop the required metallurgical and mechanical properties, hardness, corrosion resistance etc.

Grinding

The inside surface of the spun cast pipes is subjected to grinding to remove impurities and to clean the inner surface.

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Inspection

The cast pipes and fittings are subjected to stringent quality testing including hydrostatic leak-proof testing and dimensional checks for any non-conformity to the prescribed standards. Any pipes that fail the quality tests are rejected and melted for reuse.

•

Coating

The pipes are externally coated with a thin zinc metal layer to increase corrosion resistance. The pipes are also internally lined with slag cement mortar to improve surface smoothness, to decrease friction on throughflow, and corrosion resistance. A bitumen coating is then applied to the external surface of the zinc coated pipes to provide high corrosion resistance. Finally, if required, the pipes may be coated with a layer of polyurethrane or epoxy coating.

Manufacturing Facility

We own an integrated manufacturing facility at Srikalahasthi, Chittoor District, Andhra Pradesh, located near Tirupati,

Our manufacturing facility includes a sinter plant and a mini blast furnace used to produce pig iron. We also have a coke oven plant comprising three coke oven batteries, which helps us in converting coking coal into coke. Our cement plant located in our manufacturing facility is utilized to provide the inner coating for our DI Pipes. Further, we have also set up a sewage treatment plant on our factory premises. In addition, we have our own electrified railway siding which we use to bring a portion of our raw materials directly to our manufacturing facility.

The following table sets forth certain information relating to our capacity utilization in Fiscal 2017, calculated on the basis of total installed capacity as of March 31, 2017, and actual production in Fiscal 2017:

S. No.	Name of the Plant/ Product	Installed Capacity as of March 31, 2017(1)(2)	Actual Production in Fiscal 2017	Capacity Utilization (%)(3)
1.	Mini Blast Furnace/ Pig Iron	275,000 metric tonnes	238,806 metric tonnes	86.83%
2.	Cement	90,000 metric tonnes	96,800 metric tonnes	107.55%
3.	Coke Oven Plant/ LAM Coke	225,000 metric tonnes	165,410 metric tonnes	73.51%
4.	Sinter Plant	500,000 metric tonnes	315,296 metric tonnes	63.05%
5.	DI Pipe	300,000 metric tonnes	228,152 metric tonnes	76.05%
6.	Captive Power Plant	14.5 MW	10.73 MW	74.38%

(1) As certified by Tarak Nath Ghar, Associated Chartered Engineer, Commtech Combine by certificates dated May 5, 2017 and May 15, 2017.
(2) The information relating to the aggregate installed capacity of our manufacturing facilities as of March 31, 2017 included above and elsewhere in this Placement Document are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our installed capacity. These assumptions and estimates include the period during which the manufacturing facilities operate in a year, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. Actual production levels and utilization rates may therefore vary significantly from the installed capacity information of our manufacturing facilities included in this Placement Document and undue reliance should not be placed on such information. See “Risk Factors – Information relating to the installed capacity and capacity utilisation of our manufacturing facility included in this Placement Document are based on various assumptions and estimates and future production and capacity utilization may vary.”
(3) Capacity utilization in Fiscal 2017 has been calculated on the basis of actual production in Fiscal 2017 divided by the aggregate installed capacity of our manufacturing facility as of March 31, 2017.

The following table sets forth certain information relating to our capacity utilization (on an annualized basis), in the six months ended September 30, 2017, calculated on the basis of total installed capacity as of September 30, 2017, and actual production in the six months ended September 30, 2017:

S. No.	Name of the Plant/ Product	Installed Capacity as of September 30, 2017(1)(2)	Actual Production in the six months ended September 30, 2017	Capacity Utilization (annualized) (%)(3)
1.	Mini Blast Furnace/ Pig Iron	275,000 metric tonnes	141,101 metric tonnes	102.60%
2.	Cement	90,000 metric tonnes	48,529 metric tonnes	107.84%

S. No.	Name of the Plant/ Product	Installed Capacity as of September 30, 2017[(1)(2)]	Actual Production in the six months ended September 30, 2017	Capacity Utilization (annualized) (%)[(3)]
3.	Coke Oven Plant/ LAM Coke	225,000 metric tonnes	84,498 metric tonnes	75.10%
4.	Sinter Plant	500,000 metric tonnes	181,829 metric tonnes	72.72%
5.	DI Pipe	300,000 metric tonnes	136,059 metric tonnes	90.70%
6.	Captive Power Plant	14.5 MW	6.24 MW	85.90%

(1) As certified by Tarak Nath Ghar, Associated Chartered Engineer, Commtech Combine by certificate dated December 8, 2017.
(2) The information relating to the aggregate installed capacity of our manufacturing facilities as of September 30, 2017 included above and elsewhere in this Placement Document are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our installed capacity. These assumptions and estimates include the period during which the manufacturing facilities operate in a year, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. Actual production levels and utilization rates may therefore vary significantly from the installed capacity information of our manufacturing facilities included in this Placement Document and undue reliance should not be placed on such information. See "Risk Factors – Information relating to the installed capacity and capacity utilisation of our manufacturing facility included in this Placement Document are based on various assumptions and estimates and future production and capacity utilization may vary."
(3) Capacity utilization (on an annualized basis) in the six months ended September 30, 2017 has been calculated on the basis of actual production in the six months ended September 30, 2017 divided by the aggregate installed capacity of our manufacturing facility as of September 30, 2017.

See "Risk Factors - Under-utilization of our manufacturing capacities and an inablity to effectively utilize our expanded manufacturing capacities could have an adverse effect on our business, prospects and future financial performance."

Utilities

The majority of our power requirement for our manufacturing facility is sourced from our two captive power plants which produce power from the heat generated from our coke oven plant and mini blast furnace. Further, a significant portion of our water requirement is met through our arrangement with Tirupati municipal corporation for the supply of sewage water generated at the Tirupati municipality to our sewage treatment plant located at our manufacturing facility. The water is treated at our sewage treatment plant and is utilized for our manufacturing processes.

Raw Materials

Raw material costs are a major component of our operating costs. In Fiscal 2016 and 2017 and in the six months ended September 30, 2017, cost of materials consumed were ₹ 4,831.29 million, ₹ 4,760.40 million and ₹ 3,795.36 million, respectively. The raw materials primarily utilized by our manufacturing processes consist of pig iron, coke and cement. All these products are manufactured at our own manufacturing facility. In Fiscal 2017, the cost of coking coal/coke, iron ore/ iron ore fines, cold rolled coil/ metal scrap and others was ₹ 2,296.17 million, ₹ 1,019.55 million, ₹ 435.02 million and ₹ 1,009.65 million, respectively.

We import coking coal from Australia and enter such contracts on a spot basis. Our iron ore requirements are met through spot procurement from e-auctions. Further, we have entered into long term leases with the State government of Andhra Pradesh for three mines located at Tippalur, T.V. Palle and Kazipet in Kadapa District, which enables us to meet our limestone requirements for our cement production. In addition, most of our water requirement is met through the Tirupati municipal corporation that supplies our manufacturing facility with sewage water, which is subsequently treated in our water treatment plant.

Research and Development

We believe that research and development is critical in maintaining our competitive position and in addressing the changing consumer requirements, industry developments and business models. Our research and development activities are largely limited to the development of ancillary and peripheral equipment to improve on our products and process efficiencies, and to improve the quality of various raw materials used in the manufacture of our products. Our research and development team included have undergone extensive training sessions in the area of production, equipment maintenance, metrology and planning.

Health, Safety and Environment

Our activities are subject to the various environmental laws and regulations of India, which govern, among other things, air emissions, waste water discharges, the handling, storage and disposal of hazardous substances and wastes, the remediation of contaminated sites, natural resource damages, and employee health and employee safety.

We have adopted a health and safety policy and an environmental policy. Our health and safety policy is committed towards ensuring a safe and healthy environment for our employees through continuous monitoring and implementing appropriate safety measures and technology in order to prevent accidents. Our environment policy is aimed at preventing pollution created through our manufacturing processes by continuous improvement and upgradation of our process, technology and equipment along with complying with the applicable environmental laws. In addition, we have set up a sewage treatment plant at our manufacturing facility that meets most of our water requirements.

Environmental regulations imposed by the GoI and State governments will continue to have an effect on our business operations.

Quality Control, Testing and Certification

Our quality policy is focused on customer requirements and providing products that meet their specific needs. Our quality assurance team ensures the manufacturing processes and quality management systems are subject to periodic reviews. We have implemented standard operating procedures to ensure quality control, and every stage of the manufacturing process is monitored to ensure product quality.

In recognition of our quality standards, we have received BSI KiteMark certifications issued by the British Standards Institution with respect to our DI Pipes, fittings, accessories and their joints for water pipelines and water and sewerage applications, which also enables us to export our products. Further, our manufacturing operations have received various quality standard certifications, including the Environment Management System Standard: ISO 14001:2015 by DNV Business Assurance and the Quality Management System Standard: ISO 9001:2015 by DNV Business Assurance.

Human Resources

As of September 30, 2017, we had 1,364 employees. In addition, we also engage with third party personnel companies for the supply of contract labourers to facilitate operations at our manufacturing facility. As of September 30, 2017, we had engaged 2,861 contract labourers.

Our human resources practices aim to recruit a talented and qualified work force, facilitate their integration and encourage development of their skills in order to facilitate the growth of our operations. We have introduced programmes for physical and emotional well-being, and professional counselling services in the interest of the employees' changing needs. We also maintain employees' provident fund for our employees.

Insurance

Our operations are subject to various risks inherent in the manufacturing industry. We maintain insurance policies for our manufacturing facility and offices including industrial all risk policy, plants and machinery, standard fire, marine, cash in transit, motor and public liability. We also maintain insurance for portable equipment against burglary, theft, fire, accidental damage, electrical and mechanical breakdown, larceny and transit cover. We have in place a group personal accident policy for our employees. We also have a terrorism and sabotage insurance policy for our manufacturing facility and offices. In addition, we also maintain an insurance policy covering directors' and officers' liability. These policies cover our assets and stock on reinstatement basis including consequential loss of profit due to business interruption.

Competition

We sell our products in highly competitive markets, and competition in these markets is based primarily on quality, demand and price. As a result, to remain competitive in our markets, we must continuously strive to reduce our production, transportation and distribution costs and improve our operating efficiencies. We face competition from other DI Pipe manufacturers in India.

Marketing, Sales and Distribution

We have marketing offices in Ahmedabad, Mumbai, Pune, Hyderabad, Bengaluru and Thiruvananthapuram. Our marketing team is responsible for driving growth in each of our product lines through strategic planning. Our marketing activities involves our development and engineering teams working closely with customers or prospective customers to manufacture products tailored to meet specific customer requirements. We have a network of sales representatives and agents, traders and wholesalers, thereby ensuring greater penetration of markets in India and other jurisdictions. This network supplements our marketing team in coordinating with various medium and small contractors and in certain situations, for small orders, our agents also negotiate with our customers for the finalisation of orders.

We sell our DI Pipes in India directly to government agencies such as water boards and municipal corporations as well as to turnkey contractors appointed by the relevant State governments engaged in the development of water infrastructure projects. Orders for our DI Pipes are generally procured on a purchase order basis, or awarded to us by EPC contractors, who procure such orders through the government tender process.

Most of our pig iron and coke is used for captive consumption, and the surplus is sold to local factories and foundries located near our manufacturing facility.

Most of our cement is used in the inner coating for our DI Pipes, and the surplus is sold in India to traders, wholesalers and retailers.

Intellectual Property

We have applied for registration for the trademarks, *SRIPIPES* and *Srikalahasthi Gold*. We have also received a no-object letter from Mr. Lagadapati Rajagopal for the use of the logo , for our business purposes.

Corporate Social Responsibility

Our corporate social responsibility ("**CSR**") initiatives mainly focus on areas including education, health care, rural and urban infrastructure. We have also made contributions towards animal welfare, disaster relief and environmental protection.

Properties

We own our registered office in Srikalahasti, Chittor District, Andhra Pradesh. We own our marketing office in Chennai and Bengaluru. We own and operate our manufacturing facility in Srikalahasthi, Chittoor District, Andhra. Further, we lease our marketing offices in Ahmedabad, Navi Mumbai, Pune, Hyderabad and Thiruvananthapuram.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Directors

The composition of our Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder and the SEBI Listing Regulations. The Articles of Association provide that the number of Directors shall not be less than three and not more than 15, provided that our Company may appoint more than 15 Directors after passing a special resolution. At present, our Company has eight Directors including three executive Directors, five non-executive Directors including four Independent Directors and one nominee Director.

Pursuant to the provisions of the Companies Act, 2013 at least two-thirds of the total number of Directors, excluding Independent Directors, is liable to retire by rotation, with one-third of such number retiring at each annual general meeting.

The following table provides information about the Directors as of the date of this Placement Document:

S. No.	Name, Address, DIN, Term, Nationality and Occupation	Age	Designation
1.	**Mayank Kejriwal** **Address**: Nav Nikunj, 13, Gurusaday Road, Kolkata 700 019 **DIN**: 00065980 **Term**: Five years with effect from May 1, 2017 **Nationality**: Indian **Occupation**: Industrialist	62	Managing Director
2.	**Maruthi Rao Gollapudi**** **Address**: 6, Saradambal Street, Gokulam Colony, T. Nagar, Chennai 600 017 **DIN**: 00083950 **Term**: September 27, 2014 to September 26, 2019 **Nationality**: Indian **Occupation**: Actor/ Journalist	78	Chairman and Independent Director
3.	**Gouri Shankar Rathi*** **Address**: 2A, Suvarnalok, 34 (Old No. 19), Malony Road, T. Nagar, Chennai 600 017 **DIN**: 00083992 **Term**: Five years with effect from July 1, 2015 liable to retire by rotation **Nationality**: Indian **Occupation**: Company director	67	Whole-time Director
4.	**Poyyamozhi Venkatachalam** **Address:** B 26, Jananis Grand Ellora, MK Stallin Street, Behind AGS Thazhambur Nevatur, Kancheepuram 603103 **DIN:** 07887406 **Term:** Five years with effect from August 10, 2017 liable to retire by rotation **Nationality:** Indian **Occupations:** Service	60	Whole-time Director

S. No.	Name, Address, DIN, Term, Nationality and Occupation	Age	Designation
5.	**Shermadevi Yegnaswami Rajagopalan** **Address**: Udayan, UD-08-1003, 1050/1, Survey Park, Kolkata 700 075 **DIN**: 00067000 **Term**: September 27, 2014 liable to retire by rotation **Nationality**: Indian **Occupation**: Company director	82	Non-Executive Director
6.	**Rajkumar Khanna** **Address**: Flat No. 229, Malwa Singh Block, Asian Games Village, Delhi 110 049 **DIN**: 05180042 **Term**: September 27, 2014 to September 26, 2019 **Nationality**: Indian **Occupation**: Company director	64	Independent Director
7.	**Subramanian Hemamalini** **Address**: #13, 2nd Cross Street, EKR Colony, Jafferkhanpet, Chennai 600095 **DIN**: 01947327 **Term**: August 24, 2015 to August 23, 2020 **Nationality**: Indian **Occupation**: Recruitment professional	47	Independent Director
8.	**Siddharth Jain Fouzdar** **Address**: 2-1475, Collector Bunglow, Chittoor, 517 001 **DIN**: 07868198 **Term**: With effect from August 10, 2017 until withdrawal of nomination **Nationality**: Indian **Occupation**: Government Service	41	Nominee Director of APIDC

*Gouri Shankar Rathi's (the "**Plaintiff**") name appeared on the list of disqualified directors which was published by the Registrar of Companies, West Bengal (the "**Notice**"). The Plaintiff was a director on the board of Ductile Iron Pipes and Castings Manufacturers Association, a company which had not filed its annual returns from Fiscal 2013 onwards. The Plaintiff had filed a writ petition before the High Court of Calcutta (the "**Court**") challenging this Notice and the Court pursuant to its order dated November 30, 2017 had ordered the Plaintiff to deposit a sum of ₹ 100,000 and granted a stay on the Notice disqualifying the Plaintiff from acting as a director on other companies for a period of six months or until further orders by the Court, whichever is earlier. The matter is currently pending.*

*Maruthi Rao Gollapudi's name appeared on the list of disqualified directors which was published by the Registrar of Companies, Puducherry ("**Notice**"). Maruthi Rao Gollapudi was a director on the board of Maruthi Air Links Private Limited ("**Maruthi Air Links**"), a company which had not filed its annual returns from Fiscal 2013 onwards. He has filed a writ petition before the High Court of Madras ("**Court**") challenging this Notice and seeking a stay on the Notice disqualifying him, from acting as a director on other companies. The Court has vide its order dated December 19, 2017 granted a stay on the Notice. The matter is currently pending.*

Biographies of the Directors

Mayank Kejriwal, aged 62 years is the Managing Director of our Company. He has been a Director on our

Board since April 2007. He has several years of experience in the ductile iron pipe industry and holds directorship in various other limited companies.

Maruthi Rao Gollapudi, aged 78 years is an Independent of our Company. He has been a Director on our Board since March 2002 and has been Chairman of our Board since September 27, 2014.

Gouri Shankar Rathi, aged 67 years is the Whole-Time Director of our Company. He has been a Director on our Board since June 2005. He holds a bachelor's degree in commerce from Bhagalpur University, Bihar and a degree in law from University of Calcutta. He is also a qualified Company Secretary.

Poyyamozhi Venkatachalam, aged 60 years is the Whole-time Director of our Company. He holds bachelor's of engineering from University of Madras and ICWA (Intermediate). He has been associated with the Company for the last four years and leads the operational team of the Company's integrated plant. He has spent nearly 34 years in steel industry. He started his career in Bhilai Steel Plant and was also associated with JSW Steel Limited.

Rajkumar Khanna, aged 64 years is an Independent Director of our Company. He has been a Director on our Board since February 2013.

Shermadevi Yegnaswami Rajagopalan, aged 82 years is a non-executive Director of our Company. He has been a Director on our Board since May 2011.

Subramanian Hemamalini, aged 47 years is an Independent Director of our Company. She has been on our Board since March 2015.

Sidharth Jain Fouzdar, aged 41 years, is a member of Indian Administrative Service (IAS) and presently deputed to Andhra Pradesh cadre and serving as Commissioner, Industries & Commerce Department, Govt. of Andra Pradesh. Prior to this, he served as District Collector of Chittoor, Khammam and West Godavari Districts of Andhra Pradesh state.

Relationship with other Directors

None of our Directors are related to each other.

Borrowing powers of our Board

Our Company has vide special resolutions dated September 8, 2014, passed by way of a postal ballot under Section 180(1)(a) and Section 180(1)(c) of Companies Act, 2013, authorized the Board of Directors to borrow money up to an aggregate amount not exceeding ₹ 10,000 million over and above the aggregate of paid up share capital and free reserves of our Company.

Interest of the Directors

All of the Directors may be deemed to be interested to the extent of fees and commission payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses payable to them. Our Managing Director and the Whole-Time Director may be deemed interested to the extent of remuneration paid to them for services rendered as the officers of our Company.

All of the Directors may also be regarded as interested in our Company to the extent of the Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them.

Other than as disclosed in this Placement Document, there were no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors were interested parties.

All Directors may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms and trusts, in which they are interested as directors, members, partners or trustees.

Our Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of this Placement Document in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of such contracts, agreements, arrangements which are proposed to be made with them.

The Directors have not taken any loans from our Company.

Shareholding of Directors

Other than as disclosed below, none of our Directors hold any Equity Shares in our Company:

Name	Number of Equity Shares	Percentage shareholding in our Company (%)
Gouri Shankar Rathi	16,000	0.04

Terms and Compensation of the Directors

A. ***Non-Executive Directors***

The shareholders of our Company by way of special resolution passed at a general meeting held on September 27, 2014, have approved payment of commission to the non-executive Directors of our Company, at a rate not exceeding in aggregate 1 % per annum of the net profits of our Company for the relevant Fiscal, as may be decided by the Board from time to time.

Our Company also pays sitting fees of ₹ 45,000 per meeting of the Board of Directors, ₹ 45,000 per meeting of Audit Committee and ₹ 20,000 per meeting for any other committee.

The following table sets forth the sitting fees, commission and perquisites paid by our Company to the non-executive Directors during the current Fiscal 2018 (from April 1, 2017 ending September 30, 2017) and during the last three Fiscals:

(in ₹million)

Name	From April 1, 2017 to September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Maruthi Rao Gollapudi	0.40	0.71	0.83	0.56
Shermadevi Yegnaswami Rajagopalan	0.42	0.90	0.81	0.52
Rajkumar Khanna	0.33	0.92	0.78	0.56
Subramanian Hemamalini	0.23	0.49	0.54	-

Notes:

Commission for Directors is recognised at the year-end depending on profitability of the Company as at the year-end as approved by the Board subject to the limit approved by the shareholders in the AGM held on September 27, 2014.

Estimation / provision during the interim period from April 1, 2017 to Septemner 30, 2017 in this respect have therefore been ignored for the statement.

B. Executive Directors

Mayank Kejriwal, Managing Director

Terms of Appointment

Mayank Kejriwal was appointed as a Managing Director of our Company for a period of five years with effect from April 30, 2012. He was reappointed for a period of five years with effect from May 1, 2017. He is entitled to remuneration by way of commission not exceeding 5% of the net profits of our Company for the relevant Fiscal.

Gouri Shankar Rathi, Whole Time Director

Terms of Appointment

Gouri Shankar Rathi was appointed as a Whole-Time Director of our Company pursuant to a resolution of the shareholders dated August 24, 2015 for a term of five years with effect from July 1, 2015. He is liable to retire by rotation.

(in ₹)

S. No.	Category	Remuneration
1.	Basic Salary	3,30,000 per month
2.	Special Allowances	6,14,500 per month
3.	Perquisites	Reimbursement of electricity charges, medical benefits, housing, club fees, car and telephone, personal accident and term insurance premium, mediclaim policy, encashment of leave, contribution to retiral benefit funds and leave travel concession

Poyyamozhi Venkatachalam

Poyyamozhi Venkatachalam was appointed as a Whole-Time Director of our Company for a term of five years with effect from August 10, 2017. He is liable to retire by rotation.

(in ₹)

S. No.	Category	Remuneration
1.	Basic Salary	2,83,000 per month
2.	Special Allowances	3,86,500 per month
3.	Perquisites	Medical benefits, housing, club fees, car and telephone, personal accident and term insurance premium, mediclaim policy, encashment of leave, contribution to retiral benefit funds and leave travel concession

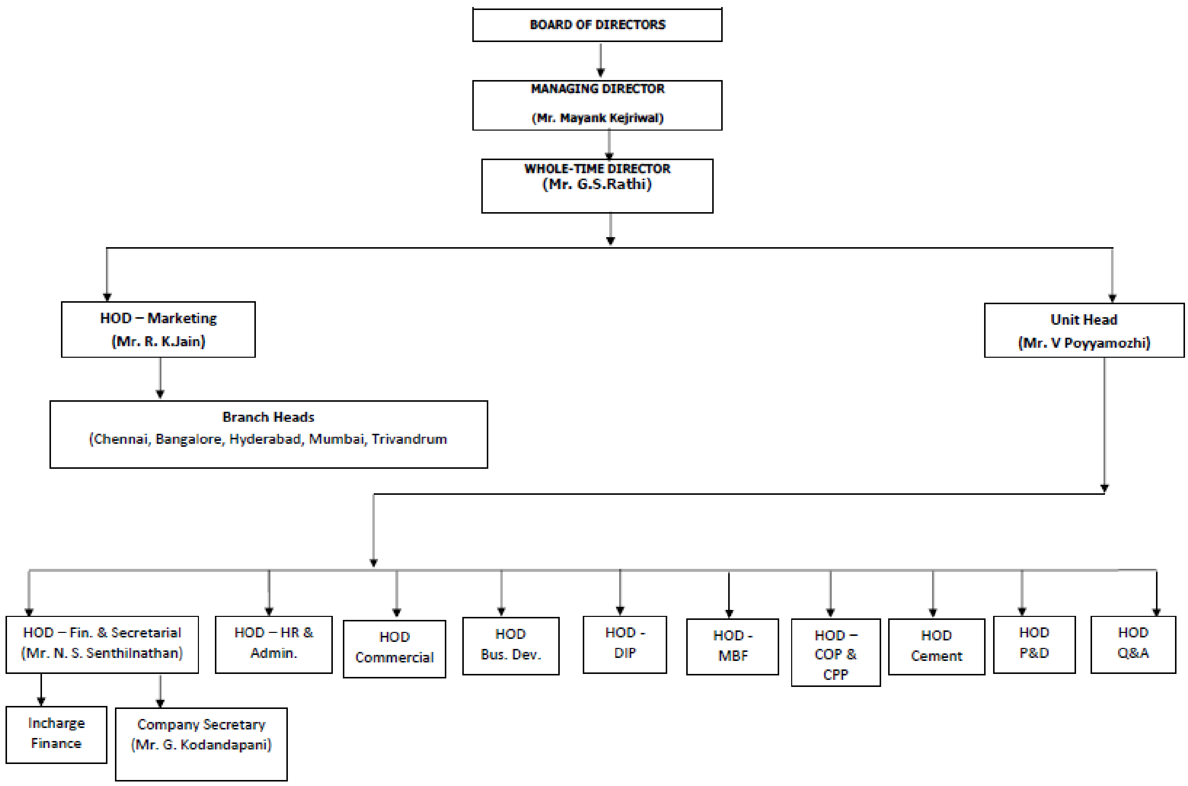
The following tables set forth all compensation (including basic salary, special allowances and other benefits) paid by our Company to the Executive Directors during the current Fiscal 2018 (from March 31, 2017 to September 30, 2017) and during the last three Fiscals:

(in ₹ million)

Name	From April 1, 2017 to September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Mayank Kejriwal	-	81.00	98.00	53.00
Gouri Shankar Rathi[(1)]	7.32	15.03	10.96	0.44
Poyyamozhi Venkatachalam	1.60	-	-	-

[(1)] *Status of Gouri Shankar Rathi has been changed from non-executive Director to executive Director on becoming Whole-Time Director with effect from July 1, 2015*
[(2)] *Poyyamozhi Venkatachalam was appointed as a whole-time Director from August 10, 2017*

Organisational Chart of our Company



Key Managerial Personnel

In addition to our Managing Director and the Whole-Time Director our Company's Key Managerial Personnel are as follows:

N. Sivalai Senthilnathan, aged 47 years, is the Chief Financial Officer of our Company since December 1, 2016. He is also a qualified Chartered Accountant and a qualified Company Secretary. Further, he is a Certified Information Systems Auditor from Information Systems Audit and Control Association, USA. He also holds a Diploma in Insurance and Risk Management from Institute of Chartered Accountants of India.

G. Kodanada Pani, aged 45 years is the Company Secretary of our Company. He holds a bachelor's degree in commerce from Sri Venkataeswara University. He is also an associate member of the Institute of Chartered Accountants of India and has more than 13 years of post qualification experience. He is presently designated as Dy. General Manager – Finance. He is also an Associate member of the Institute of Company Secretaries of India and he has been involved in handling secretarial functions of the Company for the last two years.

Shareholding of key managerial personnel

Other than Gouri Shankar Rathi, none of our key managerial personnel hold any Equity Shares in our Company.

Interest of Key Managerial Personnel

Except as disclosed under 'Interest of Directors', the Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of (i) the remuneration or benefits to which they are entitled to as per their terms of appointment; and (ii) the Equity Shares held by them or their dependants in our Company, if any, any dividend payable to them and other distributions in respect of such Equity Shares.

Other than as disclosed in this Placement Document, there were no outstanding transactions other than in the ordinary course of business undertaken by our Company in which the key managerial personnel were interested parties.

None of the Directors are related to any of the Key Managerial Personnel of our Company.

Corporate Governance

Our Company is in compliance with the requirements with respect to the corporate governance provided in the SEBI Listing Regulations and the Companies Act, 2013.The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law.

The Board of Directors and Committees of our Company are constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

Committees of the Board

In terms of SEBI Listing Regulations and Companies Act, 2013, our Company has constituted the following committees of Directors namely:

(i) Audit Committee;

(ii) Nomination and Remuneration Committee;

(iii) Stakeholders' Relationship Committee; and

(iv) Corporate Social Responsibility Committee.

The following table sets forth the details of the members of the aforesaid committees as of the date of this Placement Document:

Committee	Members
Audit Committee	(a) Rajkumar Khanna (Chairman); (b) Maruthi Rao Gollapudi (Member); and (c) Shermadevi Yegnaswami Rajagopalan (Member).
Nomination and Remuneration Committee	(a) Rajkumar Khanna (Chairman); (b) Maruthi Rao Gollapudi (Member); and (c) Shermadevi Yegnaswami Rajagopalan (Member).
Stakeholders' Relationship Committee	(a) Rajkumar Khanna (Chairman); (b) Gouri Shankar Rathi (Member); and (c) Shermadevi Yegnaswami Rajagopalan (Member).
Corporate Social Responsibility Committee	(a) Gouri Shankar Rathi (Chairman); (b) Maruthi Rao Gollapudi (Member); and (c) Rajkumar Khanna (Member)

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Regulation 9 of the Insider Trading Regulations applies to our Company and its employees and requires our Company to implement a code of internal procedures and conduct for the prevention of insider trading. Our Company has implemented a Code of Conduct to Regulate, Monitor & Report Trading by Insiders ("**Code**") in accordance with the Insider Trading Regulations. As per the Code adopted by our Company, the Company Secretary of our Company or such other senior officer designated by the Board, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board, is the compliance officer of our Company for the purposes of the Code.

Other Confirmations

None of the Directors, Promoter or Key Managerial Personnel of our Company have any financial or other material interest in the Issue.

Neither our Company, nor our Directors or Promoter have ever been identified as wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI

Neither our Company, nor our Directors or Promoter have been debarred from accessing capital markets under any order or direction made by SEBI.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Fiscals, see the section "***Financial Statements***" beginning on page 188.

PRINCIPAL SHAREHOLDERS AND OTHER INFORMATION

The following table presents information regarding the ownership of Equity Shares by the shareholders as of September 30, 2017:

Summary statement holding of Equity Shares

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of equity shares held in dematerialised form
(A) Promoter & Promoter Group	5	20,193,178	20,193,178	50.78	20,193,178
(B) Public	30,230	19,570,417	19,570,417	49.22	18,933,037
(C1) Shares underlying DRs				*Nil*	
(C2) Shares held by Employee Trust				*Nil*	
(C) Non-Promoter-Non-Public				*Nil*	
Grand Total	30,235	39,763,595	39,763,595	100.00	39,126,215

Statement showing shareholding pattern of the Promoter and Promoter Group

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of equity shares held in dematerialised form
A1) Indian					
Any Other (specify)	5	2,01,93,178	2,01,93,178	50.78	2,01,93,178
Electrosteel Castings Limited	1	1,93,01,218	1,93,01,218	48.54	1,93,01,218
G. K. & Sons Private Ltd	1	78,622	78,622	0.20	78,622
G.K.Investments Ltd.	1	1,64,254	1,64,254	0.41	1,64,254
Uttam Commercial Company Ltd.	1	2,24,069	2,24,069	0.56	2,24,069
Murari Investment & Trading Company Ltd.	1	4,25,015	4,25,015	1.07	4,25,015
Sub Total A1	5	2,01,93,178	2,01,93,178	50.78	2,01,93,178
A2) Foreign				*Nil*	
A=A1+A2	5	2,01,93,178	2,01,93,178	50.78	2,01,93,178

Statement showing shareholding pattern of the Public shareholder

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of equity shares held in dematerialised form (Not Applicable)
B1) Institutions	0	0		0.00	
Mutual Funds/	5	7,48,076	7,48,076	1.88	7,44,451
HSBC Infrastructure	1	7,44,451	7,44,451	1.87	7,44,451

Category & Name of	No. of	No. of fully	Total no.	Shareholding %	Number of equity shares
Equity Fund					
Foreign Portfolio Investors	24	8,16,204	8,16,204	2.05	8,06,504
Financial Institutions/ Banks	6	80,959	80,959	0.20	70,734
Any other (specify)	2	1,350	1,350	0.00	1,350
Sub Total B1	37	16,46,589	16,46,589	4.14	16,23,039
B2) Central Government/ State Government(s)/ President of India	0	0		0.00	
Central Government/ State Government(s)/ President of India	2	2,44,200	2,44,200	0.61	2,43,750
Sub Total B2	2	2,44,200	2,44,200	0.61	2,43,750
B3) Non-Institutions	0	0		0.00	
Individual share capital upto Rs. 2 Lacs	28,848	86,03,166	86,03,166	21.64	83,06,696
Individual share capital in excess of Rs. 2 Lacs	56	42,60,780	42,60,780	10.72	42,60,780
Anil Kumar Goel	1	9,61,072	9,61,072	2.42	9,61,072
Dolly Khanna	1	6,30,821	6,30,821	1.59	6,30,821
Nimmagadda Upendranath	1	4,47,946	4,47,946	1.13	4,47,946
NBFCs registered with RBI	11	23,024	23,024	0.06	23,024
Any Other (specify)	1,276	47,92,658	47,92,658	12.05	44,75,748
Trusts	2	9,423	9,423	0.02	9,423
Alternative Investment Fund	1	1,97,000	1,97,000	0.05	1,97,000
NRI	389	4,80,227	4,80,227	1.21	3,81,513
Clearing Members	67	45,827	45,827	0.12	45,827
NRI – Non- Repat	152	1,08,822	1,08,822	0.27	1,08,822
Bodies Corporate	665	39,51,359	39,51,359	9.94	37,33,163
Avis-Tie Up Private Limited	1	11,00,000	11,00,000	2.77	11,00,000
Sub Total B3	30,191	1,76,79,628	1,76,79,628	44.46	1,70,66,248
B=B1+B2+B3	30,230	1,95,70,417	1,95,70,417	49.22	1,89,33,037

Statement showing shareholding pattern of the Non-Promoter- Non-Public shareholder

Category & Name of the Shareholders(I)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Total no. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of equity shares held in dematerialised form(XIV) (Not Applicable)
C1) Custodian/DR Holder	-	-	-	-	-
C2) Employee Benefit Trust	-	-	-	-	-

Details of disclosure made by the Trading Members holding 1% or more of the Total No. of shares of our Company

Name of the Trading Member	Name of the Beneficial Owner	No. of shares held	% of total no. of shares	Date of reporting by the Trading Member
C1) Custodian/DR Holder	*Nil*	*Nil*	*Nil*	*Nil*
C2) Employee Benefit Trust	*Nil*	*Nil*	*Nil*	*Nil*

ISSUE PROCEDURE

*The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from our Company or the Lead Manager. Investors that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Our Company and the Lead Manager and the respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. See the sections "**Selling Restrictions**" and "**Transfer Restrictions**" beginning on pages 150 and 157, respectively.*

Qualified Institutions Placement

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI ICDR Regulations, Section 42 and Section 62 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, through the mechanism of a QIP wherein a listed company in India may issue and allot equity shares to QIBs on a private placement basis provided *inter alia* that:

- a special resolution approving the QIP is passed by shareholders of the issuer. Such special resolution must specify (a) that the allotment of equity shares is proposed to be made pursuant to a QIP; and (b) the relevant date;

- equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, have been listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;

- the aggregate of the proposed issue and all previous QIPs made by the issuer in the same Fiscal does not exceed five times the net worth (as defined in the SEBI ICDR Regulations) of the issuer as per the audited balance sheet of the previous Fiscal;

- the issuer shall be in compliance with the minimum public shareholding requirements set out in the Securities Contract Regulation Rules, 1957 ("**SCRR**");

- prior to circulating the preliminary placement document the issuer must prepare and record a list of QIBs to whom the offer will be made. The offer must be made only to such persons whose names are recorded by the issuer prior to the invitation to subscribe;

- the offer must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the QIB to whom the offer is made and is sent within 30 days of recording the names of such QIBs in accordance with Section 42(7) of the Companies Act, 2013;

- the issuer shall have completed allotments with respect to any offer or invitation made earlier by the issuer or shall have withdrawn or abandoned any invitation or offer previously made by the issuer;

- the issuer shall offer to each allottee at least such number of securities in the issue which would aggregate to ₹20,000 at the face value of the equity shares;

- the payment to be made for subscription to the equity shares shall be made from the bank account of the person subscribing to such securities and in case of securities to be held by joint holders, the payment for subscription to the securities shall be paid from the bank account of the person whose name appears first in the application;

- at least 10% of equity shares issued to QIB's must be allotted to mutual funds, provided that, if this portion or any part thereof to be allotted to mutual funds remains unsubscribed, it may be allotted to other QIBs;

- bidders are not allowed to withdraw their bids after the closure of the issue; and
- the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the issue is prohibited.

Additionally, there is a minimum pricing requirement for pricing the equity shares offered in a QIP under the SEBI ICDR Regulations. The floor price shall not be less than the average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the two weeks preceding the relevant date. Provided however that an issuer may offer a discount of not more than 5% on the price calculated for the QIP as above, subject to the approval of the shareholders by a special resolution pursuant to Regulation 82(a) of the SEBI ICDR Regulations.

The "relevant date" referred to above, means the date of the meeting in which the board of directors or the committee of directors duly authorized by the board of directors decides to open the proposed issue and the "stock exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the relevant date.

Equity shares must be allotted within 12 months from the date of the shareholders resolution approving the QIP and also within the period of 60 days from the date of receipt of application money from the successful applicants. The equity shares issued pursuant to the QIP must be issued on the basis of a placement document that shall contain all material information including the information specified in Schedule XVIII of the SEBI ICDR Regulations and Form PAS- 4, as prescribed under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

The preliminary placement document and this placement document are private documents provided to only select QIBs, through serially numbered copies and are required to be placed on the website of the concerned stock exchanges and of the issuer with a disclaimer to the effect that they are in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors. This Issue was authorised and approved by our Board of Directors and our Shareholders on April 29, 2017 and May 27, 2017, respectively.

Securities allotted to a QIB pursuant to a QIP shall not be sold for a period of one year from the date of allotment except on a recognised stock exchange in India.

The minimum number of allottees for each QIP shall not be less than:

1. Two, where the issue size is less than or equal to ₹ 2,500 million; and
2. Five, where the issue size is greater than ₹ 2,500 million.

No single allottee shall be allotted more than 50% of the issue size or less than ₹ 20,000 of face value of Equity Shares. QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee for this purpose.

The issuer shall also make the requisite filings with the RoC, Stock Exchanges, and SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Our Company has filed a copy of the Preliminary Placement Document and will file a copy of this Placement Document with the Stock Exchanges.

Our Company has received the in-principle approvals of the Stock Exchanges on December 20, 2017 in terms of Regulation 28(1) of the SEBI Listing Regulations for the Issue. The Board of Directors has authorized the Issue pursuant to a resolution passed at its meeting held on April 29, 2017. The shareholders of our Company have authorized the Issue pursuant to a special resolution passed at an extra-ordinary general meeting held on May 27, 2017.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the

Equity Shares are being offered and sold (a) in the United States only to persons who are qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S or pursuant to another exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 150 and 157, respectively.

Issue Procedure

1. Our Company and the Lead Manager have circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic form or physical form, to QIBs and the Application Form shall be specifically addressed to such QIBs. Pursuant to section 42(7) of the Companies Act, 2013, our Company shall maintain complete record of the QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC and with SEBI within the stipulated time period as required under the Companies Act, 2013 and the rules made thereunder.

2. The list of QIBs to whom the Application Form is delivered was determined by the Lead Manager at their sole discretion. **Unless a serially numbered Preliminary Placement Document along with the Application Form has been addressed to a particular QIB, no invitation to make an offer to subscribe the Equity Shares shall be deemed to have been made to such a QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such other person and any application that does not comply with this requirement shall be treated as invalid.

3. QIBs may submit the Application Form, including any revisions thereof, during the Bidding Period to the Lead Manager.

4. Bidders shall submit Bids for, and our Company shall issue and allot to each successful Allottee at least such number of Equity Shares in the Issue which would aggregate to ₹ 20,000 calculated at the face value of the Equity Shares.

5. QIBs will be required to indicate the following in the Application Form:

   (a) name of the QIB to whom Equity Shares are to be Allotted;

   (b) number of Equity Shares Bid for;

   (c) price at which they offer to apply for the Equity Shares provided that QIBs may also indicate that they are agreeable to submit a bid at "Cut-off Price" which shall be any price as may be determined by our Company in consultation with the Lead Manager at or above the Floor Price, net of such discount as approved in accordance with SEBI ICDR Regulations and decided by the Board as approved in accordance with SEBI ICDR Regulations and decided by the Board. Provided however that, our Company may offer a discount up to 5% to the Floor Price in accordance with the proviso of Regulation 85(1) of the SEBI ICDR Regulations;

   (d) a representation that it is either (i) outside the United States acquiring the Equity Shares in an offshore transaction under Regulation S, or (ii) a "qualified institutional buyer" as defined in Rule 144A, and it has agreed to certain other representations set forth in the Application Form; and

   (e) the details of the depository account(s) to which the Equity Shares should be credited.

NOTE**:** *FPIs are required to indicate the SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

6. Once a duly filled in Application Form is submitted by the QIB, such Application Form constitutes an irrevocable offer and the same cannot be withdrawn after the Bid/Issue Closing Date. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after the receipt of the Application Form.

7. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Under the current regulations, the following restrictions are applicable for investments by Mutual Funds: No mutual fund scheme shall invest more than 10% of its net asset value in Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

8. Based on the Application Forms received, our Company shall, after closure of the Issue, in consultation with the Lead Manager, determine the final terms including the Issue Price and the number of Equity Shares to be issued pursuant to the Issue. We shall notify the Stock Exchanges of the Issue Price. The Company shall also intimate the Stock Exchanges about the meeting to decide the Issue Price, two working days in advance (excluding the date of the intimation and the date of the meeting). On determining the Issue Price and the QIBs to whom Allocation shall be made, the Lead Manager, shall on behalf of our Company, send the CANs along with a serially numbered Placement Document to the QIBs who have been Allocated Equity Shares either in electronic form or by physical delivery. The dispatch of the CANs shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the QIB, payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIBs.

   Following the receipt of the CAN, each QIB would have to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price through electronic transfer to the Escrow Account by the Pay-in Date as specified in the CAN sent to the respective QIB. **Please note that the allocation shall be at the absolute discretion of our Company and will be based on the recommendation of the Lead Manager.**

9. No payment shall be made by QIBs in cash. Please note that any payment of application monies for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013.

10. Upon receipt of the application monies from the QIBs, our Company shall Allot the Equity Shares as per the details in the CAN sent to the QIBs. Our Company will intimate the details of the Allotment to the Stock Exchanges.

11. After passing the resolution for Allotment, the Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the Eligible QIBs.

12. After receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the Depository Participant accounts of the respective QIB in accordance with the details submitted by the QIBs in the Application Forms.

13. Our Company shall then apply to Stock Exchanges for the final trading and listing permission from the stock exchange.

14. The Equity Shares that have been credited to the beneficiary account with the Depository Participant of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading approval from Stock Exchanges.

15. Upon receipt of the final listing and trading approval from the Stock Exchanges, our Company shall inform the QIBs who have received Allotment of the receipt of such approval.

16. Our Company and the Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approval granted by the Stock Exchanges is also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of Chapter VIII of the SEBI ICDR Regulations are eligible to invest in the Issue. Under Regulation 86(1)(b) of the SEBI ICDR Regulations, no Allotment shall be made, either directly or indirectly, to any QIB who is a Promoter or any person related to the Promoter. Currently QIBs include:

- Alternate investment funds registered with SEBI;
- Eligible FPIs;
- Foreign venture capital investors registered with SEBI;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India;
- Multilateral and bilateral development financial institutions;
- Mutual funds registered with SEBI;
- Pension Funds with minimum corpus of ₹ 250 million;
- Provident Funds with minimum corpus of ₹ 250 million;
- Public financial institutions as defined in section 2(72) of the Companies Act, 2013;
- Scheduled commercial banks;
- State industrial development corporations;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- Venture capital funds registered with SEBI; and
- Systemically important non-banking financial company having a net-worth of more than ₹ 5,000 million as per the last audited financial statements.

Foreign Portfolio Investors are permitted to participate in the Issue subject to compliance with applicable law and such that the shareholding of the Foreign Portfolio Investors does not exceed specified limits as prescribed under applicable law in this regard.

All non-resident QIBs shall ensure that the investment amount is paid as per RBI's notification no. FEMA 20(R)/ 2017-RB dated November 7, 2017, as amended from time to time.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10% or above of our post-Issue Equity Share capital. Further, in terms of the FEMA, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of our paid-up Equity Share capital. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the shareholders of our Company.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of FEMA 20, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Under Regulation 86(1)(b) of the SEBI ICDR Regulations, no allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being our Promoter or any person related to our Promoter. QIBs which have all or any of the following rights shall be deemed to be persons related to our Promoter:

(i) Rights under a shareholders' agreement or voting agreement entered into with our Promoter or persons related to our Promoter;

(ii) Veto rights; or

(iii) A right to appoint any nominee director on the Board.

Provided however that a QIB which does not hold any Equity Shares in our Company and who has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be a person related to the Promoter.

Neither our Company nor the Lead Manager nor any of their respective directors, officers, counsels, advisors, representatives, agents or affiliates are liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single Application Form from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that any requisite compliance pursuant to this Allotment such as public disclosures under applicable laws is complied with. QIBs are advised to consult their advisers in this regard. Furthermore, QIBs are required to satisfy themselves that their Application Form would not eventually result in triggering a tender offer under the Takeover Regulations.

Note: Affiliates or associates of the Lead Manager who are QIBs may participate in the Issue subject to compliance with applicable laws.

Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs.

Bid Process

Application Form

QIBs are permitted to only use the serially numbered Application Forms (which is addressed to the QIB) supplied by our Company and the Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including any revision of a Bid) in terms of the Preliminary Placement Document.

By making a Bid (including revisions thereof) for Equity Shares pursuant to the terms of the Preliminary Placement Document, each QIB will be deemed to have made the following representations and warranties, and the representations, warranties, acknowledgements and agreements made under "*Representations by Investors*". The representations listed in this section shall be included in the Application Form:

1. The QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI ICDR Regulations and has a valid and existing registration under the applicable laws of India and is eligible to participate in the Issue and is not excluded under Regulation 86 of the SEBI ICDR Regulations;

2. The QIB confirms that it is not a Promoter of our Company and is not a person related to the Promoter of our Company, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or Promoter Group or a person related to the Promoter of our Company;

3. The QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or persons related to the Promoter, no veto rights or right to appoint any nominee director on

the Board of our Company other than such rights acquired in the capacity of a lender (not holding any Equity Shares) which shall not be deemed to be a person related to the Promoter;

4. The QIB acknowledges that it has no right to withdraw its Bid after the Bid/Issue Closing Date;

5. The QIB confirms that if Equity Shares are Allotted pursuant to the Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the floor of the Stock Exchanges;

6. The QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted and together with any Equity Shares held by the QIB prior to the Issue. The QIB further confirms that its holding of the Equity Shares does not, and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;

7. The QIB confirms that the Bids will not eventually result in triggering an open offer under the Takeover Regulations;

8. The QIB confirms that, to the best of its knowledge and belief, together with other QIBs in the Issue that belongs to the same group or are under common control, the Allotment to the QIB shall not exceed 50% of the Issue Size. For the purposes of this statement:

   (a) The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

   (b) "Control" shall have the same meaning as is assigned to it by Clause 1(e) of Regulation 2 of the Takeover Regulations.

9. The QIBs shall not undertake any trade in the Equity Shares credited to its Depository Participant account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges.

10. The QIB acknowledges, represents and agrees that in the event its total interest in the paid-up share capital of our Company or voting rights in our Company, whether direct or indirect, beneficial or otherwise (any such interest, your "**Holding**"), when aggregated together with any existing Holding and/or Holding of any of the persons acting in concert, results in Holding of 5.00% or more of the total paid-up share capital of, or voting rights in, our Company a disclosure of the aggregate shareholding and voting rights will have to be made under the Takeover Regulations. In case such QIB is an existing shareholder who, together with persons acting in concert, holds 5.00% or more of the underlying paid up share capital of, or voting rights in our Company a disclosure will have to be made under the Takeover Regulations in the event of a change of 2% or more in the existing Holding of the QIB and persons acting in concert.

11. The QIB confirms that:

    a. If it is within the United States, it is a U.S. QIB who is, or are acquiring the Equity Shares for its own account or for the account of an institutional investor who also meets the requirement of a U.S. QIB, for investment purposes only and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part and are not our affiliate or a person acting on behalf of such an affiliate;

    b. If it is outside the United States, it is purchasing the Equity Shares in an offshore transaction in reliance on Regulation S under the U.S. Securities Act, and is not our affiliate or a person acting on behalf of such an affiliate.

12. It has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of the Preliminary Placement Document, will be deemed to have made the representations, warranties and agreements made under the sections "***Notice to Investors***", "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on page 2, 4, 150, and 157, respectively.

QIBs MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBs MUST ENSURE THAT

THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

IF SO REQUIRED BY THE LEAD MANAGER, THE QIB SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO LEAD MANAGER TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE. IF SO REQUIRED BY THE LEAD MANAGER, THE ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID/ISSUE CLOSING DATE, THE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as an address and a bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by the QIB shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by the Issuer in favour of the QIB.

Submission of Application Form

All Application Forms shall be required to be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied. The Application Form shall be submitted to the Lead Manager either through electronic form or through physical delivery at the following addresses:

Name of the Lead Manager	Address	Contact Person	E-mail	Phone (Telephone and Fax)
ICICI Securities Limited	ICICI Center, H.T. Parekh Marg, Churchgate, Mumbai 400 020	Shekher Asnani	spl.qip@icicisecurities.com	Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6580

The Lead Manager shall not be required to provide any written acknowledgement of the same.

Permanent Account Number or PAN

Each QIB must mention its Permanent Account Number ("**PAN**") allotted under the IT Act. **The copy of the PAN card is required to be submitted with the Application Form.** Bids without this information will be considered incomplete and is liable to be rejected. It is to be specifically noted that applicant should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build-up of the book

The QIBs shall submit their Bids (including the revision thereof) through the Application Form within the Bidding Period to the Lead Manager. The book shall be maintained by the Lead Manager.

Price discovery and Allocation

Our Company, in consultation with the Lead Manager, shall determine the Issue Price for the Equity Shares, which shall be at or above the Floor Price. Provided however that, our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations.

After finalisation of the Issue Price, our Company shall update the Preliminary Placement Document with the Issue details and file the same with Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Lead Manager on a discretionary basis and in compliance with Chapter VIII of the SEBI ICDR Regulations.

Bids received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Application Form being received at or above the Issue Price.

THE DECISION OF OUR COMPANY, IN CONSULTATION WITH THE LEAD MANAGER, IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBs. QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE LEAD MANAGER, AND QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Lead Manager as per the details provided in the respective CAN.

CAN

Based on the Application Forms received, our Company, in consultation with the Lead Manager, will, in its sole and absolute discretion, decide the list of QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of the same in their respective names shall be notified to such QIBs. Additionally, the CAN would include details of Escrow Bank Account into which such payments would need to be made, Pay-In Date as well as the probable designated date ("**Designated Date**"), being the date of credit of the Equity Shares to the QIB's account, as applicable to the respective QIBs.

The QIBs who have been Allotted Equity Shares pursuant to the Issue, would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the CAN to the QIB shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the Lead Manager and our Company and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

QIBs ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOCATED / ALLOTTED TO THEM PURSUANT TO THE ISSUE.

Bank Account for the Payment of Bid Money

Our Company has opened an escrow account titled "Srikalahasthi Pipes Limited – Escrow Account" (the "**Escrow Bank Account**") with the Escrow Bank in terms of the arrangements amongst our Company, the Lead Manager and (acting as the Escrow Bank). The QIBs will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in their respective CAN.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheques are liable to be rejected.

If the payment is not made favouring the Escrow Bank Account within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

In case of cancellations or default by the QIBs, our Company and the Lead Manager have the right to re-allocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion, subject to the compliance with the requirements of the Companies Act, 2013 and the SEBI ICDR Regulations.

Our Company undertakes to utilise the amount in the Escrow Bank Account only for the purposes of: (i) adjustments against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in the Issue.

Designated Date and Allotment of Equity Shares

1. The Equity Shares will not be Allotted unless the QIBs pay the Issue Price to the Escrow Bank Account as stated above.

2. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN for the QIBs who have paid the aggregate subscription amounts as stipulated in the CAN.

3. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act.

4. Our Company reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

5. Post receipt of the listing approval of the Stock Exchanges, the Issuer shall credit the Equity Shares into the Depository Participant account of the QIBs. In the event of any delay in the receipt of listing or trading approvals or cancellation of the Issue, no interest or penalty would be payable by us or the Lead Manager.

6. Following the Allotment and credit of Equity Shares pursuant to the Issue into the QIBs Depository Participant account, our Company will apply for final listing and trading approval for trading on the Stock Exchanges.

7. In the event our Company is unable to Issue and Allot the Equity Shares or on cancellation of the Issue, within 60 days from the date of receipt of application money, in accordance with section 42 of the Companies Act, 2013 our Company shall repay the application money within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at the rate of 12% per annum from expiry of the 60th day. The application money to be refunded by us shall be refunded to the same bank account from which application money was remitted by the QIBs.

8. The Escrow Bank shall release the monies lying to the credit of the Escrow Bank Account to our Company after the receipt of the final listing and trading approval from the Stock Exchanges.

9. In case of QIBs who have been Allotted more than 5% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such QIB to Stock Exchanges and Stock Exchanges shall make the same available on their website.

Other Instructions

Our Right to Reject Bids

Our Company, in consultation with the Lead Manager, may reject Bids, in part or in full, without assigning any reasons whatsoever. The decision of our Company and the Lead Manager in relation to the rejection of Bids shall be final and binding.

Equity Shares in dematerialised form with NSDL or CDSL

1. The Allotment of the Equity Shares in the Issue shall be only in dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

2. A QIB applying for Equity Shares must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.

3. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.

4. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

5. The trading of the Equity Shares would be in dematerialised form only for all QIBs in the demat segment of BSE.

6. Our Company will not be responsible or liable for the delay in the credit of the Equity Shares due to errors in the Application Forms or on part of the QIBs.

PLACEMENT

Placement Agreement

The Lead Manager have entered into a placement agreement with our Company dated December 20, 2017 (the "**Placement Agreement**"), pursuant to which the Lead Manager have agreed to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscription for Equity Shares, on a reasonable efforts basis, to be placed with the QIBs, pursuant to Chapter VIII of the SEBI ICDR Regulations.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the Lead Manager, and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs.

In connection with the Issue, the Lead Manager (or its respective affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Lead Manager may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. See the section "***Offshore Derivative Instruments***" beginning on page 9.

From time to time, the Lead Manager, and its affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, our group companies, pursuant to which fees and commissions have been paid or will be paid to the Lead Manager and their affiliates and associates.

Lock-up

Our Company undertakes that we will not for a period of 90 days from the date of Allotment under the Placement, without the prior written consent of the Lead Manager, directly or indirectly, (i) offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise approve the transfer or dispose of, any Equity Shares or any securities convertible into, or exercisable for Equity Shares (including, without limitation, securities convertible into, or exercisable or exchangeable for Equity Shares), or file any registration statement under the Securities Act with respect to any of the foregoing, or (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into, or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (i) or (ii) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (iii) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or (iv) publicly announce any intention to enter into any transaction falling within (i) to (iii) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (i) to (iii) above.

SELLING RESTRICTIONS

The distribution of this Placement Document or any offering material and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

General

No action has been taken or will be taken that would permit an offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required, except India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the offering of the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable laws, including the SEBI ICDR Regulations. Each subscriber of the Equity Shares offered by this Placement Document will be deemed to have made the representations, agreements and acknowledgements as described under "***Notice to Investors***" "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 2, 4, 150 and 157 of this Placement Document, respectively.

Australia

This Placement Document and the offer of Equity Shares are only made available in Australia to persons to whom a disclosure document is not required to be given under Chapter 6D of the Australian Corporations Act 2001 (the "**Australian Corporations Act**") and has not been and will not be lodged or registered with the Australian Securities & Investments Commission or any other regulatory body or agency in Australia. This Placement Document is not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of the Australian Corporations Act and is not required to, and does not, contain all the information which would be required in a disclosure document under the Australian Corporations Act. (i) The offer of the Equity Shares under this Placement Document is only made to persons to whom it is lawful to offer the Equity Shares without a disclosure document such as a professional investor or sophisticated investor for the purposes of Chapter 6D of the Australian Corporations Act; (ii) this Placement Document is made available in Australia to persons as set forth in clause (i) above; and (iii) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (ii) above and agrees not to sell or offer for sale within Australia any Equity Shares sold to the offeree within 12 months after their transfer to the offeree under this Placement Document.

Belgium

The Equity Shares may not be distributed in Belgium by way of an offer of securities to the public, as defined in Article 3 §1 of the Belgian Law of June 16, 2006 on public offerings of investment W-28 instruments and the admission of investment instruments to trading on regulated markets (the "**Prospectus Law**"), save in those circumstances set out in Article 3 §2 of the Prospectus Law.

This offering is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and this Placement Document or any other offering material relating to the Equity Shares has not been and will not be approved by, the Belgian Banking, Finance and Insurance Commission ("**Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie- en Assurantiewezen**").

Accordingly, this offering may not be advertised and the Lead Manager has represented, warranted and agreed that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Equity Shares, and that it has not distributed, and will not distribute, any memorandum, information circular, brochure or any similar documents, directly or indirectly, to any individual or legal entity in Belgium other than:

1. qualified investors, as defined in Article 10 of the Prospectus Law;

2. investors required to invest a minimum of €50,000 (per investor and per transaction); and
3. in any other circumstances set out in Article 3 §2 of the Prospectus Law.

This Placement Document has been issued only for the personal use of the above qualified investors and exclusively for the purpose of this offering. Accordingly, the information contained herein may not be used for any other purpose nor disclosed to any other person in Belgium.

Denmark

The Equity Shares have not been offered or sold and will not be offered, sold or delivered directly or indirectly in Denmark by way of a public offering, unless in compliance with the Danish Securities Trading Act, Consolidation Act No. 843 of September 7, 2005, as amended from time to time, and any orders issued thereunder.

Dubai International Financial Centre / United Arab Emirates

The Equity Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this Placement Document does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**United Arab Emirates**"), the Lead Manager has severally and not jointly, or jointly and severally, represented and warranted that it has not made and will not make an offer to the public of any Equity Shares which are the subject of the issue of Equity Shares contemplated by this Placement Document in that Relevant Member State, except that the Equity Shares may be offered to the public in that Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

1. to any legal entity which is a qualified investor, as defined in the Prospectus Directive (as defined below);
2. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive or supplement a prospectus pursuant to Article 16 at the Prospectus Directive), subject to obtaining the prior consent of the Lead Manager nominated by the Company for any such offer; or
3. at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

   provided that no such offer of the Equity Shares shall result in a requirement for the publication by the Company or the Lead Manager of a prospectus or the initial purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires any Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed with the Lead Manager and the Company that it is a qualified investor within the meaning of the law of the Relevant Member State implementing Article 2(1)I of the Prospectus Directive or any measure implementing the Prospectus Directive in any Relevant Member State.

For the purposes of this provision, the expression "an offer to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2003/71/EC), and includes any relevant implementing measure in the Relevant Member State.

France

This Placement Document has not been prepared in the context of a public offering of financial securities in

France within the meaning of Article L. 411-1 of the French Code *monétaire et financier* and Title I of Book II of the *Règlement Général of the Autorité des Marchés Financiers* (the "AMF") and, therefore, has not been approved by, registered or filed with the AMF and does not require a prospectus to be submitted for approval to the AMF. Consequently, the Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Equity Shares to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Placement Document or any other offering material relating to the Equity Shares and such offers, sales and distributions have been and will be made in France only to (i) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers)* and/or (ii) to qualified investors (*investisseurs qualifiés)* acting on their own account, as defined in, and in accordance with, Articles L.411-2, D.411-1, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code monétaire et financier. No re-transfer, directly or indirectly, of the Equity Shares in France, other than in compliance with applicable laws and regulations and in particular those relating to a public offering (which are, in particular, embodied in articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 and seq. of the French Code *monétaire et financier)* shall be made.

Germany

This Placement Document has not been prepared in accordance with the requirements for a sales prospectus under the German Securities Prospectus Act (*Wertpapierprospektgesetz),* the German Sales Prospectus Act (*Verkaufsprospektgesetz),* or the German Investment Act (*Investmentgesetz).* Neither the German Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin)* nor any other German authority has been notified of the intention to distribute the Equity Shares in Germany. The Equity Shares may therefore not be distributed in the Federal Republic of Germany by way of public offering, public advertising or in a similar manner. The Equity Shares are being offered and sold in Germany only to (i) qualified investors in the meaning of Section 3, paragraph 2 no. 1, in connection with Section 2, no. 6, of the German Securities Prospectus Act, or (ii) a limited number of individualised, unqualified investors that are being preselected and specifically addressed. This Placement Document is strictly for use of the person who has received it. It may not be forwarded to other persons or published in Germany.

Hong Kong

This Placement Document has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly, (i) the Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under that SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) (the "**CWUMPO**") of Hong Kong or which do not constitute an offer to the public within the meaning of the CWUMPO; and (ii) the Lead Manager has not issued or had in its possession for the purposes of the issue of Equity Shares whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Ireland

The Equity Shares may be publicly offered and sold in Ireland only in accordance with the European Communities (Transferable Securities and Stock Exchange) Regulations 1992, if applicable, the Investment Intermediaries Act 1995, as amended, the Companies Acts 1963 to 2003 and all other applicable Irish laws and regulations. This Placement Document does not constitute an offer to the public in Ireland by virtue of the fact that it shall only be made to persons in Ireland whose ordinary business is to buy or sell shares or debentures (whether as principal or agent) and, accordingly, has not been registered with the Registrar for Companies in Ireland. By accepting delivery of this Placement Document, the addressee in Ireland warrants that it is a person whose ordinary business, whether as principal or agent, is to buy and sell shares and debentures. This Placement Document does not and shall not be deemed to constitute an invitation to individuals (*i.e.*, natural persons) in Ireland to purchase Equity Shares. There will be no offering to the public in Ireland of the Equity Shares and this Placement Document does not constitute a prospectus within the meaning of the Irish Companies Acts 1963 to 2003.

Italy

The offering of the Equity Shares has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Lead Manager has represented and agreed that it has not offered, sold or distributed, and will not offer, sell or distribute any Equity Shares or any copy of this Placement Document or any other offer document in the Republic of Italy ("**Italy**") except:

1. to qualified investors (*investitori qualificati),* pursuant to Article 100 of Legislative Decree no. 58 of February 24, 1998 (the "Consolidated Financial Services Act" and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of May 14, 1999 (the "**CONSOB Regulation**"), all as amended; or

2. in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Consolidated Financial Services Act and Article 34-ter of the CONSOB Regulation;

3. moreover, and subject to the foregoing, any offer, sale or delivery of the Equity Shares or distribution of copies of this Placement Document or any other document relating to the Equity Shares in Italy under (1) or (2) above must be:

   (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of September 1, 1993 (the "Banking Act"), CONSOB Regulation No. 16190 of October 29, 2007, all as amended;
   (b) in compliance with Article 129 of the Banking Act and the implementing guidelines, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and
   (c) in compliance with any securities, tax, exchange control and any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time, inter alia, by CONSOB or the Bank of Italy.

   Any investor purchasing the Equity Shares in the Issue is solely responsible for ensuring that any offer or resale of the Equity Shares it purchased in the Issue occurs in compliance with applicable laws and regulations. This Placement Document and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") The Lead Manager has represented and agreed that they will not offer or sell any Equity Shares, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Kuwait

The issue of Equity Shares has not been approved by the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry, nor has the Company received authorization or licensing from the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry to market or sell the Equity Shares within Kuwait. Therefore, no services relating to the offering, including the receipt of applications and/or the allotment of Equity Shares, may be rendered within Kuwait by the Company or persons representing the Company.

Luxembourg

The Equity Shares offered in this Placement Document may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg. This document is only intended for institutional investors. It is personal to each offeree and does not constitute an offer to any other person or to the public generally in Luxembourg to subscribe for or otherwise acquire the Equity Shares. Distribution of this Placement Document to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized and any disclosure of any of its contents, without prior written consent of the Company, is prohibited.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia pursuant to the Securities Commission Act, 1993 as the offer for purchase of, or invitation to purchase the Equity Shares is meant to qualify as an "excluded offer or excluded invitation" within the meaning of Section 38 of the Securities Commission Act, 1993. Each Lead Manager has severally represented, warranted or agreed that the Equity Shares will not be offered, sold, transferred or otherwise disposed, directly or indirectly, nor any document or other material in connection therewith distributed, in Malaysia, other than to persons falling within any one of the categories or person specified in Schedule 2 and/or Schedule 3 of the Securities Commission Act, 1993 who are also persons to whom any offer or invitation to purchase or sell would be an excluded offer or invitation within the meaning of Section 38 of the Securities Commission Act, 1993.

Norway

This Placement Document has not been approved by or registered with any Norwegian securities regulators pursuant to the Norwegian Securities Trading Act 1997. Accordingly, neither this Placement Document nor any other offering material relating to the Equity Shares constitutes, or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act 1997 and is only made to qualified professional investors pursuant to the Norwegian Regulation of December 9, 2005 regarding exemption from the obligation to publish a prospectus or otherwise only in circumstances where an exemption from the obligation to publish a prospectus under the Norwegian Securities Trading Act 1997 is available.

Qatar

This document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (i) neither this Placement Document nor the Equity Shares have been registered, considered, authorized or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (ii) neither the Company nor persons representing the Company are authorized or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (iii) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (iv) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither the Company nor persons representing the Company are, by distributing this document, advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires Equity Shares pursuant to the Issue should note that the offer of Equity Shares is an offer to "Sophisticated

Investors" (as defined in Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated October 4, 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated August 18, 2008 (the "**KSA Regulations**")) for the purposes of Article 9 of the KSA Regulations. Each Lead Manager has represented, warranted and agreed that the offer of the Equity Shares will only be directed at Sophisticated Investors.

The offer of Equity Shares shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Equity Shares as a Sophisticated Investor may not offer or sell those Equity Shares to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and (i) the Equity Shares are offered or sold to a Sophisticated Investor; (ii) the price to be paid for the Equity Shares in any one transaction is equal to or exceeds Saudi Arabian Riyal 1 million or an equivalent amount; or (iii) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, the Equity Shares may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Placement This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, the Equity Shares may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Placement.

Each of the following relevant persons specified in Section 275 of the SFA who has subscribed for or purchased shares, namely a person who is:

1. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
2. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 of the SFA except:

    (a) to an institutional investor under Section 274 of the SFA or to a relevant person or to any person pursuant to Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
    (b) where no consideration is or will be given for the transfer;
    (c) where the transfer is by operation of law;
    (d) pursuant to Section 276(7) of the SFA; or
    (e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulation 2005 of Singapore.

Spain

This Placement Document has not been registered with the Spanish Securities Market National Commission (*Comision Nacional del Mercado de Valores).* The Equity Shares may not be listed, offered or sold in Spain except in accordance with the requirements of the Spanish Security Market Act (*Ley 24/1988, de 28 de julio, del Mercado de Valores),* as amended, and as supplemented by Royal Decree 1310/2005 *(Real Decreto Ley 24/1988, de 28 de Julio, del Mercado de Valores, en materia de admission a negociación de valores en mercados secundarios oficilaes, de ofertas públicas or subscripción y del folleto exigible a tales efectos),* (the "Royal Decree 1310/2005"), and any other applicable provisions. The Equity Shares may not be listed, sold, offered or distributed to persons in Spain except in compliance with the above-mentioned provisions and, particularly, pursuant to Sections 26 to 38 to 41 of Royal Decree 1320/2005, as amended.

Switzerland

The Equity Shares may be offered in Switzerland on the basis of a private placement, not as a public offering.

The Equity Shares will neither be listed on the six Swiss Exchange nor are they subject to Swiss law. This Placement Document does not constitute a prospectus within the meaning of Art. 1156 of the Swiss Federal Code of Obligations or Arts. 32 *et seq.* of the Listing Rules of the six Swiss Exchange, and does not comply with the Directive for Equity Shares of Foreign Borrowers of the Swiss Bankers Association. We will not apply for a listing of the Equity Shares on any Swiss stock exchange or other Swiss regulated market and this Placement Document may not comply with the information required under the relevant listing rules. The Equity Shares have not and will not be registered with the Swiss Federal Banking Commission or any other Swiss authority for any purpose, whatsoever.

The Netherlands

The Equity Shares are not and may not be offered in the Netherlands other than to persons or entities who or which are qualified investors as defined in Section 1:1 Dutch Financial Supervision Act (*Wet op het financieel toezicht)* (which incorporates the term "qualified investors" as used in the Prospectus Directive).

United Kingdom

The Lead Manager has represented, warranted and undertaken that:

1. it has only communicated or caused to be communicated and will only communicate or cause to be communicated in the United Kingdom any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") received by it in connection with the issue or sale of any Equity Shares in circumstances in which section 21(1) of FSMA does not apply to the Company; and

2. it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

United States of America

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Equity Shares are being offered and sold only (1) in the United States to persons who are U.S. QIBs, and (2) outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdiction where such offers and sales occur. Each purchaser of the Equity Shares offered by this Placement Document will be deemed to have made the representations, agreements and acknowledgements as described under "***Transfer Restrictions***" in this Placement Document.

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Equity Shares or making any offer, resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VIII of the SEBI ICDR Regulations, Successful Bidders are not permitted to sell the Equity Shares Allotted pursuant to the Issue for a period of one year from the date of Allotment, except on the Stock Exchanges. Additionally, purchasers are deemed to have represented, agreed and acknowledged as below with respect to purchase and sale of Equity Shares.

U.S. Offer Purchaser Representations and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. If you purchase the Equity Shares offered in the United States in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, by accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed to us and the Lead Manager as follows:

- You (A) are a "qualified institutional buyer" (as defined in Rule 144A), (B) are aware that the sale of the Equity Shares to you is being made in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and (C) are acquiring such Equity Shares for its own account or for the account of a "qualified institutional buyer";

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who the seller reasonably believes is a "qualified institutional buyer" in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction in reliance on Regulation S, as applicable, (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 under the U.S. Securities Act (if available), (iv) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (v) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction in which such offers or sales are made;

- It agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S, with respect to the Equity Shares. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any directed selling efforts;

- The Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for re-sales of any Equity Shares;

- You will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

- You will base your investment decision on a copy of this Placement Document. You acknowledge that neither the Company nor any of its affiliates nor any other person (including the Lead Manager) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to the Company, the Offer, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Offer or the Equity Shares, other than (in the case of the Company only) the information contained in this Placement Document, as it may be supplemented; and

- You are a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in similar jurisdictions. You and any accounts for you are subscribing to the Equity Shares for (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or the Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution.

- You will notify any transferee to whom you subsequently offer, sell, pledge or otherwise transfer and the executing broker and any other agent involved in any resale of the Equity Shares of the foregoing restrictions applicable to the Equity Shares and instruct such transferee, broker or agent to abide by such restrictions.

- You acknowledge that if at any time its representations cease to be true, you agree to resell the Equity Shares at the Company's request.

- You have been provided access to this Placement Document which you have read in its entirety.

- You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgements, representations or agreements are no longer accurate you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgements, representations and agreements on behalf of each such account.

- Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognized by us.

Global Offer Purchaser Representations and Transfer Restrictions

By accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of my Equity Shares, you will be deemed to have represented and agreed as follows:

- You will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of Equity Shares, and you acknowledge and agree that none of us or the Lead Manager and their respective affiliates shall have any responsibility in this regard;

- You certify that you are, or at the time the Equity Shares are purchased will be, (a) the beneficial owner of the Equity Shares, you are located outside the United States of America (within the meaning of Regulation S), and you have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States; or (b) you are a broker-dealer acting on behalf of a customer and you customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States of America (within the meaning of Regulation S), and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States;

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who the seller reasonably believes is a "qualified institutional buyer" in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, as applicable, (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 under the U.S. Securities Act (if available), (iv) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (v) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction;

- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you, nor any of your affiliates, nor any person acting on your behalf, will make any "directed selling efforts" as defined in Regulation S. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any directed selling efforts.

- You will base your investment decision on a copy of this Placement Document. You acknowledge that neither the Company nor any of its affiliates nor any other person (including the Lead Manager) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to the Company, the Offer, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Offer or the Equity Shares, other than (in the case of the Company) the information contained in this Placement Document, as may be supplemented.

- You acknowledge and agree (or if you're a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the Lead Manager, your affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgments, representations or agreements are no longer accurate, you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgments, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above-stated restrictions, will not be recognized by us.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general description of certain material United States federal income tax consequences to U.S. Holders and Non-U.S. Holders under present law of an investment in the Equity Shares. This summary applies only to investors that hold the Equity Shares as capital assets (generally, property held for investment). This discussion is based on the tax laws of the United States as in effect on the date of this Placement Document; U.S. Treasury regulations in effect as of the date of this Placement Document; judicial and administrative interpretations thereof available on or before such date; and the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "US India Treaty"). All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not address alternative minimum tax considerations or state, local, non-United States or other tax laws, or the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- dealers in stocks, securities, currencies or notional principal contracts;
- U.S. expatriates and former long-term residents of the United States;
- regulated investment companies and real estate investment trusts;
- tax-exempt entities, including companies classified as foreign governments for U.S. federal income tax purposes;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- persons holding an Equity Share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of the Company's voting stock;
- persons who acquired Equity Shares pursuant to the exercise of any employee share option or otherwise as consideration; or
- persons holding Equity Shares through partnerships or other pass-through entities.

For purposes of this summary, a "**U.S. Holder**" is a beneficial owner of Equity Shares that is for United States federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to United States federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust, or (2) has a valid election in effect under the applicable U.S. Treasury regulations to be treated as a U.S. person.

A "**Non-U.S. Holder**" is a beneficial owner of Equity Shares that is not a U.S. Holder. If you are a partner in a partnership, or other entity taxable as a partnership for United States federal income tax purposes, that holds Equity Shares, your tax treatment generally will depend on your status and the activities of the partnership.

Prospective purchasers of Equity Shares that are partnerships should consult their tax advisors.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE UNITED STATES FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF EQUITY SHARES.

U.S. Holders

Taxation of Distributions on the Equity Shares

Subject to the PFIC rules discussed below, the gross amount of distributions to you with respect to the Equity Shares generally will be included in your gross income in the year received as foreign source ordinary dividend income, but only to the extent that the distribution is paid out of the Company's current or accumulated earnings and profits (as determined under United States federal income tax principles). To the extent that the amount of the distribution exceeds the Company's current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your Equity Shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. However, the Company does not intend to calculate its earnings and profits under United States federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will generally be treated as a dividend. The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

Subject to applicable limitations, with respect to non-corporate U.S. Holders (including individual U.S. Holders), dividends may constitute "qualified dividend income" that is taxed at the lower applicable capital gains rate provided that (1) the Company is not a PFIC (as discussed below) for either the taxable year in which the dividend is paid or the preceding taxable year, (2) such dividend is paid on Equity Shares that have been held by you for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date, and (3) the Company is eligible for the benefits of the US India Treaty. The Company expects to be eligible for the benefits of the US India Treaty. Further, the Company does not believe it was a PFIC for the taxable year ending March 31, 2017 and does not expect to be a PFIC for the current year or any future years. *Non-corporate U.S. Holders are strongly urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to the Equity Shares.*

The amount of any distribution paid by the Company in a currency other than U.S. dollars (a "**foreign currency**") will be equal to the U.S. dollar value of such foreign currency on the date such distribution is received by the U.S. Holder, regardless of whether the payment is in fact converted into U.S. dollars at that time. If the foreign currency so received is converted into U.S. dollars on the date of receipt, a U.S. Holder generally will not recognize foreign currency gain or loss on such conversion. If the foreign currency so received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Gain or loss, if any, realized on the subsequent sale or other disposition of such foreign currency will generally be U.S. source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

For foreign tax credit purposes, dividends distributed with respect to the Equity Shares will generally constitute "passive category income". A U.S. Holder will not be able to claim a U.S. foreign tax credit for Indian taxes for which the Company is liable and must pay with respect to distributions on the Equity Shares. *The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. Holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances.*

Taxation of a Disposition of Equity Shares

Subject to the PFIC rules discussed below, you generally will recognize capital gain or loss on any sale or other taxable disposition of an Equity Share equal to the difference between the U.S. dollar value of the amount realized for the Equity Share and your tax basis (in U.S. dollars) in the Equity Share. If you are a non-corporate U.S. Holder (including an individual U.S. Holder) who has held the Equity Share for more than one year, capital gain on a disposition of an Equity Share generally will be eligible for reduced U.S. federal income tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Because gains on a disposition of an Equity Share generally will be treated as U.S. source, the use of foreign tax credits relating to any Indian income tax imposed upon gains in respect of Equity Shares may be limited. U.S. Holders should consult their tax advisors regarding the application of Indian taxes to a disposition of an Equity Share and their ability to credit an Indian tax against their United States federal income tax liability.

A U.S. Holder that receives foreign currency from the sale or disposition of the Equity Shares generally will realize an amount equal to the U.S. dollar value of such foreign currency on the date of sale or disposition or, if such U.S. Holder is a cash basis or electing accrual basis taxpayer and the Equity Shares are treated as being traded on an "established securities market" for this purpose, the settlement date. If the Equity Shares are so treated and the foreign currency received is converted into U.S. dollars on the settlement date, a cash basis or electing accrual basis U.S. Holder will not recognize foreign currency gain or loss on the conversion. If the foreign currency received is not converted into U.S. dollars on the settlement date, the U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the settlement date. Gain or loss, if any, realized on the subsequent conversion or other disposition of such foreign currency will generally be U.S. source ordinary income or loss.

Medicare Tax

Certain U.S. Holders who are individuals, estates, or trusts are required to pay a 3.8% Medicare surtax on all or part of that holder's "net investment income" or "undistributed net investment income" in the case of an estate or trust, which includes, among other items, dividends on, and capital gains from the sale or other taxable disposition of, the Equity Shares, subject to certain limitations and exceptions. The 3.8% Medicare surtax is determined in a different manner than the regular U.S. income tax. *Prospective investors should consult their own tax advisors regarding the effect, if any, of this surtax on their ownership and disposition of the Equity Shares.*

Information with Respect to Foreign Financial Assets

Individuals and certain entities who are U.S. Holders that own "specified foreign financial assets", including stock of a non-U.S. corporation not held through a financial institution, with an aggregate value in excess of certain dollar thresholds may be required to file an information report with respect to such assets on IRS Form 8938 with their United States federal income tax returns. Penalties apply for failure to properly complete and file IRS Form 8938. *U.S. Holders are encouraged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Equity Shares.*

Passive Foreign Investment Company

In general, a non-U.S. corporation is considered to be a passive foreign investment company, or a PFIC, for any taxable year if either:

- at least 75% of its gross income is passive income, or
- at least 50% of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

Passive income for these purposes generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. The Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Although not free from doubt, the Company does not believe it was a PFIC for its taxable year ending March 31, 2017, and does not expect to be a PFIC for the current year or any future years. However, the determination of whether the Company is a PFIC is a factual determination made annually after the end of each taxable year, and there can be no assurance that the Company will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the composition of the Company's income and assets will vary over time, and (ii) the manner of the application of relevant rules is uncertain in several respects. Furthermore, the Company's PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably. *Prospective purchasers are urged to consult their tax advisors regarding the Company's possible status as a PFIC.*

If the Company is a PFIC for any taxable year during which you hold Equity Shares, you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of the Equity Shares, unless you make a "mark-to-market" election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the Equity Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the Equity Shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which the Company became a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the Equity Shares cannot be treated as capital, even if you hold the Equity Shares as capital assets.

If the Company is a PFIC for any year during which you hold Equity Shares, the Company generally will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold Equity Shares, regardless of whether the Company in fact continues to meet the income or asset test described above.

In addition, if the Company is treated as a PFIC, to the extent any of its direct or indirect subsidiaries (if any) are also PFICs, you may be deemed to own shares in such subsidiaries (if any) and you may be subject to the adverse PFIC tax consequences with respect to the shares of such subsidiaries (if any) that you would be deemed to own.

Qualified electing fund election

To mitigate the application of the PFIC rules discussed above, a U.S. Holder may make an election to treat the Company as a qualified electing fund ("**QEF**") for U.S. federal income tax purposes. To make a QEF election, the Company must provide U.S. Holders with information compiled according to U.S. federal income tax principles. The Company does not currently intend to prepare or provide the information that would enable you to make a QEF election.

Mark-to-market election

A U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock to elect out of the tax treatment discussed above, although it is possible the mark-to-market election may not apply or be available with respect to the shares in the Company's subsidiaries (if any) to the extent they are PFICs that you may be deemed to own if the Company is treated as a PFIC, as discussed above. If you make a valid mark-to-market election for the Equity Shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the Equity Shares as of the close of your taxable year over your adjusted basis in such Equity Shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the Equity Shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the Equity Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Equity Shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to market loss on the Equity Shares, as well as to any loss realized on the actual sale or disposition of the Equity Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Equity Shares. Your basis in the Equity Shares will be adjusted to reflect any such income or loss amounts. If you make such an election, the tax rules that apply to distributions by corporations that are not PFICs generally would apply to distributions by the Company, except that the lower applicable capital gains rate with respect to qualified dividend income (discussed above) would not apply.

The mark-to-market election is available only for "marketable stock", which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable U.S. Treasury regulations. Under applicable U.S. Treasury regulations, a "qualified exchange" includes a foreign exchange that is regulated by a governmental authority in the jurisdiction in which the exchange is located and in respect of which certain other requirements are met. *U.S. Holders of Equity Shares should consult their own tax advisors as to whether the Equity Shares would qualify for the mark-to-market election.*

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISOR REGARDING THE APPLICATION OF THE PFIC RULES TO THEIR INVESTMENT IN EQUITY SHARES, AND THE AVAILABILITY AND ADVISABILITY OF ANY ELECTIONS.

Non-U.S. Holders

A Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any distributions made on the Equity Shares or gain from the sale, redemption or other disposition of the Equity Shares unless: (i) that distribution and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the United States; or (ii) in the case of any gain realized on the sale or exchange of an Equity Share by an individual Non-U.S. Holder, that Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

Information Reporting and Backup Withholding

Dividend payments with respect to Equity Shares and proceeds from the sale, exchange or redemption of Equity Shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding under certain circumstances.

Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certifications or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

U.S. Holders that hold Equity Shares in any year in which the Company is a PFIC, may be required to file Internal Revenue Service Form 8621 with respect to their ownership of the Equity Shares. In addition, U.S. Holders may be required to file additional information with respect to their ownership of the Equity Shares.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Lead Manager or any of its affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"). On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the Securities and Exchange Board of India Act, 1992, as amended from time to time (the "**SEBI Act**"), notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, FPIs, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI the listing agreements entered into by our company with the Stock Exchanges and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of a company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognised stock exchange.

Minimum Level of Public Shareholding

All listed companies are required to ensure a minimum public shareholding at 25%. Further, where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges which were significantly modified in 2015. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" and the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading (or "BOLT") facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

The NSE has introduced a fully automated trading system called National Exchange for Automated Trading (or "NEAT"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("**Takeover Regulations**"), which provides specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Insider Trading Regulations

The SEBI (Prohibition of Insider Trading) Regulations, 2015 have been notified by SEBI to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing either on his own behalf or on behalf of any other person, in the securities of a listed company or a company proposed to be listed when in possession of unpublished price sensitive information ("**UPSI**") and to provide access to any person including other insiders to the above. referred UPSI except where such communication is for legitimate purposes, performance of duties or discharge of legal obligations. UPSI shall include any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities.

The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a predefined percentage, KMP and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information in relation to securities of a company or any person who has a connection with the company that is expected to put him in possession of unpublished price sensitive information.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association, the Companies Act. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

The authorized share capital of our Company is ₹ 530.00 million, consisting of 39,763,595 Equity Shares of ₹10 each. For further information, see "***Capital Structure***" on page 71.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. However, our Company may declare a smaller dividend in the general meeting. In addition, as is permitted by the Articles of Association, the Board of the Directors may pay interim dividend as appear to it be justified by the profits of our Company, subject to the requirements of the Companies Act.

The Equity Shares issued pursuant to this Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalization of Reserves and Issue of Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account to its shareholders, in the form of fully paid up bonus ordinary shares, which are similar to stock dividend. These bonus ordinary shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalizing reserves created by revaluation of assets. Further, any issue of bonus shares would be subject to SEBI ICDR Regulations and the Companies Act, 2013.

As per the Articles of Association, upon resolution in the general meeting, on recommendation of the Board of Directors, our Company may capitalize and distribute amongst the shareholders any amount standing to the credit of Company's reserve accounts and to the credit of the profit and loss account or otherwise. However, afore-said distribution shall not be made in cash.

Alteration of Share Capital

The Articles of Association authorize it to, from time to time, increase its share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution. Subject to the provisions of Section 61 of the Companies Act, 2013, the Company may, by ordinary resolution, (a) increase its share capital by such amount as it things expedient by issuing new shares; (b) consolidation and divide all or any of its share capital into shares of large amount than its existing shares; (c) convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any denominations; (d) sub-divide its share, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however that in the sub-division the proportion between the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which of the shares so cancelled; and (e) cancel any share, which at the date of the passing of the resolution in that behalf, have not be taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled. The resolutions where by any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regard dividend, capital, voting or otherwise over or as compared with others. If, owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have offer of such new shares, any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.

General Meetings of shareholders

There are two types of general meetings of the shareholders:

(i) AGM; and

(ii) EGM.

Our Company must hold its AGM within six months after the expiry of each fiscal year provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. The Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's issued paid up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the Memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares on a show of hands, every member present in person shall have one vote; and on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.

A member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid. An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105 of the Companies Act, 2013.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Company shall keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI guidelines issued in connection therewith.

Liquidation Rights

If the Company is wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution but subject to the rights attached to any preference share capital, divide amongst the contributories, *in specie* or in kind, the whole or any part of the assets of the Company and may, with the same sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
Srikalahasthi Pipes Limited
Rachagunneri, Srikalahasthi Mandal,
Chittoor district
Andhra Pradesh, India

Introduction

1. This Certificate is issued in accordance with the terms of our arrangement letter dated December 11, 2017 with regard to Proposed Qualified Institutions Placement of Equity Shares of face value of Rs. 10.00 each (the "Securities") of Srikalahasthi Pipes Limited (the "**Offering**) (hereinafter referred to as "Arrangement Letter").

2. The accompanying Statement of possible Tax Benefits (the "**Statement**") available to Srikalahasthi Pipes Limited (the "**Company**") and its shareholders under the Income Tax Act, 1961 (read with Income Tax Rules, Circulars, notifications) as amended by Finance Act 2017 in "**Annexure A**" has been prepared by the "**Company**"), pursuant to the requirement for the Proposed qualified institutions placement of equity shares of face value of Rs. 10 each ("**proposed QIP issue**"). We have initialed the Statement for identification purposes only.

Management's Responsibility for the Statement

3. The accompanying Statement, is solely the responsibility of the Management of the Company. The said statement has been compiled by the management based on the provisions of Income Tax Act, 1961, as amended (the "**Act**"), and presently in force in India. The management responsibility includes collecting, collating and validating data and designing, implementing and monitoring of internal controls relevant for the preparation and presentation of the statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances. The management is also responsible for identifying and ensuring that company complies with laws and regulations applicable to its activities.

Auditors' Responsibility

4. Our Work has been carried out in accordance with Standards on Auditing, as per the 'Guidance Note on Audit Reports or Certificates for Special Purposes' (Revised 2016) and other applicable authorative pronouncements issued by the Institute of Chartered Accountants of India.

5. We hereby report that we have reviewed the possible direct tax benefits available to the Company, under the Income Tax Act, 1961, as amended (the "**Act**"), and to the shareholders of the Company under the Income Tax Act presently in force in India, in the enclosed statement.

6. Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company

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.

Inherent Limitations

8. We draw our attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information:

   a. Several of these tax benefits/consequences are dependent on the Company or the qualified institutional buyers fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

   b. The benefits discussed in the enclosed annexure are not exhaustive and the preparation of the content stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In the view of individual nature of tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to that specific tax implications arising out of their participation in the Issue

   c. In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement (DTAA), if any, entered into between India and the country in which the non-resident has fiscal domicile. (Subject to furnishing of Tax Residency Certificate)

   d. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the QIP.

   e. The above Statement of Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

Conclusion

9. In our opinion, the statement presents in all material respects, the possible benefits available to the Company and its shareholder, in accordance with the Income Tax Regulations as at the date of this certificate. Considering the matter referred above, we are unable to express any opinion or provide any assurance whether:
   a. the Company or its shareholders will continue to obtain these benefits in future; or
   b. The conditions prescribed for availing the benefits, where applicable have been/ would be met.

This certificate is intended solely for your information and for the inclusion in the Preliminary Placement Document and Placement Document in connection with the proposed QIP issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Lodha & Co,**
Chartered Accountants
Firm Registration Number: 301051E

R P Singh
Partner
Membership Number: 052438
Place: Kolkata
Dated: December 12, 2017

Annexure 'A'

TAX BENEFITS AVAILABLE TO SRIKLAHASTHI PIPES LIMITED ("THE COMPANY"), SHAREHOLDERS

I. Tax Benefits available to the Company

1. **Special Tax benefits available to the Company under the Income-tax Act, 1961**

1.1 In accordance with and subject to the condition specified in Section 80-IA of the Act, the Company would be entitled for a deduction of an amount equal to hundred per cent of profits or gains derived from industrial undertaking engaged in generation and/or distribution or transmission of power for any ten consecutive assessment years out of fifteen years beginning from the year (i.e. 2007-08) in which the undertaking has started its operation.

2. Certain Other benefits available to the Company are as follows:

2.1 Business income of the Company shall be computed in accordance with the provisions contained in Sections 30 to 43D of the Act.

2.2 The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business as per provisions of Section 32 of the Act. As per Section 32(1)(iia) of the Act, additional depreciation at the rate 20% shall be available to company engaged in the business of manufacture or production of any article or thing. As per second proviso to Section 32(1) of the Act, in case the asset is put to use for less than 180 days, for that financial year, depreciation on the said assets shall be restricted to fifty percent. The Finance Act, 2015 has inserted third proviso to Section 32(1), according to which balance 50% additional depreciation shall be available to the Company in the subsequent financial year.

As per amended Section 32AC(1A) of the Act, companies engaged in the business of manufacturing or producing any article or thing shall be allowed deduction at the rate of 15% of the cost of new assets purchased and installed on or after 1 April 2014 and on or before 31 March 2018. Minimum value of new assets of Rs. 25 Crores has to be acquired and installed during any previous year for availing this benefit.

If any new asset acquired and installed by the Company is sold/transferred, except in connection with amalgamation or demerger, within a period of 5 years from the date of its installation, the amount of deduction allowed in respect of such new asset shall be deemed to be the income of the Company chargeable under the head "Profits and gains of business or profession" of the financial year in which such new asset is sold, in addition to taxability of gains, arising on account of transfer of such new asset.

Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against any source of income in subsequent years as per provisions of Section 32 of the Act.

2.3 Under Section 35D of the Act, the Company is eligible for a deduction of an amount equal to one-fifth of certain specified expenditure for each of the five successive years, subject to certain limits and conditions set out in the said Section.

2.4 Under Section 115JAA (1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax paid (MAT) under Section 115JB of the Act for any assessment year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall be available for set-off upto 10 years succeeding the year in which the MAT credit becomes allowable.

Long Term Capital Gain

2.5 Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share is treated as a long-term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

2.6 Section 48 of the Act prescribes the mode of computation of capital gains and provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains.

However, in respect of long term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time.

2.7 Under Section 10(38) of the Act, long-term capital gain on sale of equity shares or units of an equity oriented fund will be exempt provided that the transaction of such sale is chargeable to Securities Transaction Tax (STT). Further in case of transaction for acquisition of such shares is on or after 1st day of October 2004, such transaction should have been chargeable to STT or it should have been notified by the Central Government to be specifically exempt from chargeability of STT (for e,g. acquisition of shares approved by Hon'ble Supreme Court, High Court, National Company Law tribunal (NCLT), Securities and Exchange Board of India (SEBI or Reserve Bank of India (RBI) in this behalf, acquisition under ESOP, acquisition through scheme approved by NCLT under section 230 to 234 of the Companies Act, 2013. However, when the company is liable to tax on book profits under section 115JB of the Act, the said income is required to be included in book profits and taken into account in computing the book profit tax payable under section 115JB.

2.8 The long-term capital gains accruing otherwise than as mentioned in 2.3 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) in accordance with and subject to the provisions of Section 112 of the Act. However, if the tax on long term capital gain resulting on sale of listed securities or unit or zero-coupon bond, calculated at the rate of 20% with indexation benefit exceeds the tax calculated at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and education cess).

2.9 In accordance with and subject to the condition specified in Section 54EC of the Act, long term capital gain other than those exempt U/S 10(38)] shall not be chargeable to tax to the extent such capital gain is invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisitions, the amount of capital gain exempted earlier would become chargeable to tax as long-term capital gain in the year in which the bonds are transferred or converted into money. Investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year should not exceed Rs. 5.00Millions.

For the purpose of section 54EC, long term specified assets means any bond redeemable after three years and issued by:

a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988; or

b) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

Short Term Capital gain

2.10 Shares in a company, listed securities or units of UTI or units of mutual fund specified under section 10 (23D) or zero-coupon bond will be considered as short-term capital assets if they are held for a period less than twelve month.

2.11 Under Section 111A of the Act, short-term capital gain on sale of equity shares or units of an equity oriented fund where the transaction of such sale is chargeable to STT, shall be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess).

2.12 In other cases, where STT is not charged on transfer of short term capital asset being an equity share in a company, capital gain arising therefrom would be taxed at the normal rates of tax in accordance with and subject to the provisions of the Act as may be prescribed in each year's Finance Act.

2.13 When the company is liable to pay tax on book profits under section 115JB of the Act, i.e. MAT, the income exempt from taxation in terms of section 10(38) of the Act will form part of book profits while computing the book profits under section 115JB of the Act.

Dividend Income

2.14 As per Section 10(34) of the Act, any income by way of dividends referred to in Section 115 – O of the Act, (i.e. dividends declared, distributed or paid on or after 1st April, 2003 by domestic companies) received on the shares of any company is exempt from tax. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2.15 Under Section 10(35) of the Act, the following income will be exempt in the hands of the Company:

(a) Income received in respect of the units of a Mutual Fund specified under clause (23D) of Section 10; or

(b) Income received in respect of units from the Administrator of the specified undertaking as referred to in clause 35 of Section 10 of the Act; or

(c) Income received in respect of units from the specified company.

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be. However, as per section 94(7) of the Act, losses arising from the sale/ redemption of units purchased within three months prior to the record date (for entitlement to receive income) and sold within nine months from the record date, will be disallowed to the extent such loss does not exceed the amount of income claimed exempt.

Disallowance under section 14A

2.16 Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which does not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not a tax deductible expenditure.

Dividend Distribution Tax

2.17 The domestic company is required to pay dividend distribution tax u/s 115-O @ 16.995 % (including applicable surcharge and education cess and Secondary and higher education cess).

However, the company would be entitled to avail the credit of dividend received by it from its subsidiaries i.e. domestic company in accordance with and subject to the provisions of section 115-O (1A) of the Act on which tax on distributed profits has been paid by the subsidiary i.e. domestic company. This credit is available to ultimate parent company if that is not a subsidiary of any other company. Finance Act, 2013 has amended Section 115-O with a view to remove the cascading effect in respect of dividends received by a domestic company from a similarly placed foreign subsidiary. Accordingly, where tax on dividend received from the foreign company is payable under Section 115BBD by the holding domestic company then, any dividend distributed by the holding company in the same year, to the extent of such dividend shall not be subject to dividend distribution tax under Section 115-O of the Act.

II. Tax Benefits available to Share Holders

1. Capital Gain

Long Term Capital Gain

1.1 Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

1.2 Section 48 of the Act prescribes the mode of computation of capital gains and provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains.

In respect of long term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time.

1.3 Under Section 10(38) of the Act, long-term capital gain on sale of equity shares or units of an equity oriented fund will be exempt provided that the transaction of such sale is chargeable to STT. Further in case of transaction for acquisition of such shares is on or after 1st day of October 2004, such transaction should have been chargeable to STT or it should have been notified by the Central Government to be specifically exempt in this behalf. However, when the company is liable to tax on book profits under section 115JB of the Act, the said income is required to be included in book profits and taken into account in computing the book profit tax payable under section 115JB.

1.4 Under section 112 of the Act and other relevant provisions of the Act, long term capital gains, (other than those exempt under section 10(38) of the Act) arising on transfer of shares in the Company, would be subject to tax at the rate of 20 percent (plus applicable surcharge, education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge, education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

1.5 In accordance with and subject to the condition specified in Section 54EC of the Act, long term capital gain shall not be chargeable to tax to the extent such capital gain is invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisitions, the amount of capital gain exempted earlier would become chargeable to tax as long term capital gain in the year in which the bonds are transferred or converted into money. Investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year should not exceed Rs. 5.00 Million.

1.6 According to the provisions of section 54-F of the Act and subject to the conditions specified therein, long-term capital gains arising to an individual or a Hindu Undivided Family on transfer of shares of the company on which STT is not payable, shall not be chargeable to tax, provided that the net consideration is utilized for either of the following:

a) Purchase of one residential house in India within a period of one year before or two years after the date of transfer of such long term capital assets; or

b) Construction of one residential house in India within a period of three years after the date of transfer of the long-term capital asset.

Such benefit will not be available if the individual

a) owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

b) purchases another residential house within a period of one year after the date of transfer of the shares; or

c) constructs another residential house within a period of three years after the date of transfer of the shares; and

the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head ―Income from house property.

Further, if only a portion of the net consideration is so invested, then the exemption is available proportionately.

However, if the residential house in which investment is made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

1.7 In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EE of the Act, long-term capital gains arising on transfer of the shares of the Company [other than those exempt under section 10(38) of the Act] shall be exempt from capital gains tax if the gains are invested in specified units within six months from the date of transfer of shares. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis. Where the specified units are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer/ conversion.

Short Term Capital Gain

1.8 Under section 2 (42A) of the Act, equity share is treated as a short term capital asset if the same is held for less than 12 months immediately preceding the date of its transfer.

1.9 Short-term capital gains on the transfer of shares, where listed securities are held for a period of not more than 12 months, in the hands of resident shareholders would be taxed at the normal rates of tax in accordance with and subject to the provisions of the Act as may be prescribed in each year's Finance Act.

1.10 Short-term capital loss computed for a given year is allowed to be set-off against short-term/ long-term capital gains computed for the said year under section 70 of the Act. However, long-term capital loss computed for a given year [arising from a transaction other than that covered by section 10(38) of the Act] is allowed to be set-off only against the long-term capital gains computed for the said year. Further, as per section 71 of the Act, short-term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per section 74 of the Act, the balance short-term capital loss, which is not set off under the provisions of section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' short-term as well as long-term capital gains. However, the balance long-term capital loss of any year is allowed to be carried forward and set-off only against the long-term capital gains of subsequent eight assessment years.

1.11 When a shareholder is liable to pay tax on book profits under section 115JB of the Act, i.e. MAT, the income exempt in terms of section 10(38) of the Act (as per para 1.3 above) will form part of book profits while computing the book profits under section 115JB of the Act.

1.12 Where the gains arising on the transfer of shares of the Company are included in the business income of an assessee assessable under the head 'Profits and gains from business or profession' and on which STT has been charged, such STT shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

1.13 The characterisation of gains/ losses, arising from sale/ transfer of shares as capital gains or business income has been clarified by the CBDT vide circular no. 6/ 2016 dated February 29, 2016.

1.14 Income arising to a shareholder on account of buy back of shares (not being listed on a recognized stock exchange) by a company as referred to in section 115QA of the Act will be exempt from tax under section 10(34A) of the Act. In such cases, the company buying back the shares is liable to pay additional tax at the rate of 20% (plus applicable surcharge and cesses) on distributed income being difference between consideration and the amount received by the company for issue of shares.

Dividend Income

1.15 As per Section 10(34) of the Act, any income by way of dividends referred to in Section 115 – O of the Act, (i.e. dividends declared, distributed or paid on or after 1st April, 2003 by domestic companies) received on the shares of any company is exempt from tax. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. **Business Income**

In case the resident share holders are engaged in business of trading in shares, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the Act.

III Tax Benefits available to Non-Resident /Foreign Company (Other than Foreign Institutional Investors)

1. Tax treaty benefits

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Tax Avoidance Agreement between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the assessee.

2. Capital Gain

Long Term Capital Gain

2.1 Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

2.2 Under section 112 of the Act, capital gains arising on the transfer of long term capital assets being equity share, in the hands of share holders are subject to tax at the rate of 10% (plus applicable surcharge and cess) of capital gains calculated without indexation of the cost of acquisition or 20% (plus applicable surcharge and cess) of the capital gains calculated after indexation of the cost of acquisition whichever is more beneficial to the assessee. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the shares from the sale consideration.

2.3 In accordance with and subject to the condition specified in Section 54EC of the Act, long term capital gain shall not be chargeable to tax to the extent such capital gain is invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisitions, the amount of capital gain exempted earlier would become chargeable to tax as long term capital gain in the year in which the bonds are transferred or converted into money. Investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year should not exceed Rs. 5.00 Millions.

2.4 In accordance with and subject to the condition specified in section 54F of the Act, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of long term capital asset will be exempt from capital gain tax subject to other conditions, if the sale proceeds from such transfer are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt. If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

Short Term Capital Gain

2.5 Under section 2 (42A) of the Act, equity share is treated as a short term capital asset if the same is held for less than 12 months immediately preceding the date of its transfer.

2.6 Short-term capital gains on the transfer of shares, where shares are held for a period of not more than 12 months, in the hands of share holders would be taxed at the normal rates of tax in accordance with and subject to the provisions of the Act as may be prescribed in each year's Finance Act.

3. Business Income

In case the shareholders are engaged in business of trading in shares, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the Act.

4. Non Resident Indians

Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the Act which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange.

4.1 Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, were born in undivided India.

4.2 Under section 115E of the Act, NRIs will be taxed at the rate of 10% (plus applicable surcharge and cesses) on long term capital gains [other than those exempt under section 10(38) of the Act] arising on sale of shares of the Company which are acquired in convertible foreign exchange.

4.3 Under section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange [other than those exempt under section 10(38) of the Act] shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis.

4.4 In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

4.5 In accordance with the provisions of section 115H of the Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.

4.6 As per the provisions of section 115-I of the Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Act. The said Chapter inter alia entitles NRIs to the benefits stated there under in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

Dividend Income

4.7 As per Section 10(34) of the Act, any income by way of dividends referred to in Section 115 – O of the Act, (i.e. dividends declared, distributed or paid on or after 1st April, 2003 by domestic companies) received on the shares of any company is exempt from tax. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

IV. Foreign Institutional Investors (FII)

1. Tax treaty benefits

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Tax Avoidance Agreement between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the assessee.

2. Capital Gain

Long Term Capital Gain

2.1 As per section 2(29A) of the Act, read with section 2 (42A) of the Act, equity share is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

2.2 Under section 112 of the Act, capital gains arising on the transfer of long term capital assets being shares, in the hands of share holders are subject to tax at the rate of 10% (plus applicable surcharge and cess) of capital gains calculated without indexation of the cost of acquisition or 20% (plus applicable surcharge and cess) of the capital gains calculated after indexation of the cost of acquisition whichever is more beneficial to the assessee. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the shares from the sale consideration.

2.3 As per section 115AD of the Act, on transfer of long term capital assets being equity shares are liable to be taxed at the rate of 10% (plus applicable surcharge and education cess). Cost Indexation and foreign currency fluctuation benefit as per proviso to section 48 of the Act will not be available in such a case.

2.4 In accordance with and subject to the condition specified in Section 54EC of the Act, long term capital gain shall not be chargeable to tax to the extent such capital gain is invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisitions, the amount of capital gain exempted earlier would become chargeable to tax as long term capital gain in the year in which the bonds are transferred or converted into money. Investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year should not exceed Rs. 5.00 Millions.

Short Term Capital Gain

2.5 As per section 2 (42A) of the Act, equity share in a company is treated as a short term capital asset if the same is held for less than 12 months immediately preceding the date of its transfer.

2.6 As per section 115AD of the Act, if STT is not charged on transfer of short term capital asset being equity share then it would be taxed at the rate of 30% (plus applicable surcharge and education cess).

2.7 Capital Gains (whether Long Term or Short Term) arising on transfer of shares by Foreign Companies will not be subjected to pay tax on book profits under section 115JB of the Act, i.e. MAT, if conditions prescribed in explanation 4 to Section 115 JB(2) of the act are satisfied.

2.8 Short-term capital loss computed for a given year is allowed to be set-off against short-term/ long-term capital gains computed for the said year under section 70 of the Act. However, long-term capital loss computed for a given year [arising from a transaction other than that covered by section 10(38) of the Act] is allowed to be set-off only against the long-term capital gains computed for the said year. Further, as per section 71 of the Act, short-term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads for the same year.

2.9 As per section 74 of the Act, the balance short-term capital loss, which is not set off under the provisions of section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' short-term as well as long-term capital gains. However, the balance long-term capital loss of any year is allowed to be carried forward and set-off only against the long-term capital gains of subsequent eight assessment years.

Dividend Income

2.10 As per Section 10(34) of the Act, any income by way of dividends referred to in Section 115 – O of the Act, (i.e. dividends declared, distributed or paid on or after 1st April, 2003 by domestic companies) received on the shares of any company is exempt from tax. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

3. Business Income

In case the shareholders are engaged in business of trading in shares, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the Act.

4. Withholding tax

As per section 196D of the Act, income by way of capital gain payable to FII, is not liable to withholding tax.

IV Tax Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf. However, Mutual Funds will be liable to pay tax on distributed income to unit holders under Section 115R of the Act.

V General Anti Avoidance Rules

Under the Act, General Anti-Avoidance Rule ('GAAR') may be invoked by the income-tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the four below mentioned elements:

- he arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's-length;
- It results in directly / indirectly misuse or abuse of the Income-tax Act;
- It lacks commercial substance or is deemed to lack commercial substance under section 97, in whole or in part; or
- It is entered into or carried out in a manner, which is not normally employed for bona fide purposes.

VI Gift Tax

Gift of shares of the Company made on or after October 1, 1998 are not liable to gift tax. However as per section 56 of the Act, where an individual or a Hindu undivided family receives subject to certain exemption as provided under section 56 of the Act, in any previous year, from any person or persons on or after the 1st day of October, 2009, any property, i.e. equity shares —

(*i*) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;

(*ii*) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration then the same is taxable in its hands.

Notes:

All the above benefits are as per the provisions of the Income-tax Act, 1961, Income-tax Rules, circulars and notifications as amended by Finance Act, 2015 presently in force in India. They shall be available only to the sole/first named holder in case the shares are held by the joint holders.

No assurance is given that the Revenue authorities/ Courts will concur with the content contained herein. The content herein is based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the contents consequent to such changes. We will not be liable to any other person in respect of this Statement.

For **Lodha & Co,**
Chartered Accountants
Firm Registration Number: 301051E

R P Singh
Partner
Membership Number: 052438
Place: Kolkata
Dated: December 12, 2017

LEGAL PROCEEDINGS

*Our Company, from time to time, is involved in various legal proceedings mostly arising in the ordinary course of business. Except as described below, our Company is not involved in any legal proceeding and is not aware of any proceeding that is threatened, which if determined adversely, may have a material adverse effect on the business, financial condition or results of operations of our Company. Other than as disclosed in this section (i) no other litigation has been treated as material in the opinion of the Board of Directors; (ii) there are no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoter and Promoter Group during the last three years; (iii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 in the last three years involving our Company; (iii) there are no default in repayment of statutory dues as of the date of this Placement Document; and (iv) there are no material frauds committed against us in the last three years. For the purposes of disclosure in this Placement Document, all outstanding legal proceedings involving our Company wherein the amount involved exceeds 5% of the profit before tax of our Company as on March 31, 2017 ("**PBT**") have been considered material.*

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Directors or the Promoter shall, unless otherwise decided by our Board of Directors, not be considered as outstanding litigation until such time that our Company or any of its Directors or Promoter, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.

A summary of pending legal proceedings where the amount involved exceeds 5% of our PBT i.e. ₹ 95.61 million, and certain other litigation which may be construed as material is set forth below.

Litigation involving our Company

Civil Cases

Cases filed by our Company

(i) Our Company has filed a writ petition before the High Court of Andhra Pradesh ("**Petition**") against the Government of Andhra Pradesh and Hyderabad Metropolitan Water Supply and Sewerage Board ("**HMWSSB**"). Our Company was a supplier of DI Pipes to HMWSSB and during the year 2008, our Company requested for application of the price variation formula in accordance with a government order dated June 21, 2008 ("**G.O.**") for all future and ongoing projects on account of increase in cost of pig iron, a key raw material in the manufacture of DI Pipes. HMWSSB sought clarification from the Government of Andhra Pradesh ("**GoAP**") in relation to the applicability of the price variation formula and GoAP subsequently issued a clarification dated October 1, 2012 ("**Clarification**") stating that (i) price variation is applicable only prospectively from the date of the G.O.; (ii) only increase over and above 5% will be covered by the price variation formula; and (iii) delayed supply on account of price hike will not receive protection of the G.O. Through the Petition our Company has prayed for an order to set aside the Clarification and for the HMWSSB to apply the G.O. for settling all pending bills without reference to the Clarification. The total amount involved in this proceeding is ₹ 77.8 million. The matter is pending final disposal.

Criminal cases

Criminal cases filed against our Company

(i) M/s Sridevi Agencies ("**Complainant**") has filed a complaint under section 418 and 211 of the Indian Penal Code, 1860 against our Company before the court of the Addittional Judicial Magistrate I Class, Tirupati alleging that our Company had wrongfully withheld amounts agreegating ₹ 173,571 due to the Complainant and also filed a false criminal complaint against the Complainant. Our has filed a petition under section 482 of the Code of Criminal Procedure, 1973 before the High Court of Hyderabad ("**High Court**") to quash the complaint filed by the Complainant. This matter is currently pending.

Tax proceedings

Indirect Taxes

(i) Our Company received four show cause notices issued by the Commissioner of Customs and Central Excise, Tirupati ("**CCE**") alleging the wrongful availment of benefit under Notification No. 67/95-CE dated March 16, 1995 issued by the Central Government ("**Exemption Notification**"), and the non-payment of duty on the manufacture of captively consumed inputs i.e. pig iron (in molten form) and cement, for periods from March 2005 to April 2009 (the "**Show Cause Notices"**). The aggregate amount involved in these proceedings is ₹ 626 million. Our Company has submitted replies to all the Show Cause Notices. The matter is pending final disposal.

(ii) Our Company has received a pre-revision show cause notice ("**Notice**") issued by the Commissioner of Commercial Taxes, Andhra Pradesh ("**Commissioner**"), in relation to certain exemptions allowed to our Company pursuant to an assessment order for the assessment year 2013-14 under the Central Sales Tax Act, 1956. Pursuant to the Notice the Commissioner has proposed to withdraw exemptions to the tune of ₹ 1,785.09 million granted to our Company. Our Company has submitted its reply to the Notice. The matter is pending final disposal.

Litigation involving our Directors

(i) Gouri Shankar Rathi's (the "**Plaintiff**") name appeared on the list of disqualified directors which was published by the Registrar of Companies, West Bengal (the "**Notice**"). The Plaintiff was a director on the board of Ductile Iron Pipes and Castings Manufacturers Association, a company which had not filed its annual returns from Fiscal 2013 onwards. The Plaintiff had filed a writ petition before the High Court of Calcutta (the "**Court**") challenging this Notice and the Court pursuant to its order dated November 30, 2017 had ordered the Plaintiff to deposit a sum of₹ 100,000 and granted a stay on the Notice disqualifying the Plaintiff from acting as a director on other companies for a period of six months or until further orders by the Court, whichever is earlier. The matter is currently pending.

(ii) Maruthi Rao Gollapudi's name appeared on the list of disqualified directors which was published by the Registrar of Companies, Puducherry ("**Notice**"). Maruthi Rao Gollapudi was a director on the board of Maruthi Air Links Private Limited ("**Maruthi Air Links**"), a company which had not filed its annual returns from Fiscal 2013 onwards. He has filed a writ petition before the High Court of Madras ("**Court**") challenging this Notice and seeking a stay on the Notice disqualifying him, from acting as a director on other companies. The Court has vide its order dated December 19, 2017 granted a stay on the Notice. The matter is currently pending.

Material frauds committed against our Company in the last three years, and the action taken by our Company

Nil

Details of default in repayment of (i) statutory dues; (ii) debentures and interest thereon; (iii) deposits and interest thereon; (iv) loan from any bank or financial institution and interest thereon

Nil

Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of our Company during the last three years immediately preceding the year of the circulation of this Placement Document and directions issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action.

(i) The Adjudicating Officer, Securities and Exchange Board of India had vide an order dated March 31, 2016 imposed an aggregate penalty of ₹ 10 million under Section 23A(a) and Section 23E of the Securities Contract (Regulation) Act, 1956 on ECL on account of violation of clause 36 of the listing agreement read with Section 21 of Securities Contract (Regulation) Act, 1956 in relation to non-disclosure of the rejection of proposal for diversion of forest land for Kodolibad iron ore mine, by the Ministry of Environment and Forest vide letter dated November 4, 2008. ECL has filed an appeal before the Securities Appellate Tribunal challenging the aforesaid order. The matter is currently pending.

(ii) The Central Bureau of Investigation ("**CBI**") has registered a First Information Report ("**FIR**") under Section 120-B read with Sections 406 & 420 of Indian Penal Code, 1860 ("**IPC**") and under Sections 13(2) & 13(1) (d) of Prevention of Corruption Act, 1988 ("**PC Act**") against ECL and Electrosteel Steels Limited and unknown public servants. The CBI, in its press release, said that the FIR alleges that ECL resorted to sale of 50,162.42 metric tonnes of middlings dishonestly to another private company based at Jharkhand and disposed-off 42,500 metric tonnes inferior ungraded coal, Jhama and slurry to the non-approved end users. The CBI conducted a search at ~~the~~ ECL's facilities at Kolkata and requisitioned certain documents. ECL has submitted requisitioned documents to CBI. The matter is currently pending. CBI had forwarded the FIR to the Directorate of Enforcement as per procedure. Thereafter, the Directorate of Enforcement registered this case and started investigation wherein they have called for information in connection with the case, which has been submitted to them by ECL.

(iii) The CBI has registered a First Information Report ("**FIR**") against ECL, Mr. Umang Kejriwal, Managing Director, Jayanthi Natrajan, the then Minister of State, Ministry of Environment & Forests ("**Minister of State, MoEF**") and other unknown persons, under Section 120-B of the IPC read with Sections 13(2) and 13(1)(d) of the PC Act. The FIR alleges criminal conspiracy on the ground that the Minister of State, MoEF accorded the approval for diversion of 55.79 hectares of forest land for non-forestry use to ECL, though the same had been rejected by the former Minister of State, MoEF and without adhering to the advice of Director General of Forests and Special Secretary and against the directions of the Supreme Court of India in this regard. The CBI conducted a search at the ECL's corporate and other offices to collect documents in the said matter. The matter is currently pending.

(iv) The South Eastern Railway, Chakradharpur Division ("**Authority**") had issued two (2) show cause notices to ECL with respect to domestic units - Khardah and Haldia works of ECL, alleging iron ore freight evasion aggregating to an amount of ₹ 475.2 million being the difference between domestic and export oriented freight. ECL, being the domestic consumer had submitted it reply to the show cause notices and on scrutiny of the same, the Adjudicating Officer of South Eastern Railway, Chakradharpur Division had withdrawn these show cause notices.

Subsequently, the matter was re-opened by Ministry of Railway and civil suits No. 156 and 157 of 2016 were listed before the High Court of Calcutta on September 26, 2016 by South Eastern Railway on the ground that ECL had paid lesser freight than legally required to and notices were served upon ECL claiming amount after addition of interest amounting ₹ 573.3 million. The matters are currently pending before the High Court of Calcutta.

INDEPENDENT ACCOUNTANTS

Our Company's audited Financial Statements and notes thereto have been included in this Placement Document. The financial information for the six months ended September 30, 2017 and Fiscals 2017 and 2016 included in this section are prepared under Ind AS and the financial information for Fiscal 2015 included in this Placement Document has been prepared under Indian GAAP.

The financial statements of our Company for Fiscals 2017, 2016 and 2015, included in this Placement Document, have been audited by our erstwhile statutory auditors, K. R. Bapuji & Co., Chartered Accountants , independent auditors, as stated in their report for such fiscal year included herein.

The unaudited limited reviewed financial statements for the six months ended September 30, 2017, included in this Placement Document, have been reviewed by our statutory auditors, Lodha & Co., independent auditors, as stated in their report for such period included herein.

GENERAL INFORMATION

- Our Company was incorporated on November 1, 1991 under the Companies Act, 1956, as Lanco Ferro Limited. Subsequently, the name of our Company was changed to LIL with effect from July 6, 1994. In order to add value to the pig iron manufactured at our facility, LIL incorporated another public limited company, namely, Lanco Kalahasthi Castings Limited ("**LKCL**") on March 4, 1997. In December 2002, Electrosteel Castings Limited acquired control of both LIL and LKCL. Subsequently LKCL was merged with LIL. The name of our Company was further changed to Srikalahasthi Pipes Limited with effect from September 29, 2014. The registered office of our Company is located at Rachgunneri Village, Srikalahasthi Mandal, Chittoor 517 641, Andhra Pradesh, India.

- Equity shares of our Company with a face value of ₹ 10. The Equity Shares are currently listed on the NSE and the BSE.

- The Issue was authorized and approved by the Board of Directors on April 29, 2017 and approved by the shareholders at an extra-ordinary general meeting held on May 27, 2017.

- Our Company has received in-principle approvals to list the Equity Shares to be issued pursuant to the Issue, on the BSE and the NSE on December 20, 2017.

- Our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

- There has been no material change in the financial or trading position of our Company since September 30, 2017, the date of the Financial Statements prepared in accordance with Ind AS included in this Placement Document, except as disclosed in this Placement Document.

- Except as disclosed in this Placement Document, there are no outstanding legal or arbitration proceedings against or affecting our Company or its assets or revenues, nor is our Company aware of any pending or threatened legal or arbitration proceedings, which is material in terms of Policy for Determination of Materiality for Disclosure of Events/Information, as adopted by the Board. For further details, see section "***Legal Proceedings***" beginning on page 183.

- Copies of the Memorandum and Articles of Association of our Company will be available for inspection between 11.00 A.M. to 1.00 P.M. any weekday (except Saturdays and public holidays) during the Bid/Issue Period at the Registered Office.

- Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations.

- The Floor Price for the Equity Shares under the Issue is ₹ 379.33 per Equity Share which has been calculated in accordance with Chapter VIII of the SEBI ICDR Regulations.

- Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations.

- Details of the Compliance Officer:

G. Kodanada Pani
Company Secretary and Compliance Officer

Rachgunneri Village, Srikalahasthi Mandal,
Chittoor District, Andhra Pradesh 517 641
Tel: +91 8578 286650
Fax: +91 8578 286680
E-mail: accounts@srikalahasthipipes.com

FINANCIAL STATEMENTS

Index to Financial Statements

LODHA
& CO

Chartered Accountants

Plot No.84, BHEL Enclave
Akbar Road, Secunderabad – 500 009
E-Mail: hyderabad@lodhaco.com
Tel: 27953116 / 9393443834

Limited Review Report

The Board of Directors
Srikalahasthi Pipes Limited

1. We have reviewed the accompanying statement of unaudited Financial Results of Srikalahasthi Pipes Limited ('the Company') for the Quarter ended on 30th September 2017 which are included in the accompanying 'Statement of unaudited financial results for the quarter and half year ended September 30, 2017 and Balance Sheet as on that date ('the Statement'). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ('the SEBI Regulations'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 which has been initialed by us for the purpose of identification.

2. This Statement which is the responsibility of the Company's Management and has been approved by the Board of Directors has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, we report that, nothing has come to our attention that causes us to believe that the accompanying statement of the Results read with notes thereon, prepared in accordance with aforesaid Indian Accounting Standards and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. (a) The comparative Ind AS financial information of the Company for the corresponding quarter ended June 2017 and half year ended September 30, 2016 were reviewed by the predecessor auditor who expressed unmodified opinion vide their reports dated August 10, 2017 and December 01, 2016 respectively.

   (b) The Ind AS financial statements of the Company for the year ended March 31, 2017 were audited by predecessor auditor who expressed unmodified opinion vide their reports dated May 12, 2017.

   Our conclusion is not qualified in respect of these matters

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

R.P.Singh
R P Singh
Partner
Membership No.052438

Place: Chennai
Date: October 27, 2017

SRIKALAHASTHI PIPES LIMITED

Regd. Office & Works: Rachagunneri-517641, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh

CIN : L74999AP1991PLC013391; email: companysecretary@srikalahasthipipes.com; Website : www.srikalahasthipipes.com

STATEMENT OF STANDALONE UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER'17

(All amounts in Indian Rupees Lakhs Except per Share Data)

Sl. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2017 (Unaudited)	30.06.2017 (Unaudited)	30.09.2016 (Unaudited)	30.09.2017 (Unaudited)	30.09.2016 (Unaudited)	31.03.2017 (Audited)
I	Revenue from Operations	34,032.75	44,049.01	17,980.50	78,081.77	46,636.73	1,20,340.14
II	Other Income	529.55	618.72	1,635.72	1,148.28	2,183.90	3,046.91
III	Total income (I+II)	34,562.30	44,667.73	19,616.22	79,230.04	48,820.63	1,23,387.05
IV	Expenses:						
	(a) Cost of materials consumed	17,426.19	20,527.50	6,088.96	37,953.69	17,066.14	47,604.04
	(b) Purchase of stock in trade	-	7,257.23	0.54	7,257.23	0.54	7,384.08
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,037.15	(1,308.88)	99.90	(271.73)	(345.78)	(14.06)
	(d) Excise Duty on Sale of goods	-	743.77	490.79	743.77	1,225.02	2,553.48
	(e) Employee benefits expense	1,868.28	1,896.29	1,769.51	3,764.57	3,625.33	7,067.40
	(f) Finance Costs	1,037.60	1,141.94	749.57	2,179.54	1,949.46	3,929.16
	(g) Depreciation and amortisation expense	936.10	875.73	1,190.16	1,811.83	2,627.08	3,688.50
	(h) Other expenses	7,110.69	8,502.35	5,699.47	15,613.04	13,262.76	32,052.11
	Total Expenses (IV)	29,416.01	39,635.93	16,088.90	69,051.94	39,410.55	1,04,264.71
V	Profit before tax (I-IV)	5,146.29	5,031.80	3,527.32	10,178.10	9,410.08	19,122.34
VI	Tax expense						
	(a) Current Tax	891.70	1,521.41	793.60	2,413.11	2,470.13	4,581.46
	(b) Deferred Tax	537.35	(133.47)	136.00	403.88	45.46	517.66
	Total Tax expense	1,429.05	1,387.93	929.60	2,816.98	2,515.59	5,099.12
VII	Profit for the period (V-VI)	3,717.24	3,643.87	2,597.72	7,361.12	6,894.49	14,023.22
VIII	Other Comprehensive Income						
	Items that will not be reclassified to profit or loss	(7.89)	(2.63)	(8.78)	(5.26)	(17.56)	(10.52)
	Income Tax relating to items that will not be reclassified to profit or loss	2.73	0.91	3.04	1.82	6.08	3.64
	Other Comprehensive Income (Net of Tax)	(5.16)	(1.72)	(5.74)	(3.44)	(11.48)	(6.88)
IX	Total Comprehensive Income for the period (VII+VIII)	3,712.09	3,642.16	2,591.98	7,357.68	6,883.01	14,016.34
X	Paid-up equity share capital (Face Value Rs.10/- per Share)	3,976.36	3,976.36	3,976.36	3,976.36	3,976.36	3,976.36
XI	Other Equity excluding Revaluation Reserve						77,377.24
XII	Earnings Per Share (EPS) of Rs. 10 each (not annualised)						
	Basic and Diluted EPS (in Rs.)	9.34	9.16	6.52	18.50	17.31	35.25

Statement of Assets and Liabilities

(Rs. in lakhs)

	As at September 30 2017	As at March 31 2017
Assets		
Non-Current Assets		
a. Property, Plant and Equipment	83,544.86	90,836.08
b. Capital Work-In-Progress	1,588.64	567.59
c. Intangible Assets	75.37	94.50
d. Financial Assets		
i. Other Financial Assets	640.62	557.74
e. Other Non Current Assets	216.01	135.24
Total Non-Current Assets	86,065.50	92,191.15
Current Assets		
(a) Inventories	26,818.50	21,342.91
(b) Financial Assets		
(i) Investments	20,260.00	15,263.53
(ii) Trade Receivables	28,727.99	14,334.45
(iii) Cash and Cash Equivalents	55.83	5,429.08
(iv) Bank Balances Other Than (iii)	2,514.61	119.22
(v) Loans	2,104.90	2,321.55
(vi) Other Financial Assets	7.14	75.00
(c) Other Current Assets	8,388.24	4,618.63
Total Current Assets	88,877.21	63,504.37
Total Assets	1,74,942.71	1,55,695.52
Equity and Liabilities		
Equity		
a. Equity Share Capital	3,976.36	3,976.36
b. Other Equity	81,862.95	77,377.24
Total Equity	85,839.31	81,353.60
Liabilities		
Non-Current Liabilities		
a. Financial Liabilities		
(i) Borrowings	5,129.13	6,386.81
(ii) Other Financial Liabilities	264.07	264.07
b. Provisions	687.94	550.35
c. Deferred Tax Liabilities (Net)	12,936.17	12,534.11
d. Other Non Current Liabilities	487.18	-
Total Non-Current Liabilities	19,504.49	19,735.34
Current Liabilities		
a. Financial Liabilities		
(i) Borrowings	47,523.34	38,722.54
(ii) Trade Payables	10,647.97	7,097.02
(iii) Other Financial Liabilities	7,510.81	7,221.77
b. Other Liabilities	351.72	981.52
c. Provision	3,565.08	583.73
Total Current Liabilities	69,598.91	54,606.58
Total Liabilities	89,103.40	74,341.92
Total Equity and Liabilities	1,74,942.71	1,55,695.52

Notes:-

1) The above financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016, have been reviewed by Audit Committee and approved by the Board of Directors at its meeting held on 27th October, 2017. The above results have been subjected to Limited Review by the Statutory Auditors.

2) The Company Operates mainly in one business segment viz Pipes and all other activities revolve around the main business.

3) Post applicability of GST w.e.f 01.07.2017, revenue from operations are disclosed net of GST. Accordingly, the revenue from operations and expenses for the quarter and six months ended September 30, 2017 are not comparable with the previous periods presented in results.

4) Previous periods' figures have been regrouped/rearranged wherever necessary.

For SRIKALAHASTHI PIPES LIMITED

G. Maruthi Rao

G. Maruthi Rao
Chairman
DIN 00083950

Place : Chennai.
Date : 27th October, 2017.

LODHA & CO. HYDERABAD RPS

K.R. BAPUJI & CO
CHARTERED ACCOUNTANTS
"KRB House", H.No. 1-65/29, Plot No.29, Kavuri Hills, Phase-III, Guttala Begumpet,
Madhapur (PO), Hyderabad-500081, Telangana
Telephones : 040-40034465-42000157 :: Email: krbapujico@gmail.com

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 Standard) 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 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

K. R. BAPUJI & Co. Hyderabad FIRM REGN. 000395S CHARTERED ACCOUNTANTS

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

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

P. R. SATISH
Partner
Membership No. 219432

Place: Chennai
Date: May 12, 2017

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.

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

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No. 000395S CHARTERED ACCOUNTANTS

P. R. SATISH
Partner
Membership No. 219432

Place: Chennai
Date: May 12, 2017

Srikalahasthi Pipes Limited
Balance Sheet as at 31st March, 2017

(Rs. in lakhs)

	Particulars	Note No.	31st March 2017	31st March 2016	1st April 2015
	ASSETS				
1	**Non-Current Assets**				
	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
	Total Non-Current Assets		**92,191.15**	**82,829.10**	**82,049.32**
2	**Current Assets**				
	(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
	Total Current Assets		**63,504.37**	**55,268.76**	**43,778.80**
	Total Assets		**1,55,695.52**	**1,38,097.86**	**1,25,828.12**
	EQUITY AND LIABILITIES				
1	**Equity**				
	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
	Total Equity		**81,353.60**	**69,730.19**	**55,652.63**
2	**Liabilities**				
	Non-Current Liabilities				
	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
	Total Non-Current Liabilities		**19,735.34**	**23,968.90**	**30,105.44**
	Current Liabilities				
	a . Financial Liabilities				
	(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. Other Liabilities	24	981.52	605.22	975.99
	c. Provisions	19	583.73	665.43	331.72
	Total Current Liabilities		**54,606.58**	**44,398.77**	**40,070.05**
	Total Liabilities		**74,341.92**	**68,367.67**	**70,175.49**
	Total Equity and Liabilities		**1,55,695.52**	**1,38,097.86**	**1,25,828.12**

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.

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

For and on behalf of the Board

Srikalahasthi Pipes Limited
Statement of Profit and Loss for the year ended 31st March, 2017

(Rs. in lakhs)

	Particulars	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
III	**Total Income**		**1,23,387.05**	**1,19,760.24**
IV	**EXPENSES**			
	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-Trad	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
	Total expenses		**1,04,264.72**	**98,809.50**
V	**Profit/(loss) before exceptional items and tax (III-IV)**		19,122.33	20,950.74
VI	Exceptional Items			
VII	**Profit/(loss) before tax (V+VI)**		**19,122.33**	**20,950.74**
VIII	**Tax expense:**	34		
	(1) Current tax		(4,581.46)	(5,223.13)
	(2) Deferred tax		(517.66)	(195.56)
	Total tax expense		(5,099.12)	(5,418.69)
IX	**Profit/(loss) for the period (VII - VIII)**		**14,023.21**	**15,532.05**
X	**Other Comprehensive Income**			
	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)**
	Total Comprehensive Income for the year, net of tax		**14,016.33**	**15,513.29**
XII	**Earnings Per Share (EPS) of Rs. 10/- (not annualised)**			
	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. Manthi Rao

K. R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

SRIKALAHASTHI PIPES LIMITED

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

(Rs. in Lakhs)

A. Equity Share Capital	
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

(Rs. in Lakhs)

Other Equity 31.03.2017

Particulars	Reserves and Surplus		Other Comprehensive Income	
	Retained Earnings	General Reserve	Other items	Total
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 Earning	(5,000.00)	5,000.00		-
Dividends (including corporate dividend tax)	(2,392.92)			(2,392.92)
Remeasurement of the Net defined Benefit liabilty 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

Particulars	Reserves and Surplus		Other Comprehensive Income	
	Retained Earnings	General Reserve	Other items	Total
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 liabilty (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.

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No 000395S CHARTERED ACCOUNTANTS

For and on behalf of the Board

G. Manthi Rao

Srikalahasthi Pipes Limited
Statement of Cash Flow for the year ended 31st March, 2017

(Rs. in lakhs)

Particulars	31st March 2017		31st March 2016	
A. Cash Flow from operating activities				
Net Profit Before Tax		**19,122.33**		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)	7,345.77	(161.74)	7,555.77
Operating Profit before Working Capital changes		**26,468.10**		**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	**(1,900.77)**	(4,752.89)	(3,881.52)
Cash Generated from Operations		**24,567.33**		24,624.99
Direct Taxes Paid		**(4,050.00)**		(4,600.00)
Cash from Operating Activities (A)		**20,517.33**		**20,024.99**
B. Cash Flow from Investing Activities				
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 equilents	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	
Net Cash Flow From Investing Activities (B)		**(14,837.62)**		**(20,142.70)**
C. Cash Flow from Financing Activities				
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)	
Net Cash Flow From Financing Activities (C)		**(2,363.19)**		**(3,288.33)**
Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)		**3,316.52**		(3,406.04)
Cash & Cash Equivalent as at Beginning of Year		**2,112.54**		5,518.58
Cash & Cash Equivalent as at End of the Year (Refer Note 11)		**5,429.06**		**2,112.54**
Components of Cash & Cash Equivalents				
Cash On Hand		**1.85**		2.26
Balances with Banks				
In Current Account		**3,927.21**		2,110.28
In Deposit Account		**1,500.00**		-
		5,429.06		**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
Place: Chennai.
Date: 12th May, 2017.

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

For and on behalf of the Board

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 Bombay Stock Exchange 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 statement 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 statement.

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 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:

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 003065 CHARTERED ACCOUNTANTS

KALAHASTHI PIPES LIMITED

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 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

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's	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 lessee 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 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 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, 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 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.

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5 Property, Plant and Equipment (Rs. In Lakhs)

Details	Land Freehold	Factory Buildings	Non Factory Buildings	Plant & Machinery	Electrical Installations	Office Equipment	Furniture and Fixtures	Vehicles	TOTAL
Year ended 31 March 2017									
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
Year ended 31 March 2016									
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

1 Land Freehold incudes 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.

2 The Borrowing of the company are secured by way of charge on above property, Plant and Equipment. Refer Note No.17

3 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).

Property, Plant and Equipment

5.1 Intangible Assets: **(Rs. in Lakhs)**

Details	Computer Software
Year ended 31 March 2017	
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

Details	Computer Software
Year ended 31 March 2016	
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.

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Note No.		31st March 17 Rs. in lakhs	31st March 16 Rs. in lakhs	01st April 2015 Rs. in lakhs
6	**Financial Assets**			
	Other Financial Assets			
	Security Deposits			
	Unsecured - considered good	557.74	391.88	379.98
	Total	**557.74**	391.88	379.98
7	**Other Non-Current Assets**			
	Capital Advances	**61.58**	512.08	181.45
	Prepayment of Lease Rent (Refer Note No.43)	**73.66**	76.78	79.89
	Total	**135.24**	588.86	261.34
8	**Inventories**			
	(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
	Total	**21,342.91**	11,888.57	13,459.24
	(Refer Note No. 21.1)			

9 **Investments- Current**
(Fair Value through Profit and Loss)

Units of Mutual funds - Quoted	31st March 17 No of Units	31st March 17 Rs. in lakhs	31st March 16 No of Units	31st March 16 Rs in lakhs	01st April 2015 No of Units	01st April 2015 Rs. in lakhs
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 35	-	-
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-Dvect 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	-	-	-	-
		15,263.53		**14,729.20**		-

The Market Value of Quoted Investment is equal to its carrying value

Note No.		31st March 17 Rs. in lakhs	31st March 16 Rs. in lakhs	01st April 2015 Rs. in lakhs
10	**Trade Receivables**			
	(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)
	Total	14,334.45	20,755.02	18,604.67

(Refer Note No. 21.1 for hypothecation of above receivables and 42 (c)for amount due from related parties)

The average credit period on sales of goods is 45 – 60 days. In case of delay, interest, wherever applicable, is charged.

Age of receivables:

Particulars	31st March 17	31st March 16	01st April 2015
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
	14,349.32	21,598.51	19,448.16

Movement of Impairment Allowances

Particulars	31st March 17	31st March 16
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)	-
Balance at end of the year	14.87	843.49

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.

Note No.		31st March 17	31st March 16	01st April 2015
11	**Cash and Cash Equivalents**			
	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
		5,429.06	2,112.54	5,518.17
12	**Bank Balances other than (iii)**			
	- Balances with Banks			
	in Unpaid Dividend	41.88	29.20	22.41
	- Margin Money	77.35	12.21	383.53
	Total	119.23	41.41	405.94

Note No.		31st March 17 Rs. in lakhs	31st March 16 Rs. in lakhs	01st April 2015 Rs. in lakhs
13	**Loans**			
	13.1 Unsecured			
	-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
		2,321.55	935.41	3,193.20
	Less: Impairment Allowances for Other Deposits	-	320.53	756.53
	Total	2,321.55	614.88	2,436.67
	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 Obligation and Disclosure Requirements) 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
Loans and advances in the nature of loans to Companies in which directors are interested						
Amit Trexim Pvt Ltd	3.00	3.00	2.70	2.70	2.70	2.70
Global Exports Ltd.	15.00	15.00	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 March31, 2017	Maximum Amount Outstanding at the year end March31, 2017	Amount Outstanding at the year end March31, 2016	Maximum Amount Outstanding at the year end March31, 2016	Amount Outstanding at the year end March31, 2015	Maximum Amount Outstanding at the year end March31, 2015
Payal Commercial Company Limited	1,005.55	1,005.55	-	-	-	-
Sanghal Commercial & Credits (P) Ltd.	1,005.32	1,005.32	-	-	-	-
Total	2,010.87	2,010.87	-	-	-	-

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

Note No.		31st March 17	31st March 16	01st April 2015
14	**Other Financial Assets**			
	Interest Receivable	75.00	191.65	125.26
		75.00	191.65	125.26
15	**Other Current Assets**			
	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 farwards, currency option contracts and Interest swaps (refer Note No 35.)	-	172.77	342.20
	Other Receivables	235.08	263.46	437.94
	Total	4,618.64	4,935.48	3,228.85

Note No.		31st March' 17		31st March' 16		01st April' 2015	
		Rs. in lakhs		Rs. in lakhs		Rs. in lakhs	
		No. of Shares in Lakhs	Rs. in lakhs	No. of Shares in Lakhs	Rs. in lakhs	No. of Shares in Lakhs	Rs. in lakhs
16	**Equity Share Capital**						
	Authorized Shares						
	Equity Shares of Rs.10/- each	530.00	5,300.00	530.00	5,300.00	530.00	5,300.00
	Issued, Subscribed and Paid up Shares						
	Equity Shares of Rs.10/- each	397.64	3,976.36	397.64	3,976.36	397.64	3,976.36
	Total	397.64	3,976.36	397.64	3,976.36	397.64	3,976.36

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

	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

Particulars	No of Shares in Lakhs	% holding	No of Shares in Lakhs	% holding	No of Shares in Lakhs	% holding
Equity shares with voting rights						
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						

16.1 Other Equity

	31st March' 17	31st March' 16	01st April' 2015
(a) General Reserve	32,500.00	27,500.00	22,500.00
(b) Retained Earnings	44,977.07	38,346.78	29,250.46
(c) Other Comprehensive Income	(99.83)	(92.95)	(74.19)
Total	77,377.24	65,753.83	51,676.27

(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' 17 Non Current	31st March' 17 Current	31st March' 16 Non Current	31st March' 16 Current	01st April' 2015 Non Current	01st April' 2015 Current
17	**Borrowings**						
	(Long term at amortised Cost)						
	Secured - from Banks						
	Rupee Term loans	2,500.00	750.00	4,015.63	734.37	8,125.00	1,937.50
	External Commercial Borrowing	3,886.81	2,853.96	6,886.81	3,578.30	9,871.72	3,063.25
		6,386.81	3,603.96	10,902.44	4,312.67	17,996.72	5,000.75
	Less: Amount shown under current Financial liabilities (Note No 23.)	-	3,603.96	-	4,312.67	-	5,000.75
	Total	6,386.81	-	10,902.44	-	17,996.72	-

Terms of Repayment and rate of interest:

a 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.

b 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.

c 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.

Note No.		31st March' 17	31st March' 16	01st April' 2015
18	**Other Financial liabilities**			
	Other Payables	264.07	1,242.88	1,242.88
	Total	264.07	1,242.88	1,242.88

Note No.			31st March' 17		31st March' 16		01st April' 2015	
19	**Provisions**		**Non Current**	**Current**	**Non Current**	**Current**	**Non Current**	**Current**
	For Employee Benefits - Unavailed Leave		**550.35**	**583.73**	465.49	665.43	397.46	331.72
		Total	**550.35**	**583.73**	465.49	**665.43**	397.46	331.72
	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
Deferred tax liabilities / assets in relation to:					
Deferred tax Liabilities:					
Property, Plant & Equipment	14,500.75	657.00			**15,157.75**
Derivatives and Others	103.86	(12.66)			**91.20**
Total Deferred tax Liabilities	**14,604.61**	**644.34**	-	-	**15,248.95**
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**
Total Deferred tax Assets	**3,246.52**	**126.68**	**3.64**	**(661.99)**	**2,714.84**
Deferred tax liabilities after set off	**11,358.09**	**517.66**	**(3.64)**	**661.99**	**12,534.11**

Rs. In Lakhs

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
Deferred tax liabilities / assets in relation to:					
Deferred tax Liabilities:					
Property, Plant & Equipment	14,520.32	(19.57)			**14,500.75**
Derivatives and Others	55.75	48.11			**103.86**
Total Deferred tax Liabilities	**14,576.07**	**28.54**	-	-	**14,604.61**
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**
					-
Total Deferred tax Assets	**4,107.69**	**(167.02)**	**9.93**	**(704.08)**	**3,246.52**
Deferred tax liabilities after set off	**10,468.38**	**195.56**	**(9.93)**	**704.08**	**11,358.09**

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

Note No.			31st March' 17	31st March' 16	01st April' 2015
21	**Borrowings**				
	(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**	-	-
		Total	**38,722.54**	29,250.37	19,865.88

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.

Note No.			31st March' 17	31st March' 16	01st April' 2015
22	**Trade payables**				
	Trade payables		**7,097.02**	5,153.78	10,240.40
		Total	**7,097.02**	5,153.78	10,240.40

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

K.R. BAJAJ & CO. Hyderabad FIRM REGN. No. 003395S CHARTERED ACCOUNTANTS

SRIKALAHASTHI PIPES LTD.

Note No.			31st March 17 Rs. in lakhs		31st March 16 Rs. in lakhs	01st April 2015 Rs. in lakhs
23	**Other Financial Liabilities**					
	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
	Total		7,221.77		8,723.97	8,656.06
24	**Other Current liabilities**					
	- Advance from Customers		887.04		521.02	834.75
	Others		94.48		84.20	141.24
			981.52		605.22	975.99
25	**Revenue from operations**					
	25.1 Sale of Manufactured Products					
	- 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	
	25.2 Sale of Traded Products					
	- Coal		7,649.14		2,941.56	
	Total		1,20,340.14		1,17,767.07	
	(Refer Note No.42 (c) for sales to related parties)					
26	**Other Income**					
	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	
	Total		3,046.91		1,993.17	
27	**Cost of materials consumed**					
	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	
	Total		47,604.04		48,312.92	
28	**Purchases of Traded goods**					
	Coal		7,384.08		2,870.26	
	Total		7,384.08		2,870.26	
29	**Changes in inventories of Finished goods and work in progress**					
	Opening Stock					
	Work in Progress	1,222.91		1,058.56		
	Finished Goods	1,085.86	2,308.77	1,271.19	2,329.75	
	Closing Stock					
	Work in Progress	1,078.24		1,222.91		
	Finished Goods	1,244.59	2,322.83	1,085.86	2,308.77	
	Total		(14.06)		20.98	
	Details of Inventory					
	Work in Progress					
	D.I Pipes		409.26		469.93	
	Others		668.98		752.98	
	Total		1,078.24		1,222.91	
	Finished Goods and By-Products					
	D.I Pipes		798.40		817.82	
	Pig Iron		83.91		4.80	
	Others		362.28		263.24	
	Total		1,244.59		1,085.86	
30	**Employee Benefit Expense**					
	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	
	Total		7,067.32		6,803.77	

Note No.			31st March 17 Rs. in lakhs	31st March 16 Rs. in lakhs
31	**Finance Cost**			
	Interest Expenses		3,629.47	3,890.32
	Other Finance Cost		299.69	359.29
	Total		3,929.16	4,249.61
	(Refer Note No. 39 for amount Capitalised)			
32	**Depreciation**			
	Depreciaiton on PPE		3,653.09	3,437.30
	Amortisation of Intangible Assets		35.41	29.47
			3,688.50	3,466.77
33	**Other Expenses**			
	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 Commision		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 Activites		60.33	50.53
	Miscellaneous Expenses		687.95	513.87
	Total		32,052.20	29,879.38
34	**Income Tax Expense**			
	Current tax			
	In respect of the current year		4,424.25	5,192.66
	In respect of prior years (Adjustment of MAT)		136.52	-
	In respect of prior years (Adjustment of TDS and others)		20.68	30.47
	Deferred tax			
	In respect of the current year		517.67	195.56
	Total income tax expense recognised in the current year		5,099.12	5,418.69

The income tax expense for the year can be reconciled to the accounting profit as follows:
Particulars

	31st March 17	31st March 16
Profit before tax	19,122.33	20,950.74
Income tax expense calculated at 34.608% (2015-2016: 34.608%)	6,617.86	7,250.63
Less : Effect of income that is exempt from taxation		
Effect of other reduction from Book Profit incld. Depreciation	(3,653.69)	(3,130.52)
Add : Effect of expenses that are not deductible in determining taxable profit		
Effect of other addition to Book Profit incld. Depreciation	1,460.08	1,072.55
	4,424.25	5,192.66

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.

		31st March 17	31st March 16
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	3.64	9.93
	Bifurcation of the income tax recognised in other comprehensive income into:-		
	Items that will not be reclassified to profit or loss	3.64	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)

Amortised cost:	31st March 2017	31st March 2016	1st April 2015
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
Fair Value through Profit and Loss Account			
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
Total	**38,100.56**	**39,009.36**	**27,812.89**
Liabilities			
Amortised cost:			
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
Fair Value through Profit and Loss Account			
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	-	-
Total	**59,692.21**	**55,273.44**	**58,001.94**

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
Assets				
- Investment in liquid and short term mutual funds	15263.53 (14729.20) [0]	15263.53 (14729.20) [0]		
- Derivative - not designated as hedging instruments - Forward Contracts and Options	0 (172.77) [342.20]		0 (172.77) [342.20]	
Liabilities				
- 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

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	March 31, 2017		March 31, 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

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:

(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:	**493.35**	540.36
Weakening of INR by 5%	**24.67**	27.02
Strengthening of INR by 5%	**-24.67**	-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	**(476.73)**	591.47
(Gain)/Loss on Derivatives shown as Other Income		
Currency Forwards and Options	**339.98**	(577.95)
Interest rate swaps	**(24.91)**	(146.22)
Net (Gain) on Currency Exchange fluctuation	**(161.66)**	**(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 -0.50	+16.25 -16.25	+23.75 -23.75
ECB	+0.25 -0.25	+16.85 -16.85	+26.16 -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.

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 31stMarch 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.

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:

	2016-17 Rs. in lakhs	2015-16 Rs. in lakhs
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: -

Particulars	2016-17 Rs. in lakhs		2015-16 Rs. in lakhs	
	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)

	31.3.2017		31.3.2016		31.3.2015	
Defined Contribution Plan:	**Benefits**		Benefits		Benefits	
	Gratuity (Funded)	**Leave (Unfunded)**	Gratuity (Funded)	Leave (Unfunded)	Gratuity (Funded)	Leave (Unfunded)
Change in benefit obligations:						
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
Change in plan assets:						
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
Fair value of assets and obligations at the end:						
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
Expenses recognized during the year in the statement of Profit & Loss Account:						
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

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. 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

(Rs.in lakhs)

DESCRIPTION	Associate	KMP	Enterprise where KMP have control	Total	Outstanding as at		
					31.3.2017	31.3.2016	31.3.2015
Sales:							
Electrosteel Castings limited	5352.76 (6163.69)	-	-	5352.76 (6163.69)	126.36	3971.68	3633.93
Purchases:							
Electrosteel Castings limited	8392.95 (1370.98)	-	-	8392.95 (1370.98)	-	354.27	-
Remuneration:							
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)	-	-	-
Rent paid:							-
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
Reimbursement of Expenses:							
Electrosteel Castings Limited	24.83 (12.03)	-	-	24.83 (12.03)	-	-	-
Interest Received:							
Electrosteel Castings Limited	313.40 302.37	-	-	313.40 302.37	-	-	-
Advance Paid:							
Electrosteel Castings Limited	0 (5500.00)	-	0 (5500.00)	0 (5500.00)	-	-	-
Advance Received:							
Electrosteel Castings Limited	0 (5500.00)	-	-	0 (5500.00)	-	-	-

( ) indicate figures as on 31st March 2016

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 31.03.2017	For the year ended 31.03.2016
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 ii) for Diluted EPS	 3,97,63,595 3,97,63,595	 3,97,63,595 3,97,63,595
Earnings Per Share: Basic and Diluted EPS (in Rs.)	35.25	39.01

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

(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
	ASSETS							
1	Non-Current Assets							
	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
	be. 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
	Total Non-Current Assets		**51,723.83**	**31,105.28**	**82,829.10**	**50,180.23**	**31,869.09**	**82,049.32**
2	Current Assets			-				
	(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
	Total Current Assets		**57,407.41**	**(2,138.65)**	**55,268.76**	**46,836.56**	**(3,057.76)**	**43,778.81**
	Total Assets		**1,09,131.24**	**28,966.63**	**1,38,097.86**	**97,016.79**	**28,811.33**	**1,25,828.12**
	EQUITY AND LIABILITIES							
1	Equity							
	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
	Total Equity		**42,816.76**	**26,913.43**	**69,730.19**	**29,329.42**	**26,323.21**	**55,652.63**
2	Liabilities							
	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
	Total Non-Current Liabilities		**19,570.85**	**4,398.06**	**23,968.90**	**26,179.91**	**3,925.52**	**30,105.44**
	Current Liabilities							
	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
	Total Current Liabilities		**46,743.63**	**(2,344.86)**	**44,398.77**	**41,507.46**	**(1,437.41)**	**40,070.05**
	Total Liabilities		**66,314.48**	**2,053.20**	**68,367.67**	**67,687.37**	**2,488.11**	**70,175.49**
	Total Equity and Liabilities		**1,09,131.24**	**28,966.63**	**1,38,097.86**	**97,016.79**	**28,811.32**	**1,25,828.12**

(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 Distributed 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 usefull 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**

Hyderabad

	31.3.2017		31.3.2016		31.3.2015	
Defined Contribution Plan:	**Benefits**		Benefits		Benefits	
	Gratuity (Funded)	**Leave (Unfunded)**	Gratuity (Funded)	Leave (Unfunded)	Gratuity (Funded)	Leave (Unfunded)
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
Expenses recognized during the year recognised in the statement of other comprehensive income:						
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%
Maturity Profile of the defined benefit obligation						
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
Sensitivity Analysis:						
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

(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		1,17,767.07		1,17,767.07
II	Other Income	45.C.d	1,733.03	260.14	1,993.17
III	**Total revenue (1+2)**		1,19,500.10	260.14	1,19,760.24
IV	**EXPENSES**				
	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
	Total expenses (IV)		98,032.04	777.46	98,809.50
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)**		21,468.06	(517.32)	20,950.75
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)**		15,880.26	(348.21)	15,532.06
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
	Total Comprehensive Income for the year, net of tax		15,880.26	(366.98)	15,513.29

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

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 ininvestments	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

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LAHASTHI PIPES LIMITED

45 (b). 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.

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.

Hyderabad

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 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 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 1^{st} 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 8^{th} November, 2016) and other notes held and transacted during the period from 8^{th}November, 2016 to 30^{th} December, 2016 as defined and required vide MCA Notification Number GSR 308(E) Dated 30^{th} 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	**For and on behalf of the Board**
Partner Membership No. Place: Chennai Date: 12th May, 2017	

K.R. BAPUJI & CO.
Hyderabad
FIRM REGN. No: 000395S
CHARTERED ACCOUNTANTS

K.R. BAPUJI & CO.
CHARTERED ACCOUNTANTS

1-65/29, Plot No. 29, Kavuri Hills-Ph-III, Extn of Road No. 36, Jubilee Hills, Guttalabegampet, Madhapur, Hyderabad - 500 081.
Tel : +91 40 4003 4465 / 4200 0157 :: Email : krbapujico@gmail.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SRIKALAHASTHI PIPES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Srikalahasthi Pipes Ltd. ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 0003... CHARTERED ACCOUNTANTS the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of 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".

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28.1 to the financial statements;

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

ii. The Company has made provision, as required under the applicable law and accounting standards, for material foreseeable losses, if any, on long-term contracts and the Company is not required to make provision for losses on derivative contracts – Refer Note 37 to the financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

P. R. SATISH
(Partner)
(Membership No. 219432)
Place: Chennai
Date: 09/05/2016

Annexure - A to the Auditors' Report

The Annexure referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Srikalahasthi Pipes Limited for the year ended 31st March, 2016, we report that:

(i) With respect to 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 assets. In our opinion, the periodicity and procedures of such physical verification is reasonable having regard to the size of the Company and nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) As explained to us, the management has conducted physical verification of inventories during the year at reasonable intervals, except the materials in transit/ materials lying with third parties. 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 or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) According to the information and explanations given to us, the Company has not given any loans, investments, guarantees, and security covered under the provisions of section 185 and 186 of the Act, accordingly, clause (iv) of para 3 of the Order is not applicable to the company.

(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, 2016 for a period exceeding six months from the date they became payable.

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(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, 2016

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	Interest on tax	22.46*	2012-13	ADC(CT)
-do-	VAT	1.37	2013-14	Sales Tax Appellate Tribunal
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-
-do-	-do-	8.50	2011-12	ADC, Kurnool
-do-	-do-	2.09	2012-13	ADC, Kurnool
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 & Interest	174.75	2007-08 & 2008-09	CESTAT, Bangalore

*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) and term loans during the year.

(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 give 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.

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No. 000959 CHARTERED ACCOUNTANTS

(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 financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give 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

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

P. R. SATISH
(Partner)
(Membership No. 219432)
Place: Chennai
Date: 09/05/2016

Annexure – B to the Independent Auditor's Report

The Annexure 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 31st March, 2016:

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, 2016 in conjunction with our audit of the 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.

Hyderabad
FIRM Regn. No.
000375S
CHARTERED ACCOUNTANTS

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.

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, 2016, 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. 21[illegible])
Place: Chennai
Date: 09/05/2016

K.R. BAPUJI & CO. CHARTERED ACCOUNTANTS Hyderabad FIRM REGN. No. 000395S

K.R. BAPUJI & CO.
CHARTERED ACCOUNTANTS

1-65/29, Plot No. 29, Kavuri Hills-Ph-III, Extn of Road No. 36, Jubilee Hills, Guttalabegampet, Madhapur, Hyderabad - 500 081.
Tel : +91 40 4003 4465 / 4200 0157 :: Email : krbapujico@gmail.com

Certificate of Compliance with the Corporate Governance requirements under SEBI (Listing Obligationsand Disclosure Requirements) Regulations, 2015

To the Members of Srikalahasthi Pipes Limited

We have examined the compliance of conditions of corporate governance by Srikalahasthi Pipes Limited ("theCompany") for the year ended on 31March 2016 as stipulated in Chapter IV of the Securities and Exchange Board ofIndia (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of theCompany with Stock Exchanges.

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

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company hascomplied with the conditions of Corporate Governance as stipulated in Chapter IV of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company withStock Exchanges.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency oreffectiveness 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: 09/05/2016

Srikalahasthi Pipes Limited
(Formerly Lanco Industries Limited)
Balance Sheet as at 31st March, 2016

	Note No.	31st Mar' 2016 Rs. in Lakhs	31st March 2015 Rs. in Lakhs
A. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	**3,976.36**	3,976.36
(b) Reserves and Surplus	3	**38,840.40**	25,353.06
		42,816.76	29,329.42
2. Non-Current Liabilities			
(a) Long-Term Borrowings	4	**10,902.44**	17,996.72
(b) Deferred Tax Liabilities (Net)	5	**6,911.98**	6,547.31
(c) Other Long-Term Liabilities	6	**1,242.88**	1,242.88
(d) Long-Term Provisions	7	**513.54**	393.00
		19,570.84	26,179.91
3. Current Liabilities			
(a) Short-Term Borrowings	8	**29,250.37**	19,866.30
(b) Trade Payables	9	**5,153.78**	10,240.40
(c) Other Current Liabilities	10	**9,329.20**	9,632.05
(d) Short-Term Provisions	11	**3,010.29**	1,870.82
		46,743.64	41,609.57
		109,131.24	97,118.90
B. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		**48,806.95**	48,635.54
(ii) Intangible Assets		**65.99**	94.32
(iii) Capital Work-In-Progress		**1,944.17**	888.94
		50,817.11	49,618.80
(b) Long-Term Loans and Advances	13	**906.70**	561.43
		51,723.81	50,180.23
2. Current Assets			
(a) Current Investments	14	**14,601.82**	-
(b) Inventories	15	**11,888.57**	13,459.24
(c) Trade Receivables	16	**20,755.02**	18,604.67
(d) Cash and Cash Equivalents	17	**2,153.95**	5,924.52
(e) Short-Term Loans and Advances	18	**2,964.74**	3,921.31
(f) Other Current Assets	19	**5,043.33**	5,028.93
		57,407.43	46,938.67
		109,131.24	97,118.90
Significant Accounting Policies & Notes on Accounts	1		

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

K. R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

P. R. Satish
Partner
Membership No.219432

Place: Chennai.
Date: 9th May, 2016.

For and on behalf of the Board

Srikalahasthi Pipes Limited
(Formerly Lanco Industries Limited)
Statement of Profit and Loss for the year ended 31st March, 2016

	Note No.	31st Mar' 2016 Rs. in Lakhs	31st March 2015 Rs. in Lakhs
1. Revenue from operations (Gross)	20	**117,767.06**	112,304.37
Less : Excise Duty		**3,205.81**	3,949.29
Revenue from operations (net)		**114,561.25**	108,355.08
2. Other Income	21	**1,733.03**	866.03
3. Total revenue (1+2)		**116,294.28**	109,221.11
4. Expenses			
(a) Cost of materials consumed	22	**48,312.92**	53,204.25
(b) Purchases of traded goods	23	**2,870.26**	5,338.72
(c) Changes in inventories of finished goods & work-in-progress	24	**20.98**	1,034.98
(d) Employee benefits expense	25	**6,832.46**	5,374.94
(e) Finance costs	26	**4,204.59**	4,369.37
(f) Depreciation and amortisation expense	12	**2,708.84**	3,116.90
(g) Other expenses	27	**29,876.18**	24,840.23
Total expenses		**94,826.23**	97,279.39
5. Profit / (Loss) before tax (3 - 4)		**21,468.05**	11,941.72
6. Tax expenses:			
(a) Current Tax		**(4,488.57)**	(2,546.59)
(b) Prior Period Tax		**(30.47)**	(81.36)
(c) MAT Credit		**(704.09)**	2,408.46
(d) Deferred Tax		**(364.67)**	(3,505.47)
7. Profit / (Loss) for the year (5 - 6)		**15,880.25**	8,216.76
8. Earnings per share (of Rs 10/- each):	42		
(a) Basic		**39.94**	20.66
(b) Diluted		**39.94**	20.66
Significant Accounting Policies & Notes on Accounts	1		

As per our report attached
For **K. R. Bapuji & Co.**
Chartered Accountants
Firm Registration No.003955S

K. R. BAPUJI & CO. Hyderabad FIRM REGN. No: 003955S CHARTERED ACCOUNTANTS

P. R. Satish
Partner
Membership No.219432

Place: Chennai.
Date: 9th May, 2016.

For and on behalf of the Board

Srikalahasthi Pipes Limited
(Formerly Lanco Industries Limited)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2016

		31st Mar' 2016		31st March 2015
		Rs.In Lakhs		Rs.In Lakhs
A. Cash Flow from operating activities				
Net Profit Before Tax		**21,468.05**		11,941.72
Adjustments for :				
Interest & Financial Charges	**4,204.59**		4,369.37	
Depreciation / Amortisation	**2,708.84**		3,116.90	
(Profit) / Loss on Sale of Fixed Assets	**1.12**		141.75	
(Profit) / Loss on Sale of Investments	**(34.36)**	6,880.19	(46.58)	7,581.44
Operating Profit before Working Capital changes		28,348.24		19,523.16
Adjustments for :				
(Increase) / decrease in Long term Loans & Advances	**(345.27)**		5,024.79	
(Increase) / decrease in Short Term Loans & Advances	**956.57**		(1,269.32)	
(Increase) / decrease in Other Current Assets	**(337.44)**		(3,673.69)	
(Increase) / decrease in Trade & Other Receivables	**(2,150.35)**		(3,803.80)	
(Increase) / decrease in Inventories	**1,570.67**		10,215.90	
Increase / (decrease) in Long Term Liabilities & Provisions	**120.54**		(3,532.35)	
Increase / (decrease) in Current Liabilities	(5,144.66)	(5,329.94)	(9,041.11)	(6,079.58)
Cash Generated from Operations		**23,018.30**		13,443.58
Direct Taxes Paid		**(4,600.00)**		2,400.00
Prior Period Adjustment -Taxation		(30.47)		(81.36)
Cash from Operating Activities (A)		18,387.83		15,762.22
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	**(3,948.38)**		(7,483.11)	
Sale of Fixed Assets	**40.10**		155.34	
Current Investments	**(14,601.82)**		-	
Income on Current Investments	**34.36**		46.58	
Net Cash Flow From Investing Activities (B)		(18,475.74)		(7,281.19)
C. Cash Flow from Financing Activities				
Long Term Borrowings-Receipts/(Repayments)[Net]	**(7,094.28)**		534.29	
Short Term Borrowings-Receipts/(Repayments)[Net]	**9,384.08**		(3,691.04)	
Interest Paid	**(4,165.40)**		(4,359.49)	
Dividend Paid	**(1,192.89)**		(596.45)	
Tax on Dividend	**(242.85)**		(101.37)	
Net Cash Flow From Financing Activities (C)		(3,311.34)		(8,214.06)
Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)		(3,399.25)		266.97
Cash & Cash Equivalent as at Beginning of Year		5,540.99		5,274.02
Cash & Cash Equivalent as at End of the Year (Refer Note 17.1)		2,141.74		5,540.99
Components of Cash & Cash Equivalents				
Cash On Hand		**2.26**		1.48
Balances with Banks				
In Current Account		**2,110.28**		5,517.10
In Unpaid Dividend		**29.20**		22.41
		2,141.74		5,540.99

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

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

K. R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

P. R. Satish
Partner
Membership No.219432

Place: Chennai.
Date: 9th May, 2016.

For and on behalf of the Board

Corporate Information

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

1.Significant Accounting Policies:

A) Basis of Preparation

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

B) Use of Estimates

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

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

C) Fixed Assets and Depreciation:

1) Tangible Assets:

i) Gross Block:

a) Fixed Assets are stated at cost of acquisition inclusive of inland freight, duties, taxes and incidental expenses related to acquisition with due adjustments for Cenvat / VAT credits.

b) Capital Work-in-progress includes Machinery to be installed, Construction & Erection Materials, and unallocated preoperative expenses etc.

K.R. BAPUJI & CO. Hyderabad FIRM REGN No. 003955 CHARTERED ACCOUNTANTS

ii) Depreciation:

a) Leasehold land is amortized on straight-line method over the period of the lease.

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

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

2) Intangible Assets:

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

3) Impairment of assets:

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

D) Revenue Recognition:

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

E) Sales:

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

F) Investments:

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

K.R. BAPUJI & CO. Hyderabad FIRM REGN No: 000595S CHARTERED ACCOUNTANTS

G) Inventories:

i) Inventories are valued at lower of the cost or net realizable value. Cost in respect of raw materials, Stores and Spares have been calculated on weighted average basis, which includes expenses incidental to procurement of the same.

a. By-Products are valued at net realizable value.

b. Cost in respect of finished goods includes manufacturing expenses, factory and administrative overheads and excise duty.

c. Cost in respect of work in progress represents, cost incurred upto the stage of completion.

H) Foreign Currency Transactions:

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

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

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

I) Retirement Benefits:

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

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

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 003953 CHARTERED ACCOUNTANTS

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

J) Miscellaneous Expenses:

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

K) Borrowing Costs:

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

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

L) Contingent Liabilities:

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

M) Segment Reporting:

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

N) Export Benefits:

Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Such benefits under Duty Entitlement Pass Books(DEPB) are accounted for on accrual basis.

O) Government Grants & Other Claims

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

P) Income Tax

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

K.R. BAPUJI & CO.
Hyderabad
FIRM REGN. No: 000985S
CHARTERED ACCOUNTANTS

Note No.		31st March' 16		31st March' 15	
		No. of Shares in Lakhs	**Rs. in lakhs**	No. of Shares in Lakhs	Rs. in lakhs
2.	**Share Capital**				
	Authorized Shares				
	Equity Shares of Rs.10/- each	**530.00**	**5,300.00**	530.00	5,300.00
	Issued, Subscribed and Paid up Shares				
	Equity Shares of Rs.10/- each	**397.63**	**3,976.36**	397.63	3,976.36
	Total	**397.63**	**3,976.36**	397.63	3,976.36

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

	No. of Shares in Lakhs	**Rs. in lakhs**	No. of Shares in Lakhs	Rs. in lakhs
Opening number of Shares Outstanding	**397.63**	**3,976.36**	397.63	3,976.36
Closing number of Shares Outstanding	**397.63**	**3,976.36**	397.63	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.

A dividend of 50% has been recognised as distribution to equity shareholders for the year ended 31.03.2016 (31.03.2015: 30%). The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

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

Particulars	No of Shares in Lakhs	% holding	No of Shares in Lakhs	% holding
Equity shares with voting rights				
M/s. Electrosteel Castings Ltd	**193.01**	**48.54**	193.01	48.54
M/s. Avis-Tie Up Private Limited	**24.53**	**6.17**	34.35	8.64

		Rs. in Lakhs	**Rs. in Lakhs**	Rs. in Lakhs	Rs. in Lakhs
3.	**Reserves and Surplus**				
	(a) Capital Reserve				
	Opening Balance		**55.97**		55.97
	(b) General Reserve				
	Opening Balance	**22,500.00**		17,500.00	
	Add: Transfer from Statement of profit & Loss	**5,000.00**		5,000.00	
	Closing Balance		**27,500.00**		22,500.00
	(c) Surplus				
	Opening Balance	**2,797.08**		1,016.07	
	Add : Profit during the year	**15,880.25**		8,216.76	
	(Less): Transfer to General Reserve	(5,000.00)		(5,000.00)	
	(Less): Proposed equity dividend (amount per share Rs. 5.00 (Previous year Rs. 3.00))	**(1,988.15)**		(1,192.89)	
	(Less): Tax on Proposed dividend	**(404.75)**		(242.85)	
	Closing Balance		**11,284.43**		2,797.09
	Total		**38,840.40**		25,353.06

Note No.		31st March' 16 Rs. in lakhs Non Current	Current	31st March' 15 Rs. in lakhs Non Current	Current
4.	**Long Term Borrowings**				
	Secured - from Banks				
	Rupee Term loans	**4,015.63**	**734.38**	8,125.00	1,937.50
	External Commercial Borrowing	**6,886.81**	**3,578.30**	9,871.72	3,063.25
		10,902.44	**4,312.68**	17,996.72	5,000.75
	Less:Amount shown under other current liabilities (Note No 10)	-	**4,312.68**	-	5,000.75
	Total	**10,902.44**	**-**	17,996.72	-

Terms of Repayment and rate of interest:

a Rupee Term Loan of Rs.3750 Lakhs is repayable in 6 Quarterly instalments of Rs.125.00 lakhs each starting from 01/04/16 to 01/09/17 and 12 Quarterly instalment of Rs.250 Lakhs from 30/09/18 to 30/06/21 it carries an interest @ 10.25% p.a. payable monthly.

b Rupee Term Loan of Rs.1000 lakhs repayable in 8 Quarterly instalments of Rs.78.125 lakhs each starting from 30/9/16 to 30/6/18 and 2 Quarterly instalments of Rs.156.25 Lakhs from 30/9/18 to 31/12/18, and balance Rs.62.50 Lakhs on 31/3/2019. It carries an interest @ 11.25% p.a. payable monthly.

c Foreign Currency loan of Rs. 7152.61 Lakhs (US$ 107.964 Lakhs) is repayable in 8 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.

d Foreign Currency loan of Rs. 3312.5 Lakhs (US$ 50 Lakhs) is repayable in 3 half yearly instalments of US$ 15 lakhs each on 22/5/2016, 22/11/2016 and US$ 20 lakhs on 22/5/2017 and carries an interest at LIBOR plus 3.7239% p.a payable half yearly.

Nature of security :

Rupee term loan of Rs 3750 lakhs is secured by way of first pari-passu charge on the movable & immovable Fixed Assets of the company and subservient charge of raw materials, semi finished goods and finished goods, consumables, stores and spares, book debts, both present and future.

Rupee term loans of Rs 1000 lakhs and Foreign Currency loans from Banks are secured by way of first pari-passu charge on the movable & immovable Fixed Assets of the company both present and future.

Note No.		31st March' 16	31st March' 15
5.	**Deferred tax liabilities (Net):**		
	Deferred Tax Liability		
	Fixed Asset - Impact of Difference between tax depreciation and depreciation charged in the financial statement	**7,625.21**	7,284.90
	Gross Deferred Tax Liability	**7,625.21**	**7,284.90**
	Deferred Tax Asset		
	Impact of Expenditure charged to statement of Profit & Loss but allowed only on actual payment for tax purpose	**310.39**	183.86
	Provision for Doubtful debts and advances	**402.84**	553.73
	Gross Deferred Tax Asset	**713.23**	**737.59**
	Net Deferred Tax Liability	**6,911.98**	**6,547.31**
6.	**Other Long Term Liabilities**		
	Other Payables	**1,242.88**	1,242.88
	Total	**1,242.88**	**1,242.88**
7.	**Long Term Provisions**		
	For Employe Benefits (Refer Note No - 32)		
	- Unavailed Leave	513.54	393.00
	Total	**513.54**	393.00
8.	**Short Term Borrowings - from Banks**		
	Secured		
	Working Capital Loans - from Banks		
	Rupee Loan	**9,169.02**	6,669.62
	Foreign Currency Loan	**20,081.35**	13,196.68
	Total	**29,250.37**	**19,866.30**

Nature of Security and rate of interest

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

K.S. BAPUJI & CO. Hyderabad FIRM REGN. No: 000396S CHARTERED ACCOUNTANTS

Note No.			31st March' 16 Rs. in lakhs	31st March' 15 Rs. in lakhs
9.	**Trade payables**			
	Trade payables		5,153.78	10,240.40
		Total	5,153.78	10,240.40
	(Refer Note No.34 for amount due to related parties)			
10.	**Other Current Liabilities**			
	Current maturities of long-term borrowings (Refer Note No 4)		4,312.68	5,000.75
	Interest accrued but not due on borrowing		362.71	323.51
	Unpaid dividends		29.20	22.41
	Others			-
	-Creditors for capital goods		976.84	1,045.69
	- Statutory Dues		1,076.96	640.15
	- Amount due to Employees and Others		417.86	407.72
	- Advance from Customers		521.02	834.75
	- Retention Money		111.26	172.59
	- Deposits from Customers		55.13	69.05
	- Outstanding Expenses		1,465.54	1,115.43
		Total	9,329.20	9,632.05
11.	**Short Term Provisions**			
	Proposed Dividend		1,988.15	1,192.89
	Tax on Proposed dividend		404.75	242.85
	Provision for Taxation (Net of Advance Tax)		-	101.70
	Employee Benefits		617.39	333.38
		Total	3,010.29	1,870.82

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

SRIKALAHASTHI PIPES LTD (Formerly Lanco Industries Limited)

Fixed Assets

Rs. In Lakhs

12 (i) Tangible Assets

S.No	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	NAME OF THE ASSET	Cost as on 01- Apr -15	Additions	Sales / Adjustment	Cost as on 31-Mar-16	Upto 31 - Mar - 15	For the year	Sales / Adjustment	Upto 31 Mar -16	Upto 31 Mar -16	As on 31- Mar-15
1	(a) Land	1,411.40	113.29	-	1,524.69	-	-	-	-	1,524.69	1,411.40
	(b) Leasehold Land	93.67	-	-	93.67	13.78	3.12	-	16.90	76.77	79.89
2	(a) Factory Building	8,006.02	9.02	-	8,015.04	2,426.06	256.70	-	2,682.76	5,332.28	5,579.96
	(b) Non Factory Building	1,415.42	6.45	-	1,421.87	415.72	99.77	-	515.49	906.38	999.70
3	Plant & Machinery	56,070.36	2,552.93	0.86	58,622.43	16,307.16	2,061.60	-	18,368.76	40,253.67	39,763.20
4	Electrical Installation	2,338.47	24.91	0.16	2,363.22	1,816.29	175.04	0.57	1,990.76	372.46	522.18
5	Office Equipment	573.84	49.48	3.24	620.08	457.36	49.00	3.22	503.14	116.94	116.48
6	Furniture	175.85	1.55	7.05	170.35	145.94	6.56	6.96	145.54	24.81	29.91
7	Vehicles	617.89	134.37	52.82	699.44	485.07	27.58	12.16	500.49	198.95	132.82
	TOTAL	**70,702.92**	**2,892.00**	**64.13**	**73,530.79**	**22,067.38**	**2,679.37**	**22.91**	**24,723.84**	**48,806.95**	**48,635.54**
	Previous Year figures	**63,143.40**	**8,529.54**	**970.02**	**70,702.92**	**19,673.37**	**3,066.94**	**672.93**	**22,067.38**	**48,635.54**	**43,470.03**

(ii) Intangible Assets

S.No	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	NAME OF THE ASSET	Cost as on 01- Apr -15	Additions	Sales / Adjustment	Cost as on 31-Mar-16	Upto 31 - Mar - 15	For the year	Sales / Adjustment	Upto 31 Mar -16	Upto 31 Mar -16	As on 31- Mar-15
1	**Computer Software**	**388.21**	1.14	-	389.35	**293.89**	29.47	-	323.36	65.99	94.32
	Previous Year figures	**319.35**	**68.86**		**388.21**	**243.93**	**49.96**		**293.89**	**94.32**	**75.42**

K.R. BAPUJI & CO. Hyderabad FIRM REG No: 000395S CHARTERED ACCOUNTANTS

Srikalahasthi Pipes Limited (Formerly Lanco Industries Limited)
Notes to Financial Statements for the year ended 31st March, 2016

Note No.			31st March' 16 Rs. in lakhs		31st March' 15 Rs. in lakhs
13	**Long Term Loans and Advances**				
	(Unsecured)				
	13.1 Capital Advances				
	- considered good		512.08		181.45
	13.2 Security Deposits				
	- considered good		394.62		379.98
	Total		906.70		561.43

Note No.		No of Units	Rs. in lakhs	No of Units	Rs. in lakhs
14	**Current Investments**				-
	Non-Trade-At Cost				
	Units of Mutual funds - Quoted				
	Name of the Investment	No of Units	Rs. in lakhs	No of Units	Rs. in lakhs
	HSBC Ultra Short Term Bond Fund-Growth	11,264,136.49	1,500.00	-	-
	HDFC CMF Savings Plan-Direct Plan-Daily Dividend Reinvestment	188,192.18	2,001.69	-	-
	HDFC Short Term Opportunities Fund-Direct Plan- Growth Option	3,123,301.71	500.00	-	-
	HDFC High Interest Fund-Dynamic Plan-Direct Growth Option	979,706.36	500.00	-	-
	ICICI Savings Fund-DP Growth	1,329,239.97	3,000.00	-	-
	ICICI Regular Income Fund DP Growth	6,593,131.28	1,000.00	-	-
	Reliance Monthly Interval Fund-Series 1 Direct Growth Plan Growth Option Ivag	7,453,045.81	1,500.00	-	-
	Reliance Liquid Fund-Cash Plan-Direct Growth Plan - Cpag	102,522.28	2,500.00	-	-
	UTI Treasury Advantage Fund-Institutional Plan-Daily Dividend Reinvestment	10.56	0.11	-	-
	UTI Liquid Cash Plan-Institutional-Direct Plan-Growth	4,035.11	100.02	-	-
	Birla Sun Life Cash Plus-Daily Dividend - Direct Plan-Reinvestment	999,053.70	1,000.00	-	-
	IDFC Super Saver Income Fund-Investment Plan-Growth	1,443,684.75	500.00	-	-
	IDFC Super Saver Income Fund-Investment Plan-Growth	1,411,747.43	500.00	-	-
			14,601.82		-
	Market Value: Rs.14729.20 Lakhs				

Note No.			31st March' 16 Rs. in lakhs		31st March' 15 Rs. in lakhs
15	**Inventories**				
	(Valued at lower of Cost and Net Realisable Value)				
	Raw Materials		4,470.94		7,113.57
	Work-in-Progress		1,222.91		1,058.56
	Finished Goods		1,085.86		1,271.19
	Stores & Spares		5,108.86		4,015.92
	Total		11,888.57		13,459.24
16	**Trade Receivables**				
	(Unsecured)				
	- Exceeding Six Months				
	- Considered good		2,900.29		841.52
	- Doubtful		843.49		843.49
			3,743.78		1,685.01
	Less : Provision for doubtful Receivables		843.49		843.49
			2,900.29		841.52
	- Other Receivables considered good		17,854.73		17,763.15
	(Refer Note No.34 for amount due from related parties)				
	Total		20,755.02		18,604.67
17	**Cash and Cash Equivalents**				
	17.1 Cash and Bank Balances				
	Cash on Hand		2.26		1.48
	Balances with Banks				
	in Current Account		2,110.28		5,517.10
	in Unpaid Dividend		29.20		22.41
			2,141.74		5,540.99
	17.2 Others				
	Margin Money		12.21		380.21
	Deposit with Bank with 3 - 12 months maturity		-		3.32
	Total		2,153.95		5,924.52

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000955 CHARTERED ACCOUNTANTS

Srikalahasthi Pipes Limited (Formerly Lanco Industries Limited)
Notes to Financial Statements for the year ended 31st March, 2016

Note No.			31st March' 16 Rs. in lakhs	31st March' 15 Rs. in lakhs
18	**Short Term Loans and Advances**			
	(Unsecured)			
	-Considered good		**2,964.74**	3,921.31
	- Doubtful		**320.53**	756.53
			3,285.27	4,677.84
	Less: Provision for Doubtful Security Deposits			
	(Refer Note no.41(ii) for advances to employees)		**320.53**	756.53
		Total	**2,964.74**	**3,921.31**
19	**Other Current Assets**			
	Balance with Government Authorities		**1,372.71**	1,147.79
	Tax Refunds Receivable -Current year (net of Provision for tax)		**198.06**	-
	MAT Credit Entitlement		**2,607.17**	3,311.25
	Interest Receivable		**191.65**	125.26
	Forward premium receivable		**28.03**	-
	Prepaid Expenses		**545.67**	345.40
	Other Receivables		**100.04**	99.23
		Total	**5,043.33**	**5,028.93**
20	**Revenue from operations**			
	20.1 Sale of Manufactured Products			
	- D I Spun Pipes		**99,507.68**	83,286.26
	- Pig Iron		**3,851.40**	7,732.15
	- Cement		**2,808.81**	2,668.30
	- Coke		**1,598.12**	3,840.12
	- Other Products		**7,059.49**	9,389.36
	20.2 Sale of Traded Products			
	- Coal		**2,941.56**	5,388.18
		Total	**117,767.06**	**112,304.37**
	(Refer Note No.34 for sales to related parties)			
21	**Other Income**			
	Interest Income		**1,233.13**	626.52
	Rent received		**4.47**	3.85
	Net Gain on Sale of Investments		**34.36**	46.58
	Miscellaneous Income		**461.07**	189.08
		Total	**1,733.03**	**866.03**
22	**Cost of materials consumed**			
	Coking Coal / Coke		**21,269.39**	24,749.57
	Iron Ore / Iron Ore Fines		**13,610.13**	17,836.58
	CRC / MS Scrap		**3,977.20**	2,617.11
	Others		**9,456.20**	8,000.99
		Total	**48,312.92**	**53,204.25**
23	**Purchases of Traded goods**			
	Coal		**2,870.26**	5,338.72
		Total	**2,870.26**	5,338.72

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Note No.			31st March' 16 Rs. in lakhs		31st March' 15 Rs. in lakhs
24	**Changes in inventories of Finished goods and work in progress**				
	Opening Stock				
	Work in Progress	**1,058.56**		1,558.34	
	Finished Goods	**1,271.19**	**2,329.75**	1,806.39	**3,364.73**
	Closing Stock				
	Work in Progress	**1,222.91**		1,058.56	
	Finished Goods	**1,085.86**	**2,308.77**	1,271.19	**2,329.75**
	Total		**20.98**		**1,034.98**
	Details of Inventory				
	Work in Progress				
	D.I Pipes		**469.93**		501.61
	Others		**752.98**		556.95
	Total		**1,222.91**		**1,058.56**
	Finished Goods and By-Products				
	D.I Pipes		**817.82**		711.59
	Pig Iron		**4.80**		332.98
	Others		**263.24**		226.62
	Total		**1,085.86**		**1,271.19**
25	**Employee Benefit Expense**				
	Salaries, Wages, Bonus and Other Benefits		**5,984.81**		4,559.10
	Contribution to Provident and Other Fund		**331.57**		270.32
	Employees Welfare		**516.08**		545.52
	Total		**6,832.46**		**5,374.94**
	(Refer Note No.31 for amount Capitalised)				
26	**Finance Cost**				
	Interest Expenses		**3,644.12**		3,694.63
	Other Finance Cost		**359.29**		414.77
	Loss on Exchange difference to the extent considered as finance cost		**201.18**		259.97
	Total		**4,204.59**		**4,369.37**
	(Refer Note No.31 for amount Capitalised)				
27	**Other Expenses**				
	Power & Fuel		**5,471.91**		4,217.42
	Consumption of Stores , Spares & Consumables		**15,260.13**		12,268.01
	Handling & Transport charges		**3,957.48**		3,259.11
	Directors' Sitting Fee and Commission		**30.37**		21.70
	Rent		**91.86**		82.88
	Professional and consultancy		**309.81**		232.82
	Rates & Taxes (including Wealth Tax Current Year Nil; Previous year Rs.0.42 lakhs)		**131.53**		126.49
	Insurance		**136.47**		129.77
	Freight, Packing, Forwarding & LD Charges (net of realisation Rs.6456.70 Lakhs, Previous year Rs.4691.81 Lakhs)		**558.23**		676.95
	Commission to Selling Agents		**1,548.61**		1,161.38
	Loss on sale/discard of fixed Assets (net)		**1.12**		141.75
	Repairs & Maintenance :				-
	- Plant & Machinery		**1,064.54**		1,149.03
	- Buildings		**473.58**		209.10
	- Others		**13.57**		2.76
	Provision for doubtful receivables & advances		**-**		539.93
	Auditors' Remuneration :				-
	- Audit fee		**5.00**		4.25
	- Tax Audit		**2.00**		1.75
	- Certification fee		**2.81**		2.56
	- Out of Pocket Expenses		**0.80**		1.19
	Bad debts written off	**-**		332.79	-
	Less:- Transferred from Bad Debts Provision	**-**	**-**	332.79	-
	Donations		**251.96**		35.15
	Contribution to CSR Activites		**50.53**		12.40
	Miscellaneous Expenses		**513.87**		563.83
	Total		**29,876.18**		**24,840.23**

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

28.1. Contingent Liabilities not provided for:

		2015-16 Rs. in Lakhs	2014-15 Rs. in Lakhs
a)	Guarantees given by banks on behalf of the Company.	**723.47**	839.63
b)	Bills discounted with banks	**10777.06**	9890.39
c)	Outstanding Letter of Credits	**1825.19**	5426.10
d)	Various demands raised, which in the opinion of the management are not tenable and are pending with various forums / authorities :		
	i) Sales Tax	**1339.48**	1347.08
	ii) Excise, Custom Duty & Service Tax	**354.10**	230.47
	iii) Income Tax	**37.72**	37.72

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.

28.2. Commitments not provided for:	**2015-16 Rs. in lakhs**	2014-15 Rs. in lakhs
Estimated amount of Capital contracts not provided for	**711.15**	709.61
Export Obligations to be fulfilled	**1927.00**	1927.00

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

30. 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

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No. 000395S CHARTERED ACCOUNTANTS

31. A) Pursuant to the Companies (Accounting Standards) Amendment Rules, 2011 vide GSR 914(E) dated 29th December, 2011, the Company has exercised the option of adjusting the cost of assets, for the exchange differences arising on long term foreign currency monetary items, in respect of accounting periods commencing from 1st April, 2011, which were hitherto recognized as income or expenses in the period in which they arose. As a result, such exchange differences so far as they relate to the acquisition of depreciable capital assets have been adjusted with the cost of such assets, to be depreciated over the balance useful life of the respective assets. Consequently, the Fixed Assets – Rs.899.09 lakhs (Previous year Rs. Rs.692.66 lakhs) and Capital work-in-progress Nil (Previous year Nil) is higher and charge to the Statement of Profit and Loss is lower to that extent.

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

Particulars	**2015-16 Rs. in lakhs**		2014-15 Rs. in lakhs	
	Fixed Assets	**Capital work in Progress**	Fixed Assets	Capital work in Progress
Interest and Finance Charges	**23.95**	**9.83**	348.80	59.06
Salaries, Wages, Gratuity & other Benefits	**4.05**	**6.13**	78.87	18.93

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

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

	31.3.2016		31.3.2015	
Defined Contribution Plan:	**Rs. in Lakhs**		Rs. in Lakhs	
Employers Contribution to Provident Fund	**234.57**		212.73	
	Benefits		Benefits	
	Gratuity (Funded)	**Leave (Unfunded)**	Gratuity (Funded)	Leave (Unfunded)
Present Value of Obligations:				
Balance as at the beginning of the year	**584.92**	**513.54**	498.39	393.00
Service Cost	**70.95**	**40.32**	60.47	73.87
Interest Cost	**46.79**	**81.53**	39.87	34.59
Benefits Paid	**-22.16**	**6.72**	-17.18	-20.84
Actuarial (Gain)/Loss	**35.12**	**-50.52**	3.37	32.92
Balance as at the closing of the year	**715.62**	**591.59**	584.92	513.54
Fair Value of Plan Assets:				
Balance as at the beginning of the year	**562.42**	**-**	508.68	-
Expected Return of Plan Assets	**55.85**	**-**	46.12	-
Actuarial (Gain)/Loss	**-**	**-**	-	-
Contributions	**109.48**	**-6.72**	24.80	20.84
Benefits Paid	**-22.26**	**-6.72**	-17.18	-20.84
Balance as at the closing of the year	**705.49**	**0**	562.42	0
Reconciliation of fair value of assets and obligations:				
Fair Value of Plan Assets	**705.49**	**-**	562.42	-
Present Value of Obligations	**715.62**	**591.59**	584.92	513.54
Amount recognized in Balance Sheet	**10.13**	**591.59**	22.50	513.54
Expenses recognized during the year:				
Current Service Cost	**70.95**	**81.53**	60.47	73.87
Interest Cost	**46.79**	**40.32**	39.87	34.59
Expected Return of Plan Assets	**-55.85**	**-**	-46.12	-
Actuarial (Gain)/Loss	**35.12**	**-50.52**	3.37	32.92
Net Cost	**97.01**	**71.33**	57.59	141.38
Investment Details:				
Funds Managed by the Insurer	**100%**	**0%**	100%	0%
Others	**0%**	**0%**	0%	0%
Total	**100%**	**0%**	100%	0%
Actuarial Assumptions:				
Mortality Table (LIC)	**1994-96 (ultimate)**	**2006-08 (ultimate)**	1994-96 (ultimate)	2006-08 (ultimate)
Discount Rate (per annum)	**8%**	**9%**	8%	9%
Expected Return of Plan Assets (per annum)	**8.75%**	**0%**	8.75%	0%
Rate of escalation in salary (per annum)	**7%**	**10%**	7%	10%

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

33. **Segment Reporting:**

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

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

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

a. Associate Company:

M/s.Electrosteel Castings Limited

b. Key Managerial Personnel (KMP):

Shri. Mayank Kejriwal, Managing Director
Shri. G. S. Rathi, Whole Time Director
Shri. Atosh R Surana, Chief Financial Officer
Shri. Manoj K. Shah, Company Secretary
Shri. Raghuram, Company Secretary

c. Enterprise where Key Managerial Personnel have control:

Amit Trimix Private Limited*

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

Sl No.	Nature of Transaction	Year	Associate Company	Key Managerial Personnel	Enterprise where Key Managerial Personnel have control
1	Sale of goods	**2015-16**	**6163.69**	-	-
		2014-15	10262.51	-	-
2	Trade Receivables	**2015-16**	**3971.68**	-	-
		2014-15	3633.93	-	-
3	Purchases	**2015-16**	**1370.98**	-	-
		2014-15	850.99	-	-
4	Trade Payables	**2015-16**	**354.27**	-	-
		2014-15	-	-	-
5	Rent Paid	**2015-16**	**0.36**	-	**5.73**
		2014-15	0.36	-	-
6	Reimbursement of Exp Paid	**2015-16**	**12.03**	-	-
		2014-15	52.47	-	-
7	Remuneration	**2015-16**	-	**1146.98**	-
		2014-15	-	568.22	-
8	Advance Paid	**2015-16**	**5500**	-	**3.00**
		2014-15	-	-	-
9	Advance Received	**2015-16**	**5500**	-	-
		2014-15	-	-	-
10	Interest Received	**2015-16**	**302.37**	-	-
		2014-15	-	-	

***Shri. G. S Rathi, Whole Time Director is interested as Member in Amit Trimix Private Limited.**

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000956 CHARTERED ACCOUNTANTS

35. As stipulated in AS-28, the Company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing business are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly, the management is of the view that no impairment provision is called for in these accounts.

36. The Company has operating lease arrangement for office accommodation etc. with tenure extending upto one year. Expenditure incurred on account of rent during the year amounting to Rs.91.86 Lakhs (Previous year Rs.82.88 Lakhs) is recognized in the Statement of Profit and Loss.

37. (a) Category wise outstanding derivatives contracts entered for hedging as on 31st March 2016:

Sl. No.	Category	Currency	Current Year		Previous Year		Underlying Purpose
			No. of Deals	Amount US$ in lakhs	No. of Deals	Amount US$ in lakhs	
1	Forward	USD/INR	-	-	7	137.51	Buyers Credit and Imports
2	Option	USD/INR	22	364.49	6	128.33	Buyers Credit and Imports
3	Swap	USD	-	-	6	240.90	Interest

(b) Un-hedged foreign Currency Exposures as on 31st March 2016:

Sl. No.	Nature	Currency	Current Year US$ in Lakhs	Previous Year US$ in Lakhs
1	Imports	USD	3.92	44.05
2	Buyers Credit & Interest	USD	13.99	2.17
3	External Commercial Borrowing & Interest	USD	87.46	211.52

As per the hedging policy of the Company, all foreign currency exposures that are due in the next 12 months are fully hedged. In respect of external commercial borrowings which relates to acquisition of depreciable capital assets, the exchange differences will be adjusted with the cost of such assets as per the Policy of the Company [Refer Note No. 31(A)] and the Management believes that the same will not have any material adverse affect on the financial position or operations of the Company. Hence no provision is required for material losses on derivative contracts.

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000395S CHARTERED ACCOUNTANTS

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

	2015-16		2014-15	
	Rs. in Lakhs	**%**	Rs. in Lakhs	%
Imported	**24277.55**	**38.19**	28137.90	42.98
Indigenous	**39295.50**	**61.81**	37334.36	57.02
Total	**63573.05**	**100.00**	65472.26	100.00

39. **CIF Value of Imports:**

	2015-16 Rs. in Lakhs	2014-15 Rs. in Lakhs
Raw Materials	**25128.92**	18486.86
Stores & Spares	**2334.34**	1691.99
Capital Goods	**329.53**	1327.07

40. **Expenditure in Foreign Currency:**

		2015-16 Rs. in Lakhs	2014-15 Rs. in Lakhs
a)	Interest & Finance Charges	**735.57**	962.19
b)	Traveling Expenses	**2.17**	2.24
c)	Legal & Professional Charges	**11.45**	11.25
d)	Payment of Dividend on Equity Shares		
	-No of Non Resident Shareholders	**15**	15
	-No. of Shares Held	**86252**	86,252
	-Dividend	**2.59**	1.29

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

(i) The Company does not have any subsidiary and has not given any loans and advances in the nature of loans to its associates.

(ii) Interest free loans as per general rules of the Company have been given to its employees. Aggregate amount of such advances and loans outstanding at the year end is Rs.13.56 lakhs (Previous year Rs.14.93 lakhs).

K.R. BAPUJI & CO. Hyderabad FIRM REGN. No: 000195S CHARTERED ACCOUNTANTS

42. Earnings Per Share (EPS) :

Rs. in Lakhs

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Net profit for basic earnings per share as per Statement of Profit and Loss	**15880.25**	8216.76
Less: Adjustments for the purpose of diluted earnings per share	**Nil**	Nil
Net profit for diluted earnings per shares: Weighted average number of equity shares for basic EPS and diluted EPS (Face value Rs. 10 per share) i) for Basic EPS ii) for Diluted EPS	 **3,97,63,595** **3,97,63,595**	 3,97,63,595 3,97,63,595
Earnings Per Share: i) Basic EPS (in Rs.) ii) Diluted EPS (in Rs.)	 **39.94** **39.94**	 20.66 20.66

43. Previous year figures

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

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

P. R. Satish
Partner
Membership No.219432

Place: Chennai
Date: 9th May, 2016

For and on behalf of the Board

1-65/29, Plot No. 29, Kavuri Hills-Ph-III, Extn of Road No. 36, Jubilee Hills, Guttalabegampet, Madhapur, Hyderabad - 500 081.
Tel : +91 40 4003 4465 / 4200 0157 :: Email : krbapujico@gmail.com

Independent Auditors' Report

To the Members of
SRIKALAHASTHI PIPES LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

K.R. BAPUJI & CO. Hyderabad (A.P.) (Firm Regn.No.000965S) CHARTERED ACCOUNTANTS

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31^{st}March, 2015;

(ii) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

K.R. BAPUJI & CO. Hyderabad (A.P) (Firm Regn.No.000385S) CHARTERED ACCOUNTANTS

d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. on the basis of written representations received from the directors as on 31st March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015 from being appointed as a director in terms of Section 164(2) of the Act; and

f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;

   ii) the Company has made provision, as required under the applicable law and accounting standards, for material foreseeable losses, if any, on long-term contracts and the Company is not required to make provision for losses on derivative contracts – Refer Note 37 to the financial statements;

   iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place : Chennai

Date : 30 April, 2015

for **K. R. BAPUJI & Co.**
Chartered Accountants
Firm Registration No. 000395 S

K.R. BAPUJI & CO. CHARTERED ACCOUNTANTS Hyderabad (A.P) (Firm Regn.No.000395S)

Dheeraj Agarwal
Partner
Membership No. 219788

Annexure to the Independent Auditors' Report

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

i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the fixed assets have been physically verified by the management during the year as per a detailed program drawn for the said purpose, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. In our opinion, the periodicity and procedures of such physical verification is reasonable having regard to the size of the Company and nature of it assets.

ii) (a) As explained to us, the management has conducted physical verification of inventories during the year at reasonable intervals, except the materials in transit/materials lying with third parties.

(b) The procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

v) The Company has not accepted any deposits from the public.

vi) We have broadly reviewed the cost records maintained by the Company relating to its products for which maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records with a view to determining whether they are accurate or complete.

vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, wealth-tax, service-tax, duty of customs, duty of excise, cess and other material statutory dues as applicable to it, with the appropriate authorities and there were no undisputed statutory dues outstanding as at 31stMarch, 2015 for a period exceeding six months from the date they became payable.

K.R. BAPUJI & CO. CHARTERED ACCOUNTANTS

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

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

*Stay of collection granted for the demands.

(c) According to the information and explanations given to us, the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under has been transferred to such fund within time.

viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has no borrowings from financial institutions or by way of debentures.

x) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.

xi) In our opinion and according to the information and explanations given to us, on overall basis, the term loans have been applied for the purposes for which they were obtained.

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

Place : Chennai

Date : April 30, 2015

*for***K. R. BAPUJI & Co.**
Chartered Accountants
Firm Registration No. 000395 S

Dheeraj Agarwal
Partner
Membership No. 219788

Srikalahasthi Pipes Limited
(Formerly Lanco Industries Limited)
Balance Sheet as at 31st March, 2015

	Note No.	31st March 2015 Rs. in Lakhs	31st March 2014 Rs. in Lakhs
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	2	**3,976.36**	3,976.36
(b) Reserves and surplus	3	**25,353.06**	18,572.05
		29,329.42	22,548.41
2. Non-current liabilities			
(a) Long-term borrowings	4	**17,996.72**	17,462.43
(b) Deferred tax liabilities (Net)	5	**6,547.31**	3,041.84
(c) Other long-term liabilities	6	**1,311.93**	4,946.64
(d) Long-term provisions	7	**393.00**	290.64
		26,248.96	25,741.55
3. Current liabilities			
(a) Short-term borrowings	8	**19,866.30**	23,557.34
(b) Trade payables	9	**10,240.40**	19,570.17
(c) Other current liabilities	10	**9,664.70**	9,451.62
(d) Short-term provisions	11	**1,769.12**	945.72
		41,540.52	53,524.85
		97,118.90	1,01,814.81
B. ASSETS			
1. Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		**48,635.54**	43,470.03
(ii) Intangible assets		**94.32**	75.42
(iii) Capital work-in-progress		**888.94**	2,004.23
		49,618.80	45,549.68
(b) Long-term loans and advances	13	**561.43**	5,586.22
		50,180.23	51,135.90
2. Current assets			
(a) Investment		-	-
(b) Inventories	14	**13,459.24**	23,675.14
(c) Trade receivables	15	**18,604.67**	14,800.88
(d) Cash and Bank Balances	16	**5,924.52**	5,735.02
(e) Short-term loans and advances	17	**3,921.31**	2,651.99
(f) Other Current assets	18	**5,028.93**	3,815.88
		46,938.67	50,678.91
		97,118.90	1,01,814.81
Significant Accounting Policies & Notes on Accounts	1		

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

Dheeraj Agarwal
Partner
Membership No. 219788

Place: Chennai
Date: 30th April, 2015

For and on behalf of the Board

(Formerly Lanco Industries Limited)

Statement of Profit and Loss for the year ended 31st March, 2015

	Note No.	31st March 2015 Rs. in Lakhs	31st March 2014 Rs. in Lakhs
1. Revenue from operations (Gross)	19	**1,12,304.37**	1,03,715.95
Less : Excise Duty		**3,949.29**	4,776.39
Revenue from operations (net)		**1,08,355.08**	98,939.56
2. Other Income	20	**866.03**	726.37
3. Total revenue (1+2)		**1,09,221.11**	99,665.93
4. Expenses			
(a) Cost of materials consumed	21	**53,204.25**	54,436.78
(b) Purchases of traded goods	22	**5,338.72**	5,503.70
(c) Changes in inventories of finished goods & work-in-	23	**1,034.98**	(1,440.22)
(d) Employee benefits expense	24	**4,844.94**	4,436.27
(e) Finance costs	25	**4,369.37**	5,489.61
(f) Depreciation and amortisation expense	12	**3,116.90**	2,794.28
(g) Other expenses	26	**25,370.23**	24,303.86
Total expenses		**97,279.39**	95,524.28
5. Profit / (Loss) before tax (3 - 4)		**11,941.72**	4,141.65
6. Tax expenses:			
(a) Current tax		**(2,546.59)**	(902.49)
- MAT Credit		**2,408.46**	902.49
(b) Deferred tax		**(3,505.47)**	(271.62)
7. Profit / (Loss) for the year (5 - 6)		**8,298.12**	3,870.03
Earnings per share (of Rs 10/- each):			
(a) Basic		**20.87**	9.73
(b) Diluted		**20.87**	9.73
Significant Accounting Policies & Notes on Accounts	1		

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

Dheeraj Agarwal
Partner
Membership No. 219788

Place: Chennai
Date: 30th April, 2015

For and on behalf of the Board

Srikalahasthi Pipes Limited
(Formerly Lanco Industries Limited)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

		31st March 2015 (Rs.In Lakhs)		31st March 2014 (Rs.In Lakhs)
A. Cash Flow from operating activities				
Net Profit Before Tax		11,941.72		4,141.65
Adjustments for :				
Interest & Financial Charges	4,369.37		5,489.61	
Depreciation/Amortisation	3,116.90		2,794.28	
(Profit)/Loss on Sale of Fixed Assets	141.75		1.97	
(Profit) / Loss on sale of Investments	(46.58)	7,581.44	-	8,285.86
Operating Profit before working Capital changes		**19,523.16**		**12,427.51**
Adjustments for :				
(Increase)/ decrease in Long term Loans & Advances	5,024.79		933.98	
(Increase)/ decrease in short Term Loans & Advances	(1,269.32)		(1,266.74)	
(Increase)/ decrease in Other Current assets	(3,673.69)		(1,411.27)	
(Increase)/decrease in Trade & Other Receivables	(3,803.80)		(2,858.17)	
(Increase)/decrease in Inventories	10,215.90		(2,849.04)	
Increase/(decrease) in Long term liabilities & provisions	(3,532.35)		(2,312.96)	
Increase/(decrease) in current liabilities	(9,041.11)	(6,079.58)	11,099.49	1,335.29
Cash Generated from Operations		13,443.58		13,762.80
Direct Taxes Paid		2,400.00		750.00
Prior period adjustment -Taxation		(81.36)		(0.67)
Cash from Operating Activities (A)		**15,762.22**		**14,512.13**
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(7,483.11)		(2,510.13)	
Sale of Fixed Assets	155.34		3.21	
Income on Investments	46.58		-	
Net Cash Flow From Investing Activities (B)		**(7,281.19)**		**(2,506.92)**
C. Cash Flow from Financing Activities				
Long Term Borrowings-Receipts/(Repayments)[Net]	534.29		2,396.85	
Short Term Borrowings-Receipts/(Repayments)[Net]	(3,691.04)		(4,113.48)	
Interest Paid	(4,359.49)		(5,446.24)	
Dividend Paid	(596.45)		-	
Tax on Dividend	(101.37)		-	
Net Cash flow From Financing Activities (C)		**(8,214.04)**		**(7,162.87)**
Net Increase/(Decrease) in cash & Cash Equivalents(A+B+C)		266.99		4,842.34
Cash & Cash Equivalent as at Beginning of Year		5,274.00		431.66
Cash & Cash Equivalent as at End of the Year (Refer Note 16.1)		**5,540.99**		**5,274.00**
Components of Cash & Cash Equivalents				
Cash On Hand		1.48		1.78
Balances with Banks				
In Current Account		5,517.10		5,252.90
In Unpaid Dividend		22.41		19.32
		5,540.99		**5,274.00**

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

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

Dheeraj Agarwal
Partner
Membership No. 219788

Place: Chennai
Date: 30th April, 2015

For and on behalf of the Board

Corporate Information

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

1. Significant Accounting Policies:

A) Basis of Preparation

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

B) Use of Estimates

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

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

C) Fixed Assets and Depreciation:

1) Tangible Assets:

i) Gross Block:

a) Fixed Assets are stated at cost of acquisition inclusive of inland freight, duties, taxes and incidental expenses related to acquisition with due adjustments for Cenvat / VAT credits.

b) Capital Work-in-progress includes Machinery to be installed, Construction & Erection Materials, and unallocated preoperative expenses etc.

ii) Depreciation:

a) Leasehold land is amortized on straight-line method over the period of the lease.

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

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

2) Intangible Assets:

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

3) Impairment of assets:

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

D) Revenue Recognition:

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

E) Sales:

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

F) Investments:

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

G) Inventories:

i) Inventories are valued at lower of the cost or net realizable value. Cost in respect of raw materials, Stores and Spares have been calculated on weighted average basis, which includes expenses incidental to procurement of the same.

a. By-Products are valued at net realizable value.
b. Cost in respect of finished goods includes manufacturing expenses, factory and administrative overheads and excise duty.
c. Cost in respect of work in progress represents, cost incurred upto the stage of completion.

H) Foreign Currency Transactions:

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

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

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

I) Retirement Benefits:

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

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

K.R.BAPUJI & CO. Hyderabad (A.P) (Firm Regn.No.000895S) CHARTERED ACCOUNTANTS

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

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

K) Borrowing Costs:
Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.
In accordance with Accounting Standard 16 Borrowing cost includes interest, amortization of ancillary cost incurred with the arrangement of borrowing and exchange differences arising from foreign currency borrowing to the extent they are regarded as an adjustment to the interest cost.

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

M) Segment Reporting:
The accounting policies adopted for segment reporting are in line with the accounting policies adopted in financial statements.

N) Export Benefits:
Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Such benefits under Duty Entitlement Pass Books(DEPB) are accounted for on accrual basis.

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

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

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Note No.		31st March 15		31st March 14	
		No. of Shares (in Lakhs)	**Rs. in lakhs**	No. of Shares (in Lakhs)	Rs. in lakhs
2.	**Share Capital**				
	Authorized Shares				
	Equity Shares of Rs.10/- each	**530.00**	**5,300.00**	530.00	5,300.00
	Issued, Subscribed and Paid up Shares				
	Equity Shares of Rs.10/- each	**397.63**	**3,976.36**	397.63	3,976.36
	Total	**397.63**	**3,976.36**	397.63	3,976.36

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

	No. of Shares (in Lakhs)	**Rs. in lakhs**	No. of Shares (in Lakhs)	Rs. in lakhs
Opening number of Shares Outstanding	**397.63**	**3,976.36**	397.63	3,976.36
Closing number of Shares Outstanding	**397.63**	**3,976.36**	397.63	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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

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

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

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

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

Terms of Repayment and rate of interest:

a Rupee Term Loan of Rs.4687.50 Lakhs is repayable in 15 Quarterly instalments of Rs.312.50 lakhs each starting from 30/06/2015 and it carries an interest @ 11% p.a. payable monthly.

b Rupee Term Loan of Rs. 375.00 Lakhs repayable in 4 Quarterly instalments of Rs.93.75 lakhs each and it carries an interest @ 13.50% p.a. payable monthly.

c Rupee Term Loan of Rs. 5000 Lakhs(Drawn Rs.4000 lakhs) repayable in 8 Quarterly instalments of Rs.156.25 lakhs each starting from 1/12/15 to 1/9/17 and 12 Quarterly instalments of Rs.312.50 Lakhs from 1/12/17 to 1/9/20, it carries an interest @ 11.45% p.a. payable monthly.

d Rupee Term Loan of Rs. 2500 Lakhs (Drawn Rs.1000 lakhs) repayable in 8 Quarterly instalments of Rs.78.125 lakhs each starting from 30/9/16 to 30/6/18 and 12 Quarterly instalments of Rs.156.25 Lakhs from 30/9/18 to 30/6/21, it carries an interest @ 12.25% p.a. payable monthly.

e Foreign Currency loan of Rs. 8247.47 Lakhs (US$ 131.976 Lakhs) is repayable in 11 half yearly instalments of US$ 12,00,600 and carries an interest at LIBOR plus 4.6262% p.a payable half yearly.

f Foreign Currency loan of Rs. 4687.50 Lakhs (US$ 75 Lakhs) is repayable in 5 half yearly instalments of US$10 lakhs each on 22/5/2015, US$ 15 lakhs each on 22/11/2015, 22/5/2016, 22/11/2016 and US$ 20 lakhs on 22/5/2017 and carries an interest at LIBOR plus 3.7239% p.a payable half yearly

Nature of security :

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

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

Note No.		31st March 15	31st March 14
5.	**Deferred tax liabilities (Net):**		
	Deferred Tax Liability		
	Fixed Asset - Impact of Difference between tax depreciation and depreciation charged in the financial statement	**7,284.90**	5,314.83
	Gross Deferred Tax Liability	**7,284.90**	5,314.83
	Deferred Tax Asset		
	Impact of Expenditure charged to statement of Profit & Loss but allowed only on actual payment for tax purpose	**183.86**	193.61
	Provision for Doubtful debts and advances	**553.73**	573.96
	Unabsorbed Depreciation carried forward	**-**	1,505.42
	Gross Deferred Tax Asset	**737.59**	2,272.99
	Net Deferred Tax Liability	**6,547.31**	3,041.84
6.	**Other Long term Liabilities**		
	Other Payables	**1,242.88**	1,242.88
	Advances from related party	**-**	3,632.62
	Deposits from Customers	**69.05**	71.14
	Total	**1,311.93**	4,946.64
7.	**Long Term Provisions**		
	For Employe Benefits (Refer Note No - 31)		
	- Unavailed Leave	393.00	290.64
	Total	**393.00**	290.64

Note No.			31st March 15 Rs. in lakhs	31st March 14 Rs. in lakhs
8.	**Short Term Borrowings - from Banks**			
	Secured			
	Working Capital Loans - from Banks			
	Rupee Loan		6,669.62	13,417.50
	Foreign Currency Loan		13,196.68	10,139.84
		Total	19,866.30	23,557.34

Nature of Security and rate of interest

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

9.	**Trade payables**			
	Trade payables		10,240.40	19,570.17
		Total	10,240.40	19,570.17

(Refer Note No.34 for amount due to related parties)

10.	**Other Current Liabilities**			
	Current maturities of long-term borrowings (Refer Note No 4)		5,000.75	4,010.54
	Interest accrued but not due on borrowings		323.51	313.63
	Unpaid dividends		22.41	19.32
	Others			
	-Creditors for capital goods		1,045.69	2,217.26
	- Statutory Dues		640.15	292.14
	- Provision for Taxation (Net of Advance Tax)		101.70	152.49
	- Amount due to Employees and Others		407.72	322.22
	- Advance from Customers		834.75	809.04
	- Retention Money		172.59	160.49
	- Outstanding Expenses		1,115.43	1,154.49
		Total	9,664.70	9,451.62

11.	**Short Term Provisions**			
	Proposed Dividend		1,192.89	596.45
	Tax on dividend		242.85	101.37
	Employee Benefits		333.38	247.91
		Total	1,769.12	945.72

RIKALAHASTHI PIPES LTD (Formerly Lanco Industries Limited)

xed Assets

2 (i) Tangible Assets

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

(ii) Intangible Assets

S.No	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	NAME OF THE ASSET	Cost as on 01-Apr -14	Additions	Deletions	Cost as on 31 - Mar-15	Upto 31 - Mar - 14		Adjustments	Upto 31 - Mar -15	Upto 31 - Mar-15	As on 31- Mar-14
1	**Computer Software**	**319.35**	**68.86**		**338.21**	**243.93**	**49.96**		**293.89**	**94.32**	**75.42**
	Previous Year figures	302.57	16.78	-	319.35	194.89	49.04	-	243.93	75.42	107.68

Note No.	Particulars		31st March 15 Rs. in lakhs	31st March 14 Rs. in lakhs
13	**Long Term Loans and Advances (Unsecured)**			
	13.1 Capital Advances			
	- considered good		181.45	59.91
	13.2 Security Deposits			
	- considered good		379.98	5,526.31
	- Doubtful		-	1,045.73
				6,572.04
	Less: Provision for Doubtful security deposits		-	1,045.73
				5,526.31
		Total	561.43	5,586.22
14	**Inventories (Valued at lower of Cost and Net Realisable Value)**			
	Raw Materials		7,113.57	16,311.47
	Work-in-Progress		1,058.56	1,558.34
	Finished Goods		1,271.19	1,806.39
	Stores & Spares		4,015.92	3,998.94
		Total	13,459.24	23,675.14
15	**Trade Receivables (Unsecured)**			
	- Exceeding Six Months			
	- Considered good		841.52	1,042.12
	- Doubtful		843.49	642.88
			1,685.01	1,685.00
	Less : Provision for doubtful Receivables		843.49	642.88
			841.52	1,042.12
	- Other Receivables considered good		17,763.15	13,758.76
	(Refer Note No.34 for amount due from related parties)	**Total**	18,604.67	14,800.88
16	**Cash and Bank Balances**			
	16.1 Cash and Cash Equivalents			
	Cash on Hand		1.48	1.78
	Balances with Banks			
	in current account		5,517.10	5,252.90
	in Unpaid Dividend		22.41	19.32
			5,540.99	5,274.00
	16.2 Others			
	Margin Money		380.21	377.60
	Deposit with bank with 3 - 12 months maturity		3.32	64.31
	Deposit with bank more than 12 months maturity		-	19.11
		Total	5,924.52	5,735.02

Deposits with banks include fixed deposit of Rs. Nil lakhs (Previous Year Rs. 83.42 lakhs) lodged with Government departments and customers

Note No.	Particulars		31st March 15 Rs. in lakhs	31st March 14 Rs. in lakhs
17	**Short Term Loans and Advances (Unsecured)**			
	-Considered good		3,921.31	2,651.99
	- Doubtful		756.53	-
			4,677.84	2,651.99
	Less: Provision for Doubtful security deposits		756.53	-
	(Refer Note no.41(ii) for advances to employees)	**Total**	3,921.31	2,651.99
18	**Other Current Assets**			
	Balance with Government Authorities		966.86	1,449.80
	Tax Refunds Receivable		280.16	858.77
	MAT Credit Entitlement		3,311.25	902.79
	Interest Receivable		125.26	131.54
	Prepaid Expenses		345.40	472.98
		Total	5,028.93	3,815.88

Note No.				31st March 15 Rs. in lakhs		31st March 14 Rs. in lakhs
19	**Revenue from operations**					
	19.1 Sale of Manufactured Products					
	- D I Spun Pipes			**83,286.26**		73,991.46
	- Pig Iron			**7,732.15**		5,299.13
	- Cement			**2,668.30**		1,908.84
	- Coke			**3,840.12**		5,346.29
	- Other Products			**9,389.36**		11,031.53
	19.2 Sale of Traded Products					
	- Coal			**5,388.18**		5,920.81
	19.3 Other Operating Revenue					
	- Sales Tax Subsidy					217.89
		Total		**1,12,304.37**		1,03,715.95

(Refer Note No.34 for sales to related parties)

Note No.			31st March 15 Rs. in lakhs	31st March 14 Rs. in lakhs
20	**Other Income**			
	Interest Income		**626.52**	706.54
	Rent received		**3.85**	2.31
	Net Gain / (Loss) on Sale of Investments		**46.58**	-
	Miscellaneous Income		**189.08**	17.52
		Total	**866.03**	726.37
21	**Cost of materials consumed**			
	Coking Coal / Coke		**24,749.57**	26,784.31
	Iron Ore / iron Ore Fines		**17,836.58**	14,498.78
	CRC / MS Scrap		**2,617.11**	4,818.26
	Others		**8,000.99**	8,335.43
		Total	**53,204.25**	54,436.78
22	**Purchases of Traded goods**			
	Coal		**5,338.72**	5,503.70
		Total	**5,338.72**	5,503.70

Note No.			31st March 15		31st March 14	
23	**Changes in inventories of Finished goods and work in progress**					
	Opening Stock					
	Work in process		**1,558.34**		1,000.80	
	Finished Goods		**1,806.39**	**3,364.73**	923.71	1,924.51
	Closing Stock					
	Work in process		**1,058.56**		1,558.34	
	Finished Goods		**1,271.19**	**2,329.75**	1,806.39	3,364.73
		Total		**1,034.98**		(1,440.22)
	Details of Inventory					
	Work in Progress					
	D.I Pipes			**501.61**		707.11
	Scrap			**316.92**		372.52
	Others			**240.03**		478.71
		Total		**1,058.56**		1,558.34
	Finished Goods and By-Products					
	D.I Pipes			**711.59**		1,109.07
	Pig Iron			**332.98**		70.28
	Others			**226.62**		627.04
		Total		**1,271.19**		1,806.39

Note No.			31st March 15 Rs. in lakhs		31st March 14 Rs. in lakhs
24	**Employee Benefit Expense**				
	Salaries, Wages, Bonus and Other Benefits		4,029.10		3,632.62
	Contribution to Provident and Other Fund		270.32		243.23
	Employees Welfare		545.52		560.42
	Total		4,844.94		4,436.27
	(Refer Note No.30 for amount Capitalised)				
25	**Finance Cost**				
	Interest Expenses		3,694.63		4,934.95
	Other Finance Cost		414.77		703.65
	Loss/(Gain) on Exchange difference to the extent considered as finance cost		259.97		(148.99)
	Total		4,369.37		5,489.61
	(Refer Note No.30 for amount Capitalised)				
26	**Other Expenses**				
	Power & Fuel		4,217.42		5,410.33
	Consumption of Stores , Spares & Consumables		12,268.01		11,456.61
	Handling & Transport charges		3,259.11		2,871.55
	Directors' Remuneration		551.70		137.62
	Rent		82.88		78.99
	Professional and consultancy		232.82		205.09
	Rates & Taxes (including Wealth Tax Rs0.63 Lakhs Previous year 0.42 lakhs)		126.49		194.71
	Insurance		129.77		133.08
	Freight, Packing, Forwarding & LD Charges		676.95		837.43
	Commission to Selling Agents		1,161.38		980.16
	Loss on sale/discard of fixed Assets (net)		141.75		1.97
	Repairs & Maintenance :				
	- Plant & Machinery		1,149.03		809.19
	- Buildings		209.10		147.17
	- Others		2.76		1.17
	Provision for doubtful receivables & advances		539.93		506.33
	Auditors' Remuneration :				
	- Audit fee		4.25		3.50
	- Tax Audit		1.75		1.50
	- Certification fee		2.56		2.41
	- Out of Pocket Expenses		1.19		0.84
	Bad debts written off	332.79		129.29	
	Less:- Transferred from Bad Debts Provision	332.79	-	129.29	-
	Donations		35.15		0.87
	Contribution to CSR Activites		12.40		-
	Miscellaneous Expenses		563.83		523.34
	Total		25,370.23		24,303.86

27. Contingent Liabilities not provided for:

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

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

27.1. Commitments not provided for:	**2014-15 Rs. in lakhs**	2013-14 Rs. in lakhs
Estimated amount of Capital contracts not provided for	**709.61**	1405.63
Export Obligations to be fulfilled	**1927.00**	Nil

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

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

	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

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

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

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

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

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

K.R.BAPUJI & CO. CHARTERED ACCOUNTANTS

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

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

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

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

34. **Disclosure of Related Parties/Related Party Transactions:**
Name of the Related Parties with whom transactions were carried out during the year and description of relationship:

a. Associate Company:
M/s.Electrosteel Castings Limited

b. Key Management Personnel & their relatives (KMP):
Shri. Mayank Kejriwal, Managing Director
Shri. Atosh R Surana, Chief Financial Officer & Company Secretary

c. Enterprise where other directors have significant influence or control:
1) Lanco Infratech Limited * (applicable to the extent of previous years figures)

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

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

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

35. As stipulated in AS-28, the Company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing business are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly, the management is of the view that no impairment provision is called for in these accounts.

36. The Company has operating lease arrangement for office accommodation etc. with tenure extending upto one year. Expenditure incurred on account of rent during the year amounting to Rs.82.88 Lakhs (Previous year Rs. 57.84 Lakhs) is recognized in the Statement of Profit and Loss.

37. (a) Category wise outstanding derivatives contracts entered for hedging as on 31st March 2015:

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

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

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

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

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

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

39. **CIF Value of Imports:**

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

40. **Expenditure in Foreign Currency:**

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

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

(i) The Company does not have any subsidiary and has not given any loans and advances in the nature of loans to its associates.

(ii) Interest free loans as per general rules of the Company have been given to its employees. Aggregate amount of such advances and loans outstanding at the year end is Rs.14.93 lakhs (Previous year Rs.14.43lakhs).

42. Earnings Per Share (EPS) :

Rs. Lakhs

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

43. Previous year figures

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

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

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

For and on behalf of the Board

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

____

Mayank Kejriwal
Managing Director

Place: Srikalahasthi, Andhra Pradesh
Date: December 26, 2017

DECLARATION

We, the Directors of the Company certify that:

(i) our Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

____

Mayank Kejriwal

Managing Director

I am authorized by the Capital Raising Committee, a committee of the Board of Directors of the Company to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

____

Mayank Kejriwal

Managing Director

____

N. Sivalai Senthilnathan

Chief Financial Officer

Place: Srikalahasthi, Andhra Pradesh

Date: December 26, 2017

SRIKALAHASTHI PIPES LIMITED

Registered Office

Rachgunneri Village, Srikalahasthi Mandal,
Chittoor 517 641, Andhra Pradesh, India.

Address of Compliance Officer:
G. Kodanada Pani
Rachgunneri Village, Srikalahasthi Mandal,
Chittoor District, Andhra Pradesh 517 641
Tel: +91 8578 286650
Fax: +91 8578 286680
E-mail: accounts@srikalahasthipipes.com

LEAD MANAGER

ICICI Securities Limited
ICICI Center, H.T. Parekh Marg
Churchgate, Mumbai 400 020

LEGAL ADVISER TO THE ISSUE

As to Indian law

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1
841 Senapati Bapat Marg
Mumbai 400 013

As to United States law

Squire Patton Boggs Singapore LLP
10 Collyer Quay
#03-01/02
Ocean Financial Centre
Singapore 049315

AUDITORS TO OUR COMPANY

Lodha & Co.
14, Government Place, East,
Kolkata – 700 069
Phone : 033- 22481111
E-mail cal@lodhaco.com