

### ANNEXURE III

September 18, 2021

**Securities and Exchange Board of India**

The Regional Manager  
Overseas Towers  
7th Floor, 756-L  
Anna Salai  
Chennai 600002

Dear Sir/Madam,

**INITIAL PUBLIC OFFERING OF 85,00,000 EQUITY SHARES OF FACE VALUE OF ₹10.00 EACH OF HARIOM PIPE INDUSTRIES LIMITED (“THE ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (“ISSUE PRICE”) AGGREGATING UPTO ₹[●] LAKHS (“THE ISSUE”).**

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We, ITI Capital Limited (, the “**BRLM**”), confirm that:

- (1) We have examined various documents including those relating to litigation, including commercial disputes, patent disputes, disputes with collaborators, etc. and other material in connection with the finalization of the draft red herring prospectus dated September 18, 2021 (“**DRHP**”) pertaining to the said Issue;
- (2) On the basis of such examination and the discussions with the Company, its Directors and other officers, other agencies and independent verification of the statements concerning the objects of the Issue, price justification, contents of the documents and other papers furnished by the Company, we confirm that:
  - (a) the DRHP filed with the Securities and Exchange Board of India (“**SEBI**”) is in conformity with the documents, materials and papers which are material to the Issue;
  - (b) all material legal requirements relating to the Issue as specified by the SEBI, the Central Government and any other competent authority in this behalf have been duly complied with; and
  - (c) the material disclosures made in the DRHP are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed Issue and such disclosures are in accordance with the requirements of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”) and other applicable legal requirements.
- (3) Besides ourselves, all the intermediaries named in the DRHP are registered with the SEBI and that until date such registrations are valid. Complied with and noted for compliance
- (4) We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments. – **Noted for compliance**

- (5) Written consent from the Promoters has been obtained for inclusion of its Equity Shares as part of the promoters' contribution subject to lock-in and the Equity Shares proposed to form part of the promoters' contribution subject to lock-in, shall not be disposed or sold or transferred by the promoter during the period starting from the date of filing the DRHP with the SEBI until the date of commencement of lock-in period as stated in the DRHP. - **Complied with and noted for compliance**
- (6) All applicable provisions of the SEBI ICDR Regulations, which relates to Equity Shares ineligible for computation of promoters' contribution, have been and shall be duly complied with and appropriate disclosures as to compliance with the said regulation(s) have been made in the DRHP. - **Complied to the extent applicable and noted for Compliance**
- (7) All applicable provisions of the SEBI ICDR Regulations which relate to receipt of promoters' contribution prior to opening of the Issue, shall be complied with and appropriate disclosures as to compliance with the said SEBI ICDR Regulations have been made in the DRHP. We confirm that arrangements have been made to ensure that promoters' contribution shall be received at least one day before the opening of the Issue. We undertake that auditor's certificate to this effect shall be duly submitted to the SEBI. We further confirm that arrangements have been made to ensure that the promoter's contribution will be kept in an escrow account with a scheduled commercial bank and shall be released to the Company along with the proceeds of the Issue. - **Not Applicable**
- (8) Necessary arrangements have been made to ensure that the monies received pursuant to the Issue are credited or transferred in a separate bank account as per the provisions of sub-section (3) of Section 40 of the Companies Act, 2013 and that such moneys shall be released by the said bank only after permission is obtained from all the stock exchanges and that the agreement entered into between the Bankers to the Issue and the Company specifically contains this condition. - **Noted for compliance.**
- (9) The existing business as well as any new business of the Company for which funds are being raised fall within the 'main objects' in the object clause of the Memorandum of Association of the Company or the charter of the Company and that the activities which have been carried in the last ten years are valid in terms of the object clause of the Memorandum of Association. - **Complied with to the extent applicable**
- (10) Following disclosures have been made in the DRHP: - **Complied with**
- (a) An undertaking from the Company that at any given time, there shall be only one denomination for the Equity Shares of the Company, excluding SR equity shares, where an issuer has outstanding SR equity shares and
- (b) An undertaking from the Company that it shall comply with all disclosure and accounting norms specified by the SEBI.
- (11) We shall comply with the regulations pertaining to advertisements in terms of the SEBI ICDR Regulations. - **Noted for compliance**
- (12) If applicable, the Company is eligible to list on the innovators growth platform in terms of the provisions of Chapter X of SEBI ICDR Regulations. **Not applicable**

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We enclose a note explaining how the process of due diligence has been exercised by us including in relation to the business of the Company, the risks in relation to the business, experience of the promoter and that the related party transactions entered into for the period disclosed in the DRHP have been entered into by the Company in accordance with applicable laws – **Complied with to the extent applicable. Refer to the Due Diligence Process Note enclosed as Annexure A to this certificate.**

We enclose a checklist confirming regulation-wise compliance with the applicable provisions of the SEBI ICDR Regulations, containing details such as the regulation number, its text, the status of compliance, page number of the DRHP where the regulation has been complied with and our comments, if any. – **Complied with. Refer to Annexure B to this certificate.**

All capitalized terms used herein and not specifically defined shall have the same meaning ascribed to such terms in the DRHP.

Thanking you,

Sincerely,

**For ITI Capital Limited**

A handwritten signature in black ink, appearing to read 'Pallavi Shinde', is written over a circular stamp. The stamp contains the text 'ITI CAPITAL LIMITED' around the perimeter and a small star in the center.

**Authorised Signatory**  
**Name: Pallavi Shinde**  
**Designation: Asst. Vice President**

**Enclosed:** Annexures as above

**Place:** Mumbai

## **ANNEXURE A**

### **Note explaining how the process of due diligence has been exercised**

We have carried out a due diligence exercise on the Company for the purposes of complying with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”) and other applicable laws, and to the extent customary for initial public offerings in India, along with other professionals and experts engaged in this Issue. The due diligence process carried out by us and the Legal Counsels (as defined below) commenced with interactions with the senior management of the Company to gain an understanding of the business of the Company, key risks involved, background of the Promoters and financial overview, among other matters. In this regard, we provided the Company with a due diligence questionnaire and information request list prepared in consultation with Legal Counsels (as defined hereafter). In response to the questionnaire and the information requisition list, the Company provided us and the Legal Counsels with supporting documents in accordance with the questionnaire for our review and provided us explanations for our queries. In order to facilitate such review, the Company set up an online data room and wherein copies of relevant documents were made available for undertaking due diligence.

All capitalized terms used herein and not specifically defined shall have the same meanings ascribed to such terms in the draft red herring prospectus dated September 18, 2021 (“**DRHP**”).

In connection with the Issue, Desai & Diwanji, Advocates & Solicitors have been appointed as the Legal Counsel to the Issue (hereinafter together referred to as “**Legal Counsel**”). The Legal Counsel assisted the Book Running Lead Manager with legal due diligence, drafting of the DRHP in compliance with the SEBI ICDR Regulations and other applicable laws, and advised the Company and us on other legal matters, as appropriate. The Book Running Lead Manager were also assisted by the joint statutory auditors of the Company, Rakesh S. Jain & Associates, Chartered Accountants and R. Kabra & Co. LLP, Chartered Accountants (“**Joint Statutory Auditors**”), in the financial due diligence process. In addition, (i) the Statutory Auditor has provided (a) a statement of special direct tax benefits available to the Company and its Shareholders; (b) has verified and certified certain matters relating to the computation of Company’s net worth, operating profit/loss and net tangible assets, compliance with corporate governance requirements by the Company, examination report in relation to the restated financial statements of the Company; (c) verified and provided certifications with respect to key operating and financial metrics and certain other information included in the DRHP, including, without limitation, amounts outstanding against the borrowings of the Company, details of any amounts outstanding to micro, small and medium enterprises and creditors of the Company, transactions with related parties and certain key operational and financial data of the Company. Rakesh S. Jain & Associates, Chartered Accountants and R. Kabra & Co. LLP, Chartered Accountants have confirmed that they hold valid a peer review certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India and have consented to be named in the Offer Documents. The Joint Statutory Auditor have also consented to be named as an expert in the DRHP, in terms of the Companies Act, 2013.

The chartered engineers engaged by the Company, namely M/s. Maraya Engineering Consultants, Chartered Engineers, have also verified and certified the installed capacity and capacity utilisation of the Company’s manufacturing facilities.

The due diligence process included, and was conducted under the following broad heads:

#### **1. Business and Commercial Diligence**

The due diligence process in relation to general business and commercial matters included:

- (a) Organizing and attending meetings (including the kick-off meeting) along with the Promoters of the Company, Chief Financial Officer (CFO), Company Secretary (CS) and other senior management of the Company. A broad overview of the business of the Company, industry in which it operates, regulatory framework with respect to the business, corporate structure, the capital structure, background and experience its Promoters, financial overview and the objects of the Issue were presented to us and the Legal Counsel, during the meeting followed by an interactive discussion.
- (b) Visiting the Company's manufacturing facility located at Mahabubnagar, Telangana and Registered Office of the Company to review the Company's operations, discussions with the Company's representatives to understand the nature of manufacturing operations at this location and interacting with the Key Management Personnel of the Company to understand its day to day operations, key business processes and to verify the disclosures being made in the DRHP.
- (c) Regularly interacting with the Company's senior management including Key Management Personnel and other senior personnel from the Company's secretarial, legal and finance departments and the Joint Statutory Auditors for the purpose of gaining an understanding about the business, the risks involved and the financial overview of the Company, amongst other matters. These interactions included: (i) due diligence meetings, drafting sessions and conference calls to discuss draft disclosures in the DRHP; (ii) seeking appropriate clarifications from the Key Management Personnel and other officers of the Company on key operational data and other information pertaining to the Company; (iii) a due diligence call with the Joint Statutory Auditors; (iv) discussions with the Company and the Joint Statutory Auditors on related party transactions involving the Company; and (v) due diligence calls with the Company before filing the DRHP; and (vi) seeking appropriate certifications from the Company, its Key Management Personnel, Promoter, Promoter Group and Group Companies. These interactions were conducted with an objective of assisting the Company to prepare disclosures as required under the SEBI ICDR Regulations and other applicable laws with regard to the Issue. We shall continue to undertake these interactions and due diligence calls until Allotment.
- (d) Requesting the Company to make available the diligence documents in the virtual data room for the purposes of due diligence, including pursuant to requirements prescribed under the SEBI ICDR Regulations. Reviewing such documents along with the Legal Counsel, to comply with the diligence requirements as stipulated under the SEBI ICDR Regulations, and the other applicable laws, as is customary in such transactions.
- (e) Obtaining and relying on certificates, confirmations, formal representations and undertakings from the Company, its Promoters, other members of the Promoter Group, Group Company, Directors, Key Management Personnel and the Joint Statutory Auditors, in support of certain disclosures made in the DRHP. For information relating to the installed manufacturing capacity and capacity utilization of the Company's manufacturing facilities, we have relied on the certificates provided by the Chartered Engineer & Consultant. We have also relied upon certificates issued by consultants in relation to compliance of environment and labour laws.

- (f) Reviewing, together with the Legal Counsel, certain business related documents like invoices. Where such invoices were large in number and mostly standard in form, we have carried out our review on specific or sampling basis to verify the disclosures made in this regard in the DRHP.
- (g) Obtaining circle-ups from the Joint Statutory Auditors on certain financial information and certification for the operational data and certain financial related information included in the DRHP.
- (h) Attending the bring-down due diligence call with the Joint Statutory Auditors and the management of the Company to receive updated information from the Company prior to filing of the DRHP.

## **2. Industry Information**

We have relied on industry and market data derived from the report titled “India Steel & Steel Products Analysis & Forecast, 2026” dated August 9, 2021, which has been prepared by Reports & Data’s for the purposes of confirming our understanding of the industry, in connection with the Issue. The information contained in certain sections of the DRHP, including “Industry”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” has been included from such report.

## **3. Outstanding Litigation and Outstanding Dues to Creditors**

### *Outstanding Litigation*

In accordance with SEBI ICDR Regulations, the DRHP contains disclosures on outstanding (i) criminal proceeding; (ii) action taken by regulatory or statutory authorities; (iii) claims related to direct and indirect taxes in a consolidated manner; and (v) other pending litigation as determined to be material as per a policy determined by the Board of Directors, in each case involving the Company, Promoters and Directors, as applicable (“**Relevant Parties**”).

- (a) **Pre-litigation notices:** Notices received by the Relevant Parties from third parties (excluding statutory/regulatory/tax authorities or notices threatening criminal action) have not been evaluated for materiality until such time that the Relevant Parties are impleaded as defendants in litigation proceedings before any judicial forum; and
- (b) **Monetary threshold for civil litigation:** Pending litigation involving the Relevant Parties, other than criminal proceedings, statutory and regulatory actions and taxation matters, have been considered material all claims by or against the entity or person in any such proceeding. The aforementioned materiality policy has been approved by the Board of Directors pursuant to its resolution dated September 18, 2021 and has been disclosed in the DRHP. Please note that outstanding legal proceedings in relation to direct and indirect taxes have been disclosed in a consolidated manner giving details of number of cases and total amount involved, in compliance with the SEBI ICDR Regulations. Pursuant to SEBI ICDR Regulations, for the purposes of disclosure, the Board of Directors on September 2, 2021 has adopted a policy of materiality for identification of all pending litigations involving our Company, our Promoters and our Directors, other than criminal proceedings, statutory or regulatory actions, as 'material' if the monetary amount of claim by or against the entity or person in any such pending matter exceeds one per cent of the revenue of our Company, in the most recently completed Fiscal as per the Restated Financial Statements i.e. ₹ 254.82 lakhs. However, for the purpose of disclosure in the Draft Red Herring Prospectus, all the pending litigations have been identified as ‘material’ by our Board.

The Company has provided supporting documents for cases involving the Company for review by the Legal Counsel. With respect to the litigation involving the Promoters and Directors, relevant certificates have been received from the Promoters and Directors based on which appropriate disclosures have been included in the DRHP, wherever applicable. Further, we have had discussions with the management of the Company and its legal team on status of various pending cases involving the Company. Further, in relation to the litigations involving the Company, Directors and Promoters pertaining to taxation matters, we have relied upon the certificate provided by the Company and the one of the Joint Statutory Auditors to determine the total number of tax litigations along with the respective amount.

In accordance with the SEBI ICDR Regulations, in respect of litigation involving the Group Company, the Company is required to disclose only such pending litigation that can have a material impact on the Company. In this regard, the Company and the Group Company through their certificates addressed to the Company and the Book Running Lead Managers, has confirmed that there is no outstanding litigation involving the Group Company that could have a material impact on the Company.

#### *Outstanding dues to creditors*

For the purposes of disclosures of outstanding dues to creditors in the DRHP, outstanding dues to any creditor of the Company which exceed 5% of the trade payables of the Company computed as at March 31, 2021, being ₹ 21.50 Lakhs (5% of the total trade payables 429.93 Lakhs) based on the Restated Financial Statements, have been disclosed as material. Consolidated details of material creditors, micro, small and medium enterprises and other creditors, have been disclosed in the DRHP, separately giving number of creditors and amount due. Details pertaining to the outstanding dues towards creditors as on March 31, 2021 have also been made available on the website of the Company.

#### **4. *Company, Promoters, Promoter Group, Group Company, Directors and Key Management Personnel of the Company.***

We have obtained certifications from the Company, its Promoters, Promoter Group, Group Company, Directors, Key Management Personnel for disclosures relating to them in the DRHP for compliance with the SEBI ICDR Regulations. In relation to disclosures of the educational qualification and professional experience of the Directors and Key Management Personnel in the DRHP, we have relied on the relevant transcripts, degree certificates and experience certificates, issued by the previous employer or other similar back-ups, wherever made available to us. Group Companies of the Company were identified considering with which there were related party transactions, during the FY 2021, FY 2020 and FY 2019 and also other companies as considered material by the Board of Directors of the Company.

In addition, we have received the following confirmations from each of the respective persons/entities:

1. The Company, Directors, Promoters, members of the Promoter Group and Group Company have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.
2. The Company, Directors, Promoters, other members of the Promoter Group and Group Company have not been identified as wilful defaulters as defined under the SEBI

#### ICDR Regulations.

3. The companies with which the Promoters or the Directors are or were associated as promoters, directors or persons in control are not or have not been debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory or governmental authority.
4. The Directors are not (i) directors on the board of other listed companies whose shares have been / were delisted or suspended from being traded on BSE Limited and/or National Stock Exchange of India Limited during the period of five years before filing of the DRHP with SEBI, and (ii) they are not currently or previously on the board of a listed company whose shares have been or were delisted from being traded on any stock exchange.

We have also received confirmation from the Company that none of its Promoters or Directors are 'fugitive economic offenders' as per the definition in SEBI ICDR Regulations.

The Group Companies, for the purpose of disclosures in the Offer Documents for the Issue, have been identified in terms of the definition under the SEBI ICDR Regulations and there are no companies which are considered by the Board to be identified as group companies, other than the ones disclosed in the section titled "*Our Group Companies*" of the DRHP.

#### **5. *Financial Information of the Company and Financial Indebtedness***

We conducted due diligence on financial matters, which included meetings and a due diligence call with the Joint Statutory Auditors, the finance team of the Company and the Legal Counsel, review of the Joint Statutory Auditors reports and other related documents. The Joint Statutory Auditors have issued examination report on the restated financial statements as at and for Fiscals 2021, 2020 and 2019 ("**Restated Financial Statements**") prepared by the Company, in connection to the Issue in terms of the requirements of the Companies Act, SEBI ICDR Regulations and the relevant guidance note issued by ICAI.

We reviewed the Restated Financial Statements of the Company and the Joint Statutory Auditors examination reports and obtained certifications with respect to certain financial information included in the DRHP from the Joint Statutory Auditors. We also had extensive discussions with the Joint Statutory Auditors on the form and manner of the reports and certifications required for such financial information contained in the DRHP. Further, the Joint Statutory Auditors were required to review the financial information relating to the Company in the DRHP and has delivered a customary comfort letter to the Book Running Lead Manager confirming the accuracy of the financial information contained in the DRHP. The comfort letters will be re-issued or brought down by the Joint Statutory Auditors at certain future dates during the course of the Issue. One of the Joint Statutory Auditor's has also provided the statement of special direct tax benefits for inclusion in the DRHP.

We, along with the Legal Counsel, have reviewed the outstanding loan facilities availed by the Company as on June 30, 2021. We have conducted a due diligence exercise of all outstanding financial indebtedness of the Company and such information has been disclosed in the "*Financial Indebtedness*" section of the DRHP. We have also relied on certifications from one of the Joint Statutory Auditor's in connection with the Company's financial indebtedness as of June 30, 2021 and have disclosed in summarised form in the section titled "*Financial Indebtedness*" of the DRHP. The Company has sought, and obtained, consent from its lenders regarding the Issue and such consents are valid and have not been withdrawn as of date.

In addition, as per the requirements of the SEBI ICDR Regulations, the Company has uploaded the audited financial statements of the Company for past three fiscals on its website [www.hariompipes.com](http://www.hariompipes.com). Further, audited financial statements of the Group Companies for past three (3) fiscals will be uploaded on the Issuer Company website.

We have reviewed the certificate provided by one of the Joint Statutory Auditor's on computation of the Company's operating profit/loss, each on a restated basis, to assess the eligibility of the Company to undertake the Issue under Regulation 6(1) of the SEBI ICDR Regulations.

## **6. *Objects of the Issue***

The Company intends to utilise the proceeds of the Issue towards (i); funding capital expenditure; (ii) working capital; (iii) general corporate purposes; and (iv) to meet public issue expenses. In this regard one of the Joint Statutory Auditor has provided certificate in relation to the working capital requirements of our Company. The Company has also provided a certificate from M/s. Maraya Engineering Consultants dated September 17, 2021.

## **7. *Statutory, regulatory and other due diligence***

In connection with the due diligence of matters relating to statutory and regulatory matters, we have along with the Legal Counsel, reviewed the relevant statutory and regulatory records of the Company, *inter alia*, including relevant corporate records, filings made by the Company with relevant statutory and regulatory authorities, material licenses, approvals and registrations applied for and / or received by the Company and other material agreements executed by the Company and such other documents as we have deemed necessary and as have been provided to us by the Company from time to time.

Certain filings of the Company under the Companies Act, including those in relation to issue and allotment of Equity Shares, changes in management and such other filings have been filed post the prescribed date of filing under the Companies Act. There may also be instances where there are inadvertent errors in secretarial records and filings which have not been rectified by the Company.

We have also relied on representations and certifications provided by the Company, in connection with such statutory and regulatory matters. In particular, we have relied on the list provided by the Company of material approvals required by it for carrying on its business and operations. The Legal Counsel have regularly interacted with the officials of the Company to understand the various approvals that are necessary by the Company to carry out its business. This was followed by a due diligence exercise carried out by the Book Running Lead Manager and Legal Counsel on certain material approvals required by the Company for its operations and business. The list of material approvals required for the Company to carry out its operations and material pending approvals and registrations, if any in relation to its business are disclosed in the DRHP.

## **8. Price information of past issues handled by the BRLM**

We have relied on the information available on the websites of National Stock Exchange of India Limited and BSE Limited for preparing the statement of price information of the past issues handled by the BRLM, as disclosed in the DRHP.