JAIN IRRIGATION SYSTEMS LIMITED

RISK FACTORS

The risks and uncertainties described in this section are those that our management believes are material, but these risks and uncertainties may not be the only ones we face. Additional risks and uncertainties, including those that we are not aware of or currently consider immaterial which may become material in the future, may also result in decreased income, increased expenses.

Risks Relating to Our Business

The demand for micro irrigation technology is highly dependent on government incentives and initiatives. Any reduction in, or delays in the provision of, government support could adversely affect our business and growth prospects.

Demand for our MIS products in India and overseas is highly dependent on the availability of government incentives and also on commercial loans to farmers at concessional rates for agricultural uses and other initiatives. For example, in India, our MIS products segment has been assisted by Indian Government policies designed to promote the use of micro and other irrigation systems. The central and state governments provide subsidies to qualifying Indian farmers to the extent of at least 35% of the cost of acquiring qualifying irrigation equipment from approved suppliers. In the states of Andhra Pradesh and Gujarat, the state governments have a list of approximately 40 and 65 approved suppliers, respectively, eligible to participate in their subsidy programs of which we are one. However, these programs and our participation in them are reviewed by the governments of Andhra Pradesh and Gujarat from time to time and the number of approved suppliers has been increasing over time. Therefore we cannot assure you that we will continue to remain an approved supplier. Our business and business prospects could be materially and adversely affected by the reduction or withdrawal, or delay in implementation, of government programs to assist the industry, or if we become ineligible to participate as a supplier under any of these schemes.

In addition, the Government requires commercial banks, cooperative banks and regional rural banks to provide a certain minimum amount of funding to certain prioritized sectors which include the agriculture sector and funding for the purposes of crop loans. Credit facilities up to a certain maximum amount are provided at interest rates which are lower than market interest rates. Any reduction in the provision of such funding or the availability of credit facilities to our end customers or any delay of the implementation of any such initiatives would materially and adversely affect our business, cash flows, financial condition, results of operations and prospects.

Further, our dealers may not comply with Government documentary requirements and inspections relating to the disbursements of subsidies and incentives for the sales of MIS products and such non-compliance may cause the end users of our products to be unable to obtain any government subsidies or incentives and purchase our MIS products or from such dealers.

We benefit from various government incentives and policies and changes to these policies may adversely affect our operations.

In addition to the micro irrigation incentives received by farmers for our products, we benefit from various other government incentives and policies. For example, we operate certain of our units under the export promotional scheme of the Government and are required to achieve positive net foreign exchange as prescribed under such scheme. If we fail to achieve prescribed levels of exports, we would be liable to penal actions. We also receive refund from taxes in Maharashtra up to Rs.3,850 million due to the Mega Project scheme for which our investment at our manufacturing facilities at Bambhori, Jalgaon qualifies. We also receive certain tax incentives. We will need to meet certain conditions to continue to qualify for these incentives and schemes. Should any government cease or alter such incentives and policies in a way that would cause us to be unable to benefit from such incentives and policies, it could have a material adverse effect on our business, cash flows, financial condition, results of operations and prospects.

Our sales and operations, particularly our agro-processed products, are affected by seasonal and other factors.

Our manufacturing of agro-processed products varies over the course of each year, reflecting seasonal changes in the availability of raw materials. The effects of the monsoon and weather in

India, including flooding, droughts and subsequent damage to crops, significantly affect the success of crop harvesting and can be more severe in India than in other countries. Our agro-processed products segment relies on the availability of mangoes, onions and other fruits and vegetables from Indian producers at a reasonable price and quality and in adequate quantities. We generally purchase these raw materials at the market price. In addition, we purchase certain fresh onions from farmers with whom we have purchase arrangements at either their minimum guaranteed price, which is agreed for each growing season, or at or around the market price, whichever is higher. The raw materials of our agro-processed products are agricultural commodities, the availability and prices of which are subject to wide fluctuations due to factors such as occurrences of diseases, changes plantings, competition, changing worldwide demand for farm outputs to meet the world's growing food and bio-energy demands, as well as applicable government programs and policies.

We typically source approximately 60% of our fresh onion requirements from farmers with whom we have purchase arrangements. However, our arrangement with such farmers does not provide for an agreed minimum quantity of fresh onions that they will provide to us. Loss of crops, realization of lower production yields by such farmers or their inability or refusal to sell onions to us would require us to purchase alternative supplies which may not be of comparable quality or available at the same prices or in the required quantities.

Any inability to obtain an adequate supply of raw materials for our agro-processed products may result in reduced production, the need to purchase more expensive and/or lower quality produce from alternative sources, or increased processing costs. If we are unable to obtain raw materials, we may need to cease production, which may cause us to fail to meet our production targets.

An adverse agricultural season may reduce the supply of fruit and vegetables we require to produce agro-processed products. In addition, we may also experience fluctuations in our inventory and accounts receivable due to the seasonality of the cultivation of our raw materials. In particular, processed mangoes accounted for approximately 32.1% of our sales of agro-processed products for fiscal year 2016. However, our mango processing season only occurs during the three-month period when raw mangoes are available, which typically occurs between May and July. For the remainder of the year, we process other fruits, such as bananas, strawberries, pomegranates and guavas which are not as profitable nor as much in demand as mangoes. Therefore, for a certain part of the year, our production units may remain idle or operate below maximum capacity. In addition, our inventory of fresh mangoes and processed mango products is higher during our peak production seasons.

Further, our sales volume of processed mangoes also varies over the course of each year. Approximately 40% of our sales of processed mangoes occur in the fourth quarter of each fiscal year and the balance occurring in the other quarters. These variations are primarily due to the seasonality in the demand for processed mango products. Our food processing and dehydration operations are also affected by the growing cycle of the fruits and vegetables that we use as raw materials. Any production interruptions or capacity constraints or our inability to produce processed fruit products during the harvesting seasons of such fruits would have a material adverse effect on our business, cash flows, financial condition and results of operations.

Our business requires the provision of credit to our dealers and other customers which results in an extended cash conversion cycle and may materially and adversely affect our cash flows and results of operations.

We sell our products on credit to our dealers and other customers. In fiscal year 2012, we implemented a cash and carry policy for the sales of our MIS products in India under which we seek to recover the entire sale proceeds from dealers within 90 to 120 days. However, in Gujarat and Andhra Pradesh, we receive proceeds from sales of MIS products which are made under Government incentive programs from Government agencies generally within 120 to 180 days from the delivery of such products. Payment of such proceeds may take longer due to administrative delays or other reasons beyond our control. As of September 30, 2016, our gross credit days for the sales of MIS products in India was 206 days. Further, our customers located in certain countries in which we sell our MIS products, including Israel, Italy, Turkey and other countries in Southern Europe, traditionally require credit periods of approximately 180 days. In certain other countries, our customers and dealers typically require a minimum credit period of approximately 60 to 90 days in order to cover the shipping period of our MIS products. Further, we generally provide a credit period of approximately 30 to 90 days to our customers of agro-processed products. In addition, we may receive delayed payments for our turnkey services which we typically provide to Government institutions, such as local water bodies and other agencies. As a result, we generally have significant trade receivables due to our extended cash collection cycle. If we are unable to access working capital in order to provide credit to dealers and/or our customers or are unable to shorten our cash conversion cycle, this may adversely affect our ability to finance our production which could have a material adverse effect on our business, cash flows, financial condition and results of operations. In addition, sustained negative market conditions could result in difficulties obtaining financing to fund our working capital requirements, which may limit our growth and adversely affect our financial condition and results of operations.

We require substantial amounts of capital for our business operations, and the failure to obtain, or unfavorable terms under which we are able to obtain, needed capital may materially and adversely affect our growth prospects and future profitability.

We require substantial capital to finance our working capital requirements as well as to implement our growth strategies by way of capacity expansion and seeking new business opportunities. To the extent these expenditures exceed our cash resources, we will be required to seek additional debt or equity financing. Our ability to obtain additional financing on favourable commercial terms, or at all, will depend on a number of factors, including our future financial condition, results of operations and cash flows, general market conditions for financing activities by manufacturers in the industries in which we operate, economic, political and other conditions in the markets where we operate and covenants and restrictions in existing debt, share purchase agreements and shareholder agreements. Any new borrowings could include terms that restrict our financial flexibility, including the debt we may incur in the future, or may restrict our ability to manage our business as we had intended. In addition, credit market variability could have an impact on funding costs and could adversely affect the availability of financing on suitable terms. If we are unable to renew existing funding or obtain additional funding in a timely manner or on acceptable terms, our growth prospects, competitive position and future profitability could be materially and adversely affected.

We have, on a consolidated basis, a substantial amount of debt, which could impact our ability to obtain future financing or pursue our growth strategy.

As of September 30, 2016, we had Rs. 43,119.1 million of aggregate outstanding borrowings (excluding compulsory convertible debentures), of which approximately Rs.38,846.1 million was secured indebtedness. In addition, we and our subsidiaries may from time to time incur substantial additional indebtedness. The Indenture restricts us and our subsidiaries from incurring additional debt subject to certain exceptions and qualifications. If we or our subsidiaries incur additional debt, the risks that we face as a result of such indebtedness and leverage could intensify. Our high level of indebtedness could have important consequences and significant adverse effects on our business, including the following:

- our vulnerability to adverse general economic and industry conditions may be increased;
- we must use a substantial portion of our cash flow from operations to pay interest on our indebtedness, which will reduce the funds available to us for operations and other purposes;
- our ability to obtain additional financing for working capital, capital expenditures or general corporate purposes may be impaired;
- our high level of indebtedness could place us at a competitive disadvantage compared to our competitors that may have proportionately less debt;
- our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate may be limited;
- our high level of indebtedness could limit, along with the financial and other restrictive covenants of our indebtedness, our ability to borrow additional funds; and increase the cost of additional financing. We cannot assure you that these factors will not adversely impact our ability to operate our business in future periods.

We have in the past been unable to comply with certain terms and conditions of our loan agreements, which non-compliance could lead to termination of facilities, acceleration of loans, or cross-defaults, which could have a material, adverse effect on our business, financial condition and results of operations.

Although we are not in breach of the provisions of our loan agreements as of the date of this Offering Memorandum, in the past, the Parent Guarantor for a period of time was unable to meet certain financial covenants stipulated under the facilities syndicated by International Finance Corporation from developmental financial institutions. Such financial covenants included debt to EBITDA ratios, liabilities to tangible net worth ratios and historical debt service coverage ratios.

In addition, the Parent Guarantor made delayed payments under certain financing facilities on a few occasions. The Parent Guarantor has received waivers from the relevant lenders with respect to all of the foregoing non-compliances. To date, none of our lenders have accelerated any repayment of the loans or enforced any security for any such non-compliance. There can be no assurance that we will be able to meet our financial covenant requirements in the future. Any failure to service our indebtedness, obtain a required consent or perform any condition or covenant could lead to a termination of one or more of our credit facilities and acceleration of amounts due under such facilities. Furthermore, some of our debt agreements, including the Indenture, contain cross acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us. If any of these risks were to materialize, it could have a material adverse effect on our business, financial condition and results of operations.

Some of our financing agreements require us to obtain lender consents prior to undertaking various actions; failure to obtain such consents could adversely impact our results of operations.

Some of our financing agreements include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Specifically, we may require, and may be unable to obtain, lender consents to incur additional debt, issue equity, change our capital structure, increase or modify our capital expenditure plans, undertake any expansion, provide additional guarantees, change our management structure, or merge with or acquire other companies, whether or not there is any failure by us to comply with the other terms of such agreements. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to termination of our credit facilities, acceleration of all amounts due under such facilities and triggering of cross default provisions under certain of our other financing agreements, and may adversely affect our ability to conduct our business and operations or implement our business plans.

Our Company has had negative cash flows in the past. Sustained negative cash flow could impact our growth and business.

We have experienced negative cash flows in the past. We recorded negative net cash flow from operating activities of Rs.2,209.3 million for the six months ended September 30, 2016. This was primarily due to changes in our working capital arising from an increase in inventory and accounts receivable and a reduction in accounts payable due to seasonal variations affecting the availability of our raw materials and the demand for our products.

Cash flow of a company is a key indicator to show the extent of cash generated from the operations to meet capital expenditures, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may materially and adversely affect our business, financial condition, results of operations and prospects.

Fluctuations in the value of the Indian rupee may adversely affect our business, cash flows, financial condition, profitability and results of operations.

Approximately 46.5% of our total revenue in fiscal year 2016 was denominated in currencies other than Indian rupees such as the U.S. dollar, the British pound and the Euro. Since a substantial portion of our costs, including electricity costs and personnel expenses, are incurred in Indian rupees, to the extent that our cost exposure in foreign currencies is not balanced by revenues from operations in foreign currencies, or to the extent there is a timing difference between costs and revenues in any particular currencies, we may experience foreign exchange losses which may materially and adversely affect our profitability. In addition, appreciation of the Indian rupee against other currencies would make imported products more attractive to our Indian customers and make products produced outside of India more attractive to our international customers. Conversely, depreciation in the Indian rupee against other currencies may increase the cost of servicing and repaying our debts that are denominated in foreign currencies, and increase the Indian rupee value of such debt in our financial statements. As a result, such fluctuations in the value of the Indian rupee against other currencies may have a material adverse effect on our business, cash flows, financial condition, profitability and results of operations. As we have operations around the world, we may experience similar currency risks when one of our foreign subsidiaries transacts business in a currency other than their reporting currency.

We use forward contracts and swap contracts primarily to partially hedge our foreign currency borrowings and export receivables. Nevertheless, we do not hedge against all of our foreign exchange risks and so a weakening of the Indian rupee against the U.S. dollar and other major foreign currencies may have an adverse effect on our cost of borrowing and consequently may increase the cost of financing our capital expenditures. Further, strengthening of the Indian rupee against foreign currencies may have an adverse effect on exports. Similar situations could also exist in the overseas jurisdictions in which we operate. Therefore, we cannot assure you that we will be able to limit all of our exposure to exchange rate fluctuations that could affect our financial results. Failure to hedge effectively against currency fluctuations may materially and adversely affect our results of operations and financial condition.

The success of our business is highly dependent on the performance of and factors affecting the Indian and global agricultural sector, including unfavorable climate and weather conditions.

The agriculture industry is seasonal and cyclical in nature and our customers are subject to unfavorable climate and weather conditions, including low or excessive rainfall, untimely rainfalls, frost or natural disasters. Our results of operations are significantly affected by weather conditions in the regions in which our products are used. Poor or unusual weather conditions, particularly during the planting and early growing season, can significantly affect the purchasing decisions of our customers. The timing and quantity of rainfall are two of the most important factors in agricultural production and impact our customers' willingness to invest in our products. For example, our sales of MIS products and PVC pipes and fittings in India are generally higher during the dry seasons, which typically occur during the third and fourth quarters of the fiscal year, and are generally lower during the wet seasons in India, which typically occur during the first and second quarters of the fiscal year. Insufficient levels of rain could result in a short-term increase in demand for our products but over the longer term could prevent farmers from planting new crops and may cause growing crops to die or result in lower yields which could adversely impact farmers' ability to fund investments in our products. Delayed monsoons or flooding can also prevent planting from occurring at optimal times, and may cause crop loss which in turn could adversely affect farmers' ability to invest in our products. Natural calamities such as regional floods, hurricanes, or other storms and droughts can have significant negative effects on agricultural production which in turn may adversely affect the demand for our products.

Furthermore, unfavorable climate and weather conditions, such as the El Niño phenomenon, have in the past had, and may in the future have, an adverse effect on the supply of, and prices for certain of our raw materials. In addition, other factors which have a negative effect on the Indian and global agricultural sector, such as pestilence, competition, withdrawal or reduction of government subsidies, incentives or policies designed to assist the industry and general macroeconomic factors, could have an adverse effect on sales of our hi-tech agri input products, plastic products and agro-processed products. If any of these risks were to materialize, it could have a material adverse effect on our business, cash flows, financial condition and results of operations.

There can be no assurance that a poor year in one of our key regions will be offset by better conditions in other regions. For instance, we generate a substantial portion of our sales of MIS products in Western and Southern India. For fiscal year 2016, sales of MIS products in Western and Southern India accounted for approximately 49.0% of our total sales of MIS products. Drought or drought-like conditions which occurred in fiscal year 2016 in these regions have adversely affected our sales of MIS products and piping systems. Adverse conditions in multiple markets in the same year could have a material adverse effect on our results of operations and financial condition.

Climate change, and/or the related legal, regulatory or market measures to address climate change, may negatively affect our business and operations.

There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. In the event that such climate change has a negative effect on agricultural productivity, there may be a decrease in production of our key raw materials for the manufacture of agro-processed products, which would affect our business. Climate change may also negatively affect the productivity of the end users of our hi-tech agri input products and plastic products. For example, unseasonal rains and hailstorms which occurred in and around Maharashtra during the fourth quarter of fiscal year 2015 have adversely affected our sales of MIS products. In addition, global warming and other changes in climate make it more difficult for us to rely on weather forecasts and our operations are relatively unpredictable and may be different than our projections.

The increasing concern over climate change also may result in more regional, domestic and/or global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases. In the event that such regulation is enacted and is more aggressive than the sustainability measures that we are currently undertaking to monitor our waste emissions, prices of our raw materials may increase. This would likely lead to higher prices for our products, which may cause a decrease in the demand for such products. As a result, climate change and related regulations could negatively affect our business, cash flows, financial condition, results of operations and prospects.

Capacity constraints may limit our future growth.

Our future success will depend on our ability to increase our capacity and manage growth. For products other than MIS products, we generally operate our manufacturing facilities at or near maximum capacity during our peak production season just prior to the sowing season. In addition, we generally operate our PVC pipes and fittings manufacturing facilities at full capacity which has caused us to be unable to meet the quantity demanded by some of our customers for such products at the times when demand is at peak levels. We have also on certain occasions operated our manufacturing facilities to manufacture certain specialized drippers at full capacity which has caused us to be unable to meet the quantity demanded by some of our customers for such products. Our peak manufacturing season for (i) our manufacturing of PVC pipes and fittings generally occurs during the end and beginning of the fiscal year, (ii) our manufacturing of dehydrated onion and vegetable products generally occurs during the end and beginning of the fiscal year and (iii) our manufacturing of processed fruit products generally occurs during the first half of the fiscal year. If we are unable to increase our capacity to meet the quantity demanded by our customers, our business, cash flows, financial condition, results of operations and prospects may be materially and adversely affected.

We may be unable to complete our expansion plans as planned.

We plan to expand various parts of our operations, including through commencing the production of new products such as spices, expansion of our processed fruit and vegetable retail products offering and the development of advanced drippers, sprinklers, large diameter piping systems and advanced irrigation solutions. Such expansion will require significant additional capital expenditures over a period of time. Our actual capital expenditures may be significantly higher or lower than these planned amounts due to various factors, including, among others, changes in macroeconomic conditions, unplanned cost overruns, our ability to generate sufficient cash flows from operations, advancement in technology and our ability to obtain adequate external financing for these planned capital expenditures. Our expansion plans involve various risks that may delay or prevent the successful completion or operation of our manufacturing facilities or significantly increase our costs of operations. Risks associated with the expansion include, but are not limited to, the following:

- we may not be able to complete our expansion plan on time or within budget and our expanded operations may prove unprofitable;
- we may not be able to fully integrate necessary internal controls, processes and technology to cope with our expansion;
- delays in completion and commencement of commercial operations could increase the financing costs associated with the expansion plan and could cause us to exceed our budgeted capital expenditure;
- we may experience technical problems with our expansion projects;
- our expanded manufacturing facilities may not operate at predicted capacity, may cost more to operate than we expect and may experience production or operations problems;
- the diversion of management’s attention from other on-going business concerns; and

- we may not be able to obtain skilled staff required to operate or sell products produced by new production equipment purchased to increase capacity or expand the scope of our operational and financial systems to handle the increased complexity of our operations.

The completion of our expansion plans may also be impeded by various potential events, such as shortages or increases in prices of equipment or materials, defects in design or construction, natural disasters, accidents and other unforeseen circumstances and problems, variations to the scope of work or specifications that we may require or other variations that may be claimed by the contractor, or the unavailability of financing at acceptable terms or at all. Any of these events may cause delays in completing all or part of these projects and increases in related costs, which could limit our growth. Any one or more of the above factors could materially and adversely affect our business, cash flows, financial condition, results of operations and prospects. Further, if we cannot successfully execute our expansion plans, we may not be able to meet existing or increased customer demand which may adversely affect our business, cash flows, financial condition, results of operations and prospects.

In addition, if we are unable to incorporate the latest or most cost efficient technology available for our existing or any new manufacturing plants, we may suffer a loss of competitiveness.

We may not be able to sell the additional production that we produce following the completion of our expansion projects on commercially acceptable terms.

We intend to sell our additional production that we produce to both existing and new customers. We cannot assure you that sufficient demand for our additional production will exist in either the domestic or export markets or, if sufficient demand does exist, that we will be able to sell our products at prices that will provide us with commercially acceptable margins or that will not cause us to incur losses. Our sales may also be adversely impacted if we fail to accurately estimate demand for our products. If we are unable to sell our additional production on commercially acceptable terms, we may have to decrease the utilization of our manufacturing facilities, which would have a material adverse effect on our business, cash flows, financial condition, results of operations and prospects.

Failure to successfully identify and complete acquisitions or manage the integration of the businesses, technologies and products we acquire may cause our operations and profitability to suffer.

As part of our growth strategy, we evaluate new acquisition opportunities. Acquisitions may require significant investments that may not result in favorable returns. Acquisitions involve risks, including: unforeseen contingent risks or latent liabilities relating to these businesses that may only become apparent after the merger or acquisition is finalized;

- the integration and management of businesses, products, technologies or personnel that may incur a significant expenditure of operating, financial and management resources;
- the retention of select personnel;
- the co-ordination of sales and marketing efforts;
- the diversion of management's attention from other on-going business concerns; and write-offs of investments.

If we are unable to integrate the operations of an acquired business successfully or manage such future acquisitions profitably, our growth plans may not be met and our cash generation and profitability may decline.

We depend on certain key raw materials including raw materials derived from petroleum. Consequently, our business, financial condition and results of operations may be adversely affected by increases in the prices or unavailability of these raw materials.

We are dependent on the continued supply of raw materials for our manufacturing operations, the availability and costs of which can be subject to significant variation due to factors outside our control. The principal raw materials for the manufacture of our MIS products and piping systems are polymers and resins (primarily comprising PVC and PE), master batches and chemicals. These raw materials are commodities whose prices are determined by international and Indian markets. We currently purchase polymers and resins from Indian as well as international sources on a spot basis. Our largest supplier of PVC in India accounted for 70.7% of our total purchases of PVC in India while our three largest suppliers of PVC in India accounted for 85.2% of our total purchases of PVC in India for fiscal year 2016, respectively. Our largest supplier of PE in India accounted for 34.1% of our total purchases of PE in India while our three largest suppliers of PE in India accounted for 69.8% of our total purchases of PE in India for fiscal year 2016, respectively.

We do not have any long-term supply contracts for the supply of polymers and resins. We are consequently exposed to the failure of, or cancellation by, our suppliers of the delivery of our raw materials. If we are unable to purchase an adequate supply of such raw materials at reasonable prices and on a timely basis, or at all, we may suffer loss of sales and/or customers or a decrease in our profitability.

In addition, the price of polymers and resins generally depends on capacities, supply and demand conditions in the polymer and resin markets which in turn are affected by increases or decreases in the cost of petroleum, from which polymers and resins are typically produced. A significant increase in petroleum prices could result in a significant increase in the price of polymers and resins and could adversely affect our results of operations.

Increases in the costs of diesel fuel and other petroleum-based fuel products also affect the transportation costs of raw materials to our manufacturing facilities and delivery of our products to our customers (particularly to our overseas customers). Increases in the price of our raw materials would increase our production costs and cause a material adverse effect on our business, cash flows, financial condition and results of operations.

Further, our inventory of raw materials are subject to price fluctuations which in turn are subject to external market conditions that are beyond our control. Any such fluctuation may cause a material adverse effect on our business, cash flows, financial condition and results of operations.

We face significant competition in the markets in which we operate.

We face significant competition in the markets in which we operate and have numerous competitors including large-scale businesses as well as small scale unincorporated businesses. For example, there are a number of small local manufacturers in India who sell MIS products at lower prices. As our PVC pipes and fittings are commodity products, competition in this market is based primarily on price and to a lesser extent on performance, product quality and customer service. Further, many of our markets have low barriers to entry. Further, competition from new entrants could cause the prices for our products to be depressed. In addition, our market position depends on effective marketing initiatives and distribution channels and our ability to anticipate and respond to various competitive factors affecting the industries in which we operate, including new products which include new features, pricing strategies of our competitors, changes in consumer preferences and general economic, political and social conditions in the countries in which we operate. Competition could increase our costs to purchase raw materials, decrease the selling prices of our products or reduce our market share, which may result in lower and more inefficient operating rates. Our competitors may have greater resources than us or they may benefit from government-sponsored programs that may not be available to us that subsidize their production costs or provide them with a marketing or other advantage. Any failure by us to compete effectively, including in terms of pricing of products, could have a material adverse effect on our business, cash flows, financial condition and results of operations.

We may not be able to pass on increases in our cost of operations to our customers.

Pricing in our markets may be unpredictable and is linked to the prices of our raw materials. We may not be able to pass increases in our cost of operations, such as increases in raw material prices, to our customers. We may experience a decrease in our profitability due to timing differences in the fluctuations of the prices of our raw materials, which generally change weekly, and the contracted prices of our products, which are generally negotiated monthly, quarterly or for longer periods. Increases in the prices of our products generally tend to lag behind any increases in raw material costs. For example, increases in onion prices caused a decrease in our margins for dehydrated onion and vegetable products during fiscal years 2014 and 2015.

In addition, when raw material costs decrease, our customers typically demand a corresponding decrease in our product prices. Our efforts to maintain or increase our profitability by reducing costs through improving production efficiency, focusing our production on high margin products and controlling selling and administration expenses may not be sufficient to offset the effect of declining product prices on our operating results. An increase in the price of our products may lead to reduced demand. In addition, our competitors could cause a reduction in the prices for some of our products as a result of intensified price competition. If any of these risks were to materialize, it could have a material adverse effect on our business, cash flows, financial condition and results of operations.

We are subject to different tax regulations, customs laws, international trade laws, export control laws, antitrust laws, zoning and occupancy, health and safety and labor and employment laws that could require us to modify our current business practices and incur increased costs.

We are subject to numerous regulations, including customs and international trade laws, export/import control laws, and associated regulations. These laws and regulations limit the countries in which we can do business, the persons or entities with whom we can do business, the products which we can buy or sell, and the terms under which we can do business, including exposure to anti-dumping restrictions and investigations. In addition, we are subject to antitrust laws, zoning and occupancy laws that regulate manufacturers generally and govern the importation, promotion and sale of our products, the operation of factories and warehouse facilities and our relationship with our customers, suppliers and competitors. We are also subject to health and safety laws that regulate the working conditions of our employees and the handling of hazardous materials. If any of these laws or regulations were to change or were violated by our management, employees, suppliers, buying agents or trading companies, the costs of certain goods could increase, we could experience delays in shipments of our goods, be subject to fines or penalties, or suffer reputational harm, all of which could reduce demand for our products and hurt our business and negatively impact our results of operations.

For instance, Government authorities in India regulate the establishment and operation of manufacturing entities and have various laws regarding employees. Additionally, we operate through subcontractors who may not be in compliance of applicable laws and regulations at all times and we are unable to control the operations of these entities. Under Indian law, we may be liable for the non-compliance of our subcontractors in our capacity as contractor. In addition, regulations applicable to existing and future manufacturing facilities may change and we may not immediately be aware of the changes or be in compliance at all times.

In addition, changes in statutory minimum wage laws and other laws relating to employee benefits could cause us to incur additional wage and benefits costs, which could negatively impact our profitability. We exercise significant judgment in calculating our worldwide provision for income taxes and other tax liabilities, and we believe our tax estimates are reasonable. Despite the advice we receive, there is no assurance that such tax estimates will be correct. We may be subject to audits by tax authorities in the future and the tax authorities may disagree with our tax treatment of certain material items, including past or future acquisitions and/or dispositions, and thereby require us to recalculate and potentially increase our tax liability. In addition, changes in existing laws may also increase our effective tax rate. A substantial increase in our tax burden could have a material adverse effect on our business, cash flows, financial condition and results of operations.

Legal requirements frequently change and are subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effects on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

Land title in India is uncertain and there is no absolute assurance of clean title.

There is no central title registry for real property in India and the method of documentation of land records in India has not been fully computerized. Property records in India are generally maintained at the state and district level and are updated manually through physical records of all land related documents and may not be available online for inspection or updated in a timely manner. This could result in investigations into property records taking a significant amount of time or being inaccurate in certain respects, which may impact the ability to rely on them. Land records are often handwritten, in local languages and not legible, which makes it difficult to ascertain the content. In addition, land records are often in poor condition and are at times untraceable, which materially impedes the title investigation process. In certain instances, there may be a discrepancy between the extent of the areas stated in the land records and the areas stated in the title deeds, and the actual physical area of some of lands on which our manufacturing facilities or other buildings are constructed. Further, improperly executed, unregistered or insufficiently stamped conveyance instruments in a property's chain of title, unregistered encumbrances in favor of third parties, rights of adverse possessors, ownership claims of family members of prior owners or third parties, or other defects that a purchaser may not be aware of, can affect the title to a property. As a result, potential disputes or claims over title to the land we use for operations may arise.

While we carry out due diligence before acquiring land, all risks, onerous obligations and liabilities associated with the land may not be fully assessed or identified, which could include, inter alia, the nature of faulty or disputed title, unregistered encumbrances or adverse possession rights. It may also impede the transfer of title and expose us to legal disputes and/or financial liabilities and affect our business and operations.

Our operations and prospects may be adversely affected by the performance or the lack of growth in the operations of SAFL.

We have a 49.0% interest in SAFL, a non-banking financial company which focuses on providing financing solutions to Indian farmers. Part of our strategy is to coordinate with SAFL to extend such loans to farmers so that they can purchase our products. If SAFL is unable to extend such loans to farmers or fails to expand its operations at the rate at which we currently anticipate, we may not achieve the returns that we expect from our investment in SAFL. In addition, we have provided a corporate guarantee with respect to the indebtedness of SAFL in the amount of Rs.640 million for which we may be liable should SAFL becomes unable to fulfil its commitments and/or obligations to its lenders. If any of these risks were to materialize, it could have a material adverse effect on our business, cash flows, financial condition and results of operations.

We depend on certain key dealers and customers in our MIS products and piping systems businesses, and our business and financial conditions may be adversely affected if we are unable to retain these dealers or customers or keep our dealers sufficiently incentivized.

We had 6,527 dealers in India for our hi-tech agro input products and plastic products as of September 30, 2016. We rely to a significant extent on our relationships with such dealers who are critical in enhancing customer awareness of our products and maintaining our brand name. In addition, such dealers are primarily located in rural areas and constitute our primary contacts with our end customers. However, we do not have any long-term contracts with any of our dealers.

Further, our dealers may fail to adhere to the standards that we set with respect to sales and after sales services, sell outside designated areas, violate distribution rights of other dealers, fail to adequately promote our products or violate relevant laws and regulations, which in turn could adversely affect our end customers' perception of our brand and products. In addition, we provide our dealers with incentives to sell our products by way of discounts. If our competitors provide better incentives, such dealers may be persuaded to leave us and join our competitors. In addition, we generally sell our products to our dealers on credit which exposes us to the financial condition of our dealers and deterioration in economic conditions generally. This may increase the risk of insolvencies of our dealers. In fiscal year 2016, sales to dealers in India accounted for 40.9% of our total sales of MIS products and 53.3% of our total sales of piping systems. We derive a substantial portion of our sales of agro-processed products from Hindustan Coca-Cola, a subsidiary of The Coca-Cola Company in India, which purchases processed fruit pulps, purees and concentrates from us. For example, our sales to Hindustan Coca-Cola accounted for 12.4% of our total sales of agro-processed products for fiscal year 2016. In addition, we typically generate a substantial portion of our sales of PE pipes and fittings from a small number of corporate customers in India to whom we provide turnkey services for major projects. For example, our sales to our five largest PE pipes and fittings customers in India accounted for 43.2% of our total sales of PE pipes and fittings for fiscal year 2016.

We cannot assure you that we will be able to retain our dealers or other customers. Since many of our key customers are large multinational companies, we may suffer reputational harm or have difficulties in complying with the terms of our contracts due to our sales in Iran, Cuba, Lebanon and other countries subject to international sanctions. In fiscal year 2016, our 10 largest customers accounted for approximately 15% of our total revenue. The inability or unwillingness of one or more of our key dealers or customers to continue their business relationships with us, any deterioration in our relationship with or the insolvency of, or any default in payment by, any of them (particularly during our peak sales seasons when our accounts receivable are high) would significantly disrupt our business and have a material adverse impact on our business, cash flows, financial condition and results of operations.

We have operations in countries subject to sanctions and sales to certain entities in or related to several countries subject to various sanctions.

We have made sales to certain entities in or related to Iran, Cuba and Lebanon which in the aggregate were less than 2% of our total revenue in each of fiscal years 2014, 2015 and 2016 and the six months ended September 30, 2016. We believe that our entities and employees responsible for these operations and sales are not the target of any economic sanctions, and our operations with respect to these countries comply with all applicable sanctions laws, including the avoidance of dealings with persons and entities that are the target of economic sanctions. Non-compliance with sanctions laws could result in, among other things, significant fines, negative publicity and reputational damage, debarment from the ability to contract with governments or agencies and limitation on our ability to raise funding from international financial institutions or the international capital markets. We cannot assure you that we would remain compliant with sanctions laws. Furthermore, there can be no assurance that other persons and entities with whom we now, or in the future may, engage in transactions will not become the target of economic sanctions.

Various countries may impose import restrictions, such as import quotas, tariffs, anti-dumping protections or other trade restriction, on our products which may have a material adverse impact on our results of operations.

Various countries from time to time may impose import restrictions such as import quotas, tariffs, anti-dumping protections or other trade restriction, on our products which may have a material adverse impact on our results of operations. If any of our export markets were to impose import restrictions such as import quotas, tariffs, anti-dumping protections or any other forms of trade restrictions such as annual growth limits on imports, technical regulations and standards on imports and environmental protections requirements on our products, such products may become uneconomical to be imported into such export market or be less appealing for consumers of such market.

In addition, government policies and regulations relating to trade, in particular the agricultural sector and related industries, may adversely affect the supply of, demand for, and prices of our products, restrict our ability to do business in our existing and target markets, and could adversely impact our business, cash flows, financial condition and results of operations. For fiscal year 2016, export sales from India accounted for approximately 5.5% of our total revenue. Any Indian export prohibitions relating to agriculture could negatively affect our ability to export our products from India.

If any of these risks were to materialize, our export sales will be adversely affected, which could have a material adverse impact on our business, cash flow, financial condition, results of operations and prospects.

We depend on our key management and sales personnel and the failure to retain such personnel may adversely affect our business.

Our success and growth depends on our ability to identify, attract, hire, train and retain suitably skilled and qualified employees, including key management and sales personnel with the requisite industry expertise. In particular, we employ agronomists to support our dealers and we may not be able to retain these skilled workers or attract new skilled workers. The loss of our senior management or key employees could have a material adverse effect on our business if we are unable to recruit suitable replacements in a timely manner. Integrating new executives into our management team and training new employees with no prior experience in the industry in which we operate could prove disruptive to our operations, require a disproportionate amount of resources and management attention and may ultimately prove unsuccessful. Additionally, if our agronomists or our dealers left us to work for our competitors, this could adversely impact our ability to market our products. Competition for such personnel is high and any failure to recruit and retain the necessary personnel or the loss of a significant number of employees at any time could materially and adversely affect our business, cash flows, financial condition and results of operations.

Significant differences exist between Indian GAAP, Ind AS and other accounting principles such as IFRS which may be material to investors' assessments of our financial condition.

The Audited Financial Statements included in this Offering Memorandum were prepared and presented in conformity with Indian GAAP, and no attempt has been made to reconcile the Audited Financial Statements to any other principles or to base it on any other standards. The Unaudited Financial Statements included in this Offering Memorandum were prepared and presented in conformity with Ind AS, and no attempt has been made to reconcile the Unaudited Financial Statements to any other principles or to base it on any other standards. Indian GAAP and Ind AS differ from accounting principles in other countries with which prospective investors may be familiar, such as IFRS. We have not quantified such differences which may be significant.

Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS and a quantification of the differences may reveal a material adverse effect on the amount of income recognized during the period and in the corresponding period in the comparative fiscal year/period.

Our results for the six months ended September 30, 2015 and 2016 may not be indicative of the results we may record for fiscal years 2016 and 2017.

Our Unaudited Financial Statements may require adjustments before constituting the final financial statements under Ind AS as of and for the years ended March 31, 2016 and 2017 due to changes in financial reporting requirements which may arise from new or revised standards or interpretations issued by the Ministry of Corporate Affairs, changes in the use of one or more optional exemptions from full retrospective application of certain Ind AS provisions as permitted under Ind AS 101 or other changes or interpretation. As a result, our results for the six months ended September 30, 2015 and 2016 should not be considered indicative of the results we may record for fiscal years 2016 and 2017.

The Consolidated Financial Statements may not be comparable.

The Audited Financial Statements included elsewhere in this Offering Memorandum have each been prepared in accordance with Indian GAAP and reporting guidelines prescribed by Indian regulatory authorities applicable as of the relevant applicable dates. The Unaudited Financial Statements included elsewhere in this Offering Memorandum have each been prepared in accordance with Ind AS and reporting guidelines prescribed by Indian regulatory authorities applicable as of the relevant applicable dates. As a result, the Audited Financial Statements and the Unaudited Financial Statements may not be comparable.

Indian GAAP and Ind AS differ in certain material respects. Among others, the transition to Ind AS from Indian GAAP has required us to reconstitute our business segments. As a result, segment information provided in the Audited Financial Statements and the Unaudited Financial Statements, including discussions relating to such segments under "Management's Discussion and Analysis of Financial Condition and Results of Operations", are not comparable.

We cannot assure you that our intellectual property rights will be protected from use by our competitors or that we will not infringe on the intellectual property rights of others.

Our products are subject to intellectual property infringements. We may be unable to prevent third parties from copying our products. We will also incur expenses in order to pursue legal actions against such competitors in order to protect our intellectual property rights and educate our customers regarding such copied products in order to protect our brand and reputation.

In addition, we may infringe on the intellectual property rights of others if the registration of such intellectual property rights are pending or incomplete. We have also been subject in the past to claims from third parties asserting infringement and other related claims and are susceptible to such claims in the future. In addition, such claims could materially and adversely affect our business and prospects, relationships with current or future customers, result in costly litigation, cause product shipment delays or stoppages, divert management's attention and resources, subject us to significant liabilities, require us to enter into royalty or licensing agreements and require us to cease certain activities. Further, any adverse judgment against us arising out of any intellectual property dispute could subject us to significant liability for damages, prevent us from using technologies or developing our products, or require us to negotiate and pay substantial licenses fees and royalties from third parties for the use of any disputed intellectual property rights.

Furthermore, necessary licenses for the use of disputed technology may not be available to us on satisfactory terms or at all. If any of these risks were to materialize, it could have a material adverse effect on our business, cash flows, financial condition and results of operations.

We are subject to stringent quality requirements in our business which we may not be able to meet. Failure to meet these requirements could lead to product returns, product losses, breaches of relevant laws, customer dissatisfaction, damage to our reputation, reduced

demand for our products and liability under applicable product liability laws, which could adversely affect our business and results of operations.

Our business involves an inherent risk of product liability, product recall, adverse publicity and exposure to public liability claims. In addition, we may be required to bear substantial expenses to fulfil obligations under the warranties that we provide to our customers in the case of any defects in our products. Such an event would be likely to have an adverse effect upon our business, cash flows, financial condition, results of operations and prospects. Selling food products involves a number of reputational, regulatory, legal and other risks regarding food safety. The quality of our agro-processed products may be adversely affected by various factors including the quality of the raw materials that we use, any failure of our laboratory testing facilities, the introduction of foreign organisms or matters into our products or the contamination of allergens. We may need to recall some of our products if they were to become contaminated, adulterated or misbranded, or if they are tampered with. Any contamination may require us to expend significant costs for the cleaning of our manufacturing facilities or remediating contaminated products. We may also be liable if the consumption of any of our products were to cause injury, illness or death. A widespread product recall or market withdrawal could also result in significant losses due to the cost of conducting a recall, including the destruction of product inventory, and loss of sales due to unavailability of the affected product for a period of time. Food safety defects, including product contamination, spoilage, product tampering or other adulteration, regardless of whether they actually occur or are merely rumoured and regardless of whether they implicate our own products or those of our competitors, could have a negative impact on our business not only because of any resulting product liability claims but also due to adverse publicity, damage to our reputation and loss of consumer confidence in our agro-processed products.

In addition, we face the risk of losses resulting from, and the adverse publicity associated with, product liability lawsuits, especially in the United States, a market noted for its litigious nature and high awards of damages, and other developed markets, whether or not such claims are valid. Even unsuccessful product liability claims would likely require us to expend financial resources on litigation, divert management's time, adversely affect our goodwill and reputation and impair the marketability of our products. The liability which could result from certain of these risks may not be covered by or could exceed the coverage of the liability insurance related to product liability and food safety matters maintained by us. Further, we may not have such insurance coverage in the countries to which we export our products. If any of these risks were to materialize, it could have a material adverse effect on our business, cash flows, financial condition and results of operations.

Damage to our reputation could result in an erosion of confidence in our products leading to decreasing sales which could have an adverse effect upon our business.

The quality of our products is of utmost importance to our business. A drop in customer or dealer confidence in the integrity of these products could undermine confidence in our business as a whole and affect the size of our customer base and financial results. The appeal and availability of these products, quality and price architecture all have an impact on the popular perception of our Company. It is commercially imperative for us to maintain quality products in order to attract and retain our customers and to ensure strong partnership with our dealers. If we do not fulfil the high expectations of our customers and dealers, we risk damage to our reputation, which could lead to an erosion in confidence in our products and a resulting decline in our customer base. This could adversely affect our business, cash flows, financial condition, results of operations and prospects.

Our retail strategy for agro-processed products is subject to risks relating to customer preference, advertising and promotion and our ability to establish and maintain relationships with distributors and retailers.

As part of our strategy, we intend to expand our retail product portfolio of agro-processed products. We cannot assure you that we will be successful in executing such strategy. Consumer preferences for food products change continually. Our success depends on our ability to predict, identify and interpret the tastes and dietary habits of consumers and to offer products that appeal to those preferences. If we do not succeed in offering products that appeal to consumers, our sales, market share and profitability could be adversely affected. We must be able to distinguish between short-term fads, mid-term trends and long-term changes in consumer preferences. If we are unable to accurately predict which shifts in consumer preferences are long-term, or if we fail to introduce new and improved products to satisfy those preferences, or if we fail to satisfy consumer preferences as well as our competitors, our business, operations and growth potential may be adversely affected. If we fail to expand our product offerings successfully, to rapidly develop products in faster growing and more profitable categories, or to execute our marketing strategy successfully, our business, operations and growth potential may be adversely affected.

We may need to increase spending on advertising and promotion to develop our retail business and increase our market share. The success of our investments in advertising and promotion is subject to risks, including uncertainties about consumer acceptance. As a result, we may not be able to enhance market share even with increased expenditures, which could result in lower profitability. Also, if we are not able to maintain or improve our brand image or value proposition, it could have a material effect on our market share and our profitability. In addition, the success of our retail strategy depends on our ability to reach end customers through distributors and retailers. We cannot assure you that we will be able to establish or maintain such relationships on terms which are acceptable to our Company. If we are not able to establish or maintain relationships with such distributors and retailers on terms which are acceptable to our Company, we will not be able to market our retail agro-processed products, which could materially adversely affect our business, operations and growth potential.

We are involved in legal proceedings from time to time that, if determined against us, could adversely impact our business and financial condition.

We are involved in legal proceedings from time to time and claims in certain of the countries where we conduct our business. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as changes in applicable law of the jurisdictions relevant to us, or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our liabilities. Further, we cannot assure you that any legal proceedings will be decided in our favor and our financial liability may be enhanced in the event any court, tribunal or authority passes an adverse order against us. Any such adverse decision may have a significant adverse effect on our business, cash flows, financial condition and results of operations.

Our electricity supply may not be reliable and we may be adversely affected by increasing power costs.

We operate some of our largest plants in Maharashtra, although we also have manufacturing facilities in Andhra Pradesh, Gujarat and Tamil Nadu, as well as in other locations globally. Most of the power requirements of our manufacturing facilities in Maharashtra are met through the State Electricity Boards ("SEBs"), and there may be power cuts in the supply provided by the SEBs from time to time. In addition, although we also purchase electricity from independent power producers in India, we require SEBs' consents and access to Government distribution and transmission network to receive power at our manufacturing facilities. We cannot assure you that such consent or access will be forthcoming in a manner acceptable to us or at all. In addition, the flow of electricity through such network is dependent on the cooperation of the Government and the quality of such network.

In addition, we cannot assure you that the capacity of our stand by diesel generators will be sufficient to allow us to maintain our operations, particularly if power outages occur frequently or for extended periods of time. If we are required to use our stand by diesel generators, our power costs would increase.

In addition, electricity tariffs charged by SEBs have recently been increasing. If the cost per unit of electricity is increased by the SEBs our power costs will increase. Similarly, if fuel costs increase, the costs to produce electricity using our diesel generators will increase correspondingly. It may not be possible to pass on any increases in power costs to our customers and if any of these risks were to materialize, it may adversely affect our results of operations. If the supply of electricity were interrupted or limited, we could be required to suspend or reduce our production, which would materially and adversely affect our business, cash flows, financial condition and results of operations, particularly if it occurred during a peak processing period. In addition, any interruption of power could give rise to inefficiencies when we resume production. We are not entitled to be reimbursed under any of our insurance policies for any losses incurred as a result of electricity interruptions or limitations.

Our insurance coverage may be inadequate to fully protect us from all losses.

While we believe that we maintain insurance coverage in amounts which conform to industry norms in India and overseas, we are not fully insured against all potential hazards to our business. If any or all of our manufacturing facilities were to be damaged and our operations are interrupted for a sustained period, there can be no assurance that our insurance policies would be adequate to cover any or all of our potential losses.

Our other policies, such as our product liability insurance, may not be sufficient to protect us from all losses. Our insurance policies generally do not cover acts of terrorism and, in the event of a terrorist attack, our manufacturing facilities could be damaged or destroyed which may cause us to curtail or cease operations. In the event of a terrorist attack, explosion or other accident impacting one or more of our manufacturing facilities, we could lose the total revenue from the manufacturing facilities and the manufacturing facilities themselves. We carry limited business interruption insurance which may not be adequate to cover any or all of our potential losses arising from any business interruption. A serious uninsured loss or a loss significantly exceeding the limits of our insurance policies could have a material adverse effect on our business, cash flows, financial condition and results of operations.

We are exposed to business interruptions, which could materially and adversely affect our business, reputation and results of operations.

As of September 30, 2016, we had approximately 10,695 employees, comprising approximately 9,449 employees in India and 1,246 employees outside of India. Except for approximately 70 of our employees at our manufacturing facilities in Chittoor and approximately 90 of our employees at our manufacturing facilities in Israel, none of our employees are unionized. We cannot guarantee that our other employees will not unionize or that we will not experience any strike, work stoppage or other industrial action in the future. Any such event could disrupt our operations, possibly for a significant period of time, result in increased wages and other benefits or otherwise have a material adverse effect on our business, cash flows, financial condition and results of operations.

We are subject to the risk of other natural calamities or general disruptions affecting our manufacturing facilities and distribution chain. Any interruption to our operations as a result of any industrial accidents, unanticipated maintenance, natural calamities or otherwise could materially and adversely affect our business, cash flows, financial condition and results of operations. If any of our manufacturing facilities were to be damaged as a result of fire or other natural calamities, it would temporarily reduce our production capacity and adversely affect our business operations. In addition, unanticipated mechanical and electrical failures, which may also require us to shut down our manufacturing facilities for a significant period, could have a material adverse effect on our business, cash flows, financial condition and results of operations. These occurrences could also cause personal injury and loss of life and environmental damage or result in regulatory enforcement proceedings and civil or criminal law suits. Any such events could have a material adverse effect on our business, cash flows, financial conditions and results of operations.

In addition, a substantial portion of our revenues from operations are derived from our production operations located in India, primarily from our manufacturing facilities at Jalgaon in Maharashtra. Significant damage to these manufacturing facilities or offices, whether as a result of accident, fire, flooding, terrorist attacks or other causes, could interrupt our operations and have a material adverse effect on our business, cash flows, financial condition, results of operations and prospects.

We rely on land transportation for the delivery of our raw materials. We also rely on land and water transportation for the delivery of our products to our customers. If our distribution chain is disrupted, which may cause us to be unable to source raw materials or deliver our products in a timely manner, it could have a material adverse effect on our business, cash flows, financial condition and results of operations. Any such events could have a significant negative effect on our business, cash flows, financial conditions and results of operations. Our insurance coverage for damage to our properties and the disruption of our business due to these events may not be sufficient to cover all of our potential losses.

Fragmented land holding in India may reduce the long-term demand for MIS products.

The largest market for our MIS products is in India. Land holding in India is more fragmented than in many Western countries. The agriculture industry is characterized by a large number of farmers with small plots of land of five hectares or less. Since small farmers have less access to capital, they may not be able to afford irrigation systems to the same degree as farmers in many countries where land holding is more concentrated. This fragmentation may result in a lower long-term demand for agriculture systems in India than in many Western countries.

We are subject to economic downturns, political instability and other risks of doing business globally, which could adversely affect our operating results.

We conduct business and have substantial assets located in many countries and geographic areas. Our operations are principally in India, but we also operate in, or plan to expand or develop our business in, North America, South America, Europe, the Middle East, and Africa. Developed and emerging markets are subject to economic downturns, which may cause a decreased demand for our products, reduced availability of credit, or declining credit quality of our suppliers, customers, and other counterparties. In addition, different countries could be subject to various geopolitical risks, including more volatile economic, political and market conditions. Economic downturns and volatile conditions may have a negative impact on our operating results and ability to execute our business strategies. Our operating results could be affected by changes in trade, monetary, fiscal and environmental policies, laws and regulations, and other activities of governments, agencies, and similar organizations. These conditions include but are not limited to changes in a country's or region's economic or political conditions, trade regulations affecting production, pricing and marketing of products, local labor conditions and regulations, reduced protection of intellectual property rights, changes in the regulatory or legal environment, restrictions on currency exchange activities, currency exchange fluctuations, burdensome taxes and tariffs, enforceability of legal agreements and judgments, other trade barriers, and regulation or taxation of greenhouse gases. International risks and uncertainties, including changing social and economic conditions as well as terrorism, political hostilities, and war, could limit our ability to transact business in these markets and could adversely affect our revenues and operating results.

On June 23, 2016, the United Kingdom held a referendum on its membership of the European Union and voted to leave ("Brexit"). There is significant uncertainty at this stage as to the impact of Brexit on general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. A lack of clarity over the process for managing the exit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets. The exit of individual countries from the European Monetary Union, especially the exit of one of the large economic countries such as Germany, France, Italy or Spain, or a full collapse of the European Monetary Union would have extensive consequences on the financial markets and real economy. It is probable that such a scenario would adversely affect our business, cash flows, financial condition, results of operations and prospects.

Tax authorities could reallocate our taxable income among our subsidiaries, which could increase our consolidated tax liability.

We conduct operations worldwide through subsidiaries in various tax jurisdictions pursuant to transfer pricing arrangements between our subsidiaries. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arms' length terms and that contemporaneous documentation is maintained to support the transfer prices. While we believe that we operate in compliance with applicable transfer pricing laws and intend to continue to do so, our transfer pricing procedures are not binding on applicable tax authorities. If tax authorities in any of these countries were to successfully challenge our transfer prices as not reflecting arms' length transactions, they could require us to adjust our transfer prices and thereby reallocate our income to reflect these revised transfer prices, which could result in a higher tax liability to us. In addition, if the country from which the income is reallocated does not agree with the reallocation, both countries could tax the same income, resulting in double taxation. If tax authorities were to allocate income to a higher tax jurisdiction, subject our income to double taxation or assess interest and penalties, it would increase our consolidated tax liability, which could adversely affect our financial condition, results of operations and cash flows.

Lack of transparency, threat of fraud, public sector corruption and other forms of criminal activity involving government officials increase the risk for potential liability under anti-corruption legislation and other anti-bribery laws.

We are subject to anti-bribery laws that prohibit improper payments or offers of improper payments to governments and their officials and political parties for the purpose of obtaining or retaining business or securing an improper advantage, and require the maintenance of internal controls to prevent such payments. There can be no assurance that our employees will not take actions that could expose us to potential liability under applicable anti-bribery laws. In particular, in certain circumstances, we may be held liable for actions taken by our local partners and agents, even though such parties are not always subject to our control. Any determination that we have violated anti-corruption laws (whether directly or through acts of others, intentionally or through inadvertence) could result in penalties, both financial and non-financial, that could have a material adverse effect on our business.

Our information technology systems, processes and sites may suffer interruptions or failures which may affect our ability to conduct our business.

Our information technology systems, provide critical data connectivity, information and services for internal and external users. These interactions include, but are not limited to, ordering and managing materials from suppliers, converting raw materials to finished products, inventory management, shipping products to customers, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal or tax requirements, and other processes necessary to manage the business. If our information technology systems and business continuity plans do not function as expected due to various reasons, including catastrophic events, power outages and security breaches, we may suffer interruptions in our operations, which may materially and adversely affect our business, cash flows, financial condition and results of operations.

Risks Relating to India

Changing laws, rules and regulations and legal uncertainties in India may adversely affect our business and operations.

Our business and operations are governed by various laws and regulations, such as the Companies Act, the Securities and Exchange Board of India Act, 1992, the Foreign Exchange Management Act, 1999, the Factories Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Indian Penal Code, the Prevention of Corruption Act, 1988, the Prevention of Money-laundering Act, 2002, the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, tax, environmental and labor laws and other legislations enacted and rules promulgated by the Indian Government and the relevant state Governments in India.

Our business and financial performance could be adversely affected by any change in laws or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us. There can be no assurance that the Indian Government or any state Government in India will not implement new regulations and policies which will require us to obtain additional approvals and licenses from the Government and other regulatory bodies or impose onerous requirements and conditions on their operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, cash flows, financial condition and results of operations.

A significant change in the Indian Government's economic liberalization and deregulation policies could impact economic conditions in India generally and our business and financial results and prospects in particular.

Since 1991, successive Indian Governments have pursued policies of economic liberalization and financial sector reforms, including significant relaxations of restrictions on the private sector. Nevertheless, the Indian Government continues to exercise a dominant influence over many aspects of the economy, and its economic policies have had and continue to have a significant effect on private-sector entities, including us. India has a mixed economy with a large public sector and an extensively regulated private sector. The role of the Indian Government and the state Governments in the Indian economy and its effect on producers, consumers, service providers and regulators has remained significant over the years. The Indian Government has in the past, among other things, imposed controls on the prices of a broad range of goods and services, restricted the ability of businesses to expand existing capacity and reduce the number of their employees, determined the allocation to businesses of raw materials and foreign exchange, and reversed its policies of economic liberalization. We may not be able to react to such changes promptly or in a cost-effective manner. Increased regulation or changes in existing regulations may require us to change our business policies and practices and may increase the cost of providing services to our customers, which would have an adverse effect on our operations and our financial condition and results of operations.

Although the current Indian Government has continued India's economic liberalization and deregulation programs, there can be no assurances that these liberalization policies will continue in the future. Significant changes in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India in general as well as our business and our future financial performance.

A prolonged slowdown in economic growth or financial instability in India or other countries could cause our business to suffer.

Slowdown in the growth of the economy of India and other countries could adversely affect our business, our lenders and contractual counterparties, especially if such a slowdown were to be prolonged. The growth rate of India's GDP ranged from 9.3% in 2008 to 8.6% in 2010 and was 6.6%, 7.2% and 7.6% during 2013, 2014 and 2015, respectively, according to the World Bank. The performance and growth of our business are necessarily dependent on economic conditions prevalent in India, which may be adversely affected by such economic slowdown. Notwithstanding the RBI's policy initiatives, the course of market interest rates continues to be uncertain due to the high inflation, the increase in the fiscal deficit and the Indian Government borrowing program. Any continued or future inflation because of increases in prices of commodities such as petroleum or otherwise, may result in a tightening of monetary policy and could have a material adverse effect on our business, cash flows, financial condition and results of operations. The uncertainty regarding liquidity and interest rates and any increase in interest rates or reduction in liquidity could adversely impact our business. In addition, the Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly those of emerging market countries in Asia. Investors' reactions to developments in one country may have adverse effects on the economies of other countries, including the Indian economy. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could influence the Indian economy and could have a material adverse effect on our business, cash flows, financial condition and results of operations.

Terrorist attacks, civil disturbances and regional conflicts in South Asia may have a material adverse effect on our business.

India has, from time to time, experienced social and civil unrest within the country and hostilities with neighboring countries. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on our business and future financial performance. There can be no assurance that such situations will not recur or be more intense than in the past.

Terrorist attacks and other acts of violence or war may adversely affect global markets and economic growth. These acts may also result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse effect on the Company's business, cash flows, financial condition and results of operations. Such violence may have an adverse impact on the Indian and worldwide financial markets. In addition, any deterioration in international relations may result in investor concern regarding regional stability. India has witnessed localized terrorist attacks recently, including the terrorist attacks in Mumbai in 2008 and 2011, in New Delhi in 2011 and in Pathankot and Uri in 2016. Such incidents could also create an increased perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business.

Natural calamities and health epidemics could adversely affect the Indian economy.

India has experienced natural calamities, such as earthquakes, floods and drought in the past. Natural calamities could have an adverse impact on the Indian economy which, in turn, could adversely affect the Company's business, and may cause damage to the Company's infrastructure and the loss of business continuity and business information. Similarly, global or regional climate change or natural calamities in other countries where the Company operates could affect the economies of those countries.

There have been outbreaks of diseases in the past. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may, in turn, adversely affect the Company's business.

Any downgrading of India's sovereign debt rating by an international rating agency could have a negative impact on our business and results of operations.

As of September 30, 2016, India's sovereign rating was Baa3 with a "positive" outlook (Moody's), BBB- with a "stable" outlook (S&P) and BBB- with a "stable" outlook (Fitch). Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect the Company's ratings, terms on which we are able to finance future capital expenditure or refinance any existing indebtedness. This could have an adverse effect on our capital expenditure plans, business and financial performance.

Investors may not be able to enforce a judgment of a foreign court against the Company, certain of our directors, or our key management, except by way of a suit in India on such judgment.

We are a public limited company incorporated under the laws of India and a number of our subsidiaries are incorporated under the laws of India. In addition, all of our directors and our key management personnel named herein reside in India and all or a substantial portion of the assets of the Company and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon such persons outside India, or to enforce judgments obtained against such parties outside India. In India, recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment 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 a 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 (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on record. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India, which the Indian Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. 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, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards. Further, the execution of the foreign decree under Section 44A of the Civil Code is also subject to the exceptions under Section 13 of the Civil Code.

The United Kingdom, Singapore and Hong Kong (among others) have been declared by the Indian Government to be reciprocating territories for the purposes of Section 44A. However, the United States has not been declared by the Indian Government to be a reciprocating territory for the purposes of Section 44A of the Civil Code. Accordingly, a judgment of a court in a country which is not a reciprocating territory may be enforced in India only by a fresh proceeding suit instituted in a court of India and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed in India to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court would, if an action were brought in India. Further, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with Indian public policy. 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 the execution of such judgment and such amount may be subject to income tax in accordance with applicable laws. Further, any judgment awarding damages in a foreign currency would be converted into Indian rupees on the date of the judgment and not the date of payment. We cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delay. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

The proposed new taxation system in India could adversely affect the Company's business, prospects, financial condition and results of operations.

The Government has proposed major reforms in Indian tax laws, namely imposition of the goods and services tax ("GST") and provisions relating to the General Anti-Avoidance Rules ("GAAR"). The Government of India has proposed a comprehensive national GST regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. Both Houses of Parliament have approved the Constitutional Amendment Bill for Goods and Services Tax, which will enable the Government to introduce the GST with effect from April 1, 2017. The GST is intended to replace indirect taxes on goods and services which are currently levied by the Government, such as central excise duty, service tax, central sales tax, state value added taxes, surcharge and excise. Although committed incentives may be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, the Company is unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. These amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. In addition, the implementation and transition to GST may affect the purchase patterns of our dealers and customers in a manner that may be adverse to us. As regards GAAR, the provisions were introduced in the Finance Act 2012 and will apply (as per the Finance Act 2015) in respect of an assessment year beginning on April 1, 2018. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement the main purpose of which is to obtain a tax benefit and which satisfies at least one of the following tests: (a) creates rights, or obligations, which are not normally created between persons dealing at arm's length; (b) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (c) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (d) is entered into, or carried out, by means, or in a manner, which is not normally employed for bona fide purposes. If GAAR provisions are invoked, the tax authorities would have wide powers, including denial of tax benefit or a benefit under a tax treaty. In addition, various new tax regimes and initiatives are being proposed in India and internationally known as "Place of Effective Management" that purport to tax income and entities based on the effective place where management of such entity or business is located or deemed to be located, which could result in the same income being taxed in multiple jurisdictions.

As the taxation system is intended to undergo significant changes, the effect of such changes on the financial system cannot be determined at present and there can be no assurance that such effects would not adversely affect the Company's business, prospects, financial condition and results of operations.

Any volatility in the exchange rate and increased intervention by the RBI in the foreign exchange market may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact the Company.

During the first half of 2014, emerging markets, including India, witnessed significant capital outflows due to concerns regarding the withdrawal of quantitative easing in the United States and other domestic structural factors such as high current account deficits and lower growth outlook. As a result, the Indian rupee depreciated by 21.1% from Rs.56.5 per U.S. dollar at the end of May 2013 to Rs.68.4 per U.S. dollar on August 28, 2013. To manage the volatility in the exchange rate, the RBI took several measures including increasing the marginal standing facility rate by 200 basis points and reducing domestic liquidity. The RBI also subsequently announced measures to attract capital flows, particularly targeting the non-resident Indian community. Subsequent to restoring stability in the exchange rate from September 2013 onwards, the RBI reversed some of these measures. In February 2016, the Indian rupee has continued to experience volatility nearing its record low in August 2013, thereby forcing RBI to intervene again. Any increased intervention in the foreign exchange market or other measures by the RBI to control the volatility of the exchange rate may result in a decline in India's foreign exchange reserves, reduced liquidity and higher interest rates in the Indian economy, which could adversely affect the Company's business and its future financial performance. Since November 2016, the Indian rupee has depreciated against the U.S. dollar on account of external market conditions.

A decline in India's foreign exchange reserves could affect the liquidity and result in higher interest rates in the Indian economy, which could adversely affect the Company's business, its future financial performance, its results of operations and financial condition.

Our business and activities may be regulated by the Competition Act, 2002 (the "Competition Act") and any adverse application or interpretation of the Competition Act could materially and adversely affect our business, cash flows, financial condition and results of operations.

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the Competition Commission of India (the "CCI"). Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which, directly or indirectly, determines purchase or sale prices, limits or controls the production, supply or distribution of goods and services or shares the market by way of geographical area or number of customers in the relevant market or in any other similar way, is presumed to have an appreciable adverse effect on competition and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proven that a breach of the Competition Act 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 breach themselves and may be punished. If we, or any of our employees, are penalized under the Competition Act, our business may be adversely affected.

Certain statistics contained in this Offering Memorandum have been derived from publications not independently verified by us, the Initial Purchasers or our respective advisors.

Certain facts and statistics in this Offering Memorandum relating to our industry are derived from publicly available sources, including (i) a report entitled "Accelerating growth of Indian agriculture: Micro irrigation an efficient solution — Strategy paper — Future prospects of micro irrigation in India" prepared by Grant Thornton in 2016, (ii) the 2015-2016 annual report of the Ministry of Food Processing Industries (ministry of the Government of India), (iii) information from publication of Reliance Industries Limited and (iv) a report entitled "Building Materials: Plastic Pipes Sector Note" prepared by Spark Capital. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by us, the Initial Purchasers or our respective advisors and therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the jurisdictions specified. Due to possibly flawed or ineffective collection methods 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. In addition, there can be 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.

Payments on our indebtedness will require a significant amount of cash. Our ability to meet our cash requirements and service our debt is impacted by many factors that are outside of our control.

Our ability to meet our expenses and make scheduled payments on our existing and anticipated debt obligations depends on our future performance, which may be affected by financial, business, economic and other factors, many of which we cannot control. Our business may not generate sufficient cash flow from operations in the future and our currently anticipated growth in revenue and cash flow may not be realized, either or both of which could result in our being unable to repay indebtedness or to fund other liquidity needs. If we do not have sufficient cash resources in the future, we may be required to refinance all or part of our then existing debt, sell assets or borrow more money. We might not be able to accomplish any of these alternatives on terms acceptable to us or at all. For instance, financial institutions may not be willing to lend us money due to our credit risk. In addition, the terms of existing or future debt agreements may restrict us from adopting any of these alternatives.

If we are unable to comply with the restrictions and covenants in our debt agreements or the Indenture, there could be a default under the terms of these agreements or the Indenture, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the Indenture or our current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Indenture, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.