

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SHRI LAKSHMI METAL UDYOG LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying financial statements of **SHRI LAKSHMI METAL UDYOG LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The Board's report including annexures to the Board's report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles.



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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



## **Deloitte Haskins & Sells LLP**

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note no. 34(a) of the financial statements).
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. (Refer Note no. 34 (b) (2) of the financial statements).
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. (Refer Note no. 34 (c) of the financial statements).
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds which are material either individually or in the aggregate have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer



note 42(g) of the financial statements).

- (b) The Management has represented, that, to the best of its knowledge and belief, no funds which are material either individually or in the aggregate have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer note 42(h) of the financial statements).
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/ W-100018)



  
**(RASHIM TANDON)**

(Partner)

(Membership No. 95540)

(UDIN:22095540AIXEGL6026)

Place: Ghaziabad

Date: May 13, 2022

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements'  
section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **SHRI LAKSHMI METAL UDYOG LIMITED** ("the Company") as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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



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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on "the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/ W-100018)



  
**(RASHIM TANDON)**  
(Partner)

(Membership No. 95540)  
(UDIN:22095540AIXEGL6026)

Place: Ghaziabad  
Date: May 13, 2022

**ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) In respect of its fixed assets (Property, Plant and Equipment):

A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and capital work-in-progress

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of physical verification of property, plant and equipment and capital work in progress so to cover all items once every two years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program, all Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) Based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of all the immovable properties of land and buildings disclosed in the financial statements included in property, plant and equipment, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders / custodians.

(d) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.

(e) According to the information and explanations given to us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories (other than inventories in transit) were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. Inventories in transit, were verified by the management based on the subsequent delivery challans. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising statement of stock position filed by the Company with such banks or financial institutions are in agreement with unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.

(iii) The Company has made investments in and granted advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:



- (a) The Company has provided advances in the nature of loans during the year and details of which are given below:

Amount ( Rs. In crores)

|  | Advances in nature of loans |
|--|-----------------------------|
| A. Aggregate amount granted/ provided during the year*:                        |                             |
| - Others   | 709.42                      |
| B. Balance outstanding as at balance sheet date in respect of the above cases: |                             |
| - Others   | 0.10                        |

\* The amount reported are at gross amounts. (Refer Note no. 36 for advances in the nature of loans provided to Holding Company and fellow subsidiary)

The Company has not provided any loans, guarantee or security to any other entity during the year.

- (b) The investments made and the terms and conditions of the grant of all the above mentioned advances in the nature of loans during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.
- (d) In respect of advances in the nature of loans provided by the Company, there is no amount overdue for more than 90 days at the balance sheet date.
- (e) No advance in the nature of loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits during the year. The Company does not have any unclaimed deposits and accordingly, the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.





(vii) According to the information and explanations given to us in respect of statutory dues:

- (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues applicable to the Company have been generally regularly deposited by it with the appropriate authorities. We have been informed that the provisions of Service Tax, duty of Excise and Value Added Tax are not applicable to the Company. Also refer to the note 34(a)(2) to the financial statements regarding management assessment on certain matters related to provident fund.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance Income-tax, duty of Custom, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable except as given below:

| Name of Statute      | Nature of Dues | Amount (Rupees in crore) | Period to which the amount relates | Due date           | Date of payment | Remark        |
|----------------------|----------------|--------------------------|------------------------------------|--------------------|-----------------|---------------|
| Income Tax Act, 1961 | Advance Tax    | 3.55                     | Financial year 2021-22             | June 15, 2021      | Not paid        | Refer note 24 |
| Income Tax Act, 1961 | Advance Tax    | 10.67                    |                                    | September 15, 2021 | Not paid        | Refer note 24 |

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

| Name of Statute      | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Amount (net of payment ) (Rupees in crore) | Amount paid under protest (Rupees in crore) |
|----------------------|----------------|--------------------------------|------------------------------------|--|---|
| Income Tax Act, 1961 | Income Tax     | CIT(A)                         | 2016-17                            | 1.21                                       | 0.30  |
| Income Tax Act, 1961 | Income Tax     | CIT(A)                         | 2017-18                            | 0.61                                       | 0.16  |

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.



- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary company.
- (x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year covering specific processes scoped in for review as per Internal Audit plan covering period upto November 2021 for the period under the audit.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with it's directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (d) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.



## **Deloitte Haskins & Sells LLP**

- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) As set out in the Note no. 42(c) of the financial statements, the Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) (a) and (b) of the Order is not applicable for the year.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



  
(**RASHIM TANDON**)

(Partner)

(Membership No. 95540)

(UDIN:22095540AIXEGL6026)

Place: Ghaziabad

Date: May 13, 2022

**SHRI LAKSHMI METAL UDYOG LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2022**

| Particulars  | Notes | (Rupees in crore)       |                         |
|--|-------|-------------------------|-------------------------|
|  |       | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>I. ASSETS</b>   |       |                         |                         |
| <b>(1) Non-current assets</b>  |       |                         |                         |
| (a) Property, plant and equipment  | 2(a)  | 40.59                   | 42.53                   |
| (b) Capital work-in-progress   | 2(b)  | 0.32                    | 0.35                    |
| (c) Investment in subsidiary   | 3     | 252.38                  | 252.38                  |
| (d) Financial assets   |       |                         |                         |
| (i) Other financial assets   | 4     | 0.81                    | 0.72                    |
| (e) Non-current tax assets (net)   | 5     | 0.12                    | 0.12                    |
| (f) Other non current assets   | 6     | 0.63                    | 0.31                    |
| <b>Total non-current assets</b>  |       | <b>294.85</b>           | <b>296.41</b>           |
| <b>(2) Current assets</b>  |       |                         |                         |
| (a) Inventories  | 7     | 21.64                   | 39.35                   |
| (b) Financial assets   |       |                         |                         |
| (i) Investment   | 8     | 5.00                    | -                       |
| (ii) Trade receivables   | 9     | 18.57                   | 24.97                   |
| (iii) Cash and cash equivalents  | 10    | 0.10                    | 1.28                    |
| (iv) Bank balance other than (iii) above   | 11    | 0.50                    | -                       |
| (v) Loans  | 12    | 0.10                    | 0.03                    |
| (vi) Other financial assets  | 13    | 0.52                    | 0.49                    |
| (c) Other current assets   | 14    | 0.23                    | 3.31                    |
| <b>Total current assets</b>  |       | <b>46.66</b>            | <b>69.43</b>            |
| <b>Total Assets</b>  |       | <b>341.51</b>           | <b>365.84</b>           |
| <b>II. EQUITY AND LIABILITIES</b>  |       |                         |                         |
| <b>(1) Equity</b>  |       |                         |                         |
| (a) Equity share capital   | 15(a) | 5.90                    | 5.90                    |
| (b) Other equity   | 15(b) | 278.06                  | 209.96                  |
| <b>Total equity</b>  |       | <b>283.96</b>           | <b>215.86</b>           |
| <b>(2) Non-current liabilities</b>   |       |                         |                         |
| (a) Financial liabilities  |       |                         |                         |
| (i) Borrowings   | 16    | -                       | 100.00                  |
| (b) Provisions   | 17    | 1.15                    | 1.07                    |
| (c) Deferred tax liabilities (net)   | 18    | 4.04                    | 4.48                    |
| <b>Total non-current liabilities</b>   |       | <b>5.19</b>             | <b>105.55</b>           |
| <b>(3) Current liabilities</b>   |       |                         |                         |
| (a) Financial liabilities:   |       |                         |                         |
| (i) Borrowings   | 19    | 1.20                    | -                       |
| (ii) Trade payables  | 20    | 0.95                    | 0.32                    |
| - total outstanding dues of micro enterprises and small enterprises                      |       |                         |                         |
| - total outstanding dues of creditors other than micro enterprises and small enterprises |       | 22.72                   | 36.02                   |
| (iii) Other financial liabilities  | 21    | 0.09                    | 2.46                    |
| (b) Other current liabilities  | 22    | 3.97                    | 4.21                    |
| (c) Provisions   | 23    | 0.03                    | 0.02                    |
| (d) Current tax liabilities (net)  | 24    | 23.40                   | 1.40                    |
| <b>Total current liabilities</b>   |       | <b>52.36</b>            | <b>44.43</b>            |
| <b>Total equity and liabilities</b>  |       | <b>341.51</b>           | <b>365.84</b>           |

See accompanying notes to the financial statements

1-42

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No. 117366W/W-100018

  
**RASHIM TANDON**  
Partner  
Membership No. 95540



For and on behalf of the Board of Directors of  
**SHRI LAKSHMI METAL UDYOG LIMITED**

  
**VINAY GUPTA**  
Director  
DIN : 00005149

  
**SANJAY GUPTA**  
Director  
DIN : 00233188

  
**SHIVAM MAHESHWARI**  
Company Secretary  
ICSI Membership No. : A38467



Place: Ghaziabad  
Date: May 13, 2022

Place: Ghaziabad  
Date: May 13, 2022

**SHRI LAKSHMI METAL UDYOG LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022**

|   |       | (Rupees in crore)            |                              |
|---|-------|------------------------------|------------------------------|
| Particulars   | Notes | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2021 |
| <b>I</b> Revenue from operations  | 25    | 1,081.09                     | 730.36                       |
| <b>II</b> Other income  | 26    | 0.85                         | 0.11                         |
| <b>III Total income (I +II)</b>   |       | <b>1,081.94</b>              | <b>730.47</b>                |
| <b>IV Expenses</b>  |       |                              |                              |
| (a) Cost of materials consumed  | 27    | 750.97                       | 555.23                       |
| (b) Purchase of stock-in-trade  |       | 162.95                       | 57.20                        |
| (c) Changes in inventories of finished goods, stock-in-trade, work-in-progress, rejection and scrap | 28    | 17.59                        | (6.25)                       |
| (d) Employee benefits expense   | 29    | 7.24                         | 6.91                         |
| (e) Finance costs   | 30    | 3.50                         | 12.29                        |
| (f) Depreciation expense  | 2(a)  | 3.49                         | 3.51                         |
| (g) Other expenses  | 31    | 44.88                        | 39.41                        |
| <b>Total expenses</b>   |       | <b>990.62</b>                | <b>668.30</b>                |
| <b>V Profit before tax (III - IV)</b>   |       | <b>91.32</b>                 | <b>62.17</b>                 |
| <b>VI Tax expense:</b>  |       |                              |                              |
| (a) Current tax   |       | 23.71                        | 16.40                        |
| (b) Deferred tax (credit) (net)   | 18    | (0.45)                       | (0.28)                       |
| <b>Total tax expense</b>  | 37    | <b>23.26</b>                 | <b>16.12</b>                 |
| <b>VII Profit for the year (V-VI)</b>   |       | <b>68.06</b>                 | <b>46.05</b>                 |
| <b>VIII Other comprehensive income</b>  |       |                              |                              |
| <b>Add : (less) items that will not be reclassified to profit or loss</b>                           |       |                              |                              |
| (a) Remeasurement of post employment benefit obligation   |       | 0.05                         | 0.32                         |
| (b) Income tax relating to (b) above  |       | (0.01)                       | (0.08)                       |
| <b>Other comprehensive income for the year</b>  |       | <b>0.04</b>                  | <b>0.24</b>                  |
| <b>IX Total comprehensive income for the year (VII+VIII)</b>  |       | <b>68.10</b>                 | <b>46.29</b>                 |
| <b>X Earnings per equity share of Rupees 10 each</b>  |       |                              |                              |
| (a) Basic (in rupees)   | 33    | 115.45                       | 78.12                        |
| (b) Diluted (in rupees)   | 33    | 115.45                       | 78.12                        |

See accompanying notes to the financial statements 1-42

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No. 117366W/W-100018

  
**RASHIM TANDON**  
Partner  
Membership No. 95540



For and on behalf of the Board of Directors of  
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**SHIVAM MAHESHWARI**  
Company Secretary  
ICSI Membership No. : A38467



Place: Ghaziabad  
Date: May 13, 2022

Place: Ghaziabad  
Date: May 13, 2022

**SHRI LAKSHMI METAL UDYOG LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022**

**a) Equity share capital**

| Particulars                               | (Rupees in crore)<br>Amount |
|---|-----------------------------|
| Balance as at April 1, 2020               | 5.90                        |
| Changes during the year ended March, 2021 | -                           |
| <b>Balance as at March 31, 2021</b>       | <b>5.90</b>                 |
| Changes during the year ended March, 2022 | -                           |
| <b>Balance as at March 31, 2022</b>       | <b>5.90</b>                 |

**b) Other equity**

| Particulars   | Reserves and surplus |                 |                   | Total         |
|---|----------------------|-----------------|-------------------|---------------|
|   | Securities premium   | General Reserve | Retained earnings |               |
| <b>Balance as at April 1, 2020</b>  | <b>7.40</b>          | <b>13.95</b>    | <b>142.32</b>     | <b>163.67</b> |
| Profit for the year ended March 31, 2021  | -                    | -               | 46.05             | <b>46.05</b>  |
| Other comprehensive income for the year, net of tax<br>(Remeasurements of post employment benefit obligation) | -                    | -               | 0.24              | <b>0.24</b>   |
| <b>Total comprehensive income for the year</b>  | <b>-</b>             | <b>-</b>        | <b>46.29</b>      | <b>46.29</b>  |
| <b>Balance as at March 31, 2021</b>   | <b>7.40</b>          | <b>13.95</b>    | <b>188.61</b>     | <b>209.96</b> |
| Profit for the year ended March 31, 2022  | -                    | -               | 68.06             | <b>68.06</b>  |
| Other comprehensive income for the year, net of tax<br>(Remeasurements of post employment benefit obligation) | -                    | -               | 0.04              | <b>0.04</b>   |
| <b>Total comprehensive income for the year</b>  | <b>-</b>             | <b>-</b>        | <b>68.10</b>      | <b>68.10</b>  |
| <b>Balance as at March 31, 2022</b>   | <b>7.40</b>          | <b>13.95</b>    | <b>256.71</b>     | <b>278.06</b> |

See accompanying notes to the financial statements

1-42

In terms of our report attached,

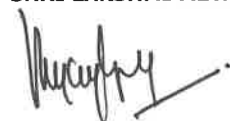
**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No. 117366W/W-100018



**RASHIM TANDON**  
Partner  
Membership No. 95540



**For and on behalf of the Board of Directors of  
SHRI LAKSHMI METAL UDYOG LIMITED**



**VINAY GUPTA**  
Director  
DIN : 00005149

  
**SANJAY GUPTA**  
Director  
DIN : 00233188

  
**SHIVAM MAHESHWARI**  
Company Secretary  
ICSI Membership No. : A38467



Place: Ghaziabad  
Date: May 13, 2022

Place: Ghaziabad  
Date: May 13, 2022

**SHRI LAKSHMI METAL UDYOG LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022**

| Particulars   | (Rupees in crore)            |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2021 |
| <b>A. Cash flow from operating activities</b>                                     |                              |                              |
| Profit before tax   | 91.32                        | 62.17                        |
| <b>Adjustments for:</b>   |                              |                              |
| Depreciation and amortisation expense   | 3.49                         | 3.51                         |
| Loss /(Profit) on sale of property, plant and equipment (net)                     | 0.14                         | 0.15                         |
| Finance costs   | 3.50                         | 12.29                        |
| Share based expenses  | -                            | 0.02                         |
| Interest income on fixed deposits   | -                            | (0.05)                       |
| Provision for slow moving inventory of spares & consumables                       | 0.03                         | 0.02                         |
| Other non-cash items  | 0.09                         | -                            |
| <b>Operating profit before working capital changes</b>                            | <b>98.57</b>                 | <b>78.11</b>                 |
| <b>Changes in working capital:</b>  |                              |                              |
| Adjustments for (increase) / decrease in operating assets: -                      |                              |                              |
| Inventories   | 17.68                        | (4.34)                       |
| Trade receivables   | 6.41                         | 67.32                        |
| Current financial assets  | (0.10)                       | 4.48                         |
| Non - Current financial assets  | (0.09)                       | -                            |
| Other non current assets  | (0.24)                       | -                            |
| Other current assets  | 3.08                         | (2.22)                       |
| Adjustments for increase / (decrease) in operating liabilities:                   |                              |                              |
| Trade payables  | (12.68)                      | (23.75)                      |
| Other current liabilities   | (0.24)                       | 0.56                         |
| Provision (current & non-current)   | 0.05                         | 0.09                         |
| <b>Cash generated from operations</b>   | <b>112.44</b>                | <b>120.25</b>                |
| Net income tax paid   | (1.71)                       | (18.48)                      |
| <b>Net cash flow from operating activities (A)</b>                                | <b>110.73</b>                | <b>101.77</b>                |
| <b>B. Cash flow from investing activities</b>                                     |                              |                              |
| Capital expenditure on property, plant and equipment (including capital advances) | (1.78)                       | (0.65)                       |
| Proceeds from sale of property, plant and equipment                               | 0.13                         | 0.04                         |
| Investment in mutual funds  | (5.00)                       | -                            |
| Purchase of equity shares of Apollo Tricoat Tubes Limited                         | -                            | (46.20)                      |
| Interest received   | -                            | 0.05                         |
| - Others  | -                            | -                            |
| <b>Net cash flow (used in) investing activities (B)</b>                           | <b>(6.65)</b>                | <b>(46.76)</b>               |
| <b>C. Cash flow from financing activities</b>                                     |                              |                              |
| Repayment of non-current borrowings   | (100.00)                     | (70.00)                      |
| Proceeds of non-current borrowings  | -                            | 45.00                        |
| Repayment of current borrowings (net)   | 1.20                         | (17.28)                      |
| Finance costs paid  | (5.96)                       | (11.68)                      |
| <b>Net cash flow (used in) financing activities (C)</b>                           | <b>(104.76)</b>              | <b>(53.96)</b>               |
| <b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>             | <b>(0.68)</b>                | <b>1.05</b>                  |
| Cash and cash equivalents at the beginning of the year                            | 1.28                         | 0.23                         |
| <b>Cash and cash equivalents at the end of the year</b>                           | <b>0.60</b>                  | <b>1.28</b>                  |

See accompanying notes to the financial statements

1-42

In terms of our report attached.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No. 117366W/W-100018

  
**RASHIM TANDON**  
Partner  
Membership No. 95540



**For and on behalf of the Board of Directors of  
SHRI LAKSHMI METAL UDYOG LIMITED**

  
**VINAY GUPTA**  
Director  
DIN : 00005149

  
**SANJAY GUPTA**  
Director  
DIN : 00233188

  
**SHIVAM MAHESHWARI**  
Company Secretary  
ICSI Membership No. : A38467



Place: Ghaziabad  
Date: May 13, 2022

Place: Ghaziabad  
Date: May 13, 2022

**1(i) Company background**

Shri Lakshmi Metal Udyog Limited, the Company was incorporated on 25 April 1994 with its registered office at 37, Hargobind Enclave, Vikas Marg, Delhi 110097, India. The Company is a wholly owned subsidiary of ATL Apollo Tubes Limited (the Holding Company) and is engaged in the business of production of LR32 steel tubes and GP Coils. The Company has one manufacturing unit at Bengaluru, Karnataka.

The financial statements for the year ended March 31, 2022 were approved by the Board of Directors and authorized for issue on May 13, 2022.

The Company holds 55.82% (March 31, 2021: 55.82%) equity shares of Apollo Tricoat Tubes Limited (ATTL), a Company engaged in the business of manufacturing of steel pipes. (See note 3)

**1(ii) Significant Accounting Policies**

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements.

**(a) Statement of compliance**

The financial statements are prepared and presented in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time as notified under Section 133 of the Companies Act 2013, the relevant provision of the Companies Act 2013 ("the Act") and other accounting principles generally accepted in India.

**(b) Basis of Preparation**

The financial statements have been prepared in conformity with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

The financial statements have been prepared on accrual basis under the historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date,  
Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and  
Level 3 inputs are unobservable inputs for the asset or liability.

**Going Concern**

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

**(c) Use of estimates and critical accounting judgements**

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the standalone financial statements.

**Deferred income tax assets and liabilities**

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

The amount of total deferred tax assets could change if estimates of projected future taxable income or if tax regulations undergo a change.

**Income Taxes**

Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Statement of Profit or Loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty.

Therefore, the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the Statement of Profit or Loss.

**Useful lives of Property, plant and equipment ('PPE')**

The Company reviews the estimated useful lives and residual value of PPE at the end of each reporting period. The factors such as changes in the expected level of usage, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets. Consequently, the future depreciation charge could be revised and thereby could have an impact on the profit of the future years.

**Defined benefit plans**

The cost of the defined benefit plans and the present value of the defined benefit obligation ('DBO') are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Fair value measurement of derivative and other financial instruments**

The fair value of financial instruments, that are not traded in an active market, is determined by using valuation techniques. This involves significant judgements in selection of a method in making assumptions that are mainly based on market conditions existing at the Balance Sheet date and in identifying the most appropriate estimate of fair value when a wide range of fair value measurements are possible.





**Estimation of uncertainties relating to the global health pandemic from COVID-19**

Post the outbreak of COVID-19, the Company has made an assessment of the likely adverse impact on economic environment in general and potential impact on its operations including the carrying values of its current and non current assets including property, plant and equipment and other financial exposure. The Company has also evaluated its liability to meet the financial commitments towards its lenders etc. The Company as of the reporting date has used internal and external sources on the expected future performance of the Company and accordingly does not expect any long term adverse impact of COVID-19 on its ability to recover the carrying value of assets and meeting its financial obligations. However, given the nature of the COVID 19, the Company continues to monitor developments to identify and manage any significant uncertainties relating to its future economic outlook.

**(d) Operating cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**(e) Foreign currency translation**

**(i) Functional and presentation currency**

The financial statements are presented in Indian rupee (INR), which is functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit and Loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

**(f) Revenue recognition**

The revenue is recognised once the entity is satisfied that performance obligation & control are transferred to the customers.

**(i) Sale of goods**

The Company derives revenue from Sale of Goods and revenue is recognized upon transfer of control of promised goods to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods. To recognize revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. The Company recognises revenue at point in time.

Any change in scope or price is considered as a contract modification. The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the standalone selling price.

The Company accounts for variable considerations like, volume discounts, rebates and pricing incentives to customers as reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which we may be entitled.

Revenues are shown net of allowances/ returns, goods and services tax and applicable discounts and allowances.

In contracts where the Company acts as an agent, the revenue is recorded at the net amount that the Company retains for its services.

**(ii) Interest income**

Interest income is accrued on a time proportion basis, by reference to the principle outstanding and the effective interest rate applicable.

**(iii) Commission income**

Commission income is recognised when the services are rendered.

**(g) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each year adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Current and deferred tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in Other Comprehensive Income. In this case, the tax is also recognised in Other Comprehensive Income.

Deferred tax assets include Minimum Alternate Tax (MAT) paid where applicable in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

**(h) Leases**

**As a lessee**

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

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

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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



The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### As a lessee

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

#### (i) Impairment of assets

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss (if any). Where the assets does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the highest of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years.

#### (j) Cash and cash equivalents and Cash Flow Statement

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Short term borrowings, repayments and advances having maturity of three months or less, are shown as net in cash flow statement.

#### (k) Inventories

##### Raw materials, work in progress, stores, traded and finished goods

Inventories are valued at the lower of cost (First in First Out -FIFO basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes cost of purchase, all charges in bringing the goods to the point of sale, including indirect levies, transit insurance and receiving charges. Finished goods include appropriate proportion of overheads and, where applicable,

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

##### Rejection and scrap

Rejection and scrap are valued at net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (l) Property, plant and equipment and capital work-in-progress

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition or construction. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of Profit or Loss during the reporting period in which they are incurred.

Projects under which property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets.

##### Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

##### Depreciation methods, estimated useful lives and residual value

Depreciation on tangible property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in the case of the certain categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

The estimated useful life of various property, plant and equipment is as under:-

- (a) Buildings- 10 to 60 years
- (b) Roads- 10 years
- (c) Plant and machinery used in manufacturing of pipe 10-20 years
- (d) Other plant and machinery- 2 to 10 years
- (e) Vehicles- 8 years
- (f) Furniture and fixtures- 10 years
- (g) Office equipment- 2-5 years
- (h) Computers & servers 3-6 years

The residual values, useful lives and method of depreciation of property, plant & equipment is reviewed at the end of each financial year and adjusted prospectively if appropriate.



**(m) Earnings per share**

Basic earnings per share is computed by dividing the net profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**(n) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

**(o) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liabilities, contingent assets and commitments are reviewed at each Balance Sheet date.

**(p) Employee benefits**

Employee benefits include provident fund, employee state insurance scheme, gratuity, compensated absences and performance incentives.

**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

**(ii) Other long-term employee benefit obligations**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**(iii) Post-employment obligations**

Defined contribution plans: The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans: For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Other Comprehensive Income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

**(q) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit and Loss over the period of the borrowings. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**(r) Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**(s) Financial instruments – initial recognition, subsequent measurement and impairment**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**A. Investments and other financial assets**

**(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income.

The classification criteria of the Company for debt and equity instruments is provided as under:



**(a) Debt instruments**

Depending upon the business model of the Company, debt instruments can be classified under following categories:  
Debt instruments measured at amortised cost  
Debt instruments measured at fair value through other comprehensive income  
Debt instruments measured at fair value through profit or loss

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

**(b) Equity instruments**

The equity instruments can be classified as:  
Equity instruments measured at fair value through profit or loss ("FVTPL")  
Equity instruments measured at fair value through other comprehensive income ("FVTOCI")

Equity instruments and derivatives are normally measured at FVTPL. However, on initial recognition, an entity may make an irrevocable election (on an instrument-by-instrument basis) to present in OCI the subsequent changes in the fair value of an investment in an equity instrument within the scope of Ind AS -109.

**(ii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss.

**Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**Investment in equity shares**

The Company subsequently measures all equity investments at fair value. Where the management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the statement of profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Company has equity investment in one entity which is not held for trading. The Company has elected the FVTOCI irrevocable option for this investment (see note 3). Fair value is determined in the manner described in note 38.

**(iii) Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 37 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Expected credit loss are measured through a loss allowance at an amount equal to the following:

- (a) the 12-months expected credit losses (expected credit losses that result from default events on financial instrument that are possible within 12 months after reporting date); or
- (b) Full lifetime expected credit losses (expected credit losses that result from those default events on the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

Subsequent recoveries of amounts previously written off are credited to other income.

**(iv) Derecognition of financial assets**

A financial asset is derecognised only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**B. Financial Liabilities**

**(i) Classification**

The Company classifies its financial liabilities in the following measurement categories:

- Financial liabilities measured at fair value through profit or loss
- Financial liabilities measured at amortized cost

**(ii) Measurement**

The measurement of financial liabilities depends on their classification, as described below:



**Financial liabilities measured at fair value through profit or loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. At initial recognition, such financial liabilities are recognised at fair value.

Financial liabilities at fair value through profit or loss are, at each reporting date, measured at fair value with all the changes recognized in the Statement of Profit and Loss.

**Financial liabilities measured at Amortized Cost :**

At initial recognition, all financial liabilities other than fair valued through profit and loss are recognised initially at fair value less transaction costs that are attributable to the issue of financial liability. Transaction costs of financial liability carried at fair value through profit or loss is expensed in the statement of profit or loss.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss over the period of the financial liabilities using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

**(iii) De-recognition of financial liability**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss as other income or finance costs.

**(t) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**(u) Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

**(v) Segment information**

The Company determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

The Company is engaged in the business of production of ERW steel tubes. As the Group's business activity primarily falls within a single business and geographical segment i.e. manufacture of steel tubes, there are no disclosures required to be provided in terms of Ind AS 108 on 'Segment Reporting'.

**1(iii) Recent Accounting Developments**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below

**Ind AS 16 – Property Plant and equipment** – The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

**Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets** – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.



**SHRI LAKSHMI METAL UDYOG LIMITED**  
Notes to the financial statements for the year ended March 31, 2022

**2(a) Property, Plant and Equipment**

|                               | (Rupees in crore)    |                      |  |       |
|-------------------------------|----------------------|----------------------|--|-------|
|                               | As at March 31, 2022 | As at March 31, 2021 |  |       |
| <b>Carryings amounts of :</b> |                      |                      |  |       |
| Freehold land                 | 7.90                 | 7.90                 |  | 7.90  |
| Building                      | -                    | 7.96                 |  | 8.33  |
| Plant and machinery           | -                    | 24.15                |  | 25.73 |
| Office equipments             | -                    | 0.10                 |  | 0.02  |
| Vehicles                      | -                    | 0.34                 |  | 0.43  |
| Furniture and fixtures        | -                    | 0.10                 |  | 0.11  |
| Computers                     | -                    | 0.04                 |  | 0.01  |
|                               | <b>40.59</b>         | <b>42.53</b>         |  |       |

|                                  | Freehold land | Building    | Plant and machinery | Office equipments | Vehicles    | Furniture and fixtures | Computers   | Total        |
|----------------------------------|---------------|-------------|---------------------|-------------------|-------------|------------------------|-------------|--------------|
| <b>Cost / Deemed cost</b>        |               |             |                     |                   |             |                        |             |              |
| As at April 1, 2020              | 7.90          | 9.04        | 36.31               | 0.04              | 0.88        | 0.17                   | 0.03        | 54.37        |
| Additions                        | -             | 0.30        | 1.45                | -                 | -           | -                      | 0.01        | 1.76         |
| Sales during the year            | -             | -           | (0.37)              | -                 | -           | -                      | -           | (0.37)       |
| <b>Balance at March 31, 2021</b> | <b>7.90</b>   | <b>9.34</b> | <b>37.39</b>        | <b>0.04</b>       | <b>0.88</b> | <b>0.17</b>            | <b>0.04</b> | <b>55.76</b> |
| Additions                        | -             | 0.09        | 1.60                | 0.10              | -           | 0.01                   | 0.04        | 1.84         |
| Sales during the year            | -             | -           | (0.43)              | -                 | -           | -                      | -           | (0.43)       |
| <b>Balance at March 31, 2022</b> | <b>7.90</b>   | <b>9.43</b> | <b>38.56</b>        | <b>0.14</b>       | <b>0.88</b> | <b>0.18</b>            | <b>0.08</b> | <b>57.17</b> |

|                                   |          |             |              |             |             |             |             |              |
|-----------------------------------|----------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|
| <b>Accumulated depreciation</b>   |          |             |              |             |             |             |             |              |
| As at April 1, 2020               | -        | 0.56        | 8.87         | 0.02        | 0.36        | 0.04        | 0.02        | 9.87         |
| Elimination on disposal of assets | -        | -           | (0.15)       | -           | -           | -           | -           | (0.15)       |
| Depreciation expense              | -        | 0.45        | 2.94         | -           | 0.09        | 0.02        | 0.01        | 3.51         |
| <b>Balance at March 31, 2021</b>  | <b>-</b> | <b>1.01</b> | <b>11.66</b> | <b>0.02</b> | <b>0.45</b> | <b>0.06</b> | <b>0.03</b> | <b>13.23</b> |
| Elimination on disposal of assets | -        | -           | (0.14)       | -           | -           | -           | -           | (0.14)       |
| Depreciation expense              | -        | 0.46        | 2.89         | 0.02        | 0.09        | 0.02        | 0.01        | 3.49         |
| <b>Balance at March 31, 2022</b>  | <b>-</b> | <b>1.47</b> | <b>14.41</b> | <b>0.04</b> | <b>0.54</b> | <b>0.08</b> | <b>0.04</b> | <b>16.58</b> |

|                           |      |      |       |      |      |      |      |       |
|---------------------------|------|------|-------|------|------|------|------|-------|
| <b>Net carrying value</b> |      |      |       |      |      |      |      |       |
| Balance at March 31, 2021 | 7.90 | 8.33 | 25.73 | 0.02 | 0.43 | 0.11 | 0.01 | 42.53 |
| Balance at March 31, 2022 | 7.90 | 7.96 | 24.15 | 0.10 | 0.34 | 0.10 | 0.04 | 40.59 |

**Note :**

(1) Property, plant and equipment as detailed in note 2(a) have been pledged as security for term loans taken as at March 31, 2022. See note 16 and 19 for loans taken against which these assets are pledged.



2(b) Capital work in progress

| (Rupees in crore)  |                   |             |
|--|-------------------|-------------|
| Particulars  | Plant & machinery | Total       |
| As at April 1, 2020  | 0.78              | 0.78        |
| Add : Additions during the year                                  | 1.02              | 1.02        |
| Less : Transfer to property, plant and equipment (see note 2(a)) | (1.45)            | (1.45)      |
| <b>Closing balance as at March 31, 2021</b>                      | <b>0.35</b>       | <b>0.35</b> |
| Add : Additions during the year                                  | 1.57              | 1.57        |
| Less : Transfer to property, plant and equipment (see note 2(a)) | (1.60)            | (1.60)      |
| <b>Closing balance as at March 31, 2022</b>                      | <b>0.32</b>       | <b>0.32</b> |

See note 42(a) for ageing of capital work in progress

3 Investment (Non-current)

| (Rupees in crore)  |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>Investment in subsidiary - (quoted, fully paid) :</b>   |                         |                         |
| (i) 33,940,000 equity shares of Rupees 2 each fully paid up in Apollo Tricoat Tubes Limited (March 31, 2021 : 16,970,000 equity shares) - (see note below) | 252.38                  | 252.38                  |
| <b>Sub total</b>   | <b>252.38</b>           | <b>252.38</b>           |
| <b>Total</b>   | <b>252.38</b>           | <b>252.38</b>           |
| <b>Aggregated carrying value of quoted investment</b>  | <b>252.38</b>           | <b>252.38</b>           |
| <b>Market value of quoted Investment</b>   | <b>2,903.74</b>         | <b>2,036.40</b>         |

**Note :**

The Company holds 55.82% (March 31, 2021 : 55.82%) equity shares of Apollo Tricoat Tubes Limited ('ATTL'), a Company engaged in the business of manufacturing of steel pipes.

4 Other financial assets (Non-current)

(Unsecured, considered good)

| (Rupees in crore)    |                         |                         |
|----------------------|-------------------------|-------------------------|
| Particulars          | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Security deposit | 0.81                    | 0.72                    |
| <b>Total</b>         | <b>0.81</b>             | <b>0.72</b>             |

5 Non-current tax assets (net)

| (Rupees in crore)  |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Advance income tax (net of Provision of tax for Rupees 14.98 crore, March 31, 2021 : Rupees 14.98 crore) | 0.12                    | 0.12                    |
| <b>Total</b>   | <b>0.12</b>             | <b>0.12</b>             |

6 Other non current assets

(Unsecured, considered good)

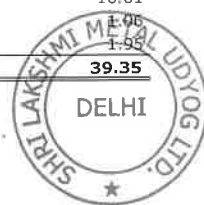
| (Rupees in crore)                          |                         |                         |
|--|-------------------------|-------------------------|
| Particulars                                | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Capital advances                       | 0.09                    | 0.01                    |
| (b) Prepaid expenses                       | 0.08                    | -                       |
| (c) Payment under protest (see note below) |                         |                         |
| (i) Income tax                             | 0.46                    | 0.30                    |
| <b>Total</b>                               | <b>0.63</b>             | <b>0.31</b>             |

**Note :**

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially effect on its financial statements.

7 Inventories

| (Rupees in crore)  |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Raw materials (including stock lying with third party) | 4.81                    | 5.05                    |
| (b) Work in progress                                       | 9.09                    | 21.28                   |
| (c) Finished goods (including stock-in-transit)            | 6.19                    | 10.01                   |
| (d) Stores and spares                                      | 1.18                    | 1.96                    |
| (e) Rejection and scrap (including stock-in-transit)       | 0.37                    | 1.55                    |
| <b>Total</b>   | <b>21.64</b>            | <b>39.35</b>            |



**Notes :**

- (i) Cost of inventory (including stores & spares) recognised as expense during the year amounted to Rupees 937.49 crore (March 31, 2021 : Rupees 611.96 crore).

| (Rupees in crore)   |                         |                         |
|---|-------------------------|-------------------------|
| (ii) Details of stock-in-transit  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Raw material  | -                       | 0.23                    |
| Finished goods  | 1.80                    | 5.44                    |
| Work in progress  | -                       | 1.90                    |
| Rejection and scrap   | 0.18                    | -                       |
| (iii) Raw material inventory lying with third party.  | -                       | 0.45                    |
| (iv) Provision for slow moving inventory of stores & spares.  | 0.09                    | 0.06                    |
| (v) The mode of valuation of inventories has been stated in note 1(ii)(k) of significant accounting policies. |                         |                         |
| (vi) Inventories have been pledged as security towards Company's borrowings from banks.                       |                         |                         |

**8 Investment (Current)**

| (Rupees in crore)  |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Investments in equity instruments carried at fair value through profit and loss account - (quoted, fully paid)   |                         |                         |
| (i) Investment in mutual fund of Invesco Mutual Fund - regular plan growth (March 31, 2022 : 1,950,330.407 units at NAV of Rupees 25.6354 per unit) (March 31, 2021 : Nil units) | 5.00                    | -                       |
| <b>Total</b>   | <b>5.00</b>             | <b>-</b>                |
| <b>Aggregate carrying value of quoted investment</b>   | <b>5.00</b>             | <b>-</b>                |
| <b>Market value of quoted investment</b>   | <b>5.00</b>             | <b>-</b>                |

**9 Trade receivables (Current)**  
(Unsecured)

| (Rupees in crore)               |                         |                         |
|---------------------------------|-------------------------|-------------------------|
| Particulars                     | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Considered good             |                         |                         |
| (i) Related parties             | -                       | 18.50                   |
| (ii) Other than related parties | 18.57                   | 6.47                    |
| <b>Total</b>                    | <b>18.57</b>            | <b>24.97</b>            |

The average credit period on sale of goods is 0-60 days. No interest is generally charged on the trade receivables for the amount overdue above the credit period. There are no customers who represent more than 10% of the total balance of trade receivables except as follows :-

| (Rupees in crore)            |                         |        |
|------------------------------|-------------------------|--------|
| Particulars                  | As at<br>March 31, 2022 |        |
| Customer A                   | 8.38                    |        |
| Customer B                   | 2.49                    |        |
| Customer C                   | 2.09                    |        |
|                              | <b>12.96</b>            |        |
| % of total trade receivables |                         | 69.81% |

| (Rupees in crore)            |                         |        |
|------------------------------|-------------------------|--------|
| Particulars                  | As at<br>March 31, 2021 |        |
| Customer A                   | 18.24                   |        |
| Customer B                   | 3.27                    |        |
|                              | <b>21.51</b>            |        |
| % of total trade receivables |                         | 86.14% |





(1) Ageing of trade receivables and credit risk arising there from is as below :

| Particulars  | (Rupees in crore)  |              |
|--|--|--------------|
|  | As at March 31, 2022                                       |              |
|  | Outstanding for following periods from due date of payment |              |
|  | Not yet due  | Total        |
| (a) Undisputed trade receivables - considered good | 18.57  | 18.57        |
|  | <b>18.57</b>   | <b>18.57</b> |

| Particulars  | (Rupees in crore)  |              |
|--|--|--------------|
|  | As at March 31, 2021                                       |              |
|  | Outstanding for following periods from due date of payment |              |
|  | Not yet due  | Total        |
| (a) Undisputed trade receivables - considered good | 24.97  | 24.97        |
|  | <b>24.97</b>   | <b>24.97</b> |

(2) Trade receivables have been pledged as security towards Company's borrowings from banks.

**Note :**

There are no outstanding debts due from directors or other officers of the Company.

**10 Cash and cash equivalents**

| Particulars  | (Rupees in crore)    |                      |
|--|----------------------|----------------------|
|  | As at March 31, 2022 | As at March 31, 2021 |
| (a) Cash on hand   | 0.02                 | 0.02                 |
| (b) Balances with banks                                      |                      |                      |
| - in current accounts  | 0.08                 | 0.03                 |
| - in cash credit accounts (see note 19 for security details) | -                    | 1.23                 |
| <b>Total</b>   | <b>0.10</b>          | <b>1.28</b>          |

**11 Bank balances other than cash and cash equivalents**

| Particulars        | (Rupees in crore)    |                      |
|--------------------|----------------------|----------------------|
|                    | As at March 31, 2022 | As at March 31, 2021 |
| (a) Escrow account | 0.50                 | -                    |
| <b>Total</b>       | <b>0.50</b>          | <b>-</b>             |

**12 Loans (Current)**  
(Unsecured, considered good)

| Particulars            | (Rupees in crore)    |                      |
|------------------------|----------------------|----------------------|
|                        | As at March 31, 2022 | As at March 31, 2021 |
| (a) Loans to employees | 0.10                 | 0.03                 |
| <b>Total</b>           | <b>0.10</b>          | <b>0.03</b>          |

**13 Other financial assets (Current)**  
(Unsecured, considered good)

| Particulars                                | (Rupees in crore)    |                      |
|--|----------------------|----------------------|
|  | As at March 31, 2022 | As at March 31, 2021 |
| (a) Other claim receivable                 | 0.48                 | 0.49                 |
| (b) Interest accrued and due on loan given | 0.04                 | -                    |
| <b>Total</b>                               | <b>0.52</b>          | <b>0.49</b>          |

**14 Other current assets**  
(Unsecured, considered good)

| Particulars              | (Rupees in crore)    |                      |
|--------------------------|----------------------|----------------------|
|                          | As at March 31, 2022 | As at March 31, 2021 |
| (a) Advance to suppliers | 0.19                 | 3.28                 |
| (b) Prepaid expenses     | 0.04                 | 0.03                 |
| <b>Total</b>             | <b>0.23</b>          | <b>3.31</b>          |



| Particulars  | As at March 31, 2022 |             | (Rupees in crore, except otherwise stated)<br>As at March 31, 2021 |             |
|--|----------------------|-------------|--|-------------|
|  | Number of Shares     | Amount      | Number of Shares   | Amount      |
| <b>15 Equity</b>                                   |                      |             |  |             |
| <b>15(a) Equity share capital</b>                  |                      |             |  |             |
| (i) <b>Authorised capital</b>                      |                      |             |  |             |
| Equity shares of Rupees 10 each with voting rights | 70,00,000            | 7.00        | 70,00,000  | 7.00        |
|  | <b>70,00,000</b>     | <b>7.00</b> | <b>70,00,000</b>   | <b>7.00</b> |
| (ii) <b>Issued capital</b>                         |                      |             |  |             |
| Equity shares of Rupees 10 each with voting rights | 58,95,000            | 5.90        | 58,95,000  | 5.90        |
|  | <b>58,95,000</b>     | <b>5.90</b> | <b>58,95,000</b>   | <b>5.90</b> |
| (iii) <b>Subscribed and fully paid up capital</b>  |                      |             |  |             |
| Equity shares of Rupees 10 each with voting rights | 58,95,000            | 5.90        | 58,95,000  | 5.90        |
|  | <b>58,95,000</b>     | <b>5.90</b> | <b>58,95,000</b>   | <b>5.90</b> |

**(1) Reconciliation of the number of shares and amount outstanding as at March 31, 2022 and March 31, 2021**

| Particulars                              | Number of shares        |                         | Amount                                       |  |
|--|-------------------------|-------------------------|--|--|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 | As at<br>March 31, 2022<br>(Rupees in crore) | As at<br>March 31, 2021<br>(Rupees in crore) |
| <b>Equity share capital</b>              |                         |                         |  |  |
| Outstanding at the beginning of the year | 58,95,000               | 58,95,000               | 5.90   | 5.90   |
| Add: Issued during the year              | -                       | -                       | -  | -  |
| Outstanding at the end of the year       | <b>58,95,000</b>        | <b>58,95,000</b>        | <b>5.90</b>                                  | <b>5.90</b>                                  |

**(2) Rights, Preferences and restrictions attached to equity shares**

The Company has one class of equity shares having a par value of Rupees 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(3) Details of shares held by the holding Company :**

| Particulars               | Number of shares        |                         |
|---------------------------|-------------------------|-------------------------|
|                           | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| APL Apollo Tubes Limited* | 58,95,000               | 58,95,000               |

**(4) Details of shares held by each shareholder holding more than 5% shares :-**

| Name of shareholder                     | As at<br>March 31, 2022  |           | As at<br>March 31, 2021  |           |
|---|--------------------------|-----------|--------------------------|-----------|
|   | Number of shares<br>held | % holding | Number of shares<br>held | % holding |
| <b>Equity shares with voting rights</b> |                          |           |                          |           |
| APL Apollo Tubes Limited*               | 58,95,000                | 100%      | 58,95,000                | 100%      |

\* Out of total 5,895,000 equity shares, 5,894,994 equity shares are held by APL Apollo Tubes Limited (the holding Company) and remaining 6 shares are held by Mr. Sanjay Gupta, Mr. Vinay Gupta, Mr. Sameer Gupta, Mrs. Neera Gupta, Mrs. Vandana Gupta & Mrs. Meenakshi Gupta (each holding 1 share) as nominee/representatives.

**(5) Shares held by promoters at the end of the year\***

| Name of promoter         | As at<br>March 31, 2022  |           | As at<br>March 31, 2021  |           |
|--------------------------|--------------------------|-----------|--------------------------|-----------|
|                          | Number of shares<br>held | % holding | Number of shares<br>held | % holding |
| APL Apollo Tubes Limited | 58,94,994                | 99.94%    | 58,94,994                | 99.94%    |
| Sanjay Gupta             | 1                        | 0.01%     | 1                        | 0.01%     |
| Vinay Gupta              | 1                        | 0.01%     | 1                        | 0.01%     |
| Sameer Gupta             | 1                        | 0.01%     | 1                        | 0.01%     |
| Neera Gupta              | 1                        | 0.01%     | 1                        | 0.01%     |
| Vandana Gupta            | 1                        | 0.01%     | 1                        | 0.01%     |
| Meenakshi Gupta          | 1                        | 0.01%     | 1                        | 0.01%     |

Note : There is no change in shares held by promoters during the current year and previous year.

\*Promoter means promoter as defined in the Companies Act, 2013.

**15(b) Other equity**

| Particulars        | (Rupees in crore)       |                         |
|--------------------|-------------------------|-------------------------|
|                    | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Securities premium | 7.40                    | 7.40                    |
| General reserve    | 13.95                   | 13.95                   |
| Retained earnings  | 256.71                  | 188.61                  |
| <b>Total</b>       | <b>278.06</b>           | <b>209.96</b>           |

| Particulars | (Rupees in crore)       |                         |
|-------------|-------------------------|-------------------------|
|             | As at<br>March 31, 2022 | As at<br>March 31, 2021 |

**(1) Security premium**  
Balance at the beginning of the year  
Balance at the end of the year

|             |             |
|-------------|-------------|
| 7.40        | 7.40        |
| <b>7.40</b> | <b>7.40</b> |



| Particulars                                  | (Rupees in crore)       |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (2) <b>General reserve</b>                   |                         |                         |
| Balance at the beginning of the year         | 13.95                   | 13.95                   |
| Balance at the end of the year               | <b>13.95</b>            | <b>13.95</b>            |
| (3) <b>Retained earnings</b>                 |                         |                         |
| Balance at the beginning of the year         | 188.61                  | 142.32                  |
| Add: Total comprehensive income for the year | 68.10                   | 46.29                   |
| Balance at the end of the year               | <b>256.71</b>           | <b>188.61</b>           |
| <b>Total</b>                                 | <b>278.06</b>           | <b>209.96</b>           |

**Nature and purpose of reserves :-**

(i) **Securities premium** : Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Indian Companies Act, 2013 ("the Companies Act").

(ii) **General reserve** : The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. General reserves represents the free profits of the Company available for distribution. As per the Companies Act, certain amount was required to be transferred to General Reserve every time Company distribute dividend. General reserve is not an item of OCI, items included in the general reserve will not be reclassified to profit or loss.

(iii) **Retained earnings** : It represents unallocated/un-distributed profits of the Company. The amount that can be distributed as dividend by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus amount reported above are not distributable in entirety.

(iv) **Items of other comprehensive income** : This represents gain on fair valuation of investments in Apollo Tricoat Tubes Limited ('ATTL') which are carried at fair value through the other comprehensive income. During the previous year, the Company had acquired 50.86% stake in ATTL and on completion of acquisition, the balance was transferred to general reserve.

**16 Borrowings (Non-current)**

| Particulars  | (Rupees in crore)       |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Borrowings from APL Apollo Tubes Limited (Unsecured, see note (i) below) | -                       | 100.00                  |
| <b>Total</b>   | <b>-</b>                | <b>100.00</b>           |

| As at March 31, 2022   |  | As at March 31, 2021   |  |
|------------------------|--|------------------------|--|
| Non-current borrowings | Current Maturities of non-current borrowings | Non-current borrowings | Current Maturities of non-current borrowings |

**(i) Borrowings from APL Apollo Tubes Limited is as follows :**

During the previous year, the Company has taken Rupees 40.00 crores additional unsecured loan from APL Apollo Tubes Limited, the holding Company, repayable in 5 years as and when funds are available with Company. The loan was taken for the purpose of meeting its operational requirements. During the year, loan amount to Rupees 100.00 crore was repaid. Applicable rate of interest was 8.50% (March 31, 2021 : 8.50 %). During the year, loan has been fully repaid.

|   |   |        |   |
|---|---|--------|---|
| - | - | 100.00 | - |
|---|---|--------|---|

**17 Provisions (Non-current)**

| Particulars                              | (Rupees in crore)       |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Provision for compensated absences   | 0.29                    | 0.29                    |
| (b) Provision for gratuity (see note 35) | 0.86                    | 0.78                    |
| <b>Total</b>                             | <b>1.15</b>             | <b>1.07</b>             |



**SHRI LAKSHMI METAL UDYOG LIMITED**  
Notes to the financial statements for the year ended March 31, 2022

|     |   |                   |                |                |  |
|-----|---|-------------------|----------------|----------------|--|
| 18  | Deffered Tax Liabilities (net)                          | (Rupees in crore) |                |                |  |
| (a) | Component of deferred tax assets and liabilities are :- |                   |                |                |  |
|     |   |                   | As at          | As at          |  |
|     |   |                   | March 31, 2022 | March 31, 2021 |  |
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**19 Borrowings (Current)**

| (Rupees in crore)                                   |                         |                         |
|---|-------------------------|-------------------------|
| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) <b>Loan repayable on demand</b>                 |                         |                         |
| - From banks (secured)                              |                         |                         |
| (i) Working capital facilities (see note (i) below) | 1.20                    | -                       |
| <b>Total</b>  | <b>1.20</b>             | <b>-</b>                |

**Nature of security:**

(i) Working Capital facilities are secured by first pari passu charge on entire present and future current assets and second charge on entire present and future movable and immovable fixed assets of the company situated at KIADB Industrial Area, Plot No. 9-11, Balagaranahalli Village, Attibele, Anekal Taluk, Bangalore. Credit facilities are further secured by personal guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta and corporate guarantee of APL Apollo Tubes Limited.

**20 Trade payables (Current)**

| (Rupees in crore)  |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Total outstanding dues of micro enterprises and small enterprises                      | 0.95                    | 0.32                    |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 22.72                   | 36.02                   |
| <b>Total</b>   | <b>23.67</b>            | <b>36.34</b>            |

**Outstanding for following periods from date of transaction :**

| (Rupees in crore)                                   |                      |                  |              |
|---|----------------------|------------------|--------------|
| Particulars   | As at March 31, 2022 |                  |              |
|   | Unbilled             | Less than 1 year | Total        |
| Micro and small enterprises (MSME)                  | -                    | 0.95             | 0.95         |
| Total outstanding dues of creditors other than MSME | 6.59                 | 16.13            | 22.72        |
| Disputed dues-MSME                                  | -                    | -                | -            |
| Disputed dues of creditors other than MSME          | -                    | -                | -            |
|   | <b>6.59</b>          | <b>17.08</b>     | <b>23.67</b> |

**Outstanding for following periods from date of transaction :**

| (Rupees in crore)                                   |                      |                  |              |
|---|----------------------|------------------|--------------|
| Particulars   | As at March 31, 2021 |                  |              |
|   | Unbilled             | Less than 1 year | Total        |
| Micro and small enterprises (MSME)                  | -                    | 0.32             | 0.32         |
| Total outstanding dues of creditors other than MSME | 6.23                 | 29.79            | 36.02        |
| Disputed dues-MSME                                  | -                    | -                | -            |
| Disputed dues of creditors other than MSME          | -                    | -                | -            |
|   | <b>6.23</b>          | <b>30.11</b>     | <b>36.34</b> |

**21 Other financial liabilities (Current)**

| (Rupees in crore)  |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Payable on purchase of property, plant and equipment | 0.09                    | -                       |
| (b) Interest accrued and due on borrowings               | -                       | 2.46                    |
| <b>Total</b>   | <b>0.09</b>             | <b>2.46</b>             |

**22 Other current liabilities**

| (Rupees in crore)          |                         |                         |
|----------------------------|-------------------------|-------------------------|
| Particulars                | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Statutory remittances  | 3.29                    | 3.64                    |
| (b) Advance from customers | 0.68                    | 0.57                    |
| <b>Total</b>               | <b>3.97</b>             | <b>4.21</b>             |

**23 Provisions (Current)**

| (Rupees in crore)                        |                         |                         |
|--|-------------------------|-------------------------|
| Particulars                              | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Provision for compensated absences   | 0.01                    | 0.01                    |
| (b) Provision for gratuity (see note 35) | 0.02                    | 0.01                    |
| <b>Total</b>                             | <b>0.03</b>             | <b>0.02</b>             |

**24 Current tax liabilities (net)**

| (Rupees in crore)  |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Provision for tax (net of advance tax Rupees 70.43 crores, March 31, 2021 Rupees 68.72 crores) | 23.40                   | 1.40                    |
|  | <b>23.40</b>            | <b>1.40</b>             |

**Note :**

The Board of Directors of Shri Lakshmi Metal Udyog Limited ("Company"), at its meeting on February 27, 2021, had considered and approved a draft scheme of amalgamation ('scheme') of the Company and Apollo Tricoat Tubes Limited ("Tricoat") with APL Apollo Tubes Limited ("APL Apollo"), its Holding Company and their respective shareholders and creditors, as may be modified from time to time ('scheme'), under Section 230 to 232 of the Companies Act, 2013. Requisite no objection certificate from BSE Limited, approvals from the shareholders and creditors of the Company have been received. The Scheme is subject to sanction of the Hon'ble NCLT.

As the merger order is effective from April 1, 2021, income tax return for financial year 2021-22 will be filed by APL Apollo Tubes Limited after giving effect of Merger of above three companies. In the opinion of the Company, there is no requirement to file separate income tax return for Shri Lakshmi Metal Udyog Limited and hence, APL Apollo Tubes Limited has been discharging obligation towards advance tax of all three above mentioned companies.



| <b>25 Revenue from operations</b>                                     |                              | (Rupees in crore)            |  |
|---|------------------------------|------------------------------|--|
| Particulars   | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2021 |  |
| (a) Sale of products (see note (i) below)                             | 1,065.33                     | 718.39                       |  |
| (b) Other operating revenue (see note (ii) below)                     | 15.76                        | 11.97                        |  |
| <b>Total</b>  | <b>1,081.09</b>              | <b>730.36</b>                |  |
| <b>Notes :</b>  |                              |                              |  |
| <b>(i) Reconciliation of revenue recognised with contract price :</b> |                              | (Rupees in crore)            |  |
| Particulars   | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2021 |  |
| Contract price  | 1,088.15                     | 735.83                       |  |
| Adjustments for:  |                              |                              |  |
| Discount & Incentives   | (22.82)                      | (17.44)                      |  |
| <b>Revenue from operations</b>  | <b>1,065.33</b>              | <b>718.39</b>                |  |
| <b>(ii) Other operating revenue comprises</b>                         |                              |                              |  |
| Sale of scrap   | 15.76                        | 11.97                        |  |
| <b>Total</b>  | <b>15.76</b>                 | <b>11.97</b>                 |  |
| <b>26 Other income</b>  |                              | (Rupees in crore)            |  |
| Particulars   | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2021 |  |
| (a) Interest income on fixed deposit                                  | -                            | 0.05                         |  |
| (b) Gain on foreign currency transactions (net)                       | -                            | 0.06                         |  |
| (c) Interest income on others   | 0.85                         | -                            |  |
| <b>Total</b>  | <b>0.85</b>                  | <b>0.11</b>                  |  |
| <b>27 Cost of material consumed</b>                                   |                              | (Rupees in crore)            |  |
| Particulars   | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2021 |  |
| Inventories of raw material at the beginning of the year              | 5.05                         | 6.86                         |  |
| Add: Purchases during the year  | 750.73                       | 553.42                       |  |
| Less: Inventories of raw material as at the end of the year           | 4.81                         | 5.05                         |  |
| <b>Total</b>  | <b>750.97</b>                | <b>555.23</b>                |  |
| <b>28 Change in inventories</b>                                       |                              | (Rupees in crore)            |  |
| Particulars   | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2021 |  |
| <b>Inventories at the end of the year:</b>                            |                              |                              |  |
| (a) Finished goods  | 6.19                         | 10.01                        |  |
| (b) Work in progress  | 9.09                         | 21.28                        |  |
| (c) Rejection and scrap   | 0.37                         | 1.95                         |  |
|   | <b>15.65</b>                 | <b>33.24</b>                 |  |
| <b>Inventories at the beginning of the year:</b>                      |                              |                              |  |
| (a) Finished goods  | 10.01                        | 10.26                        |  |
| (b) Work in progress  | 21.28                        | 15.81                        |  |
| (c) Rejection and scrap   | 1.95                         | 0.92                         |  |
|   | <b>33.24</b>                 | <b>26.99</b>                 |  |
| <b>Total</b>  | <b>17.59</b>                 | <b>(6.25)</b>                |  |
| <b>29 Employee benefits expense</b>                                   |                              | (Rupees in crore)            |  |
| Particulars   | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2021 |  |
| (a) Salaries and wages  | 6.56                         | 6.23                         |  |
| (b) Contribution to provident fund (see note 35)                      | 0.34                         | 0.32                         |  |
| (c) Gratuity expense (see note 35)                                    | 0.15                         | 0.18                         |  |
| (d) Share-based payments to employees (see note (32(b)))              | -                            | 0.02                         |  |
| (e) Staff welfare expenses  | 0.19                         | 0.16                         |  |
| <b>Total</b>  | <b>7.24</b>                  | <b>6.91</b>                  |  |



**30 Finance costs**

|             |                                     | (Rupees in crore)            |                              |
|-------------|-------------------------------------|------------------------------|------------------------------|
| Particulars |                                     | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2021 |
| (a)         | Interest expense on:                |                              |                              |
|             | (i) working capital facilities      | 0.41                         | 0.91                         |
|             | (ii) borrowings from related party  | 3.05                         | 10.96                        |
|             | (iii) delayed payment of income tax | -                            | 0.13                         |
| (b)         | Other borrowing cost                | 0.04                         | 0.29                         |
|             | <b>Total</b>                        | <b>3.50</b>                  | <b>12.29</b>                 |

**31 Other expenses**

|             |  | (Rupees in crore)            |                              |
|-------------|--|------------------------------|------------------------------|
| Particulars |  | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2021 |
| (a)         | Consumption of stores and spare parts                    | 5.99                         | 5.78                         |
| (b)         | Power and fuel   | 12.85                        | 11.25                        |
| (c)         | Security charges   | 0.09                         | 0.11                         |
| (d)         | Repair and maintenance:                                  |                              |                              |
|             | (i) Building   | 0.01                         | 0.07                         |
|             | (ii) Plant and machinery                                 | 0.23                         | 0.26                         |
|             | (iii) Others   | 0.01                         | 0.01                         |
| (e)         | Rates and taxes  | 0.11                         | 0.07                         |
| (f)         | Travelling and conveyance                                | 0.06                         | 0.04                         |
| (g)         | Legal and professional charges (see note (i) below)      | 0.37                         | 0.37                         |
| (h)         | Loss on sale of property, plant and equipment (net)      | 0.14                         | 0.15                         |
| (i)         | Freight outward  | 17.86                        | 15.63                        |
| (j)         | Provision for slow moving inventory of stores and spares | 0.03                         | 0.02                         |
| (k)         | Corporate Social Responsibility                          | 1.07                         | 1.05                         |
| (l)         | Insurance  | 0.04                         | 0.04                         |
| (m)         | Management Support Services (see note 32(a))             | 5.55                         | 4.11                         |
| (n)         | Miscellaneous expenses                                   | 0.47                         | 0.45                         |
|             | <b>Total</b>   | <b>44.88</b>                 | <b>39.41</b>                 |

**Note :-**

- (i) Legal & professional charges include auditor's remuneration (excluding indirect taxes) as follows :

|     |                                 |             |             |
|-----|---------------------------------|-------------|-------------|
| (a) | To statutory auditors           |             |             |
|     | For audit                       | 0.15        | 0.15        |
|     | For other services              | -           | -           |
|     | <b>Total</b>                    | <b>0.15</b> | <b>0.15</b> |
| (b) | To cost auditors for cost audit | 0.01        | 0.01        |
|     | <b>Total</b>                    | <b>0.01</b> | <b>0.01</b> |

**32 Allocation of common expenses**

- (a) During the year, the parent Company / Company has charged back the common expenses incurred by it on behalf of group companies on cost i.e. cost to cost basis. The allocation of common expenses has been carried out on the basis of turnover of respective companies, as per latest financial statements / results.
- (b) The employees of the Company covered under APL Apollo Tubes Limited (Holding Company) "Employee Stock Option Scheme 2015" (ESOS 2015) are granted an option to purchase shares of holding Company in accordance with the terms and conditions of the scheme as approved by shareholders from time to time. Each Option entitles the holder thereof to apply for and be allotted One Ordinary Shares of holding Company of Rupees 2.00 each after giving effect of share split upon payment of the exercise price during the exercise period.

The Options have been granted at the 'market price' as defined from time to time under the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The fair value of the options granted is determined using the Black Scholes Option Pricing model at the grant date.

The scheme has been recognized as equity settled share based payment scheme in accordance with Ind AS 102 - Share Based Payment. The fair value of options granted is recognized as employee benefits expense, net of reimbursements, if any. The total cost recognized during the year ended March 31, 2022 amounted to Rupees Nil (March 31, 2021 : Rupees 0.02 crore). The Company consider these amounts as not material and accordingly has not provided for the disclosures. (See note 29(d))



**33 Earnings per Equity share**

The following table reflects the profit and shares data used in the computation of basic and diluted earnings per share.

| Particulars  | (Rupees in crore, unless otherwise stated) |                           |
|--|--|---------------------------|
|  | Year ended March 31, 2022                  | Year ended March 31, 2021 |
| Profit for the year attributable to the owners of the Company used in calculating basic and diluted earnings per share | 68.06                                      | 46.05                     |
| Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share   | 58,95,000                                  | 58,95,000                 |
| Nominal value of equity shares   | 10.00                                      | 10.00                     |
| (a) Basic earnings per share in Rupees   | 115.45                                     | 78.12                     |
| (b) Diluted earnings per share in Rupees   | 115.45                                     | 78.12                     |

**34 Contingent liabilities and commitments (to the extent not provided for)**

| Particulars   | (Rupees in crore)    |                      |
|---|----------------------|----------------------|
|   | As at March 31, 2022 | As at March 31, 2021 |
| <b>(a) Contingent liabilities (for pending litigations)</b>   |                      |                      |
| (1) Disputed claims/levies in respect of Income tax   | 2.28                 | 2.28                 |
| (2) Contribution to provident fund under the Employees Provident Fund & Miscellaneous provisions Act, 1952 (see note (i) below)   | -                    | -                    |
| <b>Total</b>  | <b>2.28</b>          | <b>2.28</b>          |
| (i) Based upon the legal opinion obtained by the management, there are various interpretation issues and thus management is in the process of evaluating the impact of the recent Supreme Court Judgement in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purpose of determining contribution to provident fund under the Employees Provident Fund & Miscellaneous provisions Act, 1952. Pending issuance of guidelines by the regulatory authorities on the application of this ruling, the impact on the Company, if any, can not be ascertained. |                      |                      |
| (ii) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially effect on its financial statements.  |                      |                      |
| <b>(b) Commitments</b>  |                      |                      |
| (1) Estimated amount of contracts remaining to be executed on capital account and not provided for  |                      |                      |
| - Property, plant and equipment (net of capital advance)  | 2.31                 | 0.03                 |
| (2) The Company has other commitments, for purchase orders which are issued after considering requirements per operating cycle for purchase of services. The Company does not have any long term commitments or material non-cancellable contractual commitments/ contracts, including derivative contracts for which there were any material foreseeable losses.   |                      |                      |
| (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.   |                      |                      |

**35 Employee benefits obligations**

| Particulars                               | (Rupees in crore)    |             |             |
|---|----------------------|-------------|-------------|
|   | As at March 31, 2022 |             |             |
|   | Current              | Non-current | Total       |
| <b>Gratuity</b>                           |                      |             |             |
| Present value of obligation               | 0.02                 | 0.86        | 0.88        |
| <b>Total employee benefit obligations</b> | <b>0.02</b>          | <b>0.86</b> | <b>0.88</b> |

| Particulars                               | (Rupees in crore)    |             |             |
|---|----------------------|-------------|-------------|
|   | As at March 31, 2021 |             |             |
|   | Current              | Non-current | Total       |
| <b>Gratuity</b>                           |                      |             |             |
| Present value of obligation               | 0.01                 | 0.78        | 0.79        |
| <b>Total employee benefit obligations</b> | <b>0.01</b>          | <b>0.78</b> | <b>0.79</b> |

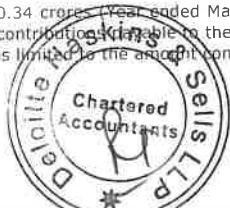
**(a) Defined benefit plans**

a) Gratuity

The Company has an unfunded defined benefit gratuity plan. The gratuity scheme provides for lump sum payment to vested employees at retirement/death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months subject to a limit of Rupees 0.20 crores. Vesting occurs upon completion of 5 years of service.

**(b) Defined contribution plans**

The Company makes Provident Fund contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rupees 0.34 crores (Year ended March 31, 2021 Rupees 0.32 crores) for Provident Fund contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.





(c) Movement of defined benefit obligation :

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows :

| (Rupees in crore)  |               |
|--|---------------|
| Particulars  | Gratuity      |
| <b>Opening balance as at April 1, 2020</b>                   | 0.96          |
| Current service cost   | 0.11          |
| Interest expense/(income)                                    | 0.07          |
| <b>Total amount recognised in profit or loss</b>             | <b>0.18</b>   |
| <i>Remeasurements</i>  |               |
| effect of change in financial assumptions                    | (0.28)        |
| effect of experience adjustments                             | (0.04)        |
| <b>Total amount recognised in other comprehensive income</b> | <b>(0.32)</b> |
| Employer contributions : Benefit payments                    | (0.03)        |
| <b>Balance as at March 31, 2021</b>                          | <b>0.79</b>   |
| <b>Balance as at March 31, 2021</b>                          | <b>0.79</b>   |
| Current service cost   | 0.09          |
| Interest expense/(income)                                    | 0.06          |
| <b>Total amount recognised in profit or loss</b>             | <b>0.15</b>   |
| <i>Remeasurements</i>  |               |
| Loss due to experience                                       | 0.01          |
| Loss due to change in financial assumptions                  | (0.06)        |
| <b>Total amount recognised in other comprehensive income</b> | <b>(0.05)</b> |
| Employer contributions : Benefit payments                    | (0.01)        |
| <b>Balance as at March 31, 2022</b>                          | <b>0.88</b>   |

(d) Post-Employment benefits

The significant actuarial assumptions were as follows:

| Particulars        | Year ended March 31, 2022              | Year ended March 31, 2021              |
|--------------------|--|--|
| Discount rate      | 7.53%                                  | 7.09%                                  |
| Salary growth rate | 8.00%                                  | 8.00%                                  |
| Retirement age     | 60 Years                               | 60 Years                               |
| Mortality          | Indian Assured Lives Mortality 2012-14 | Indian Assured Lives Mortality 2012-14 |
| Attrition Rate     |  |  |
| 18 to 30 years     | 3.00%                                  | 3.00%                                  |
| 30 to 45 years     | 2.00%                                  | 2.00%                                  |
| Above 45 years     | 1.00%                                  | 1.00%                                  |

**Notes :**

- The discount rate is based on the prevailing market yield of Indian Government Securities as at balance sheet date for the estimated term of obligation.
- The estimate of future salary increase considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(e) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| (Rupees in crore)                   |                           |                           |
|-------------------------------------|---------------------------|---------------------------|
| Particulars                         | Increase by 1%            |                           |
|                                     | Year ended March 31, 2022 | Year ended March 31, 2021 |
| <b>Gratuity</b>                     |                           |                           |
| Discount rate (increase by 1%)      | (0.11)                    | (0.11)                    |
| Salary growth rate (increase by 1%) | 0.14                      | 0.13                      |
| Particulars                         | Decrease by 1%            |                           |
|                                     | Year ended March 31, 2022 | Year ended March 31, 2021 |
| <b>Gratuity</b>                     |                           |                           |
| Discount rate (decrease by 1%)      | 0.14                      | 0.14                      |
| Salary growth rate (decrease by 1%) | (0.12)                    | (0.11)                    |



The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method i.e. projected unit credit method has been applied as that used for calculating the defined benefit liability recognised in the balance sheet.

**(f) Risk exposure**

The defined benefit obligations have the undermentioned risk exposures :

**Interest rate risk :** The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**Salary Inflation risk :** Higher than expected increases in salary will increase the defined benefit obligation.

**Demographic risk :** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

**(g) Defined benefit liability and employer contributions**

The weighted average duration of the defined benefit obligation is 16.32 years (Year ended March 31, 2021 : 16.95 years). The expected maturity analysis of undiscounted gratuity is as follows:

| Particulars         | (Rupees in crore)            |                              |
|---------------------|------------------------------|------------------------------|
|                     | Year ended<br>March 31, 2022 | Year ended March<br>31, 2021 |
| Less than a year    | 0.02                         | 0.02                         |
| Between 1 - 2 years | 0.08                         | 0.02                         |
| Between 2 - 3 years | 0.03                         | 0.08                         |
| Between 3 - 4 years | 0.03                         | 0.03                         |
| Between 4 - 5 years | 0.04                         | 0.03                         |
| Beyond 5 years      | 0.42                         | 0.40                         |
| <b>Total</b>        | <b>0.62</b>                  | <b>0.58</b>                  |



36 Related party transactions

(a) Details of related parties:

Name of related parties

|   |   |
|---|---|
| (i) Holding Company   | APL Apollo Tubes Limited  |
| (ii) Fellow Subsidiaries  | Apollo Metalex Private Limited<br>Blue Ocean Projects Private Limited<br>APL Apollo Building Products Private Limited<br>APL Apollo Mart Limited (w.e.f December 7, 2021)<br>APL Apollo Tubes FZE |
| (iii) Subsidiary  | Apollo Tricoat Tubes Limited  |
| (iv) Key Management Personnel (KMP)   | Mr. Sanjay Gupta (Director)<br>Mr. Vinay Gupta (Director)<br>Mr. Rahul Gupta (Son of Mr. Sanjay Gupta)<br>Mr. Romi Sehgal (Non Executive Director)  |
| (v) Enterprises significantly influenced by KMP and their relatives (with whom transactions have taken place during the year) | APL Infrastructure Private Limited<br>Apollo Pipes Limited  |

(b) Details of related party transactions during the year ended March 31, 2022 and balances outstanding as at March 31, 2022:

(Rupees in crore)

| Particulars   | Holding Company                  | Fellow subsidiaries          | Subsidiaries                    | Enterprises significantly influenced by KMP and their relatives | Key managerial personnel and their relatives | Total                            |
|---|----------------------------------|------------------------------|---------------------------------|---|--|----------------------------------|
| <b>Sale of goods (net of discounts)</b>                                 |                                  |                              |                                 |   |  |                                  |
| APL Apollo Tubes Limited  | 218.12<br>(143.68)               | -                            | -                               | -   | -  | 218.12<br>(143.68)               |
| Apollo Tricoat Tubes Limited  | -                                | -                            | 1.68<br>(7.99)                  | -   | -  | 1.68<br>(7.99)                   |
|   | <b>218.12</b><br><b>(143.68)</b> | <b>-</b>                     | <b>1.68</b><br><b>(7.99)</b>    | <b>-</b>  | <b>-</b>                                     | <b>219.80</b><br><b>(151.67)</b> |
| <b>Sale of property, plant and equipment</b>                            |                                  |                              |                                 |   |  |                                  |
| APL Apollo Tubes Limited  | 0.01<br>(-)                      | -                            | -                               | -   | -  | 0.01<br>(-)                      |
|   | <b>0.01</b><br><b>(-)</b>        | <b>-</b>                     | <b>-</b>                        | <b>-</b>  | <b>-</b>                                     | <b>0.01</b><br><b>(-)</b>        |
| <b>Sale of scrap (other operating income)</b>                           |                                  |                              |                                 |   |  |                                  |
| APL Apollo Tubes Limited  | 0.80<br>(1.92)                   | -                            | -                               | -   | -  | 0.80<br>(1.92)                   |
|   | <b>0.80</b><br><b>(1.92)</b>     | <b>-</b>                     | <b>-</b>                        | <b>-</b>  | <b>-</b>                                     | <b>0.80</b><br><b>(1.92)</b>     |
| <b>Purchase of raw material &amp; stock in trade (net of discounts)</b> |                                  |                              |                                 |   |  |                                  |
| APL Apollo Tubes Limited  | 85.65<br>(48.91)                 | -                            | -                               | -   | -  | 85.65<br>(48.91)                 |
| Apollo Metalex Private Limited  | -                                | 1.31<br>(0.15)               | -                               | -   | -  | 1.31<br>(0.15)                   |
| APL Apollo Building Products Private Limited                            | -                                | 4.50                         | -                               | -   | -  | 4.50                             |
| Apollo Tricoat Tubes Limited  | -                                | -                            | 503.45<br>(55.34)               | -   | -  | 503.45<br>(55.34)                |
|   | <b>85.65</b><br><b>(48.91)</b>   | <b>5.81</b><br><b>(0.15)</b> | <b>503.45</b><br><b>(55.34)</b> | <b>-</b>  | <b>-</b>                                     | <b>594.91</b><br><b>(104.40)</b> |
| <b>Purchase of property, plant and equipment</b>                        |                                  |                              |                                 |   |  |                                  |
| APL Apollo Tubes Limited  | 0.04<br>(-)                      | -                            | -                               | -   | -  | 0.04<br>(-)                      |
|   | <b>0.04</b><br><b>(-)</b>        | <b>-</b>                     | <b>-</b>                        | <b>-</b>  | <b>-</b>                                     | <b>0.04</b><br><b>(-)</b>        |
| <b>Purchase of scrap (other operating income)</b>                       |                                  |                              |                                 |   |  |                                  |
| Apollo Tricoat Tubes Limited  | -                                | -                            | 0.00                            | -   | -  | 0.00                             |
| APL Apollo Tubes Limited  | 0.03<br>(-)                      | -                            | -                               | -   | -  | 0.03<br>(-)                      |
|   | <b>0.03</b><br><b>(-)</b>        | <b>-</b>                     | <b>0.00</b>                     | <b>-</b>  | <b>-</b>                                     | <b>0.04</b><br><b>(-)</b>        |
| <b>Purchase of store and spares</b>                                     |                                  |                              |                                 |   |  |                                  |
| APL Apollo Tubes Limited  | 0.20<br>(0.02)                   | -                            | -                               | -   | -  | 0.20<br>(0.02)                   |
| Apollo Tricoat Tubes Limited  | -                                | -                            | 0.04<br>(0.03)                  | -   | -  | 0.04<br>(0.03)                   |
|   | <b>0.20</b><br><b>(0.02)</b>     | <b>-</b>                     | <b>0.04</b><br><b>(0.03)</b>    | <b>-</b>  | <b>-</b>                                     | <b>0.25</b><br><b>(0.05)</b>     |
| <b>Job work expense</b>   |                                  |                              |                                 |   |  |                                  |
| Apollo Tricoat Tubes Limited  | -                                | -                            | 5.04<br>(20.11)                 | -   | -  | 5.04<br>(20.11)                  |
|   | <b>-</b>                         | <b>-</b>                     | <b>5.04</b><br><b>(20.11)</b>   | <b>-</b>  | <b>-</b>                                     | <b>5.04</b><br><b>(20.11)</b>    |
| <b>Allocation of common expense</b>                                     |                                  |                              |                                 |   |  |                                  |
| APL Apollo Tubes Limited  | 5.48<br>(4.07)                   | -                            | -                               | -   | -  | 5.48<br>(4.07)                   |
| Apollo Tricoat Tubes Limited  | -                                | -                            | 0.07<br>(0.04)                  | -   | -  | 0.07<br>(0.04)                   |
|   | <b>5.48</b><br><b>(4.07)</b>     | <b>-</b>                     | <b>0.07</b><br><b>(0.04)</b>    | <b>-</b>  | <b>-</b>                                     | <b>5.55</b><br><b>(4.11)</b>     |



(Rupees in crore)

| Particulars  | Holding Company | Fellow Subsidiaries | Subsidiaries | Enterprises significantly influenced by KMP and their relatives | Key Managerial Personnel and their Relatives | Total          |
|--|-----------------|---------------------|--------------|---|--|----------------|
| <b>Allocation of share based expense</b>   |                 |                     |              |   |  |                |
| APL Apollo Tubes Limited   | (0.02)          | (-)                 | (-)          | (-)   | (-)  | (0.02)         |
|  | <b>(0.02)</b>   | <b>(-)</b>          | <b>(-)</b>   | <b>(-)</b>  | <b>(-)</b>                                   | <b>(0.02)</b>  |
| <b>Interest income</b>   |                 |                     |              |   |  |                |
| APL Apollo Tubes Limited   | 0.80            | -                   | -            | -   | -  | 0.80           |
|  | (-)             | (-)                 | (-)          | (-)   | (-)  | (-)            |
| Apollo Metalex Private Limited   | -               | 0.02                | -            | -   | -  | 0.02           |
|  | (-)             | (-)                 | (-)          | (-)   | (-)  | (-)            |
|  | <b>0.80</b>     | <b>0.02</b>         | <b>-</b>     | <b>-</b>  | <b>-</b>                                     | <b>0.82</b>    |
|  | <b>(-)</b>      | <b>(-)</b>          | <b>(-)</b>   | <b>(-)</b>  | <b>(-)</b>                                   | <b>(-)</b>     |
| <b>Interest expense</b>  |                 |                     |              |   |  |                |
| Apollo Metalex Private Limited   | -               | 2.36                | -            | -   | -  | 2.36           |
|  | (-)             | (-)                 | (-)          | (-)   | (-)  | (-)            |
| APL Apollo Tubes Limited   | 0.77            | -                   | -            | -   | -  | 0.77           |
|  | (10.23)         | (-)                 | (-)          | (-)   | (-)  | (10.23)        |
| Apollo Tricoat Tubes Limited   | -               | -                   | 0.00         | -   | -  | 0.00           |
|  | (-)             | (-)                 | (-)          | (-)   | (-)  | (-)            |
|  | <b>0.77</b>     | <b>2.36</b>         | <b>0.00</b>  | <b>-</b>  | <b>-</b>                                     | <b>3.13</b>    |
|  | <b>(10.23)</b>  | <b>(-)</b>          | <b>(-)</b>   | <b>(-)</b>  | <b>(-)</b>                                   | <b>(10.23)</b> |
| <b>Advance in the nature of loan taken during the year</b>                               |                 |                     |              |   |  |                |
| APL Apollo Tubes Limited   | 77.57           | -                   | -            | -   | -  | 77.57          |
|  | (45.00)         | (-)                 | (-)          | (-)   | (-)  | (45.00)        |
| Apollo Tricoat Tubes Limited   | -               | -                   | 73.67        | -   | -  | 73.67          |
|  | (-)             | (-)                 | (-)          | (-)   | (-)  | (-)            |
|  | <b>77.57</b>    | <b>-</b>            | <b>73.67</b> | <b>-</b>  | <b>-</b>                                     | <b>151.23</b>  |
|  | <b>(45.00)</b>  | <b>(-)</b>          | <b>(-)</b>   | <b>(-)</b>  | <b>(-)</b>                                   | <b>(45.00)</b> |
| <b>Advance in the nature of loan repaid during the year</b>                              |                 |                     |              |   |  |                |
| APL Apollo Tubes Limited   | 77.57           | -                   | -            | -   | -  | 77.57          |
|  | (-)             | (-)                 | (-)          | (-)   | (-)  | (-)            |
| Apollo Tricoat Tubes Limited   | -               | -                   | 73.67        | -   | -  | 73.67          |
|  | (-)             | (-)                 | (-)          | (-)   | (-)  | (-)            |
|  | <b>77.57</b>    | <b>-</b>            | <b>73.67</b> | <b>-</b>  | <b>-</b>                                     | <b>151.23</b>  |
|  | <b>(-)</b>      | <b>(-)</b>          | <b>(-)</b>   | <b>(-)</b>  | <b>(-)</b>                                   | <b>(-)</b>     |
| <b>Loan taken during the year</b>  |                 |                     |              |   |  |                |
| Apollo Metalex Private Limited   | -               | 100.00              | -            | -   | -  | 100.00         |
|  | (-)             | (-)                 | (-)          | (-)   | (-)  | (-)            |
| APL Apollo Tubes Limited   | -               | -                   | -            | -   | -  | -              |
|  | (20.00)         | (-)                 | (-)          | (-)   | (-)  | (20.00)        |
|  | <b>(20.00)</b>  | <b>(-)</b>          | <b>(-)</b>   | <b>(-)</b>  | <b>(-)</b>                                   | <b>(20.00)</b> |
| <b>Loan repaid during the year</b>   |                 |                     |              |   |  |                |
| Apollo Metalex Private Limited   | -               | 100.00              | -            | -   | -  | 100.00         |
|  | (-)             | (-)                 | (-)          | (-)   | (-)  | (-)            |
| APL Apollo Tubes Limited   | 100.00          | -                   | -            | -   | -  | 100.00         |
|  | (20.00)         | (-)                 | (-)          | (-)   | (-)  | (20.00)        |
|  | <b>100.00</b>   | <b>100.00</b>       | <b>-</b>     | <b>-</b>  | <b>-</b>                                     | <b>200.00</b>  |
|  | <b>(20.00)</b>  | <b>(-)</b>          | <b>(-)</b>   | <b>(-)</b>  | <b>(-)</b>                                   | <b>(20.00)</b> |
| <b>Advance in the nature of loan given during the year (see note (iv) below)</b>         |                 |                     |              |   |  |                |
| APL Apollo Tubes Limited   | 692.73          | -                   | -            | -   | -  | 692.73         |
|  | (-)             | (-)                 | (-)          | (-)   | (-)  | (-)            |
| Apollo Metalex Private Limited   | -               | 16.52               | -            | -   | -  | 16.52          |
|  | (-)             | (-)                 | (-)          | (-)   | (-)  | (-)            |
|  | <b>692.73</b>   | <b>16.52</b>        | <b>-</b>     | <b>-</b>  | <b>-</b>                                     | <b>709.26</b>  |
|  | <b>(-)</b>      | <b>(-)</b>          | <b>(-)</b>   | <b>(-)</b>  | <b>(-)</b>                                   | <b>(-)</b>     |
| <b>Advance in the nature of loan received back during the year (see note (iv) below)</b> |                 |                     |              |   |  |                |
| APL Apollo Tubes Limited   | 692.73          | -                   | -            | -   | -  | 692.73         |
|  | (-)             | (-)                 | (-)          | (-)   | (-)  | (-)            |
| Apollo Metalex Private Limited   | -               | 16.52               | -            | -   | -  | 16.52          |
|  | (-)             | (-)                 | (-)          | (-)   | (-)  | (-)            |
|  | <b>692.73</b>   | <b>16.52</b>        | <b>-</b>     | <b>-</b>  | <b>-</b>                                     | <b>709.26</b>  |
|  | <b>(-)</b>      | <b>(-)</b>          | <b>(-)</b>   | <b>(-)</b>  | <b>(-)</b>                                   | <b>(-)</b>     |

(Rupees in crore)

| Particulars  | Holding Company | Fellow Subsidiaries | Subsidiaries  | Enterprises significantly influenced by KMP and their relatives | Key Managerial Personnel and their Relatives | Total          |
|--|-----------------|---------------------|---------------|---|--|----------------|
| <b>Balances outstanding at the end of the year</b> |                 |                     |               |   |  |                |
| <b>Trade receivables</b>                           |                 |                     |               |   |  |                |
| APL Apollo Tubes Limited                           | (18.24)         | (-)                 | (-)           | (-)   | (-)  | (18.24)        |
| Apollo Tricoat Tubes Limited                       | (-)             | (-)                 | (0.26)        | (-)   | (-)  | (0.26)         |
|  | <b>(18.24)</b>  | <b>(-)</b>          | <b>(0.26)</b> | <b>(-)</b>  | <b>(-)</b>                                   | <b>(18.50)</b> |



(Rupees in crore)

| Particulars                                  | Holding Company        | Fellow Subsidiaries | Subsidiaries         | Enterprises significantly influenced by KMP and their relatives | Key Managerial Personnel and their Relatives | Total                  |
|--|------------------------|---------------------|----------------------|---|--|------------------------|
| <b>Loans received from related party</b>     |                        |                     |                      |   |  |                        |
| APL Apollo Tubes Limited                     | (100.00)               | (-)                 | (-)                  | (-)   | (-)  | (100.00)               |
|  | <b>(100.00)</b>        | <b>(-)</b>          | <b>(-)</b>           | <b>(-)</b>  | <b>(-)</b>                                   | <b>(100.00)</b>        |
| <b>Claim receivables</b>                     |                        |                     |                      |   |  |                        |
| APL Apollo Tubes Limited                     | 0.45<br>(0.48)         | (-)                 | (-)                  | (-)   | (-)  | 0.45<br>(0.48)         |
| APL Apollo Building Products Private Limited | (-)                    | 0.03<br>(-)         | (-)                  | (-)   | (-)  | 0.03<br>(-)            |
| Apollo Tricoat Tubes Limited                 | (-)                    | (-)                 | (0.01)               | (-)   | (-)  | (0.01)                 |
| Apollo Metalex Private Limited               | (-)                    | (-)                 | (-)                  | (-)   | (-)  | (-)                    |
|  | <b>0.45<br/>(0.48)</b> | <b>0.03<br/>(-)</b> | <b>(0.01)</b>        | <b>(-)</b>  | <b>(-)</b>                                   | <b>0.48<br/>(0.49)</b> |
| <b>Expenses payable</b>                      |                        |                     |                      |   |  |                        |
| APL Apollo Tubes Limited                     | 2.18<br>(1.41)         | (-)                 | (-)                  | (-)   | (-)  | 2.18<br>(1.41)         |
| Apollo Tricoat Tubes Limited                 | (-)                    | (-)                 | 1.26<br>(0.38)       | (-)   | (-)  | 1.26<br>(0.38)         |
|  | <b>2.18<br/>(1.41)</b> | <b>(-)</b>          | <b>1.26<br/>(-)</b>  | <b>(-)</b>  | <b>(-)</b>                                   | <b>3.44<br/>(1.79)</b> |
| <b>Trade payable</b>                         |                        |                     |                      |   |  |                        |
| APL Apollo Tubes Limited                     | 0.26<br>(-)            | (-)                 | (-)                  | (-)   | (-)  | 0.26<br>(-)            |
| Apollo Tricoat Tubes Limited                 | (-)                    | (-)                 | 12.16<br>(-)         | (-)   | (-)  | 12.16<br>(-)           |
|  | <b>0.26<br/>(-)</b>    | <b>(-)</b>          | <b>12.16<br/>(-)</b> | <b>(-)</b>  | <b>(-)</b>                                   | <b>12.42<br/>(-)</b>   |
| <b>Interest receivable</b>                   |                        |                     |                      |   |  |                        |
| APL Apollo Tubes Limited                     | 0.04<br>(-)            | (-)                 | (-)                  | (-)   | (-)  | 0.04<br>(-)            |
|  | <b>0.04<br/>(-)</b>    | <b>(-)</b>          | <b>(-)</b>           | <b>(-)</b>  | <b>(-)</b>                                   | <b>0.04<br/>(-)</b>    |
| <b>Interest payable</b>                      |                        |                     |                      |   |  |                        |
| Apollo Tricoat Tubes Limited                 | (-)                    | (-)                 | 0.00<br>(-)          | (-)   | (-)  | (-)                    |
| APL Apollo Tubes Limited                     | (2.44)                 | (-)                 | (-)                  | (-)   | (-)  | (2.44)                 |
|  | <b>(2.44)</b>          | <b>(-)</b>          | <b>(-)</b>           | <b>(-)</b>  | <b>(-)</b>                                   | <b>(2.44)</b>          |

**Notes :**

- (i) APL Apollo Tubes Limited, the holding Company has also given corporate guarantee for term loan and other credit facilities taken by the Company from banks. (see note 16 and 19 for credit facilities from bank outstanding as at March 31, 2022 Rupees 1.20 crores (March 31, 2021 Rupees Nil).
- (ii) The term loan and other credit facilities of the Company are also secured by personal guarantee of directors of the Company, Mr. Sanjay Gupta and Mr. Vinay Gupta (see note 16 and 19).
- (iii) Figures in bracket relates to previous year ended March 31, 2021.
- (iv) The treasury and finance operations of the Company and its subsidiaries (APL Group Companies) are managed centrally. Based on the funding requirement, APL group companies provide short term advances in the nature of loan to each other and these are repaid as and when funds are available with respective company. Also interest is charged for the period on such advance in the nature of loan remains outstanding to ensure arms' length transaction. The above transactions are undertaken with the approval of the Board of Directors and the Audit Committee as applicable. The maximum amount outstanding during the year in respect of advance in nature of loan given by the Company to its subsidiaries is as under :-

| (Amount in crores)             |                 |  |
|--------------------------------|-----------------|--|
| Name of company                | Limits approved | Maximum amount outstanding during the year |
| APL Apollo Tubes Limited       | 200.00          | 156.05                                     |
| Apollo Metalex Private Limited | 100.00          | 8.52                                       |



**37 Income tax expense**

The reconciliation of estimated income tax to income tax expense is as below

(Rupees in crore)

| Particulars   | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2021 |
|---|------------------------------|------------------------------|
| <b>Profit before tax as per statement of profit and loss</b>  | <b>91.32</b>                 | <b>62.17</b>                 |
| Income tax expenses calculated as per tax rates of Income tax act of 25.168% (March 31, 2021 : 25.168%) | 22.98                        | 15.65                        |
| (i) Items not deductible  | 0.28                         | 0.47                         |
| <b>Tax expense as reported</b>  | <b>23.26</b>                 | <b>16.12</b>                 |

**38 Fair value measurements**

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2022 and March 31, 2021.

(Rupees in crore)

| Particulars  | As at March 31, 2022 |          |                | As at March 31, 2021 |          |                |
|--|----------------------|----------|----------------|----------------------|----------|----------------|
|  | FVTPL                | FVTOCI   | Amortised cost | FVTPL                | FVTOCI   | Amortised cost |
| <b>Financial assets - Non Current</b>                |                      |          |                |                      |          |                |
| Security deposit                                     | -                    | -        | 0.81           | -                    | -        | 0.72           |
| <b>Financial assets - Current</b>                    |                      |          |                |                      |          |                |
| Loans to employees                                   | -                    | -        | 0.10           | -                    | -        | 0.03           |
| Investment in mutual funds                           | 5.00                 | -        | -              | -                    | -        | -              |
| Trade receivables                                    | -                    | -        | 18.57          | -                    | -        | 24.97          |
| Cash and cash equivalents                            | -                    | -        | 0.10           | -                    | -        | 1.28           |
| Other bank balance                                   | -                    | -        | 0.50           | -                    | -        | -              |
| Claim receivable (net of provision)                  | -                    | -        | 0.48           | -                    | -        | 0.49           |
| Interest accrued                                     | -                    | -        | 0.04           | -                    | -        | -              |
| <b>Total financial assets</b>                        | <b>5.00</b>          | <b>-</b> | <b>20.60</b>   | <b>-</b>             | <b>-</b> | <b>27.49</b>   |
| <b>Financial liabilities - Non Current</b>           |                      |          |                |                      |          |                |
| Borrowings   | -                    | -        | -              | -                    | -        | 100.00         |
| <b>Financial liabilities -Current</b>                |                      |          |                |                      |          |                |
| Borrowings   | -                    | -        | 1.20           | -                    | -        | -              |
| Payable on purchase of property, plant and equipment | -                    | -        | 0.09           | -                    | -        | -              |
| Trade payable  | -                    | -        | 23.67          | -                    | -        | 36.34          |
| Interest accrued but not due on borrowings           | -                    | -        | -              | -                    | -        | 2.46           |
| <b>Total financial liabilities</b>                   | <b>-</b>             | <b>-</b> | <b>24.96</b>   | <b>-</b>             | <b>-</b> | <b>138.80</b>  |

**(a) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, security deposits included in level 3.

**(b) Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

All the financial asset and financial liabilities measured at amortised cost, carrying value is an approximation of their respective fair value.

**39 Financial risk management objectives**

The Company's activities expose it to market risk (including foreign currency risk and interest rate risk, liquidity risk and credit risk).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk :

The Company's risk management is carried out by a treasury department under policies approved by the Board of Directors, Company Treasury Department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as hedging of foreign currency transactions foreign exchange risk.

**(a) Market risk**

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as result of changes in interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements can not be normally predicted with reasonable accuracy.

**(i) Foreign currency risk**

The Company's functional currency in Indian Rupees (INR). The Company undertakes transactions denominated in the foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's the costs of imports, primarily in relation to raw material. The Company is exposed to exchange rate risk under its trade and debt portfolio.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency result's in the increase in the Company's overall debt positions in Rupee terms without the Company having incurred additional debt and favourable movements in the exchange rates will conversely result in reduction in the Company's receivable in foreign currency. In order to hedge exchange rate risk, the Company has a policy to hedge cash flows up to a specific tenure using forward exchange contracts and options. At any point in time, the Company hedges its estimated foreign currency exposure in respect of forecast sales over the following 6 months or as deemed appropriate based on market conditions. In respect of imports and other payables, the Company hedges its payable as when the exposure arises.



(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short term loans. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

| Particulars              | (Rupees in Crore)    |                      |
|--------------------------|----------------------|----------------------|
|                          | As at March 31, 2022 | As at March 31, 2021 |
| Variable rate borrowings | 1.20                 | -                    |
| Fixed rate borrowings    | -                    | 100.00               |
| <b>Total borrowings</b>  | <b>1.20</b>          | <b>100.00</b>        |

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

| Particulars                              | Balance | % of total loans |
|--|---------|------------------|
| <b>As at March 31, 2022</b>              |         |                  |
| Bank overdrafts, bank loans, Cash Credit | 1.20    | 100%             |
| <b>As at March 31, 2021</b>              |         |                  |
| Bank overdrafts, bank loans, Cash Credit | -       | 0%               |

**Sensitivity**

Profit is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

| Particulars   | (Rupees in crore)         |                           |
|---|---------------------------|---------------------------|
|   | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Interest rates – increase by 50 basis points (50 bps) | (0.00)                    | -                         |
| Interest rates – decrease by 50 basis points (50 bps) | 0.00                      | -                         |

(b) Credit risk

Credit risk arises when a counter party defaults on contractual obligations resulting in financial loss to the Company.

The Company's trade receivables are generally categorized into following categories

1. Institutional customers
2. Dealers

In case of sale to institutional customers certain credit period is allowed. In order to mitigate credit risk, majority of the sales are secured by letter of credit, bank guarantee, post dated cheques, etc.

In case of sale to dealers certain credit period is allowed. In order to mitigate credit risk, majority of the sales made to dealers are secured by way of post dated cheques (PDC).

Further, the Company has an ongoing credit evaluation process in respect of customers who are allowed credit period.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

In current year ended March 31, 2022, revenues arising from direct sales of goods as disclosed in note 25(a) includes revenue of approximately Rupees 221.67 crore from customer who contributed more than 10% to the Company's revenue.

In previous year ended March 31, 2021, revenues arising from direct sales of goods as disclosed in note 25(a) includes revenue of approximately Rupees 251.87 crore from customer who contributed more than 10% to the Company's revenue.

(c) Liquidity risk

The Company has a liquidity risk management framework for managing its short term, medium term and long term sources of funding vis-à-vis short term and long term utilization requirement. This is monitored through a rolling forecast showing the expected net cash flow, likely availability of cash and cash equivalents, and available undrawn borrowing facilities.

- (i) Financing arrangements: The position of undrawn borrowing facilities at the end of reporting period are as follows:

| Particulars                     | (Rupees in crore)      |                        |
|---------------------------------|------------------------|------------------------|
|                                 | As at March 31, 2022   | As at March 31, 2021   |
| <b>Floating rate borrowings</b> | <b>88.80</b>           | <b>90.00</b>           |
| <b>Nature of facility</b>       | <b>Working Capital</b> | <b>Working Capital</b> |
|                                 | <b>88.80</b>           | <b>90.00</b>           |

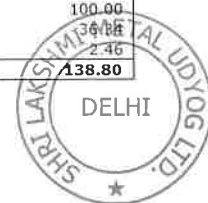
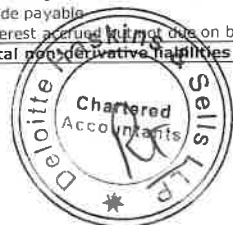
(ii) Maturities of financial liabilities

The table below analyses the Company's all non-derivative financial liabilities into relevant maturity based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

**Contractual maturities of financial liabilities:**

| Particulars  | (Rupees in crore)     |                       |                    |               |
|--|-----------------------|-----------------------|--------------------|---------------|
|  | Not later than 1 year | Between 1 and 5 years | Later than 5 years | Total         |
| <b>As at March 31, 2022</b>                          |                       |                       |                    |               |
| Borrowings (Interest bearing)                        | 1.20                  | -                     | -                  | 1.20          |
| Payable on purchase of property, plant and equipment | 0.09                  | -                     | -                  | 0.09          |
| Trade payable  | 23.67                 | -                     | -                  | 23.67         |
| <b>Total non-derivative liabilities</b>              | <b>24.96</b>          | <b>-</b>              | <b>-</b>           | <b>24.96</b>  |
| <b>As at March 31, 2021</b>                          |                       |                       |                    |               |
| Borrowings (Interest bearing)                        | -                     | 100.00                | -                  | 100.00        |
| Trade payable  | 36.34                 | -                     | -                  | 36.34         |
| Interest accrued but not due on borrowings           | 2.46                  | -                     | -                  | 2.46          |
| <b>Total non-derivative liabilities</b>              | <b>38.80</b>          | <b>100.00</b>         | <b>-</b>           | <b>138.80</b> |



40 Reconciliation of liabilities arising from financing activities

| (Rupees in crore)                                  |                                     |                |  |
|--|-------------------------------------|----------------|--|
| Particulars  | Opening balance as at April 1, 2020 | Net Cash flows | Non-cash changes-foreign exchange movement |
| Non-current borrowings                             | 115.00                              | (15.00)        | -  |
| Current borrowings                                 | 27.28                               | (27.28)        | -  |
| <b>Total liabilities from financing activities</b> | <b>142.28</b>                       | <b>(42.28)</b> | <b>-</b>                                   |

| (Rupees in crore)                                  |                      |                |  |
|--|----------------------|----------------|--|
| Particulars  | As at March 31, 2021 | Net Cash flows | Non-cash changes-foreign exchange movement |
| Non-current borrowings                             | 100.00               | (100.00)       | -  |
| Current borrowings                                 | -                    | 1.20           | -  |
| <b>Total liabilities from financing activities</b> | <b>100.00</b>        | <b>(98.80)</b> | <b>-</b>                                   |

41 Capital Management

(a) Risk Management

The Company being in a capital intensive industry, its objective is to maintain a strong credit rating healthy capital ratios and establish a capital structure that would maximise the return to stakeholders through optimum mix of debt and equity.

The Company's capital requirement is mainly to fund its capacity expansion, repayment of principal and interest on its borrowings and strategic acquisitions. The principal source of funding of the Company has been, and is expected to continue to be, cash generated from its operations supplemented by funding from bank borrowings and the capital markets. The Company is not subject to any externally imposed capital requirements.

The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and elongate the maturity of its debt portfolio, and closely monitors its judicious allocation amongst competing capital expansion projects and strategic acquisitions, to capture market opportunities at minimum risk.

The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, Bank balances other than cash and cash equivalents.

| (Rupees in crore)  |                      |                      |
|--|----------------------|----------------------|
| Particulars  | As at March 31, 2022 | As at March 31, 2021 |
| Non current borrowings                                   | -                    | 100.00               |
| Current borrowings                                       | 1.20                 | -                    |
| Less: Cash and cash equivalents                          | (0.10)               | (1.28)               |
| Less: Bank balances other than cash and cash equivalents | (0.50)               | -                    |
| <b>Net debt</b>  | <b>0.60</b>          | <b>98.72</b>         |
| <b>Total equity</b>                                      | <b>283.96</b>        | <b>215.86</b>        |
| <b>Gearing Ratio</b>                                     | <b>0.00</b>          | <b>0.46</b>          |

Equity includes all capital and reserves of the Company that are managed as capital.

42 Additional Regulatory Information

(a) Ageing of Capital work in progress is as below :

| (Amount in crores)             |                      |                                |                             |
|--------------------------------|----------------------|--------------------------------|-----------------------------|
| Amount in CWIP for a period of | Projects in progress | Projects temporarily suspended | Amount as at March 31, 2022 |
| Less than 1 year               | 0.32                 | -                              | 0.32                        |
| 1-2 years                      | -                    | -                              | -                           |
| 2-3 years                      | -                    | -                              | -                           |
| More than 3 years              | -                    | -                              | -                           |
| <b>Total</b>                   | <b>0.32</b>          | <b>-</b>                       | <b>0.32</b>                 |

| (Amount in crores)             |                      |                                |                             |
|--------------------------------|----------------------|--------------------------------|-----------------------------|
| Amount in CWIP for a period of | Projects in progress | Projects temporarily suspended | Amount as at March 31, 2021 |
| Less than 1 year               | 0.35                 | -                              | 0.35                        |
| 1-2 years                      | -                    | -                              | -                           |
| 2-3 years                      | -                    | -                              | -                           |
| More than 3 years              | -                    | -                              | -                           |
| <b>Total</b>                   | <b>0.35</b>          | <b>-</b>                       | <b>0.35</b>                 |

(b) The amount due to Micro and small enterprises as defined in "The Micro, Small and Medium Enterprises Development act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises are as below:

| Particulars   | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| (i) The principal amount remaining unpaid to supplier as at the end of the year   | 0.95                 | 0.32                 |
| (ii) The interest due thereon remaining unpaid to supplier as at the end of the year  | -                    | -                    |
| (iii) The amount of interest-due and payable for the period of delay in making payment (which have been paid beyond the appointed day during the year) but without adding the interest specified under this Act | -                    | -                    |
| (iv) The amount of interest accrued during the year and remaining unpaid at the end of the year   | -                    | -                    |
| (v) The amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961   | -                    | -                    |
| <b>Total</b>  | <b>0.95</b>          | <b>0.32</b>          |





**(c) Corporate social responsibility**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which were specified in schedule VII of the Companies Act, 2013:

| Particulars   | Year ended<br>March 31, 2022                                   | Year ended<br>March 31, 2021                                   |
|---|--|--|
| (i) Amount required to be spent as per section 135 of Companies Act, 2013 | 1.07   | 1.05   |
| (ii) Amount of expenditure in the books of accounts                       | 1.07   | 1.05   |
| (iii) Actual expenditure  | 1.07   | 0.55   |
| (iv) Provision made for liability   | -  | 0.50   |
| (v) Shortfall at the end of the year                                      | -  | -  |
| (vi) Total of previous years shortfall                                    | -  | 1.07   |
| (vii) Reason for shortfall  | Refer note below   | Refer note below   |
| (viii) Amount of expenditure incurred on                                  |  |  |
| (i) Construction / acquisition of any asset                               | -  | -  |
| (ii) On purposes other (i) above  | 1.07   | 0.55   |
| (ix) Nature of CSR activities   | Education and skill enhancement, healthcare, rural development | Education and skill enhancement, healthcare, rural development |
| (x) Details of related party transactions                                 | None   | None   |

Consequent to the Companies (Corporate Social Responsibility Policy) Amended Rules, 2021 ("the rules"), the Company has subsequent to balance sheet date has deposited amount of Rupees Nil (March 31, 2021 : Rupees 0.50 crore) to a separate bank account.

**Notes :**

Based on legal opinion, the Company is of the view that the past unspent CSR obligation till March 31, 2020 not carried forward will be treated as lapsed and accordingly does not require to be spent / transferred to a separate bank account.

**(d) Financial Ratios as per the Schedule III requirements**

| Particulars   | As at March 31,<br>2022                     | As at March 31,<br>2021 |
|---|---|-------------------------|
| (i) Current Ratio<br>Current Ratio = Current Assets / Current Liabilities<br>% change from previous year<br>Reason for change more than 25%   | 0.89<br>(42.97)%<br>See note (a) below      | 1.56                    |
| (ii) Debt-Equity Ratio<br>Debt-Equity Ratio = Net Debt <sup>(1)</sup> / Shareholder's Equity<br>% change from previous year<br>Reason for change more than 25%  | 0.00<br>(99.54)%<br>See note (b) below      | 0.46                    |
| (iii) Debt Service Coverage Ratio<br>Debt Service Coverage Ratio = Earnings available for debt service <sup>(2)</sup> / Debt service <sup>(3)</sup><br>% change from previous year                                  | 0.73<br>(3.46)%                             | 0.75                    |
| (iv) Return on Equity Ratio<br>Return on Equity Ratio = Net Profit after tax / Average Shareholder's Equity<br>% change from previous year  | 27.23%<br>13.96%                            | 23.90%                  |
| (v) Inventory turnover ratio<br>Inventory turnover ratio = Sales / Average inventory<br>% change from previous year<br>Reason for change more than 25%  | 35.45<br>80.51%<br>See note (b) below       | 19.64                   |
| (vi) Trade receivables turnover ratio<br>Trade receivables turnover ratio = Sales / Average trade receivables<br>% change from previous year<br>Reason for change more than 25%                                     | 49.66<br>298.68%<br>See note (b) below      | 12.46                   |
| (vii) Trade payables turnover ratio<br>Trade payables turnover ratio = Net purchases / Average trade payables<br>% change from previous year<br>Reason for change more than 25%                                     | 30.45<br>140.41%<br>See note (b) below      | 12.67                   |
| (viii) Net capital turnover ratio<br>Net capital turnover ratio = Sales / Working capital<br>% change from previous year<br>Reason for change more than 25%   | (189.81)<br>(749.86)%<br>See note (a) below | 29.21                   |
| (ix) Net Profit Ratio<br>Net Profit Ratio = Profit after tax / Sales<br>% change from previous year   | 6.30%<br>(0.15)%                            | 6.31%                   |
| (x) Return on capital employed<br>Return on capital employed = Earning before interest and taxes <sup>(4)</sup> / Capital employed <sup>(5)</sup><br>% change from previous year<br>Reason for change more than 25% | 32.86%<br>59.86%<br>See note (b) below      | 20.55%                  |
| (xi) Return on investment<br>Return on investment = Income generated from invested funds / average invested funds in treasury investments<br>% change from previous year  | Not applicable                              | Not applicable          |

**Explanation of formulas used in calculating ratios :**

- (1) Net debt includes borrowings (long term and short term) net of cash & cash equivalents and bank balances.
- (2) Earnings available for debt service includes profit after tax, finance costs, depreciation and other non cash expense.
- (3) Debt service includes finance costs paid and principal repayment of borrowings (long term and short term).
- (4) Earning before interest and taxes includes Profit before tax plus depreciation
- (5) Capital employed includes Tangible net worth (Total assets - total liability - intangible assets), net debt and deferred tax liability.

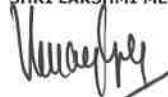
**Note :**

- (a) Current ratio has declined due decrease in inventory & trade receivables.
- (b) Revenue growth resulting in increase in profits along with higher efficiency on working capital improvement has resulted improvement in the ratios.



- (e) The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.
- (f) The Board of Directors of Shri Lakshmi Metal Udyog Limited ("Company"), at its meeting on February 27, 2021, has considered and approved a draft scheme of amalgamation of the Company and Apollo Tricoat Tubes Limited ("Apollo Tricoat") with APL Apollo Tubes Limited ("APL Apollo"), its ultimate holding Company and their respective shareholders and creditors, as may be modified from time to time ("Scheme"), under Sections 230 to 232 of the Companies Act, 2013. The Scheme is subject to receipt of approvals from the shareholders and creditors of the Company as may be directed by the National Company Law Tribunal, Delhi bench ("NCLT"), stock exchanges and approval of other regulatory or statutory authorities as may be required.
- (g) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (h) No funds (which are material either individually or in the aggregate) have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**For and on behalf of the Board of Directors of  
SHRI LAKSHMI METAL UDYOG LIMITED**



**VINAY GUPTA**  
Director  
DIN : 00005149



**SANJAY GUPTA**  
Director  
DIN : 00233188



**SHIVAM MAHESHWARI**  
Company Secretary  
ICSI Membership No. : A38467

Place: Ghaziabad  
Date: May 13, 2022

