

SHRI LAKSHMI METAL UDYOG LIMITED
BALANCE SHEET AS AT MARCH 31, 2021

		(Rupees in crore)	
Particulars	Notes	As at March 31, 2021	As at March 31, 2020
I. ASSETS			
(1) <u>Non-current assets</u>			
(a) Property, plant and equipment	2(a)	42.53	44.50
(b) Capital work-in-progress	2(b)	0.35	0.78
(c) Investment in subsidiary	3	252.38	206.18
(d) Financial assets			
(i) Other financial assets	4	0.72	0.72
(e) Non-current tax assets (net)	5	0.12	0.12
(f) Other non current assets	6	0.31	1.12
Total non-current assets		296.41	253.42
(2) <u>Current assets</u>			
(a) Inventories	7	39.35	35.03
(b) Financial assets			
(i) Trade receivables	8	24.97	92.29
(ii) Cash and cash equivalents	9	1.28	0.23
(iii) Loans	10	0.03	0.02
(iv) Other financial assets	11	0.49	4.99
(c) Other current assets	12	3.31	1.09
Total current assets		69.43	133.65
Total Assets		365.84	387.07
II. EQUITY AND LIABILITIES			
(1) <u>Equity</u>			
(a) Equity share capital	13(a)	5.90	5.90
(b) Other equity	13(b)	209.96	163.67
Total equity		215.86	169.57
(2) <u>Non-current liabilities</u>			
(a) Financial liabilities			
(i) Borrowings	14	100.00	115.00
(b) Provisions	15	1.07	1.00
(c) Deferred tax liabilities (net)	16	4.48	4.68
Total non-current liabilities		105.55	120.68
(3) <u>Current liabilities</u>			
(a) Financial liabilities:			
(i) Borrowings	17	-	17.28
(ii) Trade payables	18		
- total outstanding dues of micro and small enterprises		0.32	0.11
- total outstanding dues other than micro and small enterprises		36.02	59.95
(iii) Other financial liabilities	19	2.46	12.04
(b) Other current liabilities	20	4.21	3.65
(c) Provisions	21	0.02	0.32
(d) Current tax liabilities (net)	22	1.40	3.47
Total current liabilities		44.43	96.82
Total equity and liabilities		365.84	387.07

See accompanying notes to the financial statements 1-41

In terms of our report attached.

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

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

RASHIM TANDON
Partner
Membership No. 95540

VINAY GUPTA
Director
DIN : 00005149

SANJAY GUPTA
Director
DIN : 00233188

SHIVAM MAHESHWARI
Company Secretary
ICSI Membership No. : A38467

Place: New Delhi
Date: June 2, 2021

Place: Ghaziabad
Date: June 2, 2021

SHRI LAKSHMI METAL UDYOG LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Notes	(Rupees in crore)	
		Year ended March 31, 2021	Year ended March 31, 2020
I Revenue from operations	23	730.36	679.70
II Other income	24	0.11	1.36
III Total income (I + II)		730.47	681.06
IV Expenses			
(a) Cost of materials consumed	25	555.23	502.23
(b) Purchase of stock-in-trade		57.20	72.87
(c) Changes in inventories of finished goods, work-in-progress, rejection and scrap	26	(6.25)	(17.64)
(d) Employee benefits expense	27	6.91	7.42
(e) Finance costs	28	12.29	16.15
(f) Depreciation expense	2	3.51	3.69
(g) Other expenses	29	39.41	38.86
Total expenses		668.30	623.58
V Profit before tax (III - IV)		62.17	57.48
VI Tax expense:			
(a) Current tax		16.40	14.62
(b) Deferred tax (credit) (net)	16	(0.28)	(2.45)
(c) Income tax expense of earlier year	36	-	0.09
Total tax expense	36	16.12	12.26
VII Profit for the year (V-VI)		46.05	45.23
VIII Other comprehensive income			
Add : (less) items that will not be reclassified to profit or loss			
(a) Equity instruments through other comprehensive income		-	2.20
(b) Remeasurement of post employment benefit obligation		0.32	(0.33)
(c) Income tax relating to (b) above		(0.08)	0.08
Other comprehensive income for the year		0.24	1.95
IX Total comprehensive income for the year (VII + VIII)		46.29	47.18
X Earnings per equity share of Rupees 10 each			
(a) Basic (in rupees)	32	78.12	76.72
(b) Diluted (in rupees)	32	78.12	76.72

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SHRI LAKSHMI METAL UDYOG LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

a) Equity share capital

Particulars	(Rupees in crore) Amount
Balance as at April 1, 2019	5.90
Changes during the year ended March, 2020	-
Balance as at March 31, 2020	5.90
Changes during the year ended March, 2021	-
Balance as at March 31, 2021	5.90

b) Other equity

Particulars	Reserves and surplus			Items of other comprehensive income	Total
	Securities premium	General Reserve	Retained earnings	Equity instruments through other comprehensive income	
Balance as at April 1, 2019	7.40	2.85	97.41	8.90	116.56
Profit for the year ended March 31, 2020	-	-	45.23	-	45.23
Other comprehensive income for the year, net of tax	-	-	(0.25)	2.20	1.95
Total comprehensive income for the year	-	-	44.98	2.20	47.18
Allocations/Appropriations:					
Dividend distribution tax	-	-	(0.07)	-	(0.07)
Transferred (to)/from General Reserve	-	11.10	-	(11.10)	-
	-	11.10	(0.07)	(11.10)	(0.07)
Balance as at March 31, 2020	7.40	13.95	142.32	-	163.67
Profit for the year ended March 31, 2021	-	-	46.05	-	46.05
Other comprehensive income for the year, net of tax	-	-	0.24	-	0.24
Total comprehensive income for the year	-	-	46.29	-	46.29
Balance as at March 31, 2021	7.40	13.95	188.61	-	209.96

See accompanying notes to the financial statements

1-41

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Place: New Delhi
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SHRI LAKSHMI METAL UDYOG LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	(Rupees in crore)	
	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flow from operating activities		
Profit before tax	62.17	57.48
<u>Adjustments for:</u>		
Depreciation and amortisation expense	3.51	3.69
Loss /(Profit) on sale of property, plant and equipment (net)	0.15	(0.04)
Finance costs	12.29	16.15
Share based expenses	0.02	0.07
Interest income on fixed deposits	(0.05)	-
Provision for slow moving inventory of spares & consumables	0.02	0.02
Operating profit before working capital changes	78.11	77.37
<u>Changes in working capital:</u>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(4.34)	6.23
Trade receivables	67.32	(24.08)
Current financial assets	4.48	(3.78)
Other non current assets	-	(0.21)
Other current assets	(2.22)	0.71
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(23.75)	(0.71)
Other current liabilities	0.56	(38.14)
Provision (current & non-current)	0.09	0.19
Cash generated from operations	120.25	17.58
Net income tax paid	(18.48)	(11.46)
Net cash flow from operating activities (A)	101.77	6.12
B. Cash flow from investing activities		
Capital expenditure on property, plant and equipment, including capital advances	(0.65)	(1.96)
Proceeds from sale of property, plant and equipment	0.04	0.14
Purchase of equity shares of Apollo Tricoat Tubes Limited	(46.20)	(137.77)
Interest received		
- Others	0.05	-
Net cash flow (used in) investing activities (B)	(46.76)	(139.59)
C. Cash flow from financing activities		
Repayment of non-current borrowings	(70.00)	(75.00)
Proceeds of non-current borrowings	45.00	200.00
Proceeds from current borrowings (net)	-	0.95
Repayment of current borrowings (net)	(17.28)	-
Finance costs paid	(11.68)	(14.92)
Payment of dividend distribution tax	-	(0.07)
Net cash flow from / (used in) financing activities (C)	(53.96)	110.96
Net (decrease) / increase in Cash and cash equivalents (A+B+C)	1.05	(22.51)
Cash and cash equivalents at the beginning of the year	0.23	22.74
Cash and cash equivalents at the end of the year	1.28	0.23

See accompanying notes to the financial statements

1-41

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Place: New Delhi
Date: June 2, 2021

Place: Ghaziabad
Date: June 2, 2021

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-110092, India. The Company is a wholly owned subsidiary of APL Apollo Tubes Limited (the Holding Company) and is engaged in the business of production of ERW steel tubes and GP Coils. The Company has one manufacturing unit at Bengaluru, Karnataka.

The financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorized for issue on June 2, 2021.

The Company holds 55.82% (March 31, 2020 : 50.86%) equity shares of Apollo Tricoat Tubes Limited ('ATTL'), a Company engaged in the business of manufacturing of steel pipes. (See note 3)

1(ii) Impact of the Initial application of new and amended Ind ASs that are effective for the current year

In the current year, the Company has applied the below amendments to Ind ASs that are effective for an annual period that begins on or after April 1, 2020.

Amendments to Ind AS-1 and Ind AS-8 - Definition of 'material'.

The Company has adopted the amendments to Ind AS 1 and Ind AS 8 for the first time in the current year. The amendments make the definition of material in Ind AS 1 easier to understand and are not intended to alter the underlying concept of materiality in Ind ASs. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in Ind AS 8 has been replaced by a reference to the definition of material in Ind AS 1. In addition, the MCA amended other standards that contain the definition of 'material' or refer to the term 'material' to ensure consistency.

The adoption of the amendments has not had any material impact on disclosures or on the amounts reported in these financial statements.

1(iii) 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 accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015.

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 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 if 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 36.

(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(iv) Recent Accounting Developments

Balance Sheet:

- (a) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- (b) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- (c) Specified format for disclosure of shareholding of promoters.
- (d) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- (e) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- (f) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- (a) Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of financial statements.
- (b) The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

SHRI LAKSHMI METAL UDYOG LIMITED
Notes to the financial statements for the year ended March 31, 2021

2(a) Property, Plant and Equipment

								(Rupees in crore)	
								As at March 31, 2021	As at March 31, 2020
Carryings amounts of :									
Freehold land								7.90	7.90
Building								8.33	8.48
Plant and machinery								25.73	27.44
Office equipments								0.02	0.02
Vehicles								0.43	0.52
Furniture and fixtures								0.11	0.13
Computers								0.01	0.01
								42.53	44.50
	Freehold land	Building	Plant and machinery	Office equipments	Vehicles	Furniture and fixtures	Computers	Total	
Deemed cost									
As at April 1, 2019	7.90	8.89	36.25	0.04	0.88	0.17	0.02	54.15	
Additions	-	0.22	0.43	-	-	-	0.01	0.66	
Sales during the year	-	(0.07)	(0.37)	-	-	-	-	(0.44)	
Balance at March 31, 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)	
Balance at March 31, 2021	7.90	9.34	37.39	0.04	0.88	0.17	0.04	55.76	
Accumulated depreciation									
As at April 1, 2019	-	0.13	5.97	0.02	0.27	0.02	0.01	6.42	
Elimination on disposal of assets	-	-	(0.24)	-	-	-	-	(0.24)	
Depreciation expense	-	0.43	3.14	-	0.09	0.02	0.01	3.69	
Balance at March 31, 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	
Balance at March 31, 2021	-	1.01	11.66	0.02	0.45	0.06	0.03	13.23	
Net carrying value									
Balance at March 31, 2020	7.90	8.48	27.44	0.02	0.52	0.13	0.01	44.50	
Balance at March 31, 2021	7.90	8.33	25.73	0.02	0.43	0.11	0.01	42.53	

Note :

(1) Property, plant and equipment as detailed in note 2 have been pledged as security for term loans taken as at March 31, 2021. See note 14 and 17 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, 2019	0.16	0.16
Add : Additions during the year	1.05	1.05
Less : Transfer to property, plant and equipment (see note 2(a))	(0.43)	(0.43)
Closing balance as at March 31, 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)
Closing balance as at March 31, 2021	0.35	0.35

3 Investment (Non-current)

(Rupees in crore)		
Particulars	As at March 31, 2021	As at March 31, 2020
Investment in subsidiary - (quoted, fully paid) :		
(i) 16,970,000 equity shares of Rupees 10 each fully paid up in Apollo Tricoat Tubes Limited (March 31, 2020 : 15,460,000 equity shares) - (see note below)	252.38	206.18
Total	252.38	206.18
Market value of quoted Investment	2,036.40	420.98

Note :

The Company holds 55.82% (March 31, 2020 : 50.86%) equity shares of Apollo Tricoat Tubes Limited ('ATTL'), a Company engaged in the business of manufacturing of steel pipes.

In previous year, the Board of Directors of Apl Apollo Tubes Limited (the Holding Company) in their meeting held on October 18, 2018 considered and approved the acquisition / investment by Shri Lakshmi Metal Udyog Limited ('SLMUL'), by way of entering into a Share Purchase Agreement ('Agreement') for the acquisition of 8,030,030 Equity Shares and Options attached to 4,300,000 Warrants of Apollo Tricoat Tubes Limited ('Target Entity', unrelated party). Investment by SLMU in Target Entity was approved by Shareholders via Special resolution dated October 18, 2018,

Pursuant to the said Agreement, SLMUL made an open offer, which got completed on February 1, 2019 and SLMUL became promoter of Target Entity in compliance with the provisions of Regulation 3(1) and Regulation 4 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. During the offer period, SLMUL acquired 1,325,000 Equity Shares from open market and 1,536,209 Equity Shares were tendered under open offer, aggregating to 2,861,209 Equity Shares, representing 10.33 % of the paid up share capital of Apollo Tricoat Tubes Limited as on March 31, 2019.

During the quarter ended June 30, 2019, SLMUL, under the above Share purchase agreement completed the acquisition of 8,030,030 Equity Shares and Options attached to 4,300,000 Warrants of Apollo Tricoat Tubes Limited. Further the warrants were converted into equity shares. On completion and transfer of shares on June 17, 2019, SLMUL, held 15,191,239 equity shares representing 50.56% of paid up share capital of the target entity. Accordingly, Target Entity became a subsidiary of SLMUL with effect from June 17, 2019.

Subsequently, SLMUL further acquired 268,761 equity shares and held 15,460,000 equity shares representing 50.86% of paid up share capital of Apollo Tricoat Tubes Limited as at March 31, 2020.

In current year, SLMUL further acquired 1,510,000 equity shares and as at year end March 31, 2021, SLMUL holds 16,970,000 equity shares representing 55.82% of paid up share capital of Apollo Tricoat Tubes Limited.

4 Other financial assets (Non-current)

(Unsecured, considered good)

(Rupees in crore)		
Particulars	As at March 31, 2021	As at March 31, 2020
(a) Security deposit	0.72	0.72
Total	0.72	0.72

5 Non-current tax assets (net)

(Rupees in crore)		
Particulars	As at March 31, 2021	As at March 31, 2020
(a) Advance income tax (net of Provision of tax for Rupees 14.98 crore, March 31, 2020 : Rupees 14.98 crore)	0.12	0.12
Total	0.12	0.12

6 Other non current assets

(Unsecured, considered good)

(Rupees in crore)		
Particulars	As at March 31, 2021	As at March 31, 2020
(a) Capital advances	0.01	0.82
(b) Payment under protest (see note below)		
(i) Income tax	0.30	0.30
Total	0.31	1.12

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 March 31, 2021	As at March 31, 2020
(a) Raw materials (including stock lying with third party)	5.05	6.86
(b) Work in progress	21.28	15.81
(c) Finished goods (including stock-in-transit)	10.01	10.26
(d) Stores and spares	1.06	1.18
(e) Rejection and scrap	1.95	0.92
Total	39.35	35.03

Notes :

- (i) Cost of inventory (including stores & spares) recognised as expense during the year amounted to Rupees 611.96 crore (March 31, 2020 : Rupees 564.59 crore).

		(Rupees in crore)	
(ii)	Details of stock-in-transit	As at	As at
		March 31, 2021	March 31, 2020
	Raw material	0.23	-
	Finished goods	5.44	0.20
	Work in progress	1.90	-
(iii)	Raw material stock lying with third party	0.45	5.04

- (iv) The Company has created a provision for slow moving inventory of stores & spares of Rupees 0.02 crores (March 31, 2020 : Rupees 0.02 crores).

- (v) The mode of valuation of inventories has been stated in note 1(iii)(k) of significant accounting policies.

- (vi) Inventories have been pledged as security towards Company's borrowings from banks.

8 Trade receivables (Current)
(Unsecured)

		(Rupees in crore)	
(a)	Particulars	As at	As at
		March 31, 2021	March 31, 2020
	Considered good		
	(i) Related parties	18.50	25.89
	(ii) Other than related parties	6.47	66.40
	Total	24.97	92.29

The average credit period on sale of goods is 0-60 days. No interest is 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	As at
		March 31, 2021	March 31, 2020
Customer C			18.24
Customer A			3.27
			21.51
% of total trade receivables			86.14%

		(Rupees in crore)	
Particulars		As at	As at
		March 31, 2021	March 31, 2020
Customer A			28.97
Customer B			16.82
Customer C			9.07
			54.86
% of total trade receivables			59.44%

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

		(Rupees in crore)		
Particulars		As at March 31, 2021		
		Gross credit risk	Allowance for credit losses	Net credit risk
Amounts not yet due		24.97	-	24.97
0-90 days overdue		-	-	-
91-180 days overdue		-	-	-
181-270 days overdue		-	-	-
271-365 days overdue		-	-	-
More than 365 days overdue		-	-	-
		24.97	-	24.97

		(Rupees in crore)		
Particulars		As at March 31, 2020		
		Gross credit risk	Allowance for credit losses	Net credit risk
Amounts not yet due		74.13	-	74.13
0-90 days overdue		18.15	-	18.15
91-180 days overdue		-	-	-
181-270 days overdue		0.01	-	0.01
271-365 days overdue		-	-	-
More than 365 days overdue		-	-	-
		92.29	-	92.29

- (2) Ageing wise % of expected credit loss

		(Rupees in crore)	
Particulars		As at March 31, 2021	As at March 31, 2020
Amounts not yet due		-	-
0-90 days overdue		-	-
91-180 days overdue		-	-
181-270 days overdue		-	-
271-365 days overdue		-	-
More than 365 days overdue		100 %	100 %

- (3) 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.

9 Cash and cash equivalents

(Rupees in crore)

Particulars		As at March 31, 2021	As at March 31, 2020
(a)	Cash on hand	0.02	0.02
(b)	Balances with banks		
	- in current accounts	0.03	0.21
	- in cash credit accounts (see note 17 for security details)	1.23	-
Total		1.28	0.23

10 Loans (Current)

(Unsecured, considered good)

(Rupees in crore)

Particulars		As at March 31, 2021	As at March 31, 2020
(a)	Loans to employees	0.03	0.02
Total		0.03	0.02

11 Other financial assets (Current)

(Unsecured, considered good)

(Rupees in crore)

Particulars		As at March 31, 2021	As at March 31, 2020
(a)	Other claim receivable	0.49	4.99
Total		0.49	4.99

12 Other current assets

(Unsecured, considered good)

(Rupees in crore)

Particulars		As at March 31, 2021	As at March 31, 2020
(a)	Advance to suppliers	3.28	0.98
(b)	Prepaid expenses	0.03	0.11
Total		3.31	1.09

SHRI LAKSHMI METAL UDYOG LIMITED
Notes to the financial statements for the year ended March 31, 2021

Particulars	As at March 31, 2021		(Rupees in crore, except otherwise stated) As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
13 Equity				
13(a) Equity share capital				
(i) <u>Authorised capital</u> Equity shares of Rupees 10 each with voting rights	70,00,000	7.00	70,00,000	7.00
	70,00,000	7.00	70,00,000	7.00
(ii) <u>Issued capital</u> Equity shares of Rupees 10 each with voting rights	58,95,000	5.90	58,95,000	5.90
	58,95,000	5.90	58,95,000	5.90
(iii) <u>Subscribed and fully paid up capital</u> Equity shares of Rupees 10 each with voting rights	58,95,000	5.90	58,95,000	5.90
	58,95,000	5.90	58,95,000	5.90
(1) Reconciliation of the number of shares and amount outstanding as at March 31, 2021 and March 31, 2020				
Particulars	Number of shares		Amount	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021 (Rupees in crore)	As at March 31, 2020 (Rupees in crore)
Equity share capital				
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	58,95,000	58,95,000	5.90	5.90
(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 March 31, 2021	As at March 31, 2020		
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 March 31, 2021		As at March 31, 2020	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
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.

SHRI LAKSHMI METAL UDYOG LIMITED
Notes to the financial statements for the year ended March 31, 2021

13(b) Other equity

		(Rupees in crore)	
Particulars		As at March 31, 2021	As at March 31, 2020
Securities premium		7.40	7.40
General reserve		13.95	13.95
Retained earnings		188.61	142.32
Total		209.96	163.67
		As at March 31, 2021 (Rupees in crore)	As at March 31, 2020 (Rupees in crore)
(1)	Security premium		
	Balance at the beginning of the year	7.40	7.40
	Add: Additions	-	-
	Balance at the end of the year	7.40	7.40
(2)	General reserve		
	Balance at the beginning of the year	13.95	2.85
	Add: Transferred from items of other comprehensive income	-	11.10
	Balance at the end of the year	13.95	13.95
(3)	Retained earnings		
	Balance at the beginning of the year	142.32	97.41
	Add: Total comprehensive income for the year	46.29	44.98
	Less: Tax on dividend paid	-	(0.07)
	Balance at the end of the year	188.61	142.32
(4)	Items of other comprehensive income		
	Balance at the beginning of the year	-	8.90
	Add: Equity instruments through other comprehensive income (see note 3)	-	2.20
	Less: Transfer to general reserve	-	(11.10)
	Balance at the end of the year	-	-
Total		209.96	163.67

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.

SHRI LAKSHMI METAL UDYOG LIMITED
Notes to the financial statements for the year ended March 31, 2021

14 Borrowings (Non-current)

		(Rupees in crore)	
Particulars		As at March 31, 2021	As at March 31, 2020
(a)	Term Loan:		
	- From others		
	(i) Secured (see note (i) below)	-	40.00
(b)	Borrowings from APL Apollo Tubes Limited (Unsecured, see note (ii) below)	100.00	75.00
Total		100.00	115.00

(i) Term loan from others are as follows:

Term Loan facility is secured by first pari passu 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 and second charge on the entire present and future current assets of the Company. Credit facilities are further secured by personnel guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta and corporate guarantee of APL Apollo Tubes Limited. The loan outstanding was repayable in 20 quarterly instalments commencing from May 2020 and ending in February 2025. Applicable rate of interest was 9.50 % . During the current financial year, loan has been fully repaid.

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

During the 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 is taken for the purpose of meeting its operational requirements. During the year, loan amount to Rupees 20.00 crore was repaid. Applicable rate of interest is 8.50% (March 31, 2020 : 10.00 %.)

As at March 31, 2021		As at March 31, 2020	
Non-current borrowings	Current Maturities of non-current borrowings	Non-current borrowings	Current Maturities of non-current borrowings
-	-	40.00	10.00
100.00	-	75.00	-
100.00	-	115.00	10.00

15 Provisions (Non-current)

		(Rupees in crore)	
Particulars		As at March 31, 2021	As at March 31, 2020
(a)	Provision for compensated absences	0.29	0.26
(b)	Provision for gratuity (see note 34)	0.78	0.74
Total		1.07	1.00

SHRI LAKSHMI METAL UDYOG LIMITED
Notes to the financial statements for the year ended March 31, 2021

16 Deferred Tax Liabilities (net)

(a) Component of deferred tax assets and liabilities are :-

(Rupees in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Deferred Tax Liabilities on account of :		
Property, plant and equipments	4.75	5.10
Total deferred tax liabilities (A)	4.75	5.10
(ii) Deferred Tax Assets on account of :		
Provision for employee benefit expenses	0.27	0.42
Total deferred tax assets (B)	0.27	0.42
Disclosed as Deferred Tax Liabilities (Net - A-B)	4.48	4.68

(b) Movement in deferred tax liabilities / asset	As at April 1, 2019	(Profit) / Loss Recognised in profit or loss	Recognised in other comprehensive income	As at March 31, 2020
Deferred Tax Liabilities (A)				
Property, plant and equipments	7.53	(2.43)	-	5.10
Total	7.53	(2.43)	-	5.10
Deferred Tax Assets (B)				
Provision for employee benefit expenses	0.29	0.05	0.08	0.42
Financial Assets (Transaction cost on loans)	0.03	(0.03)	-	-
Total	0.32	0.02	0.08	0.42
Deferred tax liabilities (Net - A-B)	7.21	(2.45)	(0.08)	4.68

Movement in deferred tax liabilities / asset	As at April 1, 2020	(Profit) / Loss Recognised in profit or loss	Recognised in other comprehensive income	As at March 31, 2021
Deferred Tax Liabilities (A)				
Property, plant and equipments	5.10	(0.35)	-	4.75
Total	5.10	(0.35)	-	4.75
Deferred Tax Assets (B)				
Provision for employee benefit expenses	0.42	(0.07)	(0.08)	0.27
Total	0.42	(0.07)	(0.08)	0.27
Deferred tax liabilities (Net - A-B)	4.68	(0.28)	0.08	4.48

17 Borrowings (Current)

		(Rupees in crore)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(a) Loan repayable on demand			
- From banks (secured)			
(i) Working capital facilities (see note (i) below)	-	17.28	
Total	-	17.28	

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.

18 Trade payables (Current)

		(Rupees in crore)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(a) Total outstanding dues of micro and small enterprises	0.32	0.11	
(b) Total outstanding dues other than micro and small enterprises	36.02	59.95	
Total	36.34	60.06	

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:

		(Rupees in crore)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(i) The principal amount remaining unpaid to supplier as at the end of the year	0.32	0.11	
(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 by 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	-	-	

19 Other financial liabilities (Current)

		(Rupees in crore)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(a) Current maturities of non-current borrowings (see note 14)	-	10.00	
(b) Payable on purchase of property, plant and equipment	-	0.19	
(c) Interest accrued and due on borrowings	2.46	1.85	
Total	2.46	12.04	

20 Other current liabilities

		(Rupees in crore)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(a) Statutory remittances	3.64	3.51	
(b) Advance from customers	0.57	0.14	
Total	4.21	3.65	

21 Provisions (Current)

		(Rupees in crore)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(a) Provision for compensated absences	0.01	0.10	
(b) Provision for gratuity (see note 34)	0.01	0.22	
Total	0.02	0.32	

22 Current tax liabilities (net)

		(Rupees in crore)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(a) Provision for tax (net of advance tax Rupees 68.72 crores, March 31, 2020 Rupees 50.13 crores)	1.40	3.47	
	1.40	3.47	

SHRI LAKSHMI METAL UDYOG LIMITED
Notes to the financial statements for the year ended March 31, 2021

23	Revenue from operations	(Rupees in crore)	
	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a)	Sale of products (see note (i) below)	718.39	666.49
(b)	Other operating revenue (see note (ii) below)	11.97	13.21
	Total	730.36	679.70
	Notes :		
(i)	Reconciliation of revenue recognised with contract price :	(Rupees in crore)	
	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	Contract price	735.83	684.04
	Adjustments for:		
	Discount & Incentives	(17.44)	(17.55)
	Revenue from operations	718.39	666.49
(ii)	Other operating revenue comprises		
	Sale of scrap	11.97	13.21
	Total	11.97	13.21
24	Other income	(Rupees in crore)	
	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a)	Interest income on fixed deposit	0.05	-
(b)	Gain on foreign currency transactions (net)	0.06	-
(c)	Interest income on others (see note 35)	-	0.95
(d)	Profit on sale of property, plant and equipment (net)	-	0.04
(e)	Miscellaneous income	-	0.37
	Total	0.11	1.36
25	Cost of material consumed	(Rupees in crore)	
	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	Inventories of raw material at the beginning of the year	6.86	30.89
	Add: Purchases during the year	553.42	478.20
	Less: Inventories of raw material as at the end of the year	5.05	6.86
	Total	555.23	502.23
26	Change in inventories	(Rupees in crore)	
	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	Inventories at the end of the year:		
(a)	Finished goods	10.01	10.26
(b)	Work in progress	21.28	15.81
(c)	Rejection and scrap	1.95	0.92
		33.24	26.99
	Inventories at the beginning of the year:		
(a)	Finished goods	10.26	5.21
(b)	Work in progress	15.81	3.35
(c)	Rejection and scrap	0.92	0.79
		26.99	9.35
	Total	(6.25)	(17.64)
27	Employee benefits expense	(Rupees in crore)	
	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a)	Salaries and wages	6.23	7.33
(b)	Contribution to provident fund (see note 34)	0.32	0.31
(c)	Gratuity expense (see note 34)	0.18	0.17
(d)	Share-based payments to employees (see note (31(b)))	0.02	0.07
(e)	Staff welfare expenses	0.16	0.17
	Total	6.91	7.42
During the year, the Company recognised an amount of Rupees Nil (Year ended March 31, 2020 Rupees 1.72 crore) as remuneration to key managerial personnel. The details of such remuneration is as below :			
(i)	Short term employee benefits	-	1.42
(ii)	Post employment benefits (Gratuity expense)	-	0.20
(iii)	Other long term employee benefits (Leave encashment expense)	-	0.10
		-	1.72

SHRI LAKSHMI METAL UDYOG LIMITED
Notes to the financial statements for the year ended March 31, 2021

28 Finance costs

		(Rupees in crore)	
Particulars		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Interest expense on:		
	(i) working capital facilities	0.91	4.03
	(ii) borrowings from related party	10.96	11.66
	(iii) delayed payment of income tax	0.13	0.16
(b)	Other borrowing cost	0.29	0.30
	Total	12.29	16.15

29 Other expenses

		(Rupees in crore)	
Particulars		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Consumption of stores and spare parts	5.78	7.12
(b)	Power and fuel	11.25	12.53
(c)	Security charges	0.11	0.12
(d)	Repair and maintenance:		
	(i) Building	0.07	0.01
	(ii) Plant and machinery	0.26	0.33
	(iii) Others	0.01	-
(e)	Rates and taxes	0.07	0.22
(f)	Travelling and conveyance	0.04	0.12
(g)	Legal and professional charges (see note (i) below)	0.37	0.38
(h)	Loss on sale of property, plant and equipment (net)	0.15	-
(i)	Freight outward	15.63	11.55
(j)	Provision for slow moving inventory of stores and spares	0.02	0.02
(k)	Advertisement and sales promotion	-	1.90
(l)	Corporate Social Responsibility	1.05	-
(m)	Insurance	0.04	0.03
(n)	Management Support Services (see note 31(a))	4.11	5.90
(o)	Miscellaneous expenses	0.45	0.38
		39.41	40.61
	Less : Allocation of common expenses (see note 31(a))	-	(1.75)
	Total	39.41	38.86

Note :-

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

- (a) To statutory auditors

For audit

0.15 0.18

For other services

- 0.02

Total

0.15 0.20

- (b) To cost auditors for cost audit

Total

0.01 0.01

0.01 0.01

30 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:

		(Rupees in crore)	
Particulars		Year ended March 31, 2021	
a)	Amount required to be spent as per section 135 of Companies Act, 2013		1.05
Particulars		In Cash	Yet to be paid in cash
b)	Amount spent during the year out of the above :		
	1) Construction / acquisition of any asset	-	-
	2) On purposes other than(1) above	0.55	0.50
		0.55	1.05

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 0.50 crore to a separate bank account.

		(Rupees in crore)	
Particulars		Year ended March 31, 2020	
a)	Amount required to be spent as per section 135 of Companies Act, 2013		1.07
Particulars		In Cash	Yet to be paid in cash
b)	Amount spent during the year out of the above :		
	1) Construction / acquisition of any asset	-	-
	2) On purposes other than(1) above	-	-
		-	-

31 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, 2021 amounted to Rupees 0.02 crore (March 31, 2020 : Rupees 0.07 crore). The Company consider these amounts as not material and accordingly has not provided for the disclosures. (See note 27(d))

SHRI LAKSHMI METAL UDYOG LIMITED
Notes to the financial statements for the year ended March 31, 2021

32 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, 2021	Year ended March 31, 2020
Profit for the year attributable to the owners of the Company used in calculating basic and diluted earnings per share	46.05	45.23
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	58,95,000	58,95,000
(a) Basic earnings per share in Rupees	78.12	76.72
(b) Diluted earnings per share in Rupees	78.12	76.72

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

Particulars	(Rupees in crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Contingent liabilities (for pending litigations)		
(1) Disputed claims/levies in respect of income tax	2.28	1.51
(2) Contribution to provident fund under the Employees Provident Fund & Miscellaneous provisions Act, 1952 (see note (i) below)	-	-
Total	2.28	1.51

(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) Commitments

- (1) Estimated amount of contracts remaining to be executed on capital account and not provided for
- | | | |
|--|------|------|
| - Property, plant and equipment (net of capital advance) | 0.03 | 2.80 |
|--|------|------|
- (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.

34 Employee benefits obligations

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

Particulars	(Rupees in crore)		
	As at March 31, 2020		
	Current	Non-current	Total
Gratuity			
Present value of obligation	0.22	0.74	0.96
Total employee benefit obligations	0.22	0.74	0.96

(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 0.32 crores (Year ended March 31, 2020 Rupees 0.31 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
Opening balance as at April 1, 2019		0.51
Current service cost		0.13
Interest expense/(income)		0.04
Total amount recognised in profit or loss		0.17
<i>Remeasurements</i>		
effect of change in financial assumptions		0.21
effect of experience adjustments		0.12
Total amount recognised in other comprehensive income		0.33
Employer contributions : Benefit payments		(0.05)
Balance as at March 31, 2020		0.96
Balance as at March 31, 2020		0.96
Current service cost		0.11
Interest expense/(income)		0.07
Total amount recognised in profit or loss		0.18
<i>Remeasurements</i>		
Loss due to experience		(0.28)
Loss due to change in financial assumptions		(0.04)
Total amount recognised in other comprehensive income		(0.32)
Employer contributions : Benefit payments		(0.03)
Balance as at March 31, 2021		0.79

(d) **Post-Employment benefits**

The significant actuarial assumptions were as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	7.09%	6.77%
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 :

- (1) 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.
- (2) 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, 2021	Year ended March 31, 2020
Gratuity		
Discount rate (increase by 1%)	(0.11)	(0.11)
Salary growth rate (increase by 1%)	0.13	0.14

Particulars	Decrease by 1%	
	Year ended March 31, 2021	Year ended March 31, 2020
Gratuity		
Discount rate (decrease by 1%)	0.14	0.14
Salary growth rate (decrease by 1%)	(0.11)	(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 16.95 years (Year ended March 31, 2020 17.20 years). The expected maturity analysis of undiscounted gratuity is as follows:

		(Rupees in crore)
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Less than a year	0.02	0.22
Between 1 - 1 years	0.02	0.01
Between 2 - 3 years	0.08	0.02
Between 3 - 4 years	0.03	0.09
Between 4 - 5 years	0.03	0.04
Beyond 5 years	0.40	0.41
Total	0.58	0.79

35 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 Blue Ocean Projects Private Limited APL Apollo Building Products Private Limited APL Apollo Tubes FZE
(iii) Subsidiary	Apollo Tricoat Tubes Limited w.e.f June 17, 2019
(iv) Key Management Personnel (KMP) (with whom transactions have taken place during the year)	Mr. Sanjay Gupta (Director) Mr. Vinay Gupta (Director) Mr. Rahul Gupta (Son of Mr. Sanjay Gupta) Mr. Romi Sehgal (Whole Time Director) (w.e.f July 1, 2018 and till February 1, 2020) Mr. Romi Sehgal (Non Executive Director) (w.e.f February 1, 2020)
(v) Enterprises significantly influenced by KMP and their relatives (with whom transactions have taken place during the year)	Apollo Tricoat Tubes Limited (till June 16, 2019) APL Infrastructure Private Limited Apollo Pipes Limited

(b) Details of related party transactions during the year ended March 31, 2021 and balances outstanding as at March 31, 2021:

(Rupees in crore)

Particulars	Holding Company	Fellow Subsidiaries	Subsidiaries	Enterprises significantly influenced by KMP and their relatives	Key Managerial Personnel and their Relatives	Total
Purchase of raw material & stock in trade (net of discounts)						
APL Apollo Tubes Limited	48.91 (34.58)	- (-)	- (-)	- (-)	- (-)	48.91 (34.58)
Apollo Metalex Private Limited	(-)	0.15 (1.22)	- (-)	- (-)	- (-)	0.15 (1.22)
Apollo Tricoat Tubes Limited	- (-)	- (-)	55.34 (16.33)	- (3.27)	- (-)	55.34 (19.60)
	48.91 (34.58)	0.15 (1.22)	55.34 (16.33)	- (3.27)	- (-)	104.40 (55.40)
Job work expense						
Apollo Tricoat Tubes Limited	- (-)	- (-)	20.11 (3.66)	- (-)	- (-)	20.11 (3.66)
	- (-)	- (-)	20.11 (3.66)	- (-)	- (-)	20.11 (3.66)
Sale of goods (net of discounts)						
APL Apollo Tubes Limited	143.68 (50.93)	- (-)	- (-)	- (-)	- (-)	143.68 (50.93)
Apollo Tricoat Tubes Limited	- (-)	- (-)	7.99 (54.97)	- (21.39)	- (-)	7.99 (76.36)
	143.68 (50.93)	- (-)	7.99 (54.97)	- (21.39)	- (-)	151.67 (127.29)
Sale of property, plant and equipment						
Apollo Tricoat Tubes Limited	- (-)	- (-)	- (0.11)	- (-)	- (-)	- (0.11)
	- (-)	- (-)	- (0.11)	- (-)	- (-)	- (0.11)
Sale of scrap (other operating income)						
APL Apollo Tubes Limited	1.92 (3.16)	- (-)	- (-)	- (-)	- (-)	1.92 (3.16)
	1.92 (3.16)	- (-)	- (-)	- (-)	- (-)	1.92 (3.16)
Purchase of store and spares						
APL Apollo Tubes Limited	0.02 (-)	- (-)	- (-)	- (-)	- (-)	0.02 (-)
Apollo Tricoat Tubes Limited	- (-)	- (-)	0.03 (-)	- (-)	- (-)	0.03 (-)
	0.02 (-)	- (-)	0.03 (-)	- (-)	- (-)	0.05 (-)
Allocation of common expense						
APL Apollo Tubes Limited	4.07 (5.90)	- (-)	- (-)	- (-)	- (-)	4.07 (5.90)
Apollo Tricoat Tubes Limited	- (-)	- (-)	0.04 (-)	- (-)	- (-)	0.04 (-)
	4.07 (5.90)	- (-)	0.04 (-)	- (-)	- (-)	4.11 (5.90)
Expenses incurred by Company on behalf of:						
APL Apollo Tubes Limited	- (1.35)	- (-)	- (-)	- (-)	- (-)	- (1.35)
Apollo Tricoat Tubes Limited	- (-)	- (-)	- (0.13)	- (-)	- (-)	- (0.13)
Apollo Metalex Private Limited	- (-)	- (0.27)	- (-)	- (-)	- (-)	- (0.27)
	- (1.35)	- (0.27)	- (0.13)	- (-)	- (-)	- (1.75)
Employee benefit expense incurred by Company on behalf of:						
APL Apollo Tubes Limited	- (0.48)	- (-)	- (-)	- (-)	- (-)	- (0.48)
Apollo Tricoat Tubes Limited	- (-)	- (-)	- (0.05)	- (-)	- (-)	- (0.05)
Apollo Metalex Private Limited	- (-)	- (0.10)	- (-)	- (-)	- (-)	- (0.10)
	- (0.48)	- (0.10)	- (0.05)	- (-)	- (-)	- (0.63)

SHRI LAKSHMI METAL UDYOG LIMITED
Notes to the financial statements for the year ended March 31, 2021

(Rupees in crore)

Particulars	Holding Company	Fellow Subsidiaries	Subsidiaries	Enterprises significantly influenced by KMP and their relatives	Key Managerial Personnel and their Relatives	Total
Allocation of share based expense						
APL Apollo Tubes Limited	0.02 (0.07)	- (-)	- (-)	- (-)	- (-)	0.02 (0.07)
	0.02 (0.07)	- (-)	- (-)	- (-)	- (-)	0.02 (0.07)
Salary paid						
Mr. Romi Sehgal	- (-)	- (-)	- (-)	- (-)	- (1.72)	- (1.72)
	- (-)	- (-)	- (-)	- (-)	- (1.72)	- (1.72)
Interest income						
Apollo Tricoat Tubes Limited	- (-)	- (-)	- (0.77)	- (0.18)	- (-)	- (0.95)
	- (-)	- (-)	- (0.77)	- (0.18)	- (-)	- (0.95)
Interest expense						
APL Apollo Tubes Limited	10.23 (8.42)	- (-)	- (-)	- (-)	- (-)	10.23 (8.42)
Apollo Tricoat Tubes Limited	- (-)	- (-)	- (0.10)	- (-)	- (-)	- (0.10)
	10.23 (8.42)	- (-)	- (0.10)	- (-)	- (-)	10.23 (8.52)
Loans received						
APL Apollo Tubes Limited	45.00 (150.00)	- (-)	- (-)	- (-)	- (-)	45.00 (150.00)
	45.00 (150.00)	- (-)	- (-)	- (-)	- (-)	45.00 (150.00)
Loans repaid						
APL Apollo Tubes Limited	20.00 (75.00)	- (-)	- (-)	- (-)	- (-)	20.00 (75.00)
	20.00 (75.00)	- (-)	- (-)	- (-)	- (-)	20.00 (75.00)
Loan given received back						
Mr. Romi Sehgal*	- (-)	- (-)	- (-)	- (-)	- (0.27)	- (0.27)
	- (-)	- (-)	- (-)	- (-)	- (0.27)	- (0.27)

*During the previous year loan of Rs 0.27 crore has been transferred to Apollo Tricoat Tubes Limited.

(Rupees in crore)

Particulars	Holding Company	Fellow Subsidiaries	Subsidiaries	Enterprises significantly influenced by KMP and their relatives	Key Managerial Personnel and their Relatives	Total
Balances outstanding at the end of the year						
Trade receivables						
APL Apollo Tubes Limited	18.24 (9.07)	- (-)	- (-)	- (-)	- (-)	18.24 (9.07)
Apollo Tricoat Tubes Limited	- (-)	- (-)	0.26 (16.82)	- (-)	- (-)	0.26 (16.82)
	18.24 (9.07)	- (-)	0.26 (16.82)	- (-)	- (-)	18.50 (25.89)
Loans received from related party						
APL Apollo Tubes Limited	100.00 (75.00)	- (-)	- (-)	- (-)	- (-)	100.00 (75.00)
	100.00 (75.00)	- (-)	- (-)	- (-)	- (-)	100.00 (75.00)
Claim receivables						
APL Apollo Tubes Limited	0.48 (3.37)	- (-)	- (-)	- (-)	- (-)	0.48 (3.37)
Apollo Tricoat Tubes Limited	- (-)	- (-)	0.01 (1.15)	- (-)	- (-)	0.01 (1.15)
Apollo Metalex Private Limited	- (-)	(0.39)	- (-)	- (-)	- (-)	(0.39)
	0.48 (3.37)	- (0.39)	0.01 (1.15)	- (-)	- (-)	0.49 (4.91)
Expenses payable						
APL Apollo Tubes Limited	1.41 (1.06)	- (-)	- (-)	- (-)	- (-)	1.41 (1.06)
Apollo Tricoat Tubes Limited	- (-)	- (-)	0.38 (-)	- (-)	- (-)	0.38 (-)
	1.41 (1.06)	- (-)	0.38 (-)	- (-)	- (-)	1.79 (1.06)
Interest payable						
APL Apollo Tubes Limited	2.44 (1.65)	- (-)	- (-)	- (-)	- (-)	2.44 (1.65)
	2.44 (1.65)	- (-)	- (-)	- (-)	- (-)	2.44 (1.65)

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 14 and 17 for credit facilities from bank outstanding as at March 31, 2021 Rupees Nil (March 31, 2020 Rupees 67.28 crore).
- (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 14 and 17).
- (iii) Amount of expense of gratuity and compensated absences is taken on actuarial basis.
- (iv) Figures in bracket relates to previous year ended March 31, 2020.

36 Income tax expense

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

(Rupees in crore)		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax as per statement of profit and loss	62.17	57.48
Income tax expenses calculated as per tax rates of Income tax act of 25.168% (March 31, 2020 : 25.168%)	15.65	14.47
(i) Items not deductible	0.47	(0.27)
(ii) Reversal of deferred tax liabilities as at March 31, 2019 (see note below)	-	(2.02)
(iii) Tax related to previous years	-	0.09
Tax expense as reported	16.12	12.26

Note:

During the previous year, the Company elected to be assessed at lower tax rate of 25.17% (inclusive of surcharge and cess) under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. The impact of this change is included in deferred tax credit for year ended March 31, 2020. This change has resulted in reversal of deferred tax expense of Rupees 2.02 crores on account of remeasurement of deferred tax liability as at March 31, 2019.

37 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, 2021 and March 31, 2020.

(Rupees in crore)						
Particulars	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets - Non Current						
Security deposit	-	-	0.72	-	-	0.72
Financial assets - Current						
Loans to employees	-	-	0.03	-	-	0.02
Trade receivables	-	-	24.97	-	-	92.29
Cash and cash equivalents	-	-	0.02	-	-	0.02
Balances with banks	-	-	1.26	-	-	0.21
Claim receivable (net of provision)	-	-	0.49	-	-	4.99
Total financial assets	-	-	27.49	-	-	98.25
Financial liabilities - Non Current						
Borrowings	-	-	100.00	-	-	115.00
Financial liabilities -Current						
Borrowings	-	-	-	-	-	27.28
Trade payable	-	-	36.34	-	-	60.25
Interest accrued but not due on borrowings	-	-	2.46	-	-	1.85
Total financial liabilities	-	-	138.80	-	-	204.38

(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.

38 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. In respect of imports and other payables, the Company hedges its payable as when the exposure arises.

SHRI LAKSHMI METAL UDYOG LIMITED
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Details on derivative instruments and unhedged foreign currency exposures

- (1) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Currency	As at March 31, 2021	As at March 31, 2020
Advance paid to vendors:		
EURO	-	86,000
Equivalent amount in Rupees in crore	-	0.71

- (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 borrowings of the Company are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. 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, 2021	As at March 31, 2020
Variable rate borrowings	-	67.28
Fixed rate borrowings	100.00	75.00
Total borrowings	100.00	142.28

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

Particulars	Balance	% of total loans
As at March 31, 2021		
Bank overdrafts, bank loans, Cash Credit	-	0%
As at March 31, 2020		
Bank overdrafts, bank loans, Cash Credit	67.28	47%

Sensitivity

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

Particulars	(Rupees in crore)	
	Impact on profit after tax	
	Year ended March 31, 2021	Year ended March 31, 2020
Interest rates – increase by 50 basis points (50 bps)	-	(0.25)
Interest rates – decrease by 50 basis points (50 bps)	-	0.25

- (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, 2021, revenues arising from direct sales of goods as disclosed in note 23(a) includes revenue of approximately Rupees 251.87 crore from customer who contributed more than 10% to the Company's revenue.

In previous year ended March 31, 2020, revenues arising from direct sales of goods as disclosed in note 23(a) includes revenue of approximately Rupees 221.00 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, 2021	As at March 31, 2020
Floating rate borrowings	90.00	72.72
Nature of facility	Working Capital	Working Capital
	90.00	72.72

SHRI LAKSHMI METAL UDYOG LIMITED
Notes to the financial statements for the year ended March 31, 2021

(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:

(Rupees in crore)				
Particulars	Not later than 1 year	Between 1 and 5 years	Later than 5 years	Total
As at March 31, 2021				
Borrowings (Interest bearing)	-	100.00	-	100.00
Trade payable	36.34	-	-	36.34
Interest accrued but due on borrowings	2.46	-	-	2.46
Total non-derivative liabilities	38.80	100.00	-	138.80
As at March 31, 2020				
Borrowings (Interest bearing)	27.28	115.00	-	142.28
Payable on purchase of property, plant and equipment	0.19	-	-	0.19
Trade payable	60.06	-	-	60.06
Interest accrued but due on borrowings	1.85	-	-	1.85
Total non-derivative liabilities	89.38	115.00	-	204.38

39 Reconciliation of liabilities arising from financing activities

(Rupees in crore)				
Particulars	Opening balance as at April 1, 2019	Net Cash flows	Non-cash changes-foreign exchange movement	As at March 31, 2020
Non-current borrowings	-	115.00	-	115.00
Current borrowings	16.33	0.95	-	17.28
Current maturities of non-current borrowings	-	10.00	-	10.00
Total liabilities from financing activities	16.33	125.95	-	142.28

(Rupees in crore)				
Particulars	As at March 31, 2020	Net Cash flows	Non-cash changes-foreign exchange movement	As at March 31, 2021
Non-current borrowings	115.00	(15.00)	-	100.00
Current borrowings	17.28	(17.28)	-	-
Current maturities of non-current borrowings	10.00	(10.00)	-	-
Total liabilities from financing activities	142.28	(42.28)	-	100.00

40 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, 2021	As at March 31, 2020
Non current borrowings	100.00	115.00
Current maturities of long term debt	-	10.00
Current borrowings	-	17.28
Less: Cash and cash equivalents	(1.28)	(0.23)
Total debts (net)	98.72	142.05
Total equity	215.86	169.57
Gearing Ratio	0.46	0.84

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

41 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.

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

VINAY GUPTA **SANJAY GUPTA**
Director Director
DIN : 00005149 DIN : 00233188

SHIVAM MAHESHWARI
Company Secretary
ICSI Membership No. : A38467

Place: New Delhi
Date: June 2, 2021