

APOLLO METALEX PRIVATE LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH, 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APOLLO METALEX PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **APOLLO METALEX PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (1) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of

the state of affairs of the Company as at 31 March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
 - (e) On the basis of the written representations received from the directors as on 31 March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements; (Refer Note no. 28.1(i) of the financial statements)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. (Refer Note no. 28.1(ii)(c) of the financial statements)
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. (Refer Note no.28.1(iii) of the financial statements).
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



RASHIM TANDON
Partner
(Membership No. 095540)

Ghaziabad, May 30, 2016
RT/SK/2016



ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **APOLLO METALEX PRIVATE LIMITED** ("the Company") as of 31 March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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



RASHIM TANDON
Partner
(Membership No.095540)

Ghaziabad, May 30, 2016
RT/SK/2016



ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

- i. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations **given to us** no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us, Immovable properties of land and buildings whose title deeds/lease deeds have been pledged as security for loans, are held in the name of the Company based on the confirmations received by us from lenders. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- ii. As explained to us, the inventories (excluding stock lying with third parties and goods in transit) were physically verified during by the Management at the year end. Discrepancies noticed on physical verification have been properly dealt with in the books of account.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have any unclaimed deposits and accordingly, the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us in respect of statutory dues:
 - (a) Other than delays in deposit of Provident Fund, Employee State Insurance and Income Tax, the Company has generally been regular in depositing undisputed statutory dues, including Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax and Cess applicable to it with the appropriate authorities and there are no undisputed amounts payable in respect of these dues outstanding as at 31 March, 2016 for a period of more than six months from the date they became payable.
 - (b) Details of dues of Value Added Tax and Excise Duty which have not been deposited as on March 31, 2016 on account of disputes are given below:



Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (net of payment) (₹)	Amount paid under protest (₹)
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	Commercial Tax Tribunal, Ghaziabad	2008-09	4,108,076	-
	Value Added Tax	Commercial Tax Tribunal, Ghaziabad	2009-10	1,938,020	-
	Value Added Tax	Commercial Tax Tribunal, Ghaziabad	2010-11	7,246,261	-
	Value Added Tax	Commercial Tax Tribunal, Ghaziabad	2011-12	7,044,056	-
	Value Added Tax	Additional Commissioner Grade-2 (Appeal)	2014-15	3,177,961	619,959
	Value Added Tax	Additional Commissioner Grade-2 (Appeal)	2015-16	5,638,149	1,448,911
Central Excise Act, 1944	Excise	CESTAT, Allahabad	2011-12 and 2012-13	57,004,297	-
	Excise	High Court of Allahabad	2010-11 and 2011-12	45,826,964	-
	Excise	Commercial Tax Tribunal, New Delhi	2007-08 and 2008-09	209,602	56,120
	Excise	Commercial Tax Tribunal, New Delhi	2008-09	151,309	151,309
	Excise	CESTAT, Allahabad	2011-12	3,571,740	257,148
	Excise	CESTAT, Allahabad	2008-09 to 2011-12	29,043,678	1,528,614
	Excise	CESTAT, Allahabad	2014-15	225,708	8,800
	Excise	Central Excise Grade-1 (Appeal)	2011-12	114,225	9,300

We have been informed that there are no dues of Income-tax, Sales tax, Service Tax, and Custom Duty which have not been deposited as on 31 March, 2016 on account of disputes.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has neither obtained any loan or borrowings from government nor it has issued any debentures.
- ix. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).



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- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



RASHIM TANDON
Partner
(Membership No. 095540)

Ghaziabad, May 30, 2016
RT/SK/2016



APOLLO METALEX PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH, 2016

Particulars	Note No.	As at 31 March, 2016 (Rupees)	As at 31 March, 2015 (Rupees)
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share capital	2	27,111,000	27,111,000
(b) Reserves and surplus	3	696,444,589	531,676,283
		723,555,589	558,787,283
(2) Non-current liabilities			
(a) Long-term borrowings	4	202,722,517	220,307,664
(b) Deferred tax liabilities (net)	5	124,366,902	86,056,260
(c) Long-term provisions	6	5,147,617	1,749,510
		332,237,036	308,113,434
(3) Current liabilities			
(a) Short-term borrowings	7	399,061,345	383,052,311
(b) Trade payables	8		
(i) Total outstanding dues of micro enterprises and small enterprises			
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		419,859,053	60,822,166
(c) Other current liabilities	9	132,447,994	208,456,309
(d) Short-term provisions	10	11,784,281	5,171,097
		963,152,673	657,501,883
Total		2,018,945,298	1,524,402,600
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		965,661,671	793,121,112
(ii) Intangible assets		85,779	321,678
		965,747,450	793,442,790
(b) Non-current investments	12	-	77,293,823
(c) Long term loans and advances	13	41,302,866	38,008,162
(d) Other non-current assets	14	195,421	195,421
		41,498,287	115,497,406
(2) Current assets			
(a) Inventories	15	747,978,882	337,350,923
(b) Trade receivables	16	161,796,426	153,359,795
(c) Cash and cash equivalents	17	1,686,018	8,916,031
(d) Short-term loans and advances	18	90,993,009	105,826,205
(e) Other current assets	19	9,245,226	10,009,450
		1,011,699,561	615,462,404
Total		2,018,945,298	1,524,402,600

See accompanying notes forming part of the financial statements

1-33

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants


RASHIM TANDON
Partner



Place: Ghaziabad
Date: 30 May, 2016

For and on behalf of the Board of Directors


VINAY GUPTA
Managing Director


SANJAY GUPTA
Director



Place: Ghaziabad
Date: 30 May, 2016

APOLLO METALEX PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2016

Particulars	Note No.	Year ended 31 March, 2016 (Rupees)	Year ended 31 March, 2015 (Rupees)
I Revenue from operations (gross)	20	6,589,198,287	4,155,991,318
Less: Excise Duty		779,677,611	417,914,166
Revenue from operations (net)		<u>5,809,520,676</u>	<u>3,738,077,152</u>
II Other Income	21	3,387,677	9,986,963
III Total revenue (I +II)		<u>5,812,908,353</u>	<u>3,748,064,115</u>
IV Expenses			
(a) Cost of materials consumed	22	4,247,208,457	2,968,514,319
(b) Purchase of stock-in-trade (traded goods)	23	779,053,072	260,128,148
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(102,843,137)	(94,001,136)
(d) Employee benefits expense	25	90,096,839	52,372,226
(e) Finance costs	26	74,353,589	48,966,046
(f) Depreciation and amortisation expenses	11	43,410,996	24,828,306
(g) Other expenses	27	402,549,588	350,150,895
Total expenses		<u>5,533,829,404</u>	<u>3,610,958,804</u>
V Profit before tax (III - IV)		279,078,949	137,105,311
VI Tax expense:			
(a) Current tax		76,000,000	28,804,748
(b) Mat credit entitlement		-	(28,804,748)
(c) Income tax of earlier year		-	480,670
(d) Deferred tax charge	5	38,310,642	44,348,747
Net tax expense		<u>114,310,642</u>	<u>44,829,417</u>
VII Profit after tax (V-VI)		<u>164,768,307</u>	<u>92,275,894</u>
VIII Earnings per equity share of Rupees 10 each:	29.3		
(a) Basic		60.78	34.04
(b) Diluted		60.78	34.04
See accompanying notes forming part of the financial statements	1-33		

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants



RASHIM TANDON
Partner

Place: Ghaziabad
Date: 30 May, 2016



For and on behalf of the Board of Directors



VINAY GUPTA
Managing Director

Place: Ghaziabad
Date: 30 May, 2016



SANJAY GUPTA
Director



APOLLO METALEX PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016

Particulars	Year ended 31 March, 2016 (Rupees)	Year ended 31 March, 2015 (Rupees)
A. Cash flow from operating activities		
Profit before tax	279,078,949	137,105,310
Adjustments for:		
Depreciation and amortisation expense	43,410,996	24,828,306
(Profit) on sale of assets	(467,898)	1,388,596
Finance costs	74,353,589	48,966,046
Interest income	(740,323)	(2,160,394)
Net unrealised exchange (gain) / loss	(392,458)	-
Amortisation of premium on forward contract	1,906,414	-
Fixed assets written off	2,961,098	-
Other receivables and advances written off	2,698,230	-
Operating profit before working capital changes	<u>402,808,597</u>	<u>210,127,864</u>
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(410,627,959)	(60,470,752)
Trade receivables	(8,436,631)	15,402,650
Short-term loans and advances	12,134,966	(22,765,175)
Long-term loans and advances	5,841,975	(29,962,954)
Other current assets	(202,570)	10,111,192
Other non-current assets	-	968,869
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	359,439,752	(21,441,653)
Other current liabilities	(88,605,247)	168,112,971
Short-term provisions	828,187	(10,497,172)
Long-term provisions	3,398,107	397,684
Cash generated from operations	<u>276,579,177</u>	<u>259,983,524</u>
Net income tax (paid)/refunds	(70,215,003)	7,826,021
Net cash flow from / (used in) operating activities (A)	206,364,174	267,809,545
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(148,686,157)	(504,542,860)
Proceeds from sale of fixed assets	9,324,962	18,233,431
Bank balances not considered as Cash and cash equivalents		
- Matured	6,205,000	873,937
Interest received		
- Others	1,707,116	646,177
Net cash flow from / (used in) investing activities (B)	(131,449,079)	(484,789,315)
C. Cash flow from financing activities		
Proceeds from long-term borrowings	(17,585,147)	125,189,374
Proceeds from other short-term borrowings	15,998,628	143,019,970
Finance costs (includes borrowing costs capitalised)	(74,353,589)	(48,966,046)
Net cash flow from / (used in) financing activities (C)	(75,940,108)	219,243,298
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(1,025,013)	2,263,528
Cash and cash equivalents at the beginning of the year	2,711,031	447,503
Cash and cash equivalents at the end of the year	1,686,018	2,711,031
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents (see note 17)	1,686,018	8,916,031
Less: Bank balances not considered as Cash and cash equivalents as		
(i) In other deposit accounts		
- original maturity more than 3 months		6,205,000
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in note 17	1,686,018	2,711,031

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants


RASHIM TANDON
Partner

Place: Ghaziabad
Date: 30 May, 2016



For and on behalf of the Board of Directors


VINAY GUPTA
Managing Director


SANJAY GUPTA
Director

Place: Ghaziabad
Date: 30 May, 2016



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 1: Significant accounting policies

A. General Information

Apollo Metalex Private Limited (the Company) was incorporated on 20 February 2006. 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. The Company has two manufacturing units at Sikandrabad, Uttar Pradesh.

B. Significant accounting policies

(i) Basis of preparation of financial statement

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(ii) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported amounts of income and expenses during the year. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed at each balance sheet date. Future results could differ due to these estimates and the differences between the actual results and estimates are recognized in the periods in which the results are known/materialise.

(iii) Inventories

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 all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

(iv) Cash and cash equivalents (for purposes of cash flow statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(v) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before extraordinary items and 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.

(vi) Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets 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.



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

The estimated useful life of various fixed assets is as under:-

- (a) Buildings- 10 to 60 years
- (b) Roads- 10 years
- (c) Plant and machinery used in manufacturing of pipe - 20 years
- (d) Other plant and machinery- 2 to 10 years
- (e) Vehicles- 8 years
- (f) Furniture and fixtures- 10 years
- (g) Office equipment- 5 years
- (h) Computer- 3 years
- (i) Leasehold land is amortized over the period of the lease.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

- (a) Computer software - 3 to 6 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

(vii) Revenue recognition

Sale of goods:

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

(viii) Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive is established.

(ix) Fixed assets (Tangible/Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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.

(x) Foreign exchange transactions

Initial recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction.

Measurement at the balance sheet date:

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences:

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the statement of profit and loss.

Accounting for forward contracts:

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(xi) Investments/ Investment property

Long-term investments (including investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

(xii) Employee benefits

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

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 Statement of Profit and Loss 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.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

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.

(xiii) Borrowing cost

Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

(xiv) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

(xv) Earnings per share

Basic earnings per share is computed by dividing the 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 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.



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(xvi) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there is unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

(xvii) Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of the assets exceed the estimated recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on as appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the statement of profit and loss.

(xviii) Provisions

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

(xix) 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 recognized 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.

(xx) Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization 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.



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

S. No.	Particulars	As at 31 March, 2016		As at 31 March, 2015	
		Number of Shares	Amount (Rupees)	Number of Shares	Amount (Rupees)
Note : 2 Share capital					
1	Authorised capital Equity shares of Rupees 10/- each with voting rights	3,000,000	30,000,000	3,000,000	30,000,000
2	Issued capital Equity shares of Rupees 10/- each with voting rights	2,711,100	27,111,000	2,711,100	27,111,000
3	Subscribed and fully paid up capital Equity shares of Rupees 10/- each with voting rights	2,711,100	27,111,000	2,711,100	27,111,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Number of shares		Amount	
	As at 31 March, 2016	As at 31 March, 2015	As at 31 March, 2016 (Rupees)	As at 31 March, 2015 (Rupees)
Equity shares with voting rights				
Outstanding at the beginning of the year	2,711,100	2,711,100	27,111,000	27,111,000
Add: Issued during the year				
Outstanding at the end of the year	2,711,100	2,711,100	27,111,000	27,111,000

(ii) **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. 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.

(iii) **Detail of shares held by the holding company:**

Particulars	Number of shares	
	As at 31 March, 2016	As at 31 March, 2015
APL Apollo Tubes Limited*	2,711,100	2,711,100

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

Class of shares / Name of shareholder	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
APL Apollo Tubes Limited*	2,711,100	100%	2,711,100	100%

* Out of total 2,711,100 equity shares, 2,711,099 equity shares are held by the APL Apollo Tubes Limited (holding company) and remaining 1 share is held by Mr. Vinay Gupta as nominee/representative.



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

S. No.	Particulars	As at 31 March, 2016 (Rupees)	As at 31 March, 2015 (Rupees)
Note : 3 Reserve and surplus			
1	Security premium		
	Opening balance	45,000,000	45,000,000
	Add: Additions	-	-
	Closing balance	<u>45,000,000</u>	<u>45,000,000</u>
2	General reserve		
	Opening balance	5,000,000	5,000,000
	Add: Transferred from surplus in statement of profit and loss	-	-
	Closing balance	<u>5,000,000</u>	<u>5,000,000</u>
3	Surplus (Statement of profit and loss)		
	Opening balance	481,676,283	389,400,390
	Add: Profit for the year	164,768,307	92,275,893
	Closing balance	<u>646,444,589</u>	<u>481,676,283</u>
	Total	<u><u>696,444,589</u></u>	<u><u>531,676,283</u></u>

Note : 4 Long term borrowings

1	Term Loan:		
	- From bank		
	(i) Secured (see note (i) below)	92,816,489	73,611,953
	- From others		
	(i) Secured (see note (ii) below)	107,557,800	143,410,400
2	Vehicle Loan:		
	- From bank		
	(i) Secured by way of hypothecation of vehicles	2,348,228	3,285,311
	Total	<u><u>202,722,517</u></u>	<u><u>220,307,664</u></u>

	As at 31 March, 2016		As at 31 March, 2015	
	Long- Term Debts	Current Maturities of Long- Term Debt	Long- Term Debts	Current Maturities of Long- Term Debt
(i) Term loan from banks are secured as follows:				

By First Pari Passu charge on current assets, fixed assets of the company (present and future) and factory land and building at A-2, Industrial Area, Sikanderabad, UP. The Loan is further guaranteed by personal guarantee of Director of the Company i.e. Mr. Sanjay Gupta, Mr. Sameer Gupta and Mr. Vinay Gupta and corporate guarantee of M/s APL Apollo Tubes Limited. The Loan outstanding as at balance sheet is repayable in 8 quarterly installments commencing from June 2016 and ending in March 2018 of Rupees 56.25 Lacs each. Applicable rate of interest is in the range of 12.40%-11.70%.

	22,500,000	22,500,000	45,000,000	22,500,000
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By First Pari Passu Charge on all plant and machinery (including sheds) of the company and Factory land and building at A-2, Industrial Area, Sikanderabad, UP and First pari passu charge on all current assets of the company and Second pari passu charge on immovable and movable fixed assets located at A-25, Sikanderabad Industrial Area, UP. The Loan is further guaranteed by personal guarantee of Director of the Company i.e. Mr. Sanjay Gupta, Mr. Vinay Gupta and Mr. Sameer Gupta and corporate guarantee of M/s APL Apollo Tubes Limited. The Loan outstanding as at balance sheet is repayable in 16 quarterly installments commencing from June 2016 and ending in March 2020 of Rupees 35 Lacs each. Applicable rate of interest is in the range of 11.35%- 10.80%

	42,000,000	14,000,000	-	-
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By First Pari Passu Charge on V-2, Land-2, One Villa, Jaypee Greens, Greater Noida. The Loan is further guaranteed by personal guarantee of Director of the Company i.e. Mr. Sanjay Gupta, Mr. Vinay Gupta and Mr. Sameer Gupta. The Loan outstanding as at balance sheet is repayable in 171 montly installments commencing from April 2016 and ending in June 2030 of Rupees 3.19 Lacs each including interest. Applicable rate of interest is 9.85%.

	28,316,489	992,699	28,611,953	1,198,113
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ii. Term Loan from financial institution is secured as follows:

By First Pari Passu Charge on Industrial Land & Building including entire fixed assets at A-25, Sikandarabad, UP. The Loan is further guaranteed by personal guarantee of Director of the Company i.e. Mr. Sanjay Gupta, Mr. Vinay Gupta and Mr. Sameer Gupta and corporate guarantee of M/s APL Apollo Tubes Limited. The Loan outstanding as at balance sheet is repayable in 16 quarterly installments commencing from May 2016 and ending in Feb 2020 of Rupees 89.63 Lacs each. Applicable rate of interest is in the range of 11.50%-10.25%

	107,557,800	35,852,600	143,410,400	35,852,600
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APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

S. No.	Particulars	As at 31 March, 2016 (Rupees) (Debited)/ Created during the year	As at 31 March, 2015 (Rupees) Closing as at 31 March, 2016
Note : 5 Deferred tax liabilities (Net)			
1	Tax effect of items constituting deferred tax liabilities (i) On difference between book balance and tax balance of fixed assets	86,650,510	126,223,729
2	Tax effect of items constituting deferred tax assets (i) Provision for compensated absences, gratuity and other employee benefits	594,250	1,856,827
	Total	86,056,260	124,366,902
Note : 6 Long-term provisions			
1	Provisions for employee benefits: Provision for gratuity (see note 29.1)	5,147,617	1,749,510
	Total	5,147,617	1,749,510
Note : 7 Short-term borrowings			
1	Loan repayable on demand - From banks (i) Secured (a) Cash credit (see note (i) below) (b) Buyer's credit (see note (i) below)	300,593,737 98,467,608	383,052,311
	Total	399,061,345	383,052,311
Nature of security: (i) Working capital facilities from banks are secured by first pari passu charge on current assets and fixed assets, present and future, of the Company situated at A-2, Industrial Area, Sikandrabad, UP and second pari passu charge on fixed assets of the Company locate at A-25, Industrial Area, Sikanrabad, UP. These credit facilities are further collaterally secured by personal guarantee of Director of the Company i.e Mr. Sameer Gupta, Mr. Vinay Gupta and Mr. Sanjay Gupta (Promoter Directors), these are further secured by corporate guarantee of APL Apollo Tubes Limited, holding company.			
Note : 8 Trade payable			
1	Total outstanding dues of micro enterprises and small enterprises (see note 28.2)	-	-
2	Total outstanding dues of creditors other than micro enterprises and small enterprises	419,859,053	60,822,166
	Total	419,859,053	60,822,166
Note : 9 Other current liabilities			
1	Current maturities of long-term debt	74,270,936	60,444,677
2	Interest accrued but not due on borrowings	4,158,046	3,640,324
3	Other payables (i) Statutory remittances (ii) Payable on purchase of fixed assets (iii) Advance from - Holding company - Customers (iv) Forward premium payable (v) Excise duty on finished goods	4,646,284 10,690,518 - 19,525,860 2,619,081 16,537,269	11,208,025 - 100,000,000 12,257,968 - 20,905,315
	Total	132,447,994	208,456,309
Note : 10 Short-term provisions			
1	Provision for employee benefits: (i) Provision for compensated absences (ii) Provision for gratuity (see note 29.1)	692,545 217,694	82,052
2	Provison others: (i) Provision for tax (net of advance tax Rupees 105,683,409, year ended 31 March,2015 Rupees 51,430,826)	10,874,042	5,089,045
	Total	11,784,281	5,171,097



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 11 : Fixed assets (at cost)

Particulars	Gross block			Accumulated depreciation		(Amount in Rupees)			
	As at 01.04.2015	Addition during the year	Sales/transfer during the year	As at 31.03.2016	Upto 31.03.2015	Adjusted during the year	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
A. Tangible assets									
Assets taken on lease									
Leasehold land	90,692,619 (8,995,440)	(81,697,179)	1,783,846 (-)	88,908,773 (90,692,619)	(-)	(-)	2,257,339 (-)	86,651,434 (90,692,619)	90,692,619 (8,995,440)
Owned assets									
Building	140,454,676 (70,297,772)	101,418,783 (70,156,903)	55,320 (-)	241,818,139 (140,454,675)	9,930,721 (7,956,559)	15,387 (-)	14,481,745 (9,930,720)	227,336,394 (130,523,955)	130,523,955 (62,341,213)
Plant and machinery	620,475,236 (295,663,756)	126,239,904 (342,544,911)	16,752,564 (17,733,431)	729,962,576 (620,475,236)	59,375,568 (38,526,132)	6,684,335 (298,674)	86,612,078 (59,375,568)	643,350,498 (561,099,668)	561,099,668 (257,137,624)
Office equipment	2,278,317 (2,104,735)	432,525 (173,582)	51,540 (-)	2,659,302 (2,278,317)	655,413 (296,889)	(52,702) (-)	1,731,027 (655,413)	928,275 (1,622,904)	1,622,904 (1,807,846)
Vehicle	10,360,630 (7,402,583)	612,089 (6,131,885)	1,922,222 (3,173,839)	9,050,497 (10,360,629)	2,252,115 (2,535,450)	951,186 (1,285,242)	2,454,868 (2,252,114)	6,595,629 (8,108,515)	8,108,515 (4,867,133)
Furniture and fixture	1,042,398 (1,042,398)	73,744 (-)	(60,743) (-)	1,176,885 (1,042,398)	379,860 (312,036)	(11,897) (-)	565,550 (379,860)	611,335 (662,538)	662,538 (730,362)
Computer	1,484,158 (1,455,258)	143,900 (28,900)	277,130 (-)	1,350,928 (1,484,158)	1,073,245 (910,685)	214,822 (-)	1,162,822 (1,073,245)	188,106 (410,913)	410,913 (544,573)
Total-tangible assets (A)	866,788,034 (386,961,942)	228,920,945 (500,733,360)	20,781,879 (20,907,270)	1,074,927,100 (866,788,032)	73,666,922 (50,537,751)	7,801,131 (1,583,916)	109,265,429 (73,666,920)	965,661,671 (793,121,112)	793,121,112 (336,424,191)
B. Intangible assets									
Computer software	653,435 (543,435)	(110,000)	475,000 (-)	178,435 (653,435)	331,757 (216,538)	250,459 (-)	92,656 (331,757)	85,779 (321,678)	321,678 (326,897)
Total-Intangible assets (B)	653,435 (543,435)	(110,000)	475,000 (-)	178,435 (653,435)	331,757 (216,538)	250,459 (-)	92,656 (331,757)	85,779 (321,678)	321,678 (326,897)
Grand Total (A + B)	867,441,469 (387,505,377)	228,920,945 (500,843,360)	21,256,879 (20,907,270)	1,075,105,535 (867,441,467)	73,998,679 (50,754,289)	8,051,590 (1,583,916)	109,358,085 (73,998,677)	965,747,450 (793,442,790)	793,442,790 (336,751,088)

(i) During the year, investment in property-Guest house of Rupees 77,293,823 has been capitalised and transferred to building.

(ii) Figures in bracket pertain to previous year ended 31 March 2015/14.



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

S. No. Particulars	As at 31 March, 2016 (Rupees)	As at 31 March, 2015 (Rupees)
Note : 12 Non-current investment		
1 Other investments		
(i) Investment property - Guest house (see note 11 (i))	-	77,293,823
Total	<u>-</u>	<u>77,293,823</u>
Note : 13 Long term loans and advances (Unsecured, considered good)		
1 Capital advances	13,380,595	4,243,916
2 Security deposit	8,657,378	9,004,928
3 Balances with government authorities- unsecured considered good		
(i) VAT credit receivable	15,184,732	18,988,943
4 Payment under protest		
(i) VAT	2,068,870	4,185,641
(ii) Excise	2,011,291	1,584,734
Total	<u>41,302,866</u>	<u>38,008,162</u>
Note : 14 Other non-current assets		
1 Claim receivable	195,421	195,421
Total	<u>195,421</u>	<u>195,421</u>
Note : 15 Inventories		
1 Raw material	421,596,866	128,477,139
2 Finished goods (including stock-in-transit)	290,184,459	180,427,892
3 Stores and spares	33,280,464	18,615,370
4 Rejection and scrap	2,917,093	9,830,522
Total	<u>747,978,882</u>	<u>337,350,923</u>
Details of stock-in-transit		
Finished goods	44,529,979	-
Note : 16 Trade receivables		
1 Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
(i) Unsecured, considered good		1,364,512
2 Other trade receivables		
(i) Unsecured, considered good	161,796,426	151,995,283
Total	<u>161,796,426</u>	<u>153,359,795</u>
Note : 17 Cash and cash equivalent		
1 Cash and cash equivalent (as per AS 3 cash flow statements)		
(i) Cash balance	1,289,067	2,512,006
(ii) Balances with banks		
(a) in current accounts	396,951	199,025
	<u>1,686,018</u>	<u>2,711,031</u>
2 Other bank balances		
(i) In earmarked accounts		
(a) In margin money with maturity less than 12 months at inception	-	6,205,000
	<u>-</u>	<u>6,205,000</u>
Total	<u>1,686,018</u>	<u>8,916,031</u>
Note : 18 Short terms loans and advances (Unsecured, considered good)		
1 Loans and advances to		
-Director	3,972,287	
-Employees	1,052,043	1,072,997
2 Prepaid expenses	169,482	446,494
3 Balances with government authorities:		
(i) Cenvat credit receivable	16,464,362	49,116,588
(ii) VAT credit receivable	6,249,385	5,295,352
(iii) Service tax credit receivable	7,566,061	7,474,139
4 Payment under protest		
(i) Excise	2,738,813	1,609,236
5 Others		
(i) Advance to suppliers	40,000,852	12,069,255
(ii) Mat credit entitlement	12,779,724	28,742,144
Total	<u>90,993,009</u>	<u>105,826,205</u>
Note : 19 Other current assets		
1 Claim receivable		
(i) Export incentive	3,134,385	2,000,000
(ii) Licences in hand	927,230	
(iii) Duty draw back receivable	3,636,826	4,838,256
(iv) Other claim receivables	999,361	1,656,977
2 Accrued interest on Fixed deposits and others	547,424	1,514,217
Total	<u>9,245,226</u>	<u>10,009,450</u>



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

S. No.	Particulars	Year ended 31 March, 2016 (Rupees)	Year ended 31 March, 2015 (Rupees)
Note : 20 Revenue from operations			
1	Sale of products (see note (i) below)	6,426,449,077	3,996,332,105
2	Other operating revenue (see note (ii) below)	162,749,210	159,659,213
	Revenue from operations (gross)	6,589,198,287	4,155,991,318
	Less: Excise duty	779,677,611	417,914,166
	Total	5,809,520,676	3,738,077,152
(i) Sale of products comprises:			
Manufactured goods			
	Black pipe	2,820,964,075	1,374,060,964
	Pre galvanized pipe	2,745,908,380	2,375,079,108
	Coils	55,751,194	-
	Total	5,622,623,649	3,749,140,072
Traded goods			
	Black pipe	1,492,377	-
	Coils	794,034,542	234,884,781
	Others	8,298,509	12,307,252
	Total	803,825,428	247,192,033
(ii) Other operating revenue comprises			
	Sale of scrap	146,838,309	120,330,516
	Duty drawback and other export incentives	10,384,694	27,901,025
	Job work	5,526,208	11,427,672
	Total	162,749,210	159,659,213
Note : 21 Other income			
1	Interest income (see note (i) below)	740,323	2,160,394
2	Net gain on foreign currency transactions and fluctuations	2,179,456	7,826,569
3	Profit on sale of fixed assets	467,898	-
	Total	3,387,677	9,986,963
(i) Interest income comprises:			
	(a) Interest from deposits from banks	132,074	711,423
	(b) Other interest	608,249	1,448,971
	Total	740,323	2,160,394
Note : 22 Cost of material consumed			
1 Raw Material			
	Opening Stock	128,477,139	166,300,680
	Add: Purchases	4,540,328,184	2,930,690,778
	Less: Closing Stock	421,596,866	128,477,139
	Total	4,247,208,457	2,968,514,319
2 Materials consumed comprise :			
	HR coil	2,754,459,136	2,007,519,970
	CR coil	1,062,331,867	454,347,874
	GP coil	346,634,100	427,755,796
	Zinc	75,829,422	68,679,690
	Other items	7,953,932	10,210,989
	Total	4,247,208,457	2,968,514,319
Note : 23 Purchase of stock-in-trade			
	Coils (including HR, CR and GP coil)	771,840,865	247,979,549
	Other items	7,212,207	12,148,599
	Total	779,053,072	260,128,148



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

S. No.	Particulars	Year ended 31 March, 2016 (Rupees)	Year ended 31 March, 2015 (Rupees)
Note : 24 Change in inventories			
1	Inventories at the end of the year:		
	Finished goods	290,184,459	180,427,892
	Scrap	2,917,093	9,830,522
		293,101,552	190,258,414
2	Inventories at the beginning of the year:		
	Finished goods	180,427,892	93,143,223
	Scrap	9,830,522	3,114,055
		190,258,414	96,257,278
	Total	(102,843,137)	(94,001,136)
Note : 25 Employee benefits expense			
1	Salaries and wages	79,241,776	47,807,540
2	Contribution to provident and other funds	5,358,625	3,387,447
3	Gratuity expense	3,785,151	479,736
4	Staff welfare expenses	1,711,287	697,503
	Total	90,096,839	52,372,226
Note : 26 Finance costs			
1	Interest expense on:		
	(i) working capital facilities	32,997,890	32,921,415
	(ii) term loan	33,612,757	9,959,918
	(iii) vehicle loan	409,962	437,267
2	Other borrowing cost	7,332,980	5,647,446
	Total	74,353,589	48,966,046
Note : 27 Other expenses			
1	Consumption of stores and spare parts	47,272,589	20,234,373
2	Increase/ (decrease) of excise duty on inventory	(4,368,046)	10,326,091
3	Furnace oil expenses	17,482,984	12,574,433
4	Power and fuel	73,415,011	35,020,032
5	Job work charges	10,711,387	86,139,793
6	Security charges	2,910,691	2,038,496
7	Rent including lease rentals	2,376,000	2,376,000
8	Repair and maintenance:		
	(i) Building	1,007,167	-
	(ii) Plant and machinery	7,331,845	-
	(iii) Others	1,031,180	40,850
9	Vehicle running expenses	187,658	579,599
10	Insurance	415,389	397,412
11	Rates and taxes	2,221,579	313,118
12	Amortisation of premium on forward contract	1,906,414	-
13	Travelling and conveyance	1,997,144	33,712
14	Legal and professional charges (Refer Note (i) below)	1,762,450	529,967
15	Office electricity expenses	621,351	544,488
16	Donations and contributions	39,200	44,000
17	Loss on sale of fixed assets (net)	-	1,388,596
18	Freight outward	183,880,162	154,213,531
19	Sales commission	19,900,887	16,306,505
20	Sales discount	12,324,832	2,557,517
21	Sales promotion	10,674,409	3,246,773
22	Other receivables and advances written off	2,698,230	-
23	Fixed assets written off	2,961,098	-
24	Miscellaneous expenses	1,787,977	1,245,609
	Total	402,549,588	350,150,895
	(i) Payments to the auditors comprise (net of service tax):		
	(a) To statutory auditors		
	For audit	1,300,000	350,000
	(b) For tax audit	-	50,000
		1,300,000	400,000 *
	(ii) To cost auditors for cost audit	-	50,000
	Total	1,300,000	450,000

* Paid to the previous auditors



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note : 28 Additional information to the financial statements

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

Particulars	As at 31 March, 2016 (Rupees)	As at 31 March, 2015 (Rupees)
(i) Contingent liabilities		
(a) Disputed claims/levies in respect of:		
- Sales tax	31,221,393	20,336,413
- Excise	138,158,814	138,158,814
No Provision has been considered necessary since the Company expects favourable decision in appeals.		
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
- Tangible assets	62,877,008	13,512,000

(b) The Company has obtained Advance licenses under the Duty Exemption Scheme for importing input materials without payment of basic customs duty against submission of bonds.

The export obligation is to be fulfilled within a period of 18 months from the date of issuance of license. Under this scheme the Company has to achieve both the quantity and FOB value of exports specified in the license. Accordingly the Company is required to export goods of FOB value of at least Rupees 43,237,737 (Previous year Nil).

(c) The Company has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase / sale of services, employee's benefits. 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.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

28.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The Company has no amounts payable to Micro and Small Enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

28.3 Details on derivative instruments and unhedged foreign currency exposures

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2016

Forward contract outstanding	Buy/Sell	As at 31 March, 2016	As at 31 March, 2015
In USD	Buy	1,493,747	-
Equivalent amount in Rupees	Buy	99,084,570	-
In USD	Sell	-	1,324,566
Equivalent amount in Rupees	Sell	-	82,905,911

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

Currency (Receivables)	As at 31 March, 2016	As at 31 March, 2015
USD	354,632	-
Equivalent in Rupees	23,523,771	-

28.4 Value of imports calculated on CIF basis:

Particulars	Year ended 31 March, 2016 (Rupees)	Year ended 31 March, 2015 (Rupees)
Raw materials	585,670,266	-
Spare parts	1,550,888	-
Capital goods	38,501,552	-
	625,722,706	-

28.5 Expenditure in foreign currency:

Particulars	Year ended 31 March, 2016 (Rupees)	Year ended 31 March, 2015 (Rupees)
Travelling	1,179,898	-
Interest	449,304	-
Commission	4,912,391	6,853,463
	6,541,593	6,853,463

28.6 Details of consumption of imported and indigenous items

Particulars	Year ended 31 March, 2016		Year ended 31 March, 2015	
	Amount (Rupees)	% of total value	Amount (Rupees)	% of total value
Imported:				
Raw materials	438,827,544	10.33%	-	-
Spare parts	1,550,888	3.28%	-	-
	440,378,432		-	-
Indigenous:				
Raw materials	3,808,380,913	89.67%	2,968,514,319	100.00%
Spare parts	45,721,701	96.72%	20,234,373	100.00%
	3,854,102,614		2,988,748,692	

28.7 Earnings in foreign exchange

Particulars	Year ended 31 March, 2016 (Rupees)	Year ended 31 March, 2015 (Rupees)
Export of goods calculated on FOB basis	426,956,846	647,592,431



Note 29 : Disclosures under Accounting Standards

29.1 Employee benefit obligations

(a) Defined contribution plans:

The Company makes Provident Fund and Employee State Insurance Scheme 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 3,611,584 (Year ended 31 March, 2015 Rupees 2,196,565) for Provident Fund contributions, and Rupees 1,747,041 (Year ended 31 March, 2015 Rupees 1,141,361) for Employee State Insurance Scheme 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.

(b) Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

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 basic salary payable for each completed year of service or part thereof in excess of 6 months subject to a limit of Rupees 1,000,000 (Previous Year Rupees 1,000,000). Vesting occurs upon completion of 5 years of service.

i. Gratuity (included in note 25 Employee benefits expense)

Particulars	As at	As at
	31 March, 2016 (Rupees)	31 March, 2015 (Rupees)
(i) Movement in net liability:		
Present value of Defined benefit obligation (DBO) at beginning of the year	1,831,562	1,351,826
Current service cost	1,582,861	599,958
Interest cost	146,342	106,254
Actuarial (gains) / losses	2,055,948	(226,476)
Benefits paid	(251,402)	-
Present value of DBO at the end of the year	5,365,311	1,831,562
Present value of unfunded obligation	5,365,311	1,831,562
Amounts in the Balance Sheet		
(a) Liabilities	(5,365,311)	(1,831,562)
(b) Assets		
(c) Net asset / (liability) recognised in the Balance Sheet	(5,365,311)	(1,831,562)
Current liability	5,147,617	1,749,510
Non-current liability	217,694	82,052

(ii) Expenses recognised in Statement of Profit and Loss is as follows:

Particulars	Year ended	Year ended
	31 March, 2016 (Rupees)	31 March, 2015 (Rupees)
Components of employer's expense		
Current service cost	1,582,861	599,958
Interest cost	146,342	106,254
Actuarial losses	2,055,948	(226,476)
Total expense recognised in the Statement of Profit and Loss	3,785,151	479,736

(iii) Principal Actuarial assumptions for Gratuity

Discount rate	7.99%	7.86%
Salary escalation	8.00%	4.50%
Retirement age	60 Years	60 Years
Mortality tables	IALM (2006-08)	IALM (2006-08)

Estimate of amount of contribution in the immediate next year

Nil Nil

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

(iv) Experience adjustments

	(Amount in Rupees)				
	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Present value of DBO	5,365,311	1,831,562	1,351,826	1,107,154	473,867
Fair value of plan assets	-	-	-	-	-
Experience gain / (loss) adjustments on plan liabilities	(582,435)	78,005	303,444	(187,902)	(249,342)
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-

29.2 Related party transactions

Details of related parties:

Description of relationship	Name of related parties
(i) Holding Company	APL Apollo Tubes Limited
(ii) Fellow subsidiaries	Lloyds Line Pipes Limited Shri Lakshmi Metal Udyog Limited
(iii) Key Management Personnel (KMP)	Mr. Vinay Gupta (Managing Director) Mr. Sanjay Gupta (Director) Mr. Sameer Gupta (Director)
(iv) Relatives of KMP	Mrs. Saroj Rani Gupta (Mother of Director)
(v) Enterprises over which any person described in (i) to (iv) above is able to exercise significant influence	Apollo Pipes Limited Assawa Associates Private Limited



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Details of related party transactions during the year ended 31 March, 2016 and balances outstanding as at 31 March, 2016:

(Amount in Rupees)

	Holding	Fellow Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Enterprises over which persons mentioned above able to exercise significant influence	Total
Purchase of goods						
APL Apollo Tubes Limited	1,182,780,058 (270,857,915)	-	-	-	-	1,182,780,058 (270,857,915)
Apollo Pipes Limited	-	-	-	-	7,367,883 (4,788,444)	7,367,883 (4,788,444)
	1,182,780,058 (270,857,915)	-	-	-	7,367,883 (4,788,444)	1,190,147,941 (275,646,359)
Sale of goods						
APL Apollo Tubes Limited	886,184,569 (448,059,545)	-	-	-	-	886,184,569 (448,059,545)
Lloyds Line Pipes Limited	-	4,817,376	-	-	-	4,817,376
Apollo Pipes Limited	-	-	-	-	17,429	17,429
	886,184,569 (448,059,545)	4,817,376	-	-	17,429	891,019,374 (448,059,545)
Sale of scrap						
APL Apollo Tubes Limited	28,010,238 (36,498,095)	-	-	-	-	28,010,238 (36,498,095)
	28,010,238 (36,498,095)	-	-	-	-	28,010,238 (36,498,095)
Purchase of fixed assets						
APL Apollo Tubes Limited	23,092,350 (294,717,167)	-	-	-	-	23,092,350 (294,717,167)
	23,092,350 (294,717,167)	-	-	-	-	23,092,350 (294,717,167)
Sale of fixed assets						
APL Apollo Tubes Limited	334,618	-	-	-	-	334,618
Lloyds Line Pipes Limited	-	10,075,717	-	-	-	10,075,717
Shri Lakshmi Metal Udyog Limited	-	-	-	-	-	-
	334,618	10,075,717 (693,374)	-	-	-	10,410,335 (693,374)
Rent paid						
Assawa Associates Private Limited	-	-	-	-	924,000 (924,000)	924,000 (924,000)
Mrs. Saroj Rani Gupta	-	-	-	1,452,000 (1,452,000)	-	1,452,000 (1,452,000)
	-	-	-	1,452,000 (1,452,000)	924,000 (924,000)	2,376,000 (2,376,000)
Salary						
Mr. Vinay Gupta	-	-	8,400,000 (8,200,000)	-	-	8,400,000 (8,200,000)
	-	-	8,400,000 (8,200,000)	-	-	8,400,000 (8,200,000)
Job work receipts						
APL Apollo Tubes Limited	5,138,650 (11,427,672)	-	-	-	-	5,138,650 (11,427,672)
	5,138,650 (11,427,672)	-	-	-	-	5,138,650 (11,427,672)
Job work expenses						
APL Apollo Tubes Limited	9,468,612 (86,139,793)	-	-	-	-	9,468,612 (86,139,793)
Lloyds Line Pipes Limited	-	1,466,625	-	-	-	1,466,625
	9,468,612 (86,139,793)	1,466,625	-	-	-	10,935,237 (86,139,793)
Commission paid						
APL Apollo Tubes Limited	6,152,571 (3,737,299)	-	-	-	-	6,152,571 (3,737,299)
Lloyds Line Pipes Limited	-	1,422,236 (10,289)	-	-	-	1,422,236 (10,289)
	6,152,571 (3,737,299)	1,422,236 (10,289)	-	-	-	7,574,807 (3,747,588)



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rupees)						
	Holding	Fellow Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Enterprises over which persons mentioned above able to exercise significant influence	Total
Freight Outward						
Lloyds Line Pipes Limited	-	40,800	-	-	-	40,800
	-	40,800	-	-	-	40,800
Handling charges						
Lloyds Line Pipes Limited	-	432,716	-	-	-	432,716
	-	432,716	-	-	-	432,716
Sale of licences						
Lloyds Line Pipes Limited	-	4,471,672	-	-	-	4,471,672
	-	4,471,672	-	-	-	4,471,672
Balances outstanding at the end of the year						
Trade payables						
APL Apollo Tubes Limited	321,316,821	-	-	-	-	321,316,821
Lloyds Line Pipes Limited	-	5,444,436	-	-	-	5,444,436
Apollo Pipes Limited	-	-	-	-	919,115	919,115
	321,316,821	5,444,436	-	-	919,115	327,680,372
Advances						
APL Apollo Tubes Limited	(100,000,000)	-	-	-	-	(100,000,000)
	(100,000,000)	-	-	-	-	(100,000,000)

29.3 Earning per share

Particulars	Year ended	Year ended
	31 March, 2016	31 March, 2015
(a) Profit for the year after tax Rupees	164,768,307	92,275,894
	164,768,307	92,275,894
(b) Weighted average no. of ordinary shares for basic and diluted EPS	2,711,100	2,711,100
(c) Nominal value per ordinary share	10.00	10.00
(d) Basic earnings per ordinary share (In Rupees)	60.78	34.04
(e) Diluted earnings per ordinary share (In Rupees)	60.78	34.04

29.4 The Company has only one segment i.e, manufacturing of ERW steel tubes, therefore segment reporting as required under Accounting Standard-17 is considered as not applicable.

30 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under section 92D for its specified domestic transactions. The Company will further update above information and records and expects these to be in existence latest by due date of the filing of return, as required under law. The management is of the opinion that all above transactions are at arm's length so that aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.



APOLLO METALEX PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

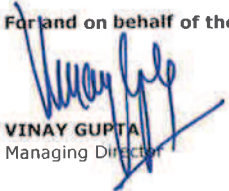
31 Expenditure on corporate social responsibility

Particulars	Year ended 31 March, 2016 (Rupees)	Year ended 31 March, 2015 (Rupees)
Gross amount required to be spent by the Company during the year ended 31 March, 2016 / 31 March, 2015 :	2,662,266	2,494,392
Amount spent during the year on purposes other than construction/acquisition of any asset	NIL	NIL

32 The previous year financials statements are audited by M/s VAPS & Co, another firm of Chartered Accountants.

33 Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year classification/disclosure.

For and on behalf of the Board of Directors


VINAY GUPTA
 Managing Director


SANJAY GUPTA
 Director



Place: Ghaziabad
 Date: 30 May 2016

