

SHRI LAKSHMI METAL UDYOG LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH, 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHRI LAKSHMI METAL UDYOG LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SHRI LAKSHMI METAL UDYOG LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, 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.

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.

In conducting 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.

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, 2017, and its profit and its cash flows for the year ended on that date.



Deloitte Haskins & Sells LLP

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, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 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. 26.1(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. 26.1(iii) 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. 26.1(iv) of the financial statements);
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. (Refer Note No. 30 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
19 May, 2017
RT/SK/2017



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 **SHRI LAKSHMI METAL UDYOG LIMITED** ("the Company") as of 31 March, 2017 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") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India and deemed to be 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



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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, 2017, 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
19 May, 2017
RT/SK/2017

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)

- f. 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 and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations received by the Company from lenders.
- ii. As explained to us, the inventories were physically verified by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- 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. The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not 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) The Company is generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax and Cess with the appropriate authorities and there are no undisputed amounts payable in respect of these dues outstanding as at 31 March, 2017 for a period of more than six months from the date they became payable.
 - (b) Details of dues of Value added tax which have not been deposited as on 31 March, 2017 on account of disputes are given below:



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Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (₹)
Karnataka Value Added Tax Act, 2003	Value Added Tax	Karnataka Appellate Tribunal, Bangalore	2009-2010	#799,978

Net of Rs 800,000 deposited under protest

We have been informed that there are no dues of Income-tax, Sales tax, Service Tax, Custom Duty and Excise Duty which have not been deposited as on 31 March, 2017 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 banks. The Company has neither obtained any loan or borrowings from government or financial institution nor it has issued any debentures.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- 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 (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 (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
19 May, 2017
RT/SK/2017

SHRI LAKSHMI METAL UDYOG LIMITED
BALANCE SHEET AS AT 31 MARCH, 2017

Particulars	Note No.	As at 31 March, 2017 (Rupees)	As at 31 March, 2016 (Rupees)
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share capital	2	58,950,000	58,950,000
(b) Reserves and surplus	3	1,173,534,227	849,822,122
		1,232,484,227	908,772,122
(2) Non-current liabilities			
(a) Long-term borrowings	4	42,000,000	66,000,000
(b) Deferred tax liabilities (net)	5	73,562,566	74,224,148
(c) Long-term provisions	6	4,544,889	2,891,284
		120,107,455	143,115,432
(3) Current liabilities			
(a) Short-term borrowings	7	267,173,271	26,234,901
(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		209,881,601	454,251,906
(c) Other current liabilities	9	42,863,289	38,103,697
(d) Short-term provisions	10	130,586	101,725,850
		520,048,747	620,316,354
Total		1,872,640,429	1,672,203,908
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		530,978,080	544,315,804
(ii) Capital work-in-progress		2,740,023	8,401,231
		533,718,103	552,717,035
(b) Long term loans and advances	12	106,094,612	18,005,697
		106,094,612	18,005,697
(2) Current assets			
(a) Inventories	13	276,568,780	457,354,868
(b) Trade receivables	14	833,897,763	528,873,282
(c) Cash and cash equivalents	15	95,610	764,749
(d) Short-term loans and advances	16	121,990,538	114,169,427
(e) Other current assets	17	275,023	318,850
		1,232,827,714	1,101,481,176
Total		1,872,640,429	1,672,203,908

See accompanying notes forming part of the financial statements

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In terms of our report attached.

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


RASHIM TANDON
Partner



For and on behalf of the Board of Directors


SHARAD MAHENDRA
Director


VINAY GUPTA
Director


SHIVAM MAHESHWARI
Company Secretary



Place: Ghaziabad
Date: 19 May 2017

Place: Ghaziabad
Date: 19 May 2017

SHRI LAKSHMI METAL UDYOG LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

Particulars	Note No.	Year ended 31 March, 2017 (Rupees)	Year ended 31 March, 2016 (Rupees)
I Revenue from operations (Gross)	18	5,855,661,840	5,097,613,907
Less: Excise Duty		578,678,657	523,664,792
Revenue from operations (net)		<u>5,276,983,183</u>	<u>4,573,949,115</u>
II Other Income	19	4,178,644	3,007,773
III Total revenue (I +II)		<u>5,281,161,827</u>	<u>4,576,956,888</u>
IV Expenses			
(a) Cost of materials consumed	20	3,686,986,081	3,101,815,353
(b) Purchase of stock-in-trade (traded goods)	21	650,437,257	476,515,551
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(8,112,441)	11,871,721
(d) Employee benefits expense	23	58,675,949	45,932,337
(e) Finance costs	24	24,946,730	45,032,243
(f) Depreciation and amortisation expense	11	41,704,428	43,336,719
(g) Other expenses	25	314,530,901	280,016,506
Total expenses		<u>4,769,168,905</u>	<u>4,004,520,430</u>
V Profit before tax (III - IV)		511,992,922	572,436,458
VI Tax expense:			
(a) Current tax		180,500,000	193,000,000
(b) Tax expense in respect of earlier year		8,442,399	8,194,561
(c) Deferred tax (credit) / charge	5	(661,582)	16,877,837
Net tax expense		<u>188,280,817</u>	<u>218,072,398</u>
VII Profit after tax (V-VI)		<u>323,712,105</u>	<u>354,364,060</u>
VIII Earnings per equity share of Rupees 10 each:	27.3		
(a) Basic		54.91	60.11
(b) Diluted		54.91	60.11

See accompanying notes forming part of the financial statements 1-31

In terms of our report attached.

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


RASHIM TANDON
Partner



For and on behalf of the Board of Directors


SHARAD MAHENDRA
Director


VINAY GUPTA
Director


SHIVAM MAHESHWARI
Company Secretary

Place: Ghaziabad
Date: 19 May 2017



Place: Ghaziabad
Date: 19 May 2017

SHRI LAKSHMI METAL UDYOG LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

Particulars	Year ended 31 March, 2017 (Rupees)	Year ended 31 March, 2016 (Rupees)
A. Cash flow from operating activities		
Profit before tax	511,992,922	572,436,458
Adjustments for:		
Depreciation and amortisation expense	41,704,428	43,336,719
Loss/(Gain) on sale of assets	(501,957)	2,658,549
Finance costs	24,946,730	45,032,243
Amortisation of premium on forward contract	-	947,825
Liabilities/provisions not required written back	(1,282,113)	(298,030)
Other receivables and advances written off	863,727	1,245,270
Interest income	(260,892)	(1,940,683)
Operating profit before working capital changes	577,462,845	663,418,351
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	180,786,088	(182,013,344)
Trade receivables	(305,024,481)	(392,355,181)
Short-term loans and advances	(8,684,838)	(30,098,526)
Long-term loans and advances	(3,185,644)	1,037,169
Other current assets	(275,023)	191,175
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(244,370,305)	24,333,674
Other current liabilities	(847,139)	(29,891,528)
Short-term provisions	(1,031,372)	885,356
Long-term provisions	1,653,605	1,652,834
Cash generated from operations	196,483,736	57,159,980
Net income tax (paid)/refunds	(291,907,474)	(147,483,863)
Net cash flow (used in) operating activities (A)	(95,423,738)	(90,323,883)
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(98,773,141)	(39,839,600)
Proceeds from sale of fixed assets	1,393,901	14,905,124
Bank balances not considered as Cash and cash equivalents		
- Matured	-	26,428,127
Interest received		
- Others	579,743	1,932,678
Net cash flow (used in) / from investing activities (B)	(96,799,497)	3,426,329
C. Cash flow from financing activities		
Repayment of long-term borrowings	(24,000,000)	(24,000,000)
Proceeds from other short-term borrowings (net)	240,938,369	26,234,901
Finance costs	(25,384,273)	(45,032,243)
Dividends paid	-	(135,585,000)
Tax on dividend	-	(27,109,024)
Net cash flow from / (used in) financing activities (C)	191,554,096	(205,491,366)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(669,139)	(292,388,920)
Cash and cash equivalents at the beginning of the year	764,749	293,153,669
Cash and cash equivalents at the end of the year	95,610	764,749
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents (see note 15)	95,610	764,749
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements:		
(i) In other deposit accounts		
- original maturity more than 3 months	-	-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	95,610	764,749


In terms of our report attached.

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


RASHIM TANDON
Partner



For and on behalf of the Board of Directors


SHARAD MAHENDRA
Director


VINAY GUPTA
Director


SHIVAM MAHESHWARI
Company Secretary



Place: Ghaziabad
Date: 19 May 2017

Place: Ghaziabad
Date: 19 May 2017

SHRI LAKSHMI METAL UDYOG LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 1: Significant accounting policies

A. General Information

Shri Lakshmi Metal Udyog Limited, the Company was incorporated on 25 April 1994. The Company is engaged in the business of production of ERW steel tubes and GP Coils. The Company has one manufacturing unit at Bengaluru, Karnataka.

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 ("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

Finished goods 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.

Raw Material is valued at cost (First in First Out -FIFO basis).

(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, 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.

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

Assets	Useful Life
Buildings	10 to 60 years
Roads	10 years
Plant and machinery used in manufacturing of pipe	10 to 20 years
Other plant and machinery	2 to 10 years
Vehicles	8 years
Furniture and fixtures	10 years
Office equipment	2 to 5 years
Computer	3 years

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

Computer software	3 to 6 years
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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.

(viii) Other income

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

(xi) Investments

Long-term investments 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.

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of period in which the employee renders the related service are recognised as a liability at the present value of the defined obligation as at the Balance Sheet date less the fair value of the plan assets, if any out of which the obligations are expected to be settled.

(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.

(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 reliability.

(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) Contingencies 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.



SHRI LAKSHMI METAL UDYOG LIMITED
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	As at 31 March, 2017		As at 31 March, 2016	
	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	7,000,000	70,000,000	7,000,000	70,000,000
	<u>7,000,000</u>	<u>70,000,000</u>	<u>7,000,000</u>	<u>70,000,000</u>
2 Issued capital				
Equity shares of Rupees 10 each with voting rights	5,895,000	58,950,000	5,895,000	58,950,000
	<u>5,895,000</u>	<u>58,950,000</u>	<u>5,895,000</u>	<u>58,950,000</u>
3 Subscribed and fully paid up capital				
Equity shares of Rupees 10 each with voting rights	5,895,000	58,950,000	5,895,000	58,950,000
	<u>5,895,000</u>	<u>58,950,000</u>	<u>5,895,000</u>	<u>58,950,000</u>

(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, 2017	As at 31 March, 2016	As at 31 March, 2017 (Rupees)	As at 31 March, 2016 (Rupees)
Equity shares with voting rights				
Outstanding at the beginning of the year	5,895,000	5,895,000	58,950,000	58,950,000
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>5,895,000</u>	<u>5,895,000</u>	<u>58,950,000</u>	<u>58,950,000</u>

(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. 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.

(iii) Details of shares held by the holding company :

Particulars	Number of shares	
	As at 31 March, 2017	As at 31 March, 2016
APL Apollo Tubes Limited*	5,895,000	5,895,000

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

Class of shares / Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
APL Apollo Tubes Limited*	5,895,000	100%	5,895,000	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 and Mrs. Meenakshi Gupta (each holding 1 share) as nominee/representatives.

S. No.	Particulars	As at 31 March, 2017 (Rupees)	As at 31 March, 2016 (Rupees)
Note : 3 Reserve and surplus			
1 Security premium			
Opening balance		74,000,000	74,000,000
Add: Additions		-	-
Closing balance		<u>74,000,000</u>	<u>74,000,000</u>
2 General reserve			
Opening balance		28,508,500	28,508,500
Add: Transferred from surplus in statement of profit and loss		-	-
Closing balance		<u>28,508,500</u>	<u>28,508,500</u>
3 Surplus in Statement of profit and loss			
Opening balance		747,313,622	392,949,562
Add: Profit for the period		323,712,105	354,364,060
Closing balance		<u>1,071,025,727</u>	<u>747,313,622</u>
Total		<u><u>1,173,534,227</u></u>	<u><u>849,822,122</u></u>

Note : 4 Long term borrowings

1 Term Loan:			
- From bank			
(i) Secured (see note (i) below)		42,000,000	66,000,000
Total		<u>42,000,000</u>	<u>66,000,000</u>

(i) Term loan from banks are secured as follows:

	As at 31 March 2017		As at 31 March 2016	
	Long- Term Debts	Current Maturities of Long- Term Debt	Long- Term Debts	Current Maturities of Long- Term Debt
By First Pari Passu charge on fixed assets and current assets of the Company (present and future) further secured by exclusive charge on company's land and building situated at KIADB, Industrial area, Plot No-9 to 11, Balagaranahalli Village, Attibele, Bangalore. The loan is further guaranteed by personal guarantee of Directors of the Company i.e Mr. Sanjay Gupta, Mr. Vinay Gupta and Mr. Sameer Gupta and corporate guarantee of APL Apollo Tubes Limited, the holding company. The loan outstanding as at balance sheet is repayable in 11 quarterly instalments commencing from May 2017 and ending in November 2019 of Rupees 6,000,000 each. Applicable rate of interest is in the range of 10.80%-10.75%.	42,000,000	24,000,000	66,000,000	24,000,000



SHRI LAKSHMI METAL UDYOG LIMITED
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Note : 5 Deferred tax liabilities (Net)

	Opening as at 01 April, 2016 (Rupees)	Debited/ (Credited) during the year* (Rupees)	Closing as at 31 March, 2017 (Rupees)
1 Tax effect of items constituting deferred tax liabilities			
(i) On difference between book balance and tax balance of fixed assets	75,248,949	(68,295)	75,180,654
2 Tax effect of items constituting deferred tax assets			
(i) Provision for compensated absences, gratuity and other employee benefits	1,024,801	(593,287)	1,618,088
Total	74,224,148	(661,582)	73,562,566

* Including prior period charge for Rupees Nil (year ended 31 March, 2016 Rupees 551,118)

Note : 6 Long-term provisions

	As at 31 March, 2017 (Rupees)	As at 31 March, 2016 (Rupees)
1 Provisions for employee benefits:		
Provision for compensated absences (see note 27.1)	822,674	-
Provision for gratuity (see note 27.1)	3,722,215	2,891,284
Total	4,544,889	2,891,284

Note : 7 Short-term borrowings

1 Loan repayable on demand		
- From bank		
(i) Secured		
(a) Cash credit (see note (i) below)	17,173,271	26,234,901
2 Others		
- From bank		
(i) Unsecured		
(a) Commercial paper	250,000,000	-
Total	267,173,271	26,234,901

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 and further secured by exclusive charge on company's land and building situated at KIADB, Industrial area, Plot No-9 to 11, Balagaranahalli Village, Attibele, Bangalore. These credit facilities are further secured by personal guarantee of directors of the Company i.e. Mr. Sanjay Gupta, Mr. Sameer Gupta and Mr. Vinay Gupta, these are further secured by corporate guarantee of APL Apollo Tubes Limited, the holding company.

Note : 8 Trade payable

1	Total outstanding dues of micro enterprises and small enterprises (see note 26.2)	-	-
2	Total outstanding dues of creditors other than micro enterprises and small enterprises	209,881,601	454,251,906
	Total	209,881,601	454,251,906

Note : 9 Other current liabilities

1	Current maturities of long-term debt (see note 4 (1) (i) above)	24,000,000	24,000,000
2	Interest accrued but not due on borrowings	588,525	1,026,068
3	Other payables		
	(i) Statutory remittances	2,014,607	1,539,884
	(ii) Payable on purchase of fixed assets	10,969,665	3,643,278
	(iii) Advance from customers	2,079,528	3,386,319
	(iv) Forward premium payable (net of deferred premium of Rupees Nil (previous year Rupees 10,805,078))	-	2,600,027
	(v) Excise duty on finished goods	3,210,964	1,908,121
	Total	42,863,289	38,103,697

Note : 10 Short-term provisions

1 Provision for employee benefits:		
(i) Provision for compensated absences (see note 27.1)	55,224	1,092,074
(ii) Provision for gratuity (see note 27.1)	75,362	69,884
2 Provision others:		
(i) Provision for tax (net of advance tax year ended 31 March 2016 Rupees 226,899,835)	-	100,563,892
Total	130,586	101,725,850



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Note 11 : Fixed assets (At cost)

Particular	Gross block				Accumulated depreciation			Net block		
	As at 01.04.2016	Addition during the year	Sales/transfer during the year	As at 31.03.2017	Upto 31.03.2016	For the year	Adjusted during the year	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
Tangible assets (Owned)										
Freehold land	78,995,907 (78,995,907)	-	-	78,995,907 (78,995,907)	-	-	-	-	78,995,907 (78,995,907)	78,995,907 (78,995,907)
Building	99,042,382 (99,261,348)	10,810,323	12,190,406 (218,966)	97,662,299 (99,042,382)	28,140,201 (20,090,374)	6,007,328 (8,088,706)	12,190,406 (38,879)	21,957,123 (28,140,201)	75,705,176 (70,902,181)	70,902,181 (79,170,974)
Plant and machinery	470,595,554 (479,451,548)	18,353,073 (13,680,527)	14,132,894 (22,536,521)	474,815,733 (470,595,554)	78,648,938 (59,620,878)	34,976,798 (34,161,411)	13,240,949 (15,133,351)	100,384,787 (78,648,938)	374,430,946 (391,946,616)	391,946,616 (419,830,670)
Office equipment	596,642 (468,830)	64,838 (6,950)	396,694 120,862	264,786 (596,642)	434,537 (194,837)	76,345 (239,700)	396,694	114,188 (434,537)	150,598 (162,105)	162,105 (273,993)
Vehicle	3,596,578 (4,829,180)	-	81,326 (1,232,602)	3,515,252 (3,596,578)	1,575,696 (2,001,242)	517,389 (659,819)	81,326 (1,085,365)	2,011,759 (1,575,696)	1,503,493 (2,020,882)	2,020,882 (2,827,938)
Furniture and fixture	587,038 (609,199)	-	292,537 (97,898)	294,501 (587,038)	396,634 (305,839)	54,659 (105,228)	292,537 (14,433)	158,756 (396,634)	135,745 (190,404)	190,404 (303,360)
Computer	892,636 (1,283,088)	30,414 (67,000)	792,136 (457,452)	130,914 (892,636)	794,927 (1,201,717)	71,909 (81,855)	792,137 (488,645)	74,699 (794,927)	56,215 (97,709)	97,709 (81,371)
Total-tangible assets	654,306,737 (664,899,100)	29,258,648 (13,830,214)	27,885,993 (24,422,577)	655,679,392 (654,306,737)	109,990,933 (83,414,887)	41,704,428 (43,336,719)	26,994,049 (16,760,673)	124,701,312 (109,990,933)	530,978,080 (544,315,804)	544,315,804 (581,484,213)

(i) Figures in bracket pertain to previous year ended 31 March, 2016/15.



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S. No.	Particulars	As at 31 March, 2017 (Rupees)	As at 31 March, 2016 (Rupees)
Note : 12 Long term loans and advances (Unsecured, considered goods)			
1	Capital advances	94,542,482	12,040,395
2	Security deposit	6,434,452	5,165,302
3	Advance to employees (see note 27.2)	1,916,495	-
4	Advance income tax (net of provision as at 31 March, 2017 Rupees 516,406,126)	2,401,183	-
5	Payment under protest (i) VAT	800,000	800,000
	Total	<u><u>106,094,612</u></u>	<u><u>18,005,697</u></u>
Note : 13 Inventories			
1	Raw materials	218,810,879	405,439,646
2	Finished goods (including stock-in-transit)	42,624,008	30,433,379
3	Stores and spares	10,425,193	12,694,955
4	Rejection and scrap (including stock-in-transit)	4,708,700	8,786,888
	Total	<u><u>276,568,780</u></u>	<u><u>457,354,868</u></u>
	Details of stock-in-transit		
	Finished goods	17,773,476	17,362,761
	Rejection and scrap	660,555	-
Note : 14 Trade receivables (Unsecured)			
1	Trade receivables outstanding for a period exceeding six months from the date they were due for payment (i) Considered good :	-	44,612
2	Other trade receivables (i) Considered good :	833,897,763	528,828,670
	Total	<u><u>833,897,763</u></u>	<u><u>528,873,282</u></u>
Note : 15 Cash and cash equivalent			
1	Cash and cash equivalent (as per AS 3 Cash Flow Statements) (i) Cash balance (ii) Balances with banks - in current accounts	88,369	68,692
	Total	<u><u>7,241</u></u> <u><u>95,610</u></u>	<u><u>696,057</u></u> <u><u>764,749</u></u>
Note : 16 Short terms loans and advances (Unsecured, considered good)			
1	Loans and advance to employee (see note 27.2)	587,760	171,565
2	Security Deposit	-	75,000
3	Prepaid expenses	7,996,075	264,093
4	Balances with government authorities: (i) Cenvat credit receivable (ii) VAT credit receivable (iii) Service tax credit receivable	2,929,424 95,587,646 368,136	8,973,017 82,545,128 1,427,920
5	Payment under protest (i) Excise (ii) Others	12,078,094	12,078,094
6	(i) Advance to suppliers	2,443,403	8,634,610
	Total	<u><u>121,990,538</u></u>	<u><u>114,169,427</u></u>
Note : 17 Other current assets			
1	Other claim receivable	275,023	-
2	Accrued interest on fixed deposits and securities	-	318,850
	Total	<u><u>275,023</u></u>	<u><u>318,850</u></u>



SHRI LAKSHMI METAL UDYOG LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

S. No.	Particulars	Year ended 31 March, 2017 (Rupees)	Year ended 31 March, 2016 (Rupees)
Note : 18 Revenue from operations			
1	Sale of products (see note (i) below)	5,754,001,225	4,983,079,353
2	Other operating revenue (see note (ii) below)	101,660,615	114,534,554
	Revenue from operations (Gross)	5,855,661,840	5,097,613,907
	Less: Excise duty	578,678,657	523,664,792
	Total	5,276,983,183	4,573,949,115
(i) Sale of products comprises:			
Manufactured goods			
	Black pipe	297,852,240	427,825,013
	Galvanized pipes	4,129,229,448	3,487,279,001
	Coils	664,457,762	575,873,009
	Total (A)	5,091,539,450	4,490,977,023
Traded goods			
	Coils	464,040,444	492,102,330
	Zinc	102,930,382	-
	Capital goods	95,490,949	-
	Total (B)	662,461,775	492,102,330
	Grand Total (A+B)	5,754,001,225	4,983,079,353
(ii) Other operating revenue comprises			
	Sale of scrap	101,660,615	114,534,554
	Total	101,660,615	114,534,554
Note : 19 Other income			
1	Interest income (see note (i) below)	260,893	1,940,683
2	Net gain on foreign currency transactions	2,070,256	769,060
3	Other non-operating income (see note (ii) below)	1,847,495	298,030
	Total	4,178,644	3,007,773
(i) Interest income comprises:			
	(a) Interest from deposits from banks	157,998	1,621,833
	(b) Other interest	102,895	318,850
	Total	260,893	1,940,683
(ii) Other non-operating income comprises:			
	(a) Liabilities/provisions not required written back	1,282,113	298,030
	(b) Profit on sale of fixed assets	501,957	-
	(c) Profit on sale of licence	63,425	-
	Total	1,847,495	298,030
Note : 20 Cost of material consumed			
1 Raw Material			
	Opening stock	405,439,646	213,056,355
	Add: Purchases	3,500,357,314	3,294,198,644
	Less: Closing stock	218,810,879	405,439,646
	Total	3,686,986,081	3,101,815,353
Materials consumed comprise :			
	HR coil	640,039,058	607,500,744
	CR coil	2,847,117,104	2,340,286,769
	Zinc	199,829,919	154,027,840
	Total	3,686,986,081	3,101,815,353
Note : 21 Purchase of stock-in-trade			
	Coils (including HR,CR and GP coil)	455,863,944	476,515,551
	Zinc	100,637,320	-
	Capital goods	93,935,993	-
	Total	650,437,257	476,515,551
Note : 22 Change in inventories			
1 Inventories at the end of the year:			
	Finished goods	42,624,008	30,433,379
	Scrap	4,708,700	8,786,888
		47,332,708	39,220,267
2 Inventories at the beginning of the year:			
	Finished goods	30,433,379	33,966,275
	Scrap	8,786,888	17,125,713
		39,220,267	51,091,988
	Total	(8,112,441)	11,871,721



SHRI LAKSHMI METAL UDYOG LIMITED
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S. No.	Particulars	Year ended 31 March, 2017 (Rupees)	Year ended 31 March, 2016 (Rupees)
Note : 23 Employee benefits expense			
1	Salaries and wages (see note 27.2)	53,428,638	40,486,585
2	Contribution to provident and other funds	3,422,980	2,757,271
3	Gratuity expense	932,597	1,680,812
4	Staff welfare expenses	891,734	1,007,669
	Total	58,675,949	45,932,337
Note : 24 Finance costs			
1	Interest expense on:		
	(i) working capital facilities	14,210,336	25,542,141
	(ii) term loan	8,482,438	13,278,266
2	Other borrowing cost	2,253,956	6,211,836
	Total	24,946,730	45,032,243
Note : 25 Other expenses			
1	Consumption of stores and spare parts	52,271,293	47,152,953
2	Increase/ (decrease) of excise duty on inventory	1,302,843	(2,913,179)
3	Furnace oil	27,631,221	21,415,032
4	Power and fuel	66,281,609	64,121,076
5	Security charges	1,238,229	1,348,368
6	Repair and maintenance:		
	(i) Building	130,188	536,106
	(ii) Plant and machinery	1,952,267	1,767,346
	(iii) Others	18,083	28,880
7	Factory expense	2,787,131	1,483,581
8	Insurance	301,856	202,443
9	Rates and taxes	1,552,746	2,211,442
10	Net gain on foreign currency transactions	2,078,520	
11	Amortisation of premium on forward contract	15,244,350	947,825
12	Forward contract cancellation loss	-	4,216,812
13	Travelling and conveyance	532,968	666,588
14	Legal and professional charges (see note below)	2,525,540	2,847,349
15	Donations and contributions	16,006,000	-
16	Loss on sale of fixed assets (net)	-	2,658,549
17	Freight outward (see note 27.5)	39,427,628	71,088,315
18	Sales commission	10,032,983	9,927,998
19	Sales discount	23,349,365	27,645,034
20	Sales promotion (see note 27.5)	22,177,104	20,298,227
21	Other receivables and advances written off	863,727	1,245,270
22	Miscellaneous expenses	1,481,799	1,120,491
23	Allocation of common expenses (see note 27.2 and 28)	25,343,451	-
	Total	314,530,901	280,016,506

Note :-

Legal & professional charges include auditor's remuneration (net of service tax) as follows :

(i) Payments to the auditors comprise:

(a) To statutory auditors

For audit

For other services

1,100,000

1,100,000

75,000

-

1,175,000

1,100,000

(ii) To cost auditors for cost audit

55,000

50,000

Total

1,230,000

1,150,000



SHRI LAKSHMI METAL UDYOG LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 26 Additional information to the financial statements

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

Particulars	As at 31 March, 2017 (Rupees)	As at 31 March, 2016 (Rupees)
(i) Contingent liabilities		
(a) Disputed claims/levies in respect of sales tax:		
- Reversal of input tax credit	1,599,978	1,599,978
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	284,758,820	155,100
(iii) The Company has other commitments, for purchase orders which are issued after considering requirements per operating cycle for purchase 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.		
(iv) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.		

26.2 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.

26.3 Details on derivative instruments and unhedged foreign currency exposures

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2017

Forward contract outstanding	Buy/Sell	As at 31 March, 2017	As at 31 March, 2016
In USD	Buy	-	5,754,797
Equivalent amount in Rupees	Buy	-	381,732,365

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

Currency	As at 31 March, 2017	As at 31 March, 2016
Payables:		
EURO	106,400	-
Equivalent in Rupees	7,367,945	-
Advance paid to vendors:		
USD	1,400,000	-
Equivalent in Rupees	90,774,040	-
EURO	-	148,000
Equivalent in Rupees	-	11,114,134

26.4 Value of imports calculated on CIF basis:

Particulars	Year ended 31 March, 2017 (Rupees)	Year ended 31 March, 2016 (Rupees)
Raw materials	531,858,636	1,121,610,047
Spare parts	-	1,919,998
Capital goods- traded	93,970,307	12,239,172
	625,828,943	1,135,769,217

26.5 Expenditure in foreign currency:

Particulars	Year ended 31 March, 2017 (Rupees)	Year ended 31 March, 2016 (Rupees)
Interest	4,201,472	8,683,478



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26.6 Details of consumption of imported and indigenous items

Particulars	Year ended		Year ended	
	Amount	% of total value	Amount	% of total value
	(Rupees)		(Rupees)	
Imported				
Raw materials	-	0.00%	658,771,067	21.24%
Spare parts	-	0.00%	1,919,998	4.07%
			660,691,065	
Indigenous				
Raw materials	3,686,986,081	100.00%	2,443,044,286	78.76%
Spare parts	52,271,293	100.00%	45,232,955	95.93%
	3,739,257,374		2,488,277,241	

Note 27 : Disclosures under Accounting standard

27.1 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 2,282,780 (Year ended 31 March, 2016 Rupees 1,633,878) for Provident Fund contributions, and Rupees 1,140,200 (Year ended 31 March, 2016 Rupees 1,123,393) 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 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 as part of (state line item) in note 23 Employee benefits expense)

Particulars	As at	As at
	31 March, 2017	31 March, 2016
	(Rupees)	
(i) Movement in net liability:		
Present value of DBO at beginning of the year	2,961,168	1,280,356
Current service cost	822,961	563,087
Interest cost	219,126	102,300
Actuarial (gains) / losses	(109,490)	1,015,425
Benefits paid	(96,188)	-
Present value of DBO at the end of the year	3,797,577	2,961,168
Present value of unfunded obligation	3,797,577	2,961,168
Amounts in the Balance Sheet		
(a) Liabilities	(3,797,577)	(2,961,168)
(b) Assets	-	-
(c) Net asset / (liability) recognised in the Balance Sheet	(3,797,577)	(2,961,168)
Current liability	75,362	69,884
Non-current liability	3,722,215	2,891,284

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

Particulars	Year ended	Year ended
	31 March, 2017	31 March, 2016
	(Rupees)	
Components of employer's expense		
Current service cost	822,961	563,087
Interest cost	219,126	102,300
Actuarial losses	(109,490)	1,015,425
Total expense recognised in the Statement of Profit and Loss	932,597	1,680,812

(iii) Principal Actuarial assumptions for Gratuity and compensated absence

Discount rate	7.40%	7.99%
Salary escalation	8.00%	8.00%
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

Particulars	(Amount in Rupees)				
	2016-17	2015-2016	2014-2015	2013-2014	2012-2013
Present value of DBO	3,797,577	2,961,168	1,280,356	1,269,897	1,583,890
Fair value of plan assets	-	-	-	-	-
Experience gain / (loss) adjustments on plan liabilities	397,400	(17,594)	205,067	760,761	(445,085)
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-



27.2 Related party transactions

Details of related parties:

Description of relationship	Name of related parties
(i) Holding company	APL Apollo Tubes Limited
(ii) Fellow Subsidiaries	Apollo Metalex Private Limited Lloyds Line Pipes Limited
(iii) Key Management Personnel (KMP)	Mr. Sanjay Gupta (Director) Mr. Vinay Gupta (Director) Mr. Sharad Mahendra (Whole Time Director)
(iv) Relatives of KMP	Mr. Rahul Gupta (Son of Mr. Sanjay Gupta)

Details of related party transactions during the year ended 31 March, 2017 and balances outstanding as at 31 March, 2017:

(Amount in Rupees)

	Holding Company	Fellow Subsidiaries	Key Managerial Personnel and their Relatives	Total
Purchase of goods				
APL Apollo Tubes Limited	30,474,343 (213,690,643)	-	-	30,474,343 (213,690,643)
	30,474,343 (213,690,643)	-	-	30,474,343 (213,690,643)
Sale of goods				
APL Apollo Tubes Limited	1,277,850,388 (1,292,578,380)	-	-	1,277,850,388 (1,292,578,380)
Lloyds Line Pipes Limited	-	90,365,583 (176,147,268)	-	90,365,583 (176,147,268)
	1,277,850,388 (1,292,578,380)	90,365,583 (176,147,268)	-	1,368,215,971 (1,468,725,648)
Purchase of fixed assets				
APL Apollo Tubes Limited	13,146,228 -	-	-	13,146,228 -
	13,146,228 -	-	-	13,146,228 -
Purchase of license				
APL Apollo Tubes Limited	3,046,819 -	-	-	3,046,819 -
	3,046,819 -	-	-	3,046,819 -
Sale of fixed assets (traded)				
APL Apollo Tubes Limited	108,827,708 -	-	-	108,827,708 -
Lloyds Line Pipes Limited	-	(4,567,000)	-	(4,567,000)
	108,827,708 -	(4,567,000)	-	108,827,708 (4,567,000)
Commission paid				
APL Apollo Tubes Limited	3,862,779 (7,255,506)	-	-	3,862,779 (7,255,506)
Lloyds Line Pipes Limited	-	44,569 (575,499)	-	44,569 (575,499)
	3,862,779 (7,255,506)	44,569 (575,499)	-	3,907,348 (7,831,005)
Sale of scrap				
APL Apollo Tubes Limited	38,211,200 (51,069,386)	-	-	38,211,200 (51,069,386)
	38,211,200 (51,069,386)	-	-	38,211,200 (51,069,386)
Legal and professional charges				
Mr. Rahul Gupta	-	-	(605,001)	(605,001)
	-	-	(605,001)	(605,001)
Purchase of Store and spares				
APL Apollo Tubes Limited	1,171,162 -	-	-	1,171,162 -
Lloyds Line Pipes Limited	-	446,546	-	446,546
	1,171,162	446,546	-	1,617,708



27.2 Related party transactions (Continued)

Particulars	(Amount in Rupees)			
	Holding Company	Fellow Subsidiaries	Key Managerial Personnel and their Relatives	Total
Allocation of common expense				
APL Apollo Tubes Limited	25,343,451	-	-	25,343,451
	-	-	-	-
	25,343,451	-	-	25,343,451
	-	-	-	-
Salary Paid				
Mr. Sharad Mahendra *	-	-	9,652,886	9,652,886
	-	-	-	-
	-	-	9,652,886	9,652,886
	-	-	-	-
Dividend paid				
APL Apollo Tubes Limited	-	-	-	-
	(135,585,000)	-	-	(135,585,000)
	-	-	-	-
	(135,585,000)	-	-	(135,585,000)
	-	-	-	-
Balances outstanding at the end of the year				
Trade receivables				
APL Apollo Tubes Limited	715,776,851	-	-	715,776,851
	(410,984,553)	-	-	(410,984,553)
Lloyds Line Pipes Limited	-	12,053,705	-	12,053,705
	-	(40,700,828)	-	(40,700,828)
	715,776,851	12,053,705	-	727,830,556
	(410,984,553)	(40,700,828)	-	(451,685,381)
	-	-	-	-
Loans and advances receivables				
Mr. Sharad Mahendra	-	-	2,504,255	2,504,255
	-	-	-	-
	-	-	2,504,255	2,504,255
	-	-	-	-

* As the future liability for gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above

- (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 4 (i) and 7 (i)) for credit facilities from bank outstanding as at the end of year amounting Rupees 83,173,271 (year ended 31 March, 2016 Rupees 116,234,901)
- (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, Mr. Vinay Gupta and Mr. Sameer Gupta. (see note 4 (i) and 7 (i))

27.3 Earning per share

Particulars	Year ended	
	31 March, 2017	31 March, 2016
(a) Profit for the year after tax in Rupees	323,712,105	354,364,061
(b) Weighted average no. of ordinary shares for basic and diluted EPS	5,895,000	5,895,000
(c) Nominal value per ordinary share	10.00	10.00
(d) Basic Earnings per ordinary share	54.91	60.11
(e) Diluted Earnings per ordinary share	54.91	60.11

27.4 The Company has only one segment i.e., manufacturing of ERW steel tubes, therefore no further disclosure is required under Accounting Standard-17.

27.5 Prior period items include:

Particulars	Year ended	
	31 March, 2017	31 March, 2016
	(Rupees)	(Rupees)
Prior period expenses:		
Freight Outward	-	4,323,942
Sales Promotion	7,160,104	-
Total	7,160,104	4,323,942

28 Allocation of Common Expenses

During the year, the parent 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 the respective companies, as per audited financial statements, of immediate preceding financial year.



SHRI LAKSHMI METAL UDYOG LIMITED
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29 Corporate social responsibility

As per section 135 of the Companies Act, 2013 and rules therein, the Company is required to spend at least 2% of average net profit of past three years towards Corporate Social Responsibility (CSR). Details of CSR expenditure as certified by the Management are as follows:

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
	(Rupees)	(Rupees)
Gross amount required to be spent by Company during the year ended 31 March, 2017/ 31 March, 2016	6,830,684	4,606,725
Amount spent during the year on purposes other than construction/ acquisition of any asset	NIL	NIL

30 Disclosure on specified bank notes (SBNs):


During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 08 November 2016 to 30 December 2016 the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination notes	Total
	(Rupees)	(Rupees)	(Rupees)
Closing cash in hand as on 08 November, 2016	5,000	45,519	50,519
(+) Permitted receipts	-	400,000	400,000
(-) Permitted payments	-	260,395	260,395
(-) Amount deposited in Banks	5,000	-	5,000
Closing cash in hand as on 30 December 2016	-	185,124	185,124

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 08 November 2016.

31 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


SHARAD MAHENDRA
Director


VINAY GUPTA
Director


SHIVAM MAHESHWARI
Company Secretary



Place: Ghaziabad
Date: 19 May 2017

