

3rd September 2019

Electronic Filing

National Stock Exchange of India Limited
"Exchange Plaza" Bandra-Kurla Complex,
Bandra (E),
Mumbai-400051

Department of Corporate Services/Listing
BSE Limited
Phiroze Jeejeebhoy Tower,
Dalal Street, Fort,
Mumbai-400001

NSE Symbol : APLAPOLLO

Scrip Code : 533758

Dear Sir/Madam,

Re: Annual Report for the Financial Year 2018-19

Pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, please find enclosed herewith Annual Report of the Company for the Financial Year 2018-19, alongwith Notice of the 34th Annual General Meeting scheduled to be held on Saturday, 28th September, 2019, at JP Hotel & Resorts, 6B, I.P. Extension, Patparganj, Near Max Hospital, Delhi- 110092.

Submitted for your kind reference and records.

Thanking you

Yours faithfully
For APL Apollo Tubes Limited


Adhish Swaroop
Company Secretary



Encl: a/a

APL Apollo Tubes Limited (CIN-L74899DL 1986PLC023443)

Corp. Office : 36, Kaushambi, Near Anand Vihar Terminal, Delhi -NCR -201010, India Tel: +91-120-4041400 Fax : +91-120-4041444

Corp. Office : Tapasya Corp. Heights 4th Floor, Sector-126, Noida, Uttar Pradesh-201303 India

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Unit-I : A-19, Industrial Area, Sikandrabad, Distt. Bulandshahar, U.P.-203205, India Unit-II : 332-338, Alur Village, Perandapolli, Hosur, Tamilnadu-635109, India

Unit-III : Plot No. M-1, Additional M.I.D.C. Area, Kudavali, Murbad, Maharashtra, Thane-421401, India Unit-IV : Village Bendri Near Urla Indl. Area Raipur, Chhattisgarh-493661, India

Unit-V : Survey No.443,444,538,539, Wadiyaram(Village), Chegunta (Mandal), Medak (Dist.)-502255, Telangana, India.

E-mail : info@aplapollo.com Website : www.aplapollo.com



inner
strength

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*India's No. 1 by market share

Strength does not
come from winning.
Your struggles
develop your
strengths. When you
go through hardships
and decide not to
surrender, that is
strength.

– Arnold Schwarzenegger

At APL Apollo, our struggles and our spirit
have yielded rich dividends. It shows in our
growth.

*Includes 250,000 MTPA capacity of two units of Apollo TriCoat Tubes Limited and 200,000 MTPA capacity of one Telangana unit of Taurus Value Steel & Pipes Private Limited, which was acquired subsequent to year end.

26%
Sales volumes
(10-year CAGR)

2.55*
Mn MTPA
Capacity

21.4%
ROCE

16.4%
ROE

1100+
Products

790
Distributors

11*
Manufacturing
Plants

From the Chairman's desk

“Innovation at APL Apollo is not a deliberate strategy. It is our inner strength which gets reflected in everything – our priorities, products, processes and performance.”



Dear shareholders,

In all of 2018, every 60 seconds made a world of difference. For in this time limit, Earth completed 1800 km rotation, the world added more than 100 new lives to its population. In the same time, Google received about 3.7 mn queries, the world spent about US \$862,823 in online purchases, about 187 mn emails were exchanged across the globe. More intriguing, the leader of India Inc., Reliance Industries generated sales of ₹11 million.

Fascinating right?

The incredible speed at which the world is changing (markets are moving, technology is evolving, and traditional business models are dismantling) is giving rise to new business spaces and solutions. The astonishing momentum at which an individual's mindset is changing, adapting to new-age technologies and demanding for more, is mandating economies, industries, and companies to alter their delivery models

completely. The intensity of industry disruption and rate-of-change of consumer needs today necessitates staying one step ahead of market demand.

At APL Apollo, we are determined to stay at the cutting-edge of technology which will help us in developing and delivering innovative solutions that add value to the customer and grow the market size, as opposed to merely focusing on increasing our market share. Interestingly, this comes to us naturally. For innovation at APL Apollo, is not a deliberate strategy. It is in our DNA. It's our inner strength which gets reflected in everything – our priorities, process, product and performance.

Fiscal 2018-19 aptly demonstrates our ability to grow the market. Having installed the DFT technology, we nearly doubled our sales volumes between April 2018 and March 2019. Moreover, this, is only the tip of the iceberg. For our products have been approved for important infrastructure projects, namely airports and bridges, which were held up owing to the General Elections. With that behind us, we expect to see these projects get off the ground. When that happens, it will optimally utilise our DFT capacity.

In another development, APL Apollo Tubes, through its wholly owned subsidiary Shri Lakshmi Metal

Udyog Limited (SLMUL), would be acquiring more than 50% stake in Apollo TriCoat Tubes Limited. This investment will allow us access to new, high-end galvanizing technology, which will give us new products - Inline Galvanizing (ILG) Pipes, Door Frames, Hybrid Pipes and Narrow Sections. Globally, there are only ten lines for ILG Pipe and only a couple of lines of Hybrid Pipes. This technology will create a new market segment in the galvanized product segment and provide APL Apollo with a first mover advantage. While the ILG pipes would be part of our structural offering, the hybrid solution is a niche solution for water applications. The bottom line is that our continuous focus on innovation and technology is helping us to evolve and align ourselves with the ever-evolving customer's demand. In doing so, we hope to sustain our dominance in this business space.

Promise, prospects, and priorities

The steel demand in India is expected to grow around 6-8% by FY21, of which, steel pipe will form 10-12% of the total steel demand. This proportion indicates the significant opportunity for steel pipe consumption in the years to come.

Strong Government impetus, increasing purchasing power, improving lifestyle dynamics, among others, are likely to catalyse the demand for steel pipe products from the infrastructure, construction and building materials sectors, energy, engineering, automobile and agricultural segments. Moreover, steel pipes and tube manufacturing is among the fastest growing industries across the globe. India is one of the leading ERW steel tubes manufacturing hubs. Being looked upon as a manufacturing base to the world, India can play a significant role in catering to the growing global demand for ERW steel tubes.

There is a robust untapped potential across export markets, especially across the US, Europe, and the Middle East for new-age products and solutions. Our success in entering the US with large sections (300x300 using our DFT technology) vindicates this belief. Going forward, newer product launches such as Tricoat Tubes, Narrow Sections, we believe, will further unlock vast potential across the overseas markets.

Our immediate focus

With the operationalisation of eight lines of DFT, our current capacity stands at 2.1 million MTPA.

We are taking this number higher. At the start of the current fiscal, we entered into an agreement with Shankara Building Products Limited to acquire its 200,000 MTPA manufacturing unit in South India. This facility has established lines for high-margin products, namely GI and GP. Also, we have a strong presence in these revenue verticals in South India. This acquisition becomes a perfect fit for us and has an attractive payback of less than 3 years. With this acquisition, APL Apollo's installed capacity will be 2.3 million MTPA. Moreover, the upcoming operationalisation of the Tricoat manufacturing line of 250,000 MTPA will further take our total installed capacity to 2.55 million MTPA.

We will continue to work towards achieving optimum utilisation of our capacity by focusing on our CAP strategy. This strategy involves reaching new customers, new areas, and introducing new products. Through these painstaking and patient efforts, we aim to achieve an 85-90% utilisation in the next couple of years. Once we reach the target of 85%, we will think about additional capex.

From a medium-term perspective, we will work very deliberately to ensure that APL Apollo always remains relevant and current to the people we

serve and to the changes taking place in our environment. To that end, we will continually shape the Company, strategically choosing the businesses in which we compete, the areas of research in which we invest, and the geographies in which we build, to achieve the optimal configuration for success.

Acknowledgment

It is sheer endurance that has brought us here. We have stayed the course and believed in our business model. We have successfully managed both failures and risks in a fast-changing world that brings new and disruptive ideas every day. We have consistently raised the bar by benchmarking ourselves against the global best. Through a combination of high technology, talent, and a culture rooted in deep science, we have proved that as an organisation, we have what it takes to make world-class, cutting-edge products.

As we move into 2019-20, I would like to thank our esteemed shareholders, partners, customers and all other stakeholders for believing in our story and reposing their confidence in our capability and extending their support in our long journey of endurance.

Warm Regards

Mr. Sanjay Gupta

Overall, the Company is witnessing a steady revival in volumes across product categories and has sufficient capacities to grow at a **20% CAGR over the next two years**. So, our focus will be more towards improving our cash flows and profitability in the years ahead.

About the corporate

APL Apollo: Strengthening India's infrastructure backbone with its tubes and hollow sections.

APL Apollo Tubes Limited (APL Apollo) is one of India's leading branded steel products manufacturers.

Headquartered at Delhi NCR, the Company operates eleven manufacturing facilities with a total capacity of 2.55 Million MTPA.

It has a PAN-India presence with units strategically located in Sikandarabad (4 units), Malur, Bengaluru, Hosur, Dujana, Raipur, Murbad and Telangana.

APL Apollo's multi-product offerings include over 1,100 varieties of Pre-Galvanized Tubes, Structural ERW Steel Tubes, Galvanized Tubes, MS Black Pipes and Hollow Sections.

With state-of-the-art-manufacturing facilities, APL Apollo serves as a 'one-stop shop' for a wide spectrum of steel products, catering to an array of industry applications such as urban infrastructure, housing, irrigation, solar plants, greenhouses and engineering.

The Company's vast 3-tier distribution network of over 790 dealers is spread all across India, with warehouses cum-branch offices in over 29 cities

For the shareholder

BSE: 533758

NSE: APLAPOLLO

Face Value: ₹10

Market Capitalisation: ₹3458 crore (March 31, 2019)

Dividend per share: ₹14 (For 2018-19)





where we stand today

2.55*

Capacity
(Mn MTPA)

1.3

Sales
(Mn MTPA)

18%

Market Share

37.07%

Promoters Holding
March 31, 2019

28

Net Working
Capital days

3458

Market Capitalisation
March 31, 2019
(₹ crore)

*Includes 250,000 MTPA capacity of two units of Apollo TriCoat Tubes Limited and 200,000 MTPA capacity of one Telangana unit of Taurus Value Steel & Pipes Private Limited, which was acquired subsequent to year end.



7152

Net Sales
2018-19
(₹ crore)

405

EBITDA
2018-19
(₹ crore)

148

Net Profit
2018-19
(₹ crore)

964

Networth
March 31, 2019
(₹ crore)

0.7

Debt-equity Ratio
March 31, 2019

265

Operating Cash Flow
(₹ crore)

Inner strength is the fortitude to carry on.

One step in front of the other, taking detours and changing direction when the ecosystem demands it, but always journeying on towards the goal, and getting on with the here-and-now.

It's about taking on board the learnings from challenges, letting that transform you, and carrying on anyway with a slightly different approach; maybe with a slightly different focus.

It's about managing seismic changes, by waiting for the dust to settle, and then...





...carrying on regardless.

Competitive advantage 1

strength in *size*

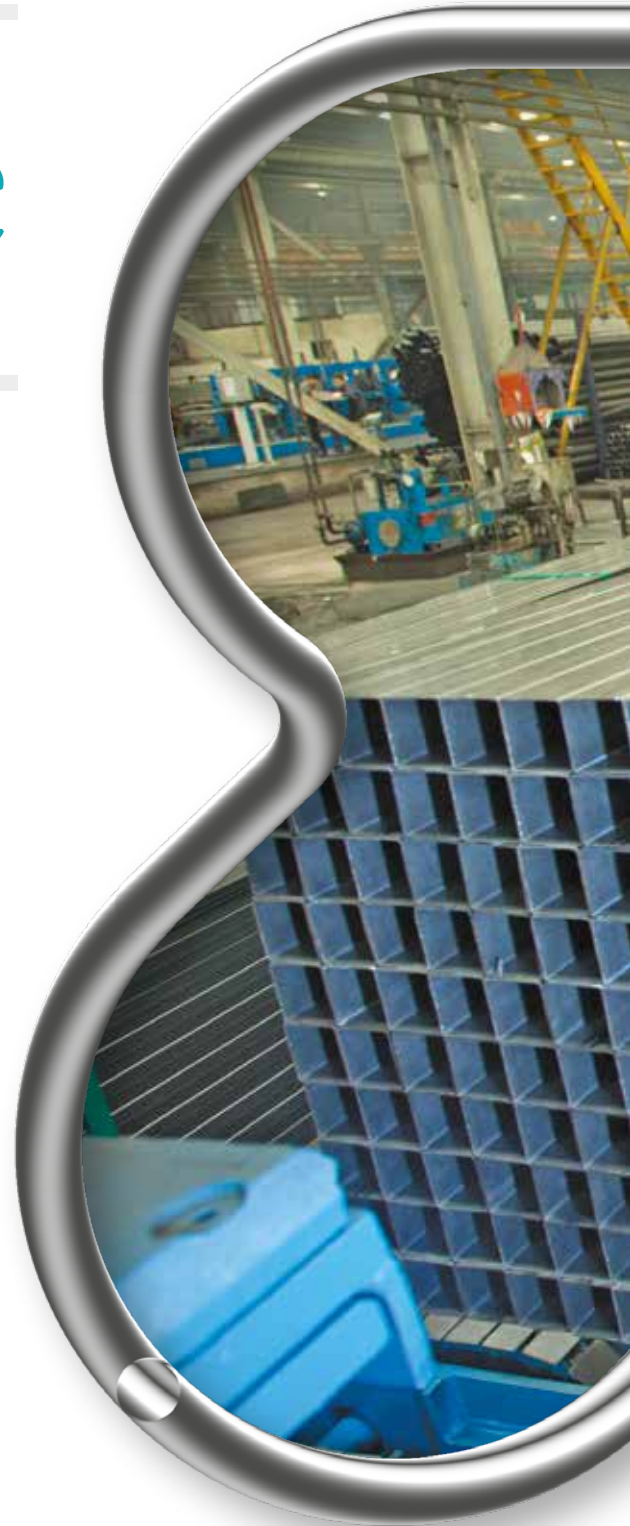
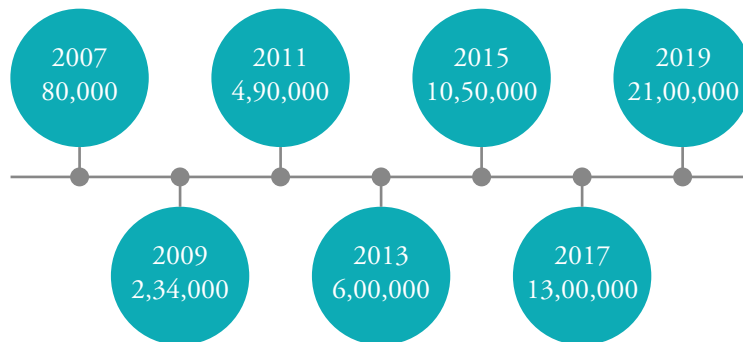
When you are addressing a nation with a vibrant domestic market potential, where steel pipe and tube segment is expected to constitute 10-12% of the increased steel demand by 2021, one needs to be ready with relevant capacities.

Consistent investment in capacities over the last decade has positioned APL Apollo Tubes as the largest producer of Electric Resistance Welded (ERW) Steel Pipes and Sections in India and one of the largest players in the world.

Intelligent capacity creation has resulted in balanced manufacturing infrastructure across regions. This strategy has made APL Apollo the only branded domestic steel tubes manufacturer with a close-to-demand pan-India footprint enabling it to capitalise on opportunities mushrooming across India.

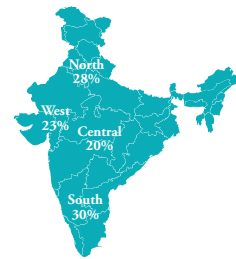
Moreover, the Company has recently acquired an additional 200,000 MTPA capacity in South India, taking its total capacity to 2.3 Mn MTPA.

Our Capacity Journey (in MTPA)



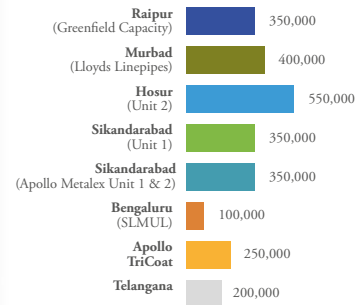


Capacity Distribution



-18% Market share across geographies

2.55 MTPA Capacity Plants



The newly commissioned facility at Raipur enabled the Company to garner a **healthy presence in the eastern states.**

Competitive advantage 2

strength in range

When you are aware that steel is the backbone of nation building, and India is investing aggressively in building every sector – airports, bridges, buildings (commercial and residential) etc. – creating a large product basket of structural steel products becomes a necessary growth imperative.

Across our business journey, we have patiently and passionately created a product basket that caters to multiple high-growth sectors that are also high on national priority.

In 2018-19, we launched 100+ products, growing our basket size to 1,100. In doing, so we have emerged as a one-stop-solution for all structural steel products.

Moreover, we have strategically focused our energies on graduating towards value-added products that enhance business profitability.

This spread has not only enhanced sales volumes, it has also de-risked the Company against an over-dependence on any single user sector.

APL Sectoral bandwidth

68%



Construction & Building Material

- Green Construction
- Buildings / Smart Cities
- Structural Steel
- Fencing
- Hand Railing
- Roofing
- Scaffolding
- Window/Door frame
- Ducting
- Furniture
- Fire Fighting

10%



Infrastructure

- Metros
- Airports
- Ports
- Prefabricated
- Gas Pipelines
- Telecom Towers
- Poles
- Stadiums

9%



Energy & Engineering

- Solar Plants
- Power Plants
- Cranes
- Gym equipment
- Heavy engineering goods

5%



Automobiles

- Truck & Bus body
- Heavy Vehicle Axles

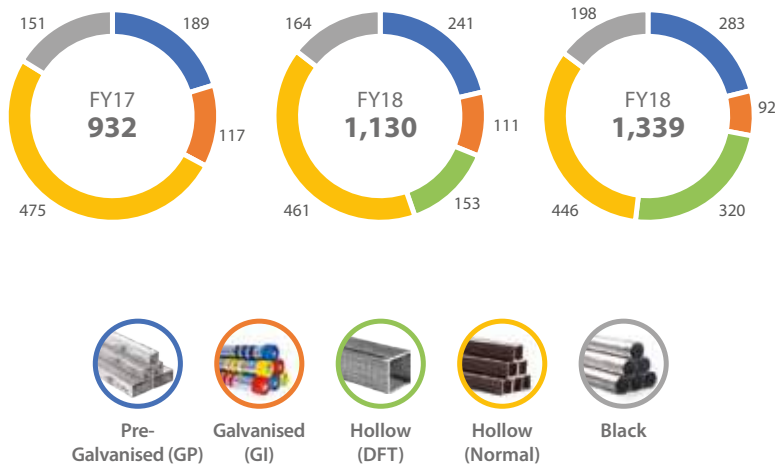
8%



Agriculture

- Agriculture Implements
- Drip Irrigation
- Water Distributor
- Pump & Water Conveyance
- Greenhouses

Sales Volumes in 000's (MTPA)



Our recent acquisition, in South India will further strengthen our value-addition resolve over the coming years.

Competitive advantage 3

strength in reach

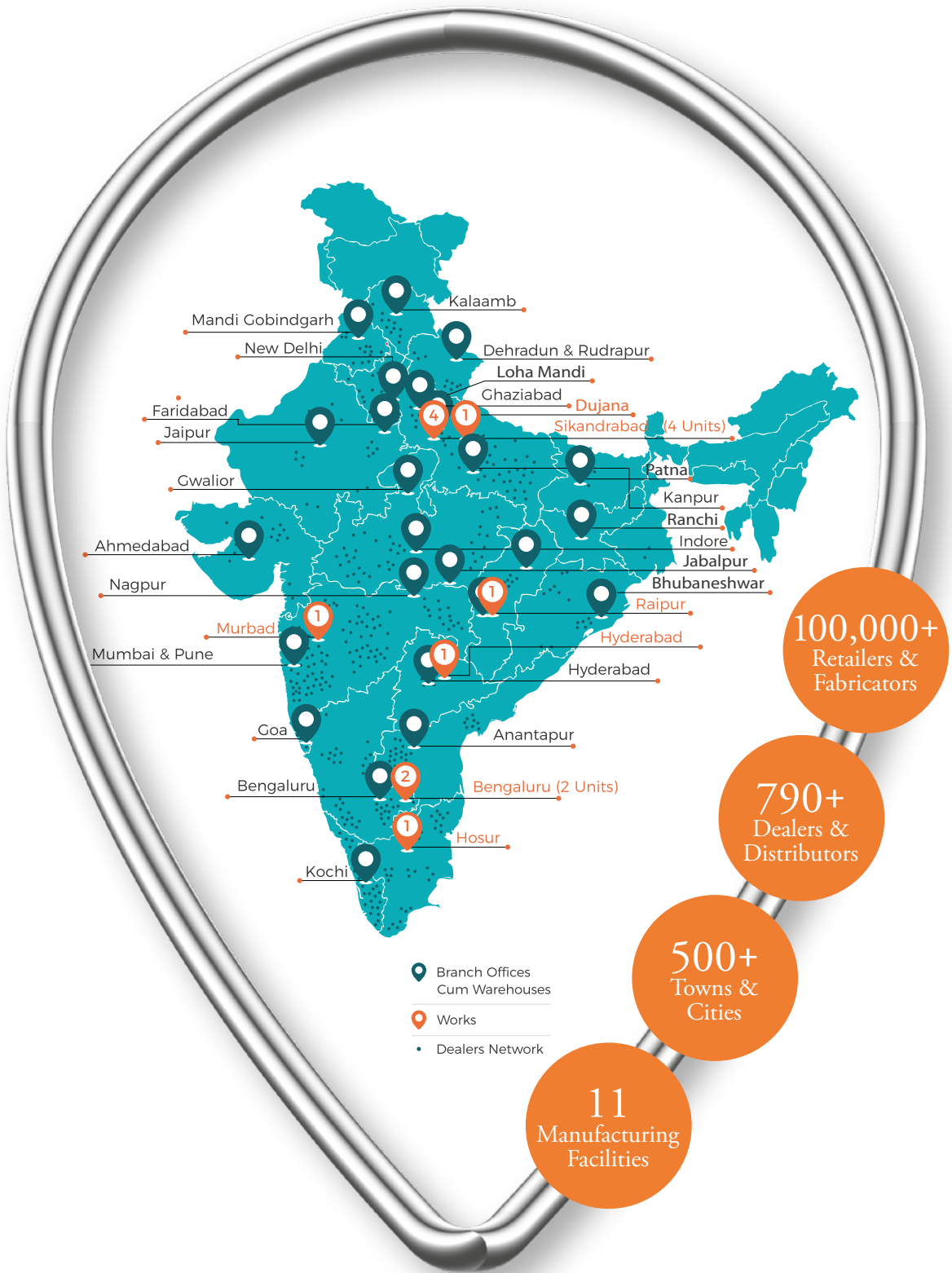
When you wish to address the expansive Indian market that spans 3.287 million km², creating an expansive and entrenched distribution network is a critical business mandate.

Even as we continued to grow capabilities, we worked aggressively on enhancing our reach through a multi-layer network supported by robust supply chain solutions and infrastructure.

In 2018-19, we further enhanced our reach – we added 140 new distributors to our network, taking the total count to 790 distributors as on March 31, 2019.

Currently, APL Apollo has the largest and most entrenched distribution networks in the structural steel sector in India.





Competitive advantage 4

strength in brand

When you are determined to cement a recall in the minds of more than 1 billion people in the second most populous nation in the world, branding initiatives need to graduate from the local to the national level.

We significantly enhanced our brand building budget. We appointed a reputed consultant to drive the Company's overall branding strategy.

On the one hand, we incentivised supply...

- We introduced innovative incentive schemes for dealers.
- We organised a multi-day international cruise organised for dealers and distributors.

...while on the other, we catalyzed demand!

- We enhanced our connect with the external world through enhanced participation in National and International forums for Building and Construction.
- We intensified our engagement activities with architects, fabricators, and down the line opinion influencers.

And then, we took branding to the national level.

- We became the principle sponsors of the Delhi Team in IPL 2019, India's biggest sporting event with mass appeal and viewership.

- Our TVC was showcased on national channels.

These sustained branding and awareness efforts have positioned APL Apollo as India's leading branded steel tubes manufacturer and cemented a lasting recall in the mind of discerning Indians.





We became the
principle sponsors of
the Delhi Team in the
IPL 2019.

Competitive advantage 5

strength in **cost management**

When you are serving a country that is transitioning from the developing to the developed, one must be extremely mindful of cost management; for that edge will continue to sustain demand in good times and bad.

Our unwavering passion for cost management is reflected in every key business aspect.

- Our pan-India manufacturing presence ensured that we always remain proximate to consuming markets, optimising our logistics costs and enhancing our speed to market.
- Our technology and automation solutions continued to drive productivity northward.

- Our increasing usage of renewable energy reduced electricity and maintenance costs.
- Our emphasis on channel financing improved our working capital cycle and strengthened our dealers' purchasing power.
- Our healthy cash flows deleveraged our financial statements which reduced our interest liability.

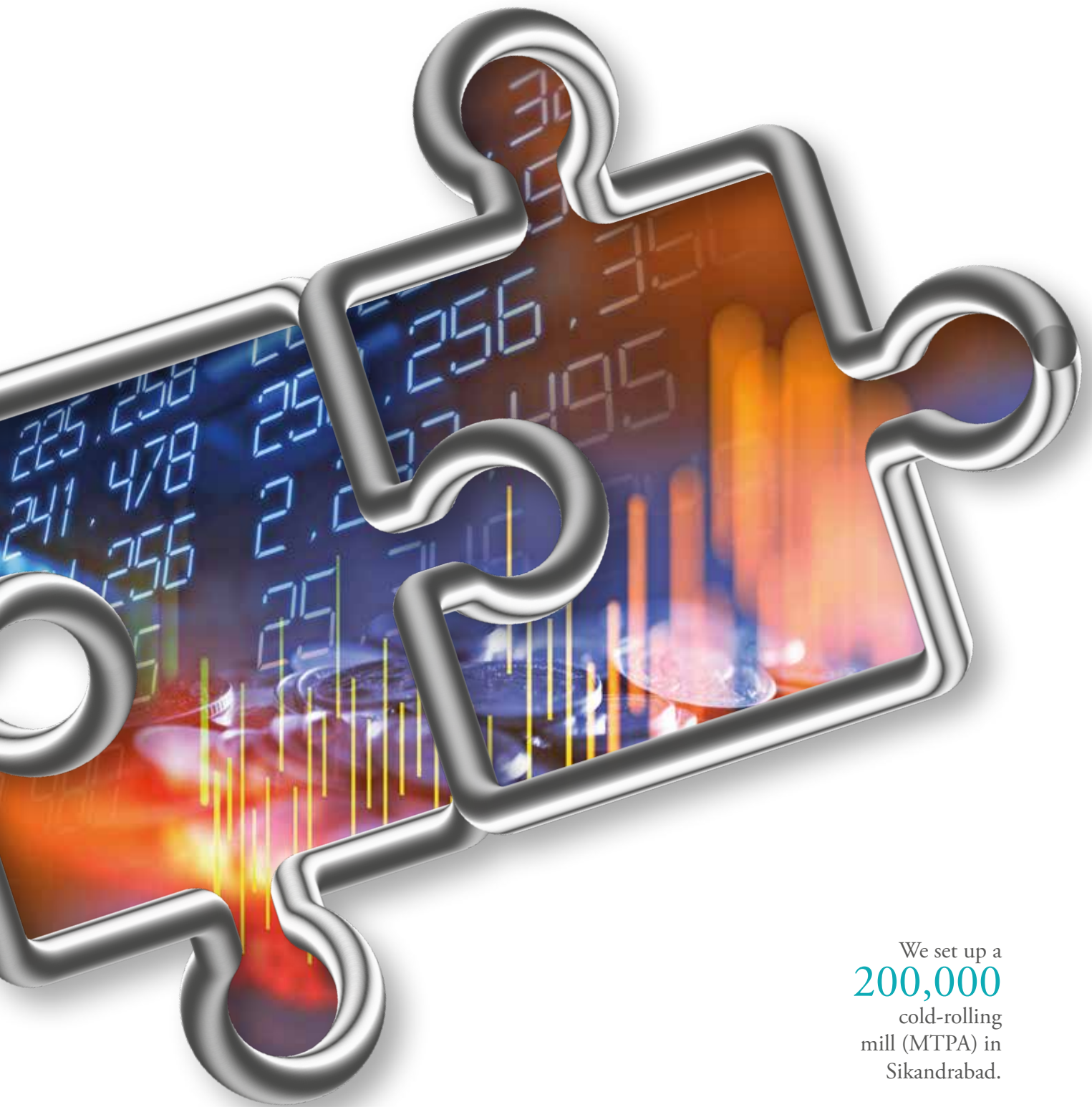
Further in 2018-19, we took a decisive move towards pursuing Backward integration of thinner materials, thereby further enabling significant cost savings.

We set up a cold-rolling mill in Uttar Pradesh with a cumulative capacity of

almost 2 lakh MTPA for enhancing the availability of low-thickness material (up to 1 mm). This will facilitate in significant raw material cost-savings for APL Apollo

In deploying cost effective strategies across our business model, we have emerged as the lowest cost producer in India.





We set up a
200,000
cold-rolling
mill (MTPA) in
Sikandrabad.

Competitive advantage 6

strength in technology

When you are serving a nation that has graduated into a global manufacturing hub and is a shining star in the global ecosystem, it becomes a business imperative to invest in global technologies that are yet to come to the Indian shores; for this strategy alone will sustain leadership in an otherwise cluttered sectoral ecosystem.

Our inclination for journeying the road-less travelled is reflected in our ambition for getting new-age technology to the Indian shores.

- We brought to India, high-speed mills from Japan (which increased speed by 5x), strip galvanizing lines and the unique Rotary Sizing Mills.
- We introduced pre-galvanized tubes (GP) in India for the first time in 2003; now it is almost a 1 million tonne market.
- We recently introduced the DFT technology, a first for the Indian industry, which allows cost-effective customisation to meet client requirements.

In 2018-19, we took a decisive step towards making India truly global.

- We acquired Apollo Tricoat which brings into our fold new technology that will enhance our product basket with two niche, high-value coated pipes, In-Line Galvanizing (ILG) and Hybrid Pipes.

Our penchant for dabbling with the unconventional has put us ahead of the pack; hopefully it will keep us there.



**187**

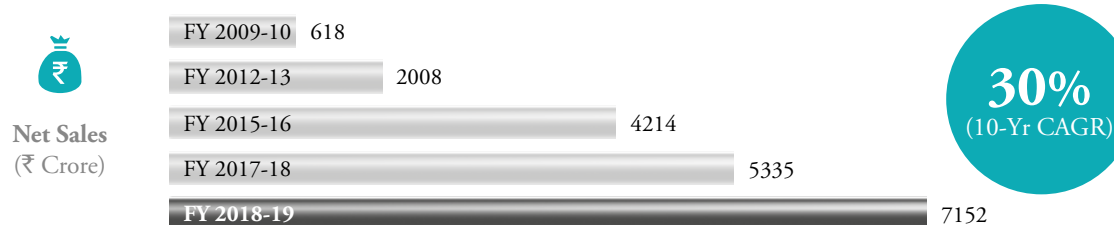
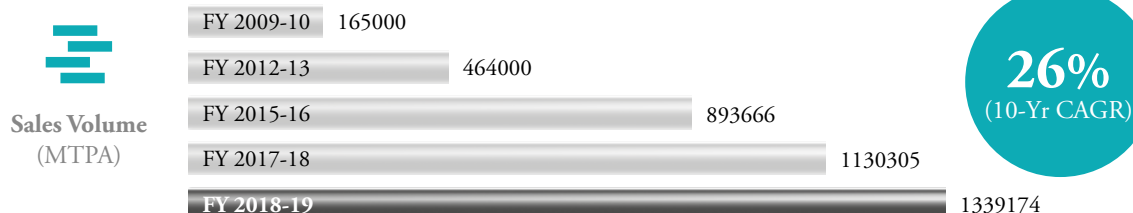
Investment
(₹ crore) in Apollo
TriCoat Tubes
Limited through
Shri Lakshmi Metal
Udyog Limited,
a wholly-owned
subsidiary of the
Company.

building on our core strengths each year has got us this far.

APL Apollo's journey towards dominance in its business space in the domestic markets is primarily owing to consistent investments (financial and intellectual) in its competitive advantages over the years. The

unwavering focus and determined efforts of its dynamic team has enabled the Company to sustain its growth momentum against all odds even as its profitability quotient inched up steadily.





A discussion with the Managing Director on the Company's performance and prospects.

“We have survived and thrived owing to our size, our multi-locational presence, and our huge portfolio of quality products, our service, and our branding initiatives...”



Mr. Ashok Kumar Gupta
Managing Director

Were you happy with the Company's performance?

We are pleased to have ended the fiscal on a solid footing despite a subdued operating environment and other external factors, which impacted performance in the first half of the fiscal. In FY2019, our sales volume saw a steady growth of 19% to 13.4 lac MTPA. Strong demand recovery and increasing contribution from hollow section pipes, Direct Forming Technology (DFT) pipes and Pre-Galvanised products (GP) enabled strong growth during the year.

What external factors are you referring to?

Primarily two – one which impacted our sales volumes and the second that affected profitability during the year.

From a sales perspective, the second quarter was a challenge. The transporters' strike in July 2018 and floods in Kerala (an important market for our GP products, a value-added product segment) impacted volumes.

From a profitability standpoint, the raw material fluctuation resulting in inventory losses of about ₹41.7 crore eroded business profitability. Our EBITDA increased by 7% over the previous year. We reported an EBITDA per tonne of ₹3021 – which if I negate the inventory loss would be ₹3332 per tonne. However, having said that we are back on track.

What would you mean when you say 'back on track'?

Our Q4 results of 2018-19 are a reflection of what I mean. We registered the highest- ever quarterly sales volume of 4.2 lac MTPA. Our revenue grew by 38% over the corresponding period in the previous year while our EBITDA and Net Profit increased by 35% and 45% respectively over the same period. Our EBITDA per tonne was at a healthy ₹3384/- per tonne. We are hopeful of continuing with this trend and recording an overall sales volume of over 19% in the current fiscal year.

What was the key growth driver for the Company in 2018-19?

Our DFT technology provided a critical competitive advantage in an otherwise cluttered business space. We operationalised all our eight lines in this year. Moreover, our large-size sections manufactured using this technology, witnessed healthy traction.

Will the DFT technology continue to be an important driving force in the current year?

This is a new technology. It takes time to create awareness and develop a market. The traction in volumes we witnessed in 2018-19 is heartening

for it suggests growing awareness and increasing acceptability of the product. Consequently demand is picking up. However, I believe that we are only scratching the surface yet. We are working aggressively on promoting this concept at all levels – government institutions and corporate infrastructure and construction players. We have created a dedicated business development team for building awareness of this technology. We have registered our products for many government projects. Even if one project of the government starts, then our entire DFT capacity would be full. Besides, we expect exports to generate heartening volumes in the current year.

What were the other factors that supported business growth?

Our facility at Raipur commenced operations in 2018-19. Within a few months, we reached a capacity utilisation of about 80%, which indicates the active acceptance of our products. This unit helped us to establish a good presence in East India, a market in which our brand visibility was marginal at best. The additional volume from this unit aided growth during the year. Moreover, our GI line at the Raipur facility also commenced operations towards the close of the financial year. We hope to secure healthy

volumes for this value-added product in the current year.

Your overall capacity is about 2.1 Mn MTPA, and your production is at about 1.3 Mn MTPA. Why did the Company report a low capacity utilisation on an overall basis?

During 2018-19, infrastructure spending (which are generally long-gestation projects) remained largely muted. This was largely owing to the General Elections scheduled in 2019-20. However, as per credible estimates, around 30 new airports are likely to come up in the country in the next 15 months. Our products are approved for some of these airports, namely Navi Mumbai, Jewar, among others.

Further, our products are also approved for 1,500 foot-over- bridges, for smart cities and other infrastructure projects which are currently in abeyance. With the elections over and the pro-incumbency wave which has given the ruling party a second tenure at the helm, we expect these projects to get underway. This, I am hopeful, will generate additional volumes and improve capacity utilisation over the near- to medium-term.

How are you securing yourself in terms of raw materials?

There are no plans on the anvil for APL Apollo getting into steel making. However, I believe that the scenario in steel is expected to become more stable. India is expected to add about 15 Mn TPA HR products capacity in the next 12-18 months. Moreover, Bhushan and Essar issues are expected to be evened out. As such, the raw material (our input) is expected to become more stable. Further, we are the dominant player in the tube space with a 2.55 Mn MTPA capacity, which is almost four times bigger than any other downstream user in India. Our position should help us in negotiating better with our steel vendors.

Besides, we are getting into cold rolling. We have set up cold-rolling facilities at one of our existing units. For some of our value-added products we need steel of thinner thickness – we need to get it done through external processors which adds to our cost. By doing it in-house, we will be able to internalise the margins hitherto being made by steel processors.

What is the competitive intensity in your business space?

Over the years, our business space had become increasingly competitive owing

to the clutter of small players. But the headwinds experience by the sector in 2018-19, adversely impacted the performance of majority of the players. We believe that over 70% of the industry players have incurred losses. Against this backdrop, APL Apollo registered healthy growth in sales and volumes. This was led by our size, our multi-locational presence, and our vast portfolio of quality products, our service and our branding initiatives.

You have become very aggressive in branding. Would you say that it is a strategy to stand out of the clutter?

When you are determined to serve a population of more than 1 bn people, branding is not an option; it's a business mandate.



From our whole business, around **40% to 50%** of business faces high market competition.

Furthermore, it is very relevant for us because about 85% of our business is through dealers and distributors. These dealers cater to various large and small downstream users. By focusing on branding and advertisement, we are working on growing volumes for our distribution channel.

So while we continued to aggressively engage with fabricators, construction people, and contractors at multiple forums, we participated in the IPL, the most viewed sporting event across the nation, in a big way. The returns from this investment should accrue over the coming years.

How do you expect the current year to pan out?

From a demand perspective, the market sentiment should improve on the back of political stability and continued focus on strengthening India's infrastructure.

From a company standpoint, demand for our value-added products which gained traction in 2018-19, should gain further momentum. Further, our cost optimisation initiatives should also kick in, which should help in improving business profitability.

Overall, the Company is witnessing a steady revival in volumes across product categories and has sufficient capacities to grow at a 20% CAGR over the next two years. Our focus will be more towards improving our cash flows and profitability in the years ahead.

tricoat technology – three steps ahead

Normally steel tubes are produced from HR coils. Plain HR coils are converted into tubes and welded at the point of contact. These tubes then need to be covered with zinc to prevent rusting. For this, once tubes are made into round tubes they are cut and dipped in zinc bath.

While round tubes are easy to make, coating rectangular or square-shaped tubes with a layer of zinc are not easy. This is because the zinc coating on the inside of the rectangular/square shaped tube does not happen uniformly. Moreover, when air is blown inside the tube to clear zinc impurities the distribution of zinc on the insides of the tube gets altered.

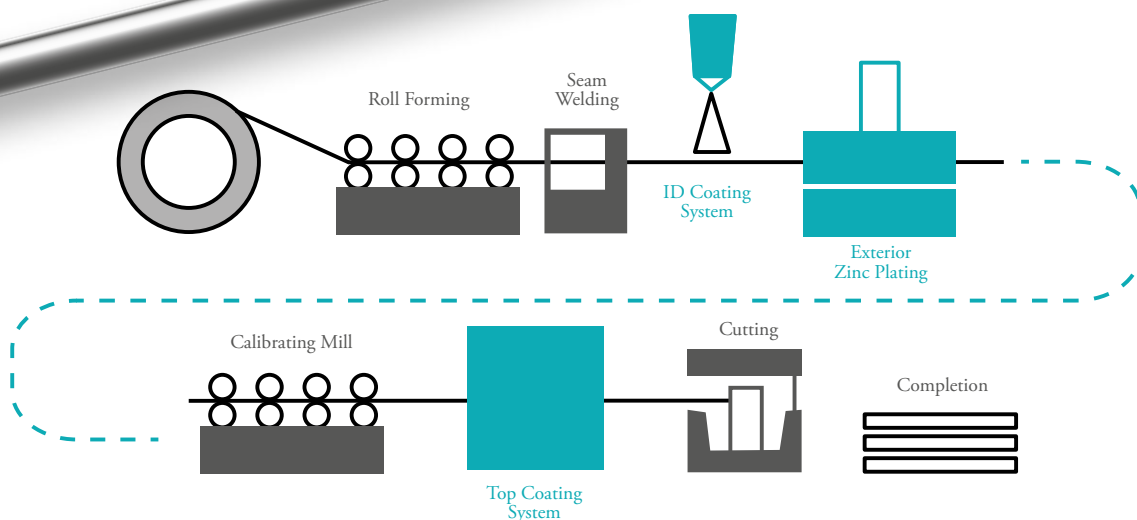
To overcome the challenge,

the plain HR coil itself is dipped in a zinc bath and later converted into tubes/rectangular section tubes which are called GP Pipes (G- GALVANISED, P-PLAIN HR COIL). But then again, the issue with GP pipes is the loss of zinc coating at the junction of the welding, making them prone to corrosion.

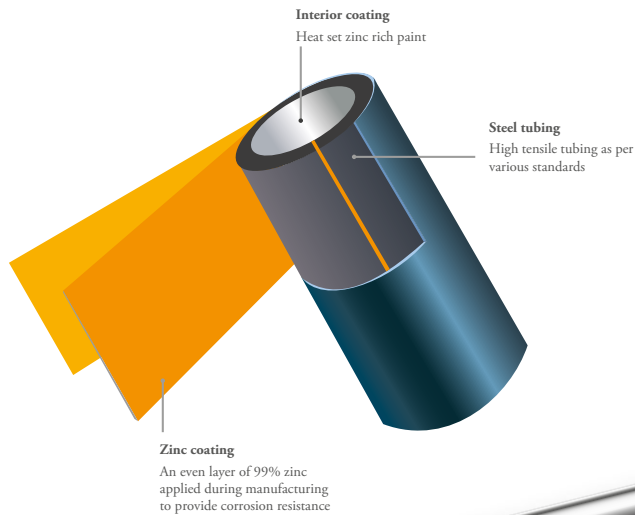
TriCoat is a product that provides corrosion resistance through its triple coating. Apollo Tricoat has got the inline galvanizing technology from a US company. Its manufacturing process uses Galvant Technology in order to ensure top of the line corrosion resistance which provides maximum benefit to the user

Using this technology, the HR coil is converted into tubes/sections, welded and coated with three layers. The inner layer of the steel tube is coated by zinc-rich polymer resin paint, while the outside of the tube is coated with zinc galvanisation which is further covered by a polymer coating - making it corrosion resistant with a smooth surface.

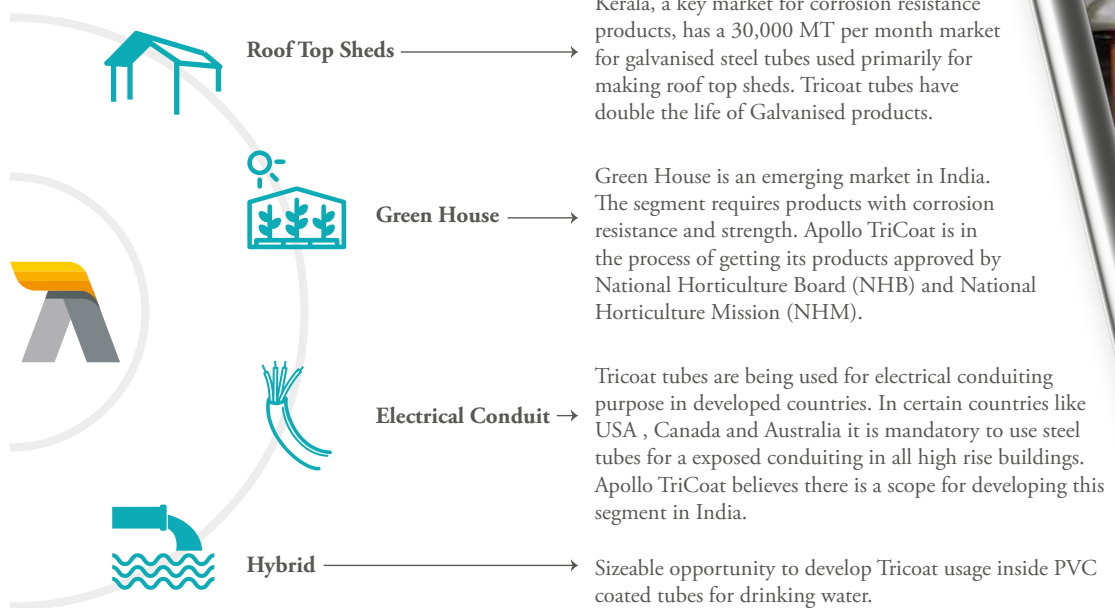
The entire process happens inline continuously without any loss of continuity.



The Tricoat Solution



Product Applications



CSR initiatives by the Company

a responsible citizen

Responsibility is the bedrock of our sustainable growth. It encompasses protecting and nurturing the ecosystem, the people and the policies, which form the foundation of our continual progress. We adopt global best practices to take care of the safety of our team, well-being of the environment and fairness in governance.

Socially responsible

APL APOLLO, is committed to grow and operate its business in a socially responsible way. In line with the provisions of the Companies Act, 2013, the Company has framed its Corporate Social Responsibility (CSR) policy for development of programmes and projects for the benefit of the weaker sections of the society.

As a first step towards lending a helping hand to the underprivileged the Company continues to make healthy contributions to the Prime Minister's National Relief Fund for Education of Poor Children and the World Hope Foundation.

Environmentally conscious

The Company's vision is to grow and expand its business even as it continues to reduce the environmental impact of its operations. As a decisive step towards maintaining the Earth's ecological balance, the Company encouraged and funded green cover creation. Further, the Company implemented numerous measures to reduce energy consumption at its facilities.

Employment positive

The Company fervently believes in the concept of growth and help others grow. In keeping with this philosophy, the Company continues to create facilities that align with this vision. The recent brownfield expansion at its multiple units and the commissioning of its Raipur facility has created substantial direct and indirect employment for fellow Indians.

Disciplined governance

APL Apollo ensures accurate, complete and timely payment of all taxes and dues to the Government.

Sports

APL Apollo continued to support aspiring sportsmen working striving to making it to the National level.





APL Apollo made a healthy contribution to support fellow Indians affected by the **natural calamity in Kerala.**

board of directors



Shri Sanjay Gupta *Executive Chairman*

Shri Sanjay Gupta has around 22 years of experience in diverse steel industry segments. Under his visionary and dynamic leadership, the Company has evolved and developed from a steel tube manufacturer into a global leader of branded steel products. He has inherited excellent entrepreneurship skills from his father late Shri Sudesh Gupta and under his leadership the Company continues to grow exponentially towards becoming an organization of international repute.



Shri Ashok K. Gupta *Managing Director*

Shri Ashok K. Gupta holds a Master's degree in Physics and completed his PGDBA from AIMA. He is an industry veteran with over three decades of experience in working in critical management positions in reputed organisations like SAIL, Jindal, Bhushan Steel, the L.N. Mittal Group and Shalimar Paints Limited etc. He has been the driving force for propelling the growth engine and yielding profitable results for the Company.



Shri Vinay Gupta *Director*

With 19 years of industry experience, Shri Vinay Gupta has in-depth knowledge in manufacturing and trading of pipes, tubes, sheets and other steel products. He has been assigned with the responsibility of driving the Company's pre-galvanized and international market businesses.



Shri Romi Sehgal *Director*

Shri Romi Sehgal has made an excellent contribution to the Steel and Tubes Industry for more than three and a half decades, right from designing and manufacturing of Tube Mills to putting up Greenfield projects, successful commissioning of projects and ensuring uninterrupted optimum production from factories. He is a Science graduate and has worked at Managerial and Leadership positions in reputed companies such as Atlas Steel Tubes Limited, Atma Steel Tubes Limited, Bharat Steel Tubes Limited and for 13 Years in Gallium Industries Limited, which is a manufacturer of Steel Tube equipment in collaboration with Kusahabe Elect. and Mech. Co, Japan.



Ms. Neeru Abrol *Independent Director*

A Chartered Accountant by profession Ms. Abrol has more than three decades of rich experience in the Manufacturing and Processing Industry She worked for 26 years with Steel Authority of India Ltd at various critical management positions which have provided her with in-depth knowledge of the steel industry and its work flow. She is also the former Chairperson and Managing Director and Director Finance of National Fertilizers Ltd. Ms. Abrol is currently serving as Director at TCNS Clothing Co Limited, Talentnomics India and other companies. She is recipient of multiple awards over her illustrious career including twice 'Business Achiever' by ICAI, 'Outstanding Woman Manager in Public Sector Enterprises' by SCOPE



Shri Anil Kumar Bansal *Independent Director*

Shri Anil Kumar Bansal, brings with him four decades of rich experience in the banking industry. He supports the organisation in undertaking key financial decisions. His impressive knowledge of banking, Indian economy, corporate affairs and risk and ratings is strongly backed by his rich professional experience. In past, he has served as Executive Director of the Indian Overseas Bank and was Chairman of CARE Ratings Limited. Currently, he is also serving as the Director of Rockland Finesto Limited, GVFL Trustee Co Pvt. Ltd, and NABARD.



Shri Abhilash Lal *Independent Director*

A mechanical engineer and postgraduate from IIM Bangalore, Shri Abhilash Lal has 30 years of professional experience in senior roles across financial services, including banking, consulting, real estate and private equity. His diversified experience spans business development, strategy and operations.



Shri Virendra Singh Jain *Independent Director*

Shri V.S. Jain has completed his assignment as a member of Public Enterprises Selection Board (PESB), which has been set up by the Government with the objective of evolving a sound managerial policy for central public sector enterprises and to advise the Government on appointments to top management posts at the Board level. In the past, he has served as the Chairman of Steel Authority of India (SAIL) and held the post of Executive Director of Indian Oil Corporation (IOC). He has also served as an independent director on the Boards of Rashtriya Ispat Nigam Ltd., Essar Oil Ltd., and National Multi-Commodity Exchange of India. He is presently on the Board of Dalmia Bharat Ltd. He is a fellow member of the Institute of Chartered Accountants of India as well as the Institute of Cost Accountant of India.



Shri S T Gerela *Independent Director*

A graduate in law, CAIIB and Masters in Arts, Shri S.T. Gerela is associated with various regulatory authorities such as SEBI, RBI and BSE including many others. He has an extensive experience in capital markets and fields like banking, regulatory affairs management, administrative and investor relations. He is also a member of various committees, study groups and delegations constituted by the government and semi-government authorities. He has authored several articles, research papers, books on the capital market and economic affairs.

Management Discussion and Analysis

the economy progressed but at a reduced pace.

Global economy

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States.

The Euro Area economy witnessed a higher plunge than expected as consumer and business confidence

weakened and car production in Germany was disrupted by the introduction of new emission standards; investment dropped in Italy as sovereign spreads widened; and external demand, especially from emerging Asia, softened.

Elsewhere, natural disasters hurt activity in Japan. Trade tensions increasingly took a toll on business confidence. The financial market sentiment aggravated, with financial conditions tightening in emerging markets in the spring of 2018 and then in advanced economies later in the year also weighing on global demand.

With this weakness expected to persist into the first half of 2019, the World Economic Outlook projects a downturn in growth for 70% of the global economy.

Global growth, which peaked at close to 4% in 2017, subdued to 3.6% in 2018, and is forecasted for a downward spiral to 3.3% in 2019. Although a 3.3% global expansion is still reasonable, the outlook for many countries is very challenging, as advanced economy growth rates converge toward their modest long-term potential.



Indian economy

India, the bright start in the global economic village, appeared to slow a little in 2018-19 as India's GDP growth dipped for the second consecutive year. According to the National Statistical Office (NSO), the nation achieved GDP growth of 6.8% in 2018-19 down from 7.2% in 2017-18. Experts suggest that the Indian economy is on the brink of a slowdown.

This is because fiscal 2018-19 which was looked upon as a year of considerable promise did not live up to expectations. The economy slid with every successive quarter – from 8% in Q1 to 6.5% in Q4.

India's industrial production (IIP) growth slowed to three-year low of 3.6% in the 2018-19 as against 4.4% in the previous fiscal.

Besides, there is a drop in several key economic indicators.

- Household savings have declined, these - not corporate demand - have pulled down investments by 10 basis points during 2012 to 2018.

- Direct tax collections fell short by ₹50,000 crore on account of poor personal income tax collections, thereby failing to meet the revised target of ₹12 lakh crore for 2018-19.
- IIP contracted by 0.1% in March, 2019, the lowest in 21 months, mainly due to manufacturing sector slow down.
- Sale of passenger vehicles in the domestic market declined by 2.96% on a year-on-year basis in March to 291,806 units.
- Foreign Direct Investment (FDI) into India, which had spiked up over the past few years, contracted by 7% to US\$33.49 billion during April-December in the current fiscal.

Going forward: The International Monetary Fund (IMF) cut India's GDP growth forecast for 2019-20. They project growth to pick up to 7.0% in 2019 (2019-20), supported by a recovery of investment and improved consumption amid a more expansionary stance of the monetary policy and some expected impetus from the fiscal policy.

Moving up the pecking order

As per the recent World Bank report, India is a top improver in the Ease of Doing Business Rankings for the second year in a row. India has improved 65 places from 142 to 77 in span of last 4 years, which is a remarkable achievement in itself.

In addition, ADB and RBI cut their 2019-20 growth projection for India to 7.2% from 7.4% earlier, owing to growing risks to the global economic growth as well as weakening domestic investment activity.

The steel industry

A healthy economy needs a healthy steel industry providing employment and driving growth.

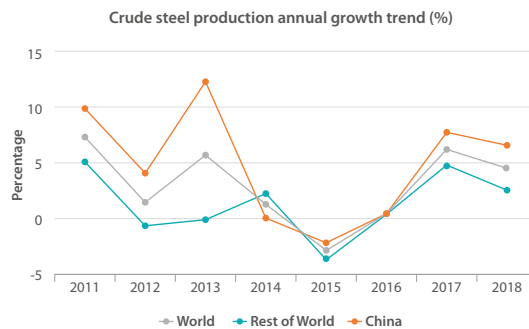
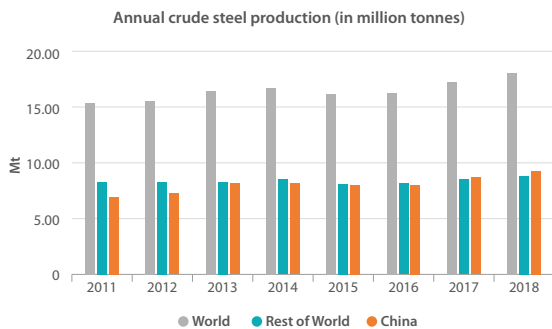
Steel is the most versatile material to be manufactured today.

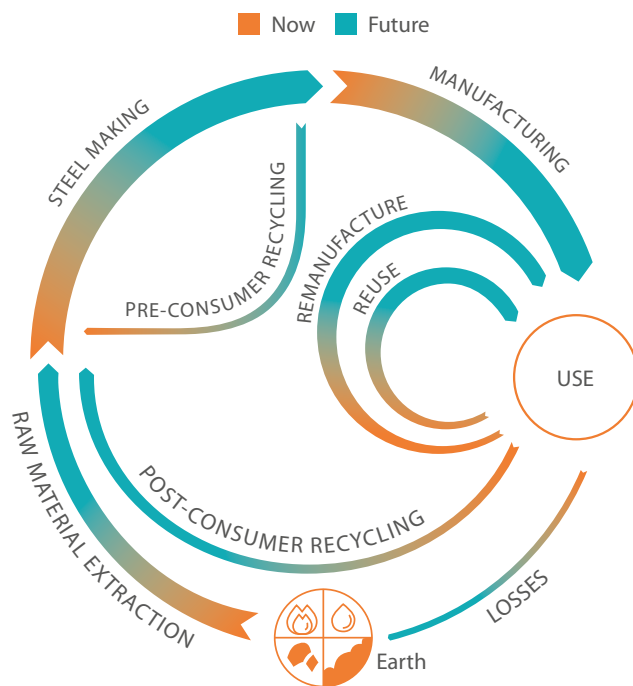
Steel is the most widely used metal in modern society, a key material for industrialisation and urbanisation. Be it construction, automobile, or households products like refrigerator/washing machine. Steel touches our lives in more ways than one. The beauty of steel is that without losing its property it can be recycled over and over again.

Steel is everywhere in our lives for a reason. Steel is the great collaborator, working together with all other materials to advance growth and development.

Steel is the foundation of the last 100 years of progress. Steel will be equally fundamental to meeting the challenges of the next 100.

By 2050, steel use is projected to increase to be 1.5 times higher than present levels in order to meet the needs of our growing population.





A sustainable future for steel

A new economic model like circular economy maximises the value of raw materials by encouraging reuse and re-manufacturing. In a circular economy, the already-high recycling rate for steel will increase and will result in more recycled steel to make new steel products.

Global steel industry

Global crude steel production reached 1,808.6 million tonnes (MT) for the year 2018, up by 4.6% compared to 2017. Crude steel production increased in all regions in 2018 except in the EU, which saw a 0.3% decline.

Asia produced 1,271.1 MT of crude steel in 2018, an increase of 5.6% compared to 2017. China's crude steel production in 2018 reached 928.3 MT, up by 6.6% on 2017. China's share of global crude steel production increased from 50.3% in 2017 to 51.3% in 2018. India's crude steel production for 2018 was 106.5 MT, up by 4.9% on 2017, replacing Japan as the world's second largest steel producing nation.

For the steel sector, there were downturns in 2018 with decreasing market prices which was accompanied by a substantial increase in crude steel production by almost 5%. The growth of steel consumption, on the contrary, slowed down in multiple

large economies. Despite the efforts by some economies like closing down a limited number of capacity, this causes a continuation of overcapacity at a high level which remains the key challenge of the steel sector globally. As long as this structural imbalance between steel capacity and production persists, we will continue to witness a struggling sector facing high risks going forward.

Another concern for the steel sector is the rising trade actions globally in the steel market and the further decline of the steel trade in 2018 in comparison to 2017.

Going forward: Although growth in steel demand remains positive, the y-o-y growth rate is indeed decelerating. In the recent publication of the April 2019 Short Range Outlook (SRO), the World Steel Association (worldsteel) forecasts the 2019 global steel demand to reach 1,735 MT – a 1.3% y-o-y increase. In 2020, demand is projected to grow by 1% to reach 1,752 MT.

India's steel demand is increasing every consecutive year and in 2019. It is being forecasted by worldsteel that India is likely to overtake the US in steel demand. India's demand will be supported by improving investment and infrastructure programmes. However, stressed government finances and corporate debt weighs on the outlook.



Indian steel sector

The Indian steel industry has entered into a new development stage, post de-regulation, riding high on the resurgent economy and rising demand for steel.

India's crude steel production in 2018 was at 106.5 MT, up by 4.9% from 101.5 MT in 2017; India has replaced Japan as the world's second largest steel producing country. The country is also the largest producer of sponge iron or DRI in the world and the 3rd largest finished steel consumer in the world after China and the US.

Performance in 2018-19

Compared to the global slowdown, Indian demand has shown resilience. Provisional figures compiled by analysts show a 7.5% rise in 2018-19 sales, making India one of the fastest-growing steel markets among large economies. Even though this is marginally lower, it still compares well with a 7.9% rise in 2017-18. Contrastingly, global steel demand is projected to slow to 1.4% in 2019, more than halving from the 3% increase in 2018.

Data from Joint Plant Committee showed a 7.8% rise in steel consumption from April 2018 to January 2019.

After almost two years of a strong steel cycle, aided by disciplined Chinese production/exports, steel prices globally slumped toward the end of Q3 FY19, with impacts visible in Q4 FY19. But inventory restocking and the seasonal upswing in demand drove volumes in the last quarter of 2018-19.

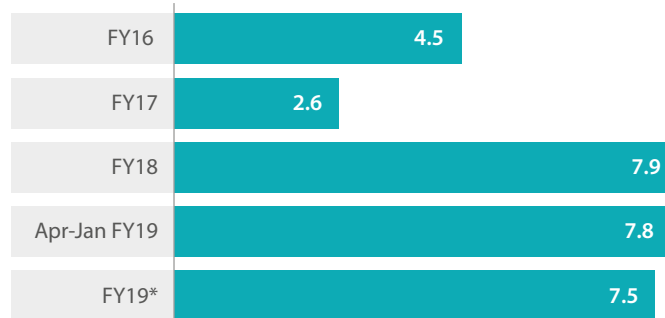
Holding steady

Steel Usage in India has remained firm in FY19, helped by strong demand from the infrastructure sector.



Source Joint Plant Committee,
*SBICAP Securities

Steel consumption growth (in %)





Challenges

Demand in India is largely being driven by the infrastructure sector. Demand for long steel products increased 9.6% during the April 2018-February 2019 period. Similarly, demand for flat products, which largely emanates from the automobile sector, was up by 4.8%. With automobile sales decelerating further in recent months, the concern is that a prolonged slowdown could impact steel demand in the coming months.

Another challenge is the slowdown in China. This demand slowdown in China is driving imports to India. The sharp fall in international prices increased imports to India, weighing on domestic prices.

Outlook

There is clear indication that steel consumption will increase in India, owing to the growing preference of a superior lifestyle by the present generation. This reality will persist with the next generation too. This is because

the level of consumption of steel is known to be one of the key indices for measuring the quality of life.

The housing and construction sector, where major chunk of steel is consumed, shall get a boost with an increase in the per capita income and social sector schemes like Pradhan Mantri Awas Yojna-Housing for All, Sardar Patel Urban Housing Mission, 100 Smart Cities Mission (by 2022), Pradhan Mantri Gram Sadak Yojna, Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT), National Heritage City Development and Augmentation Yojana (HRIDAY), Bharatmala project, Development of Industrial Corridors & National Investment & Manufacturing Zones, 75,000 MW Clean-Energy initiative (by 2022) and many others.

In a nutshell, with the increasing thrust on the “Make-in-India” vision by the Indian Government, the Indian steel industry is expected to sustain its growth momentum over the coming years.

The brightest spot for the steel sector

According to Moody’s Investors Service, India will be the brightest spot for the steel sector over the medium term. With minimal new steel capacity expected to be commissioned until 2021 in India, robust steel demand -- especially from the construction, infrastructure and automotive sectors -- will keep end-product prices high.

steel tubes and pipes

Global market

Global steel tubes market is expected to grow at a CAGR of over 6% by 2020, led by high demand from the construction, transmission and distribution sectors. The consumption of steel pipes has also increased in the Oil & Gas segment due to continuous innovation in drilling technologies (such as horizontal drilling) as these technologies provide access to the most remote locations, unconventional formations and deepwater regions.

Domestic market

India is a leading ERW steel pipes and tubes manufacturing hub globally.

Demand for ERW pipes in India is ~7.5mn MTPA which is expected to grow by 8-9% every year (in addition to the replacement demand) driven by government capex in infrastructure (conduits, support structures, fencing, railings and scaffolding in ports, stations, airports), rising residential construction as well as the rising auto demand.

For instance, the Government has announced an investment of US\$110 bn for improving ports and shipbuilding industry by 2020. It will be spending ₹8,500 bn in the next five years to modernise the Indian Railways, a major growth driver for the industry. Furthermore, the Government plans to establish about 100 airports in the next 15 years at an estimated cost of ₹4 lakh crore. Among them, 70 airports will be at new locations while the rest will be second airports or expansion of existing airfields to handle commercial flights. These high-ticket projects are expected to drive demand for steel tubes and pipes.



about the company

APL Apollo Tubes Limited (APL Apollo) is one of India's leading manufacturers of branded steel products. Headquartered at Delhi NCR, the Company operates 11 manufacturing facilities with a total capacity of 2.55 MTPA. It has a PAN-Indian presence with units strategically located in Sikandarabad (4 units), Malur, Bengaluru, Hosur, Dujana, Raipur, Murbad and Telangana. APL Apollo's multi-product offerings include over 1,100 varieties of MS Black pipes, Galvanized Tubes, Pre-Galvanized

Tubes, Structural ERW Steel tubes and Hollow Sections. With state-of-the-art manufacturing facilities, APL Apollo serves as a 'one-stop shop' for a wide spectrum of steel products, catering to an array of industrial applications such as urban infrastructure, housing, irrigation, solar plants, greenhouses and engineering. The Company's vast 3-tier distribution network of over 790 dealers is spread all across India, with warehouses cum- branch offices in over 29 cities.



operational performance

The Company ended fiscal 2018-19 on a solid footing despite a subdued operating environment. In FY2019, the sales volume saw a strong growth of 19% to 13.4 lac MTPA, while in Q4 FY19, the Company registered its highest-ever quarterly sales volume of 4.2 lac MTPA. This performance is commendable, especially given the external challenges such as the transporters' strike, floods in Kerala and slowdown in construction activities due to a healthy monsoon in the months of July and August that impacted demand during H1 FY19.

The growth was primarily driven by strong demand recovery and increasing contribution from Hollow Section

Pipes, Direct Forming Technology (DFT) pipes and Galvanized Tubes (GI) among others. Increased volumes in Hollow Sections was primarily driven by a strong performance of DFT products. The product category received a healthy response and was widely accepted by customers. Moreover, these products found acceptance in stringent US and Canadian markets. This opens a new window of opportunity over the coming years.

An increase in the volume of high-value GP pipes was on account of identifying new applications and new markets for this product. This should help in generating healthy business growth from FY2020 onwards.

Upgradation and modernisation of GI facilities during the course of the year, primarily impacted GI volume performance. However, modernisation of the GI plant was completed during the year. The Company expects to see improved contribution from the GI segment, going forward.

Over the past few years, APL Apollo has enhanced its product portfolio making it attuned with the products in demand as well as creating demand in certain product categories. In sync with this, the Company plans to launch innovative products like Door and Window Frames, Tricoat pipes. This would further increase its portfolio of value-added branded products.

| Product segment | 2017-18 | 2018-19 | Y-o-y Growth (%) |
|---------------------------|------------------|------------------|------------------|
| Hollow sections | 6,13,667 | 7,66,214 | 25 |
| Black round pipes | 1,64,100 | 1,98,044 | 21 |
| Pre-galvanised tubes (GP) | 2,41,188 | 2,82,856 | 17 |
| Galvanised tubes | 1,11,350 | 92,060 | (17) |
| Finished Product | 1,130,305 | 13,39,174 | 19 |



The Company is also working towards bringing in backward integration of thinner materials, which, will significantly help improve overall cost savings and operational efficiencies. The backward integration in conjunction with improving contribution from value-added products, will help position APL Apollo as a technology-led global steel tubes company.

To further build its distributor network, the Company added over 140 distributors during the fiscal, taking the total count to 790. Channel financing for its dealers helped the Company strengthen relations with its distribution network as it assisted the network to garner adequate low-cost funds for growing their business operations.

During the year, the marketing team visited all the leading exhibitions both within and outside India. The Company successfully organised a series of 'Fabricators & Plumbers Meets' to create brand awareness and generate interest in APL Apollo's products among applicators and end-users.

In FY19, APL Apollo invested a substantial amount towards brand building, including the TVC for the Indian Premier League – T20 cricket. IPL is India's biggest sporting event and is a giant platform on the television, offering maximum reach and generating strong mass connect and visibility. The 'APL Apollo' logo featured on the back of the jersey of Delhi Capital team members. Through this platform, it was able to reach out to millions of IPL fans and embed a strong brand recall.

Recently, in May 2019, the Board of Directors have approved the acquisition of a 200,000 MTPA tube manufacturing unit located at Hyderabad, one of the unit of Taurus Value Steel & Pipes Private Limited, a subsidiary of Shankara Building Products Private Limited. The plant complements APL Apollo's existing operations in Bengaluru and Hosur and will bolster the total manufacturing capacity to 2.3 million MTPA, thereby strengthening APL Apollo's leadership position in the domestic and global markets.

On the whole, with completion of significant capacity expansions and strategic acquisitions, the Company expects to consolidate its position in FY 20. This should lead to notable improvement in profitability driven by a pickup in utilization at the existing and new capacities, lower capex requirements and expansion of profit margins driven by value-added products.



strategic initiatives

During 2018-19, the Company implemented key business initiatives as follows,

1) Backward integration

The Company is working on bringing in backward integration of thinner materials, which will help improve overall cost savings and efficiencies. APL Apollo supplies steel pipes in the range of 1mm to about 12 mm. The standard supply of material from the steel producers is in the range of 2.5 mm and above. Materials below 2 mm are slightly difficult to procure. To take care of supply and pricing issues, the Company is pursuing downstream activities to reduce its susceptibility to external shocks.

APL Apollo is setting up a cold-rolling facility in Uttar Pradesh with a capacity of almost 2 lakh TPA and is on track to operationalise it in the current financial year. This facility, will help reduce the thickness to the desired level and will secure consistent supply of quality material together with optimising material costs.

2) Acquisition of Apollo TriCoat Tubes Limited

APL Apollo Tubes, through its wholly owned subsidiary Shri Lakshmi Metal Udyog Limited (SLMUL), would be acquiring more than 50% stake in Apollo TriCoat. The acquisition will enable APL Apollo to expand its

product portfolio in the high-margin coated pipe segment and exploit synergies between the businesses of Shri Lakshmi Metal Udyog and Apollo TriCoat. The In-Line Galvanizing (IGL) pipes and Hybrid pipes (PVC+GP) are unique to the Indian market and should help create and capture a niche market segment. Currently, across the globe, there are only 10 lines for IGL pipe and only a few lines of Hybrid pipes. Hybrid pipes that are smoke free offer replacement to cPVC pipes in premium housing segment. The products span three variants - SureCoat, DuraCoat and SuperCoat and are made through the latest Galvant technology. The acquisition has an attractive payback of less than 3-4 years.

Outlook

APL Apollo has been a pioneer in the space of steel pipe manufacturing in India. Over the past few years, the Company has modified its product portfolio making it attuned with the products in demand as well as creating market spaces in certain product categories. The same has also helped the Company carve a niche, differentiating it from other 'Commodity' type tube producers.

Going forward, the focus will be towards further strengthening the product portfolio by increasing the share of innovative and high margin value added branded products such as Direct

Forming Technology (DFT) pipes, Tricoat pipes, and Galvanized pipes (GP). Further, through Apollo TriCoat, the Company will be launching new products such as, Door frames, In-line galvanizing (ILG) pipes, Hybrid pipes, narrow sections. These launches, will help expand the total product offerings over the medium term.

Further, the Company is defining the future roadmap to drive its business to full potential and have adopted effective business strategies to make the most of the upcoming opportunities. The current production capacity is at 2.3 MTPA, making APL Apollo as the largest producer of ERW Steel Pipes and Sections in India. The Company remains focused towards increasing this momentum. It is fairly confident of delivering a targeted volume growth of over 20% CAGR by FY21.

Following the branding, cost optimisation and other strategic efforts, APL Apollo is well positioned to benefit from the recovery in economic environment and looks forward to healthy progress in terms of volumes and earnings in the medium term.

financial performance

Despite significant headwinds in the overall Indian and volatility in the steel sector, the Company registered another stellar performance.

In FY19, total revenue grew by 31% to ₹7,152 crore. Sales volume posted a robust growth of 19% to 13.4 lakh MTPA. The company delivered its highest ever sales volume performance during the year, which was backed by the strong demand recovery and increase in contribution from Hollow Section, DFT, and GI pipes.

With regards to profitability, EBITDA stood at ₹405 crore, up by 7% y-o-y.

EBITDA per tonne stood at 3,021. The profitability during the year was mainly impacted due to inventory loss of around ₹41.7 crore in Q3 FY19 caused by the steep fall in the steel prices. This impacted EBITDA and margin performance in FY19. Adjusted for this, profitability has been healthy.

Interest costs were higher by 39% at ₹113 crore in FY19. However, the interest cost as a percentage to sales remained stable.

In FY19, PAT stood at ₹148 crore against ₹158 crore. On the balance sheet front, the net debt is at ₹810 crore. Even

in a volatile raw material environment, the working capital cycle remains stable, with debtor days at 24 days, inventory days at 40 days and net working capital days at 28 days.

In FY19, the Company undertook significant capacity expansion and concluded strategic acquisition of Apollo Tricoat, which impacted return ratios and cash flow. Going forward, the Company expects return ratios and cash flow to notably improve driven by a pickup in utilization at the existing capacities, lower capex requirements for FY20 and FY21 and expansion of profit margins.



Human Resource

For APL Apollo, progress with people is at the heart of its corporate ethos. Over the years, the Company has nurtured a meritocratic, empowering and caring culture that encourages excellence. APL Apollo nurtures talents by providing its people opportunities to sharpen their capabilities, encourages innovation, fosters lateral thinking, and prepares them for future leadership roles.

The Company's management embarked upon multiple operational excellence initiatives that catapulted the organization to a completely new league of 'competitiveness'.

HR – IT enabled: With a view to ensure smoother and reliable services, all systems, including the HR master database, leave and time management as well as payroll has been IT-enabled. It is accessible to every employee with self-services feature and automates routine HR & Employee process, making it an effortless affair.

Safety: APL Apollo is committed to ensuring safety to its entire workforce and the communities in which it operates. This is integral to the Company's business process and is laid down in the Company's safety policies, standards and working procedures. Health and safety is a key performance indicator and one of the prime drivers of the Company's corporate vision.

Training & Development: APL Apollo emphasizes on continuous learning and employee trainings at all levels for building technical and behavioural competence, self-development and leadership development. For this, the Company has institutionalised a year training calendar which provides knowledge enhancement opportunities – imparted by in-house faculty and external subject experts.

Industrial Relations: The Company continues to maintain its record of good industrial relations without any interruption in work.

Internal control and its adequacy

In an increasingly dynamic and competitive business landscape a robust internal control mechanism is an essential business imperative.

APL Apollo's internal control mechanism aims to safeguard its assets as well as authorise, record and report all transactions correctly and on time.

Towards this end, the Company has put in place an effective and powerful internal control system, which not only conforms to the local statutory requirements but meets the highest global standards and practices.

The internal control framework constantly monitors and assesses all aspects of risks associated with current activities and corporate profile, including scientific and development risks, partner interest risks, commercial and financial risks.

These control processes facilitate in safeguarding the organisation's assets, preventing and detecting frauds and errors, ensuring accurate and complete accounting and timely preparation of reliable financial information. The control mechanism ensures that the manual and automated processes for transaction approval and recording are adequately and effectively monitored.

Moreover, it ensures compliance with various policies, practices and statutes in keeping with the organisation's growth and business complexity.

The Company's internal control systems are backed with management reviews and verification by internal as well as statutory auditors. Moreover, an audit committee appointed by the Company's Board of Members undertakes periodic review of the internal audit plan, verifies the adequacy of the internal control system, marks its audit observations and monitors the sustainability of the remedial measures.

Risk Management

Risk management at APL Apollo is an integral part of the business model, focusing on making the business model stronger and ensuring that profitable business growth becomes sustainable.

The Company has adopted a comprehensive and integrated risk appraisal, mitigation and management process. The risk management framework goes beyond traditional boundaries and seeks to involve all key managers of the Company.

The risk mitigation measures of the Company are placed before the Board periodically for review and improvement.

Cautionary statement

This document contains statements about expected events and financial and operational results of APL Apollo Tubes Limited which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant chance that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, and actual results and events to differ materially from those expressed here.

Corporate Information

Chairman

Shri Sanjay Gupta (DIN: 00233188)

Managing Director

Shri Ashok K. Gupta (DIN: 01722395)

Directors

Shri Virendra Singh Jain (DIN: 00253196)

Ms. Neeru Abrol (DIN: 01279485)

Shri Abhilash Lal (DIN: 03203177)

Shri Anil Kumar Bansal (DIN: 06752578)

Shri S T Gerela (DIN: 01565534)

Shri Vinay Gupta (DIN: 00005149)

Shri Romi Sehgal (DIN: 03320454)

Chief Financial Officer

Shri Deepak Goyal

Company Secretary

Shri Adhish Swaroop

Registered Office

37, Hargobind Enclave, Vikas Marg,
Delhi – 110 092

Corporate Office

36, Kaushambi, Near Anand Vihar Terminal,
Ghaziabad, Delhi-NCR – 201010

Tapasya Corp. Heights, 4th Floor, Sector-126,
Noida, Uttar Pradesh-201303

Registrar & Share Transfer Agent

Abhipra Capital Limited
A387, Dilkush Industrial Area, G.T. Karnal
Road, Azadpur, Delhi – 110 033

Auditors

Statutory Auditors

DELOITTE HASKINS & SELLS LLP
7th Floor, Building 10, Tower B,
DLF Cyber City Complex,
DLF City Phase - II,
Gurgaon – 122002

Cost Auditors

R. J. Goel & Co., Cost Accountants
31, Community Centre,
2nd Floor, Ashok Vihar, Phase - I,
Delhi – 110052

Secretarial Auditors

Anjali Yadav & Associates,
Company Secretaries
102 & 104, 18/2, Jain Bhawan,
W.E.A. Pusa Lane, Karol Bagh,
New Delhi-110005

Internal Auditors

SSA & Associates
Chartered Accountants
407, Sethi Bhawan, Rajendra Place,
New Delhi-110008

Bankers

State Bank of India
Union Bank of India
HDFC Bank Limited
Axis Bank Limited
Kotak Mahindra Bank Limited
Yes Bank Limited
DBS Bank Limited
HSBC Bank Limited
BNP Paribas

Works

Unit-I
A-19&20, Industrial Area, Sikandrabad,
Distt. Bulandshahar, (U.P.)

Unit-II
No.332-338, Alur Village
Perandapalli, Hosur (Tamil Nadu)

Unit-III
Village Bendri, Nandanvan Road, Near Urla
Industrial Area, Raipur.

Unit-IV
Village Bendri, Near Urla Industrial Area,
Raipur, Chhattisgarh- 492001

Unit-V
Survey No. 443,444,538,539 Wadiaram
village, Chegunta (Mandal),
Medak district, Telengana- 502255

Subsidiaries Plant Locations

Apollo Metalex Private Limited

A-2, Industrial Area, Sikandrabad,
Distt. Bulandshahar, (U.P.)

Shri Lakshmi Metal Udyog Limited

No. 9 to 11, KIADB Industrial Area
Artibele, Bengaluru – 562107

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| | | |
|----|---|--|
| 1 | Corporate Identity Number (CIN) of the Company | L74899DL1986PLC023443 |
| 2 | Name of the Company | APL Apollo Tubes Limited |
| 3 | Registered address | 37, Hargobind Enclave, Vikas Marg, Delhi-110092 |
| 4 | Website | www.aplapollo.com |
| 5 | E-mail id | comsec@aplapollo.com |
| 6 | Financial year reported | 2018-19 |
| 7 | Sector(s) that the Company is engaged in (industrial activity code-wise) | Manufacture of Steel Tubes and Pipes, Group- 243 Description- Casting of Metals As per National Industrial Classification - Ministry of Statistics and Programme Implementation |
| 8 | List three key products/services that the Company manufactures/provides (as in balance sheet) | i. Black Hollow Section and Round Pipe ii. Galvanized Pipe iii. Pre Galvanized Pipe |
| 9 | Total number of locations where business activity is undertaken by the Company | |
| | (a) Number of international locations | None |
| | (b) Number of national locations | In India, APL Apollo Tubes Limited has five main operational manufacturing locations (including of its subsidiaries), at Uttar Pradesh, Hosur, Bengaluru, Murbad and Raipur. |
| 10 | Markets served by the Company – Local/State/National/ International | National and International |

SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | | |
|---|---|---|
| 1 | Paid up capital | ₹23.85 Crore |
| 2 | Total turnover | ₹7152 Crore |
| 3 | Total profit after taxes | ₹148 Crore |
| 4 | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | ₹0.09 Crore, being 0.08 % of average net profits of the Company made during the three immediately preceding financial years. |
| 5 | List of activities in which expenditure in 4 above has been incurred:- | The major activities in which the above CSR expenditure has been incurred includes: • Health Care • Education • Livelihood enhancement • Environmental conservation |

SECTION C: OTHER DETAILS

| S. No. | Description | Information |
|--------|---|---|
| 1 | Does the Company have any Subsidiary Company/ Companies? | Yes, the Company has three wholly owned subsidiaries namely; Shri Lakshmi Metal Udyog Limited, Apollo Metalex Private Limited and Blue Ocean Projects Private Limited |
| 2 | Do the subsidiary company/companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) | The Subsidiary Companies do not participate in the BR Initiatives of the Company. |
| 3 | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? | No, the other entities eg. Suppliers, distributors, etc. with whom the Company does business, do not participate in the BR Initiatives of the Company. |

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

| | | |
|----|-------------|-----------------------|
| 1. | Name | Mr. Ashok Kumar Gupta |
| 2. | Designation | Managing Director |
| 3. | DIN | 01722395 |

(b) Details of the BR head

| | | |
|---|------------------|---------------------------|
| 1 | Name | Mr. Deepak Kumar Goyal |
| 2 | Designation | Chief Financial Officer |
| 3 | Telephone number | 0120-4041424 |
| 4 | e-mail id | deepakgoyal@aplapollo.com |

2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

| S. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|--|--|----|----|----|----|----|----|----|----|
| 1 | Do you have a policy/ policies for. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national / international standards? | Most of the policies are aligned to various standards like: ISO 18001 for Quality Management System, ISO 14001 for Environment Management System, ISO 50001 for Energy Management System, OHSAS 18001 for Occupational Health & Safety Management System, etc. | | | | | | | | |
| 4 | Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?* | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6 | Indicate the link for the policy to be viewed online? | Apart from the Statutory policies, which are available on the website of the Company, other policies are available on the APL's intranet and can be accessed by Company employees. | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Policy has been circulated to key internal stakeholders. To cover all stakeholders, communication is an on-going process. | | | | | | | | |
| 8 | Does the company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the company carried out independent evaluation of the audit/ working of this policy by an internal or external agency? | The Independent agency's evaluation work is ongoing. | | | | | | | | |

* These Policies have been signed by MD

3. Governance related to BR

| | | |
|---|---|---|
| 1 | Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year: | The Company does not have a Committee of Board for dealing with this matter specifically. However, aspects of Business Responsibility are reviewed by various other committees of the Executives/Board. |
| 2 | Does the Company publish a BR or a sustainability report? | Yes, BR Report |
| | What is the hyperlink for viewing this report? | www.aplapollo.com |
| | How frequently it is published? | Annually |

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

| | | |
|---|---|--|
| 1 | Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others? | The Company believes in upholding the values of transparency, accountability and good governance. The Company has Corporate Ethics and Code of Conduct (inter alia covering an Anti-Bribery and Corruption Directive) and Whistle Blower Policy. The Corporate Ethics and Code of Conduct covers the Directors and Employees of the Company. The Company also encourages its Suppliers / Contractors / NGO's / Others to practice the same in a fair manner. |
| 2 | How many stakeholder complaints have been received in the past financial year? What percentage was satisfactorily resolved by the management? | All shareholders' complaints received and replied to their satisfaction during the Financial Year 2018-19. |

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

| | | |
|---|---|---|
| 1 | List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. | 1. Galvanized Pipes 2. High Strength Hollow Section 3. Door Frames |
| 2 | For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): A. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain? B. Reduction during usage by consumers (energy, water) has been achieved since the previous year? | The Company continues to give major emphasis on conservation of energy and the measures taken during the previous years in the said regard were continued. Pipes & Tubes manufactured by the Company is used by diverse consumer range and therefore it is not possible to measure the usage (energy, water) by them. Exact saving figures are not ascertainable. |
| 3 | Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? | The Company focuses on environmental impacts of sourcing and continually works with the vendors and suppliers to reduce the same. We are aware that most of the vendors/suppliers for key raw material are working on sustainable basis. Transportation and logistics optimization is an ongoing activity to reduce the relative environmental impacts |
| 4 | Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors? | The Company is always been committed to provide skill development and employment to local businesses in rural areas recruitment of rural youth for local sales operations. A major portion of the procured goods and services are de-centralized to local offices in states. |
| 5 | Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so. | Yes |

Principle 3: Businesses should promote the wellbeing of all employees

| | | |
|---|---|--|
| 1 | Please indicate the total number of employees. | 1550 |
| 2 | Please indicate the total number of employees hired on temporary/contractual/casual basis. | 500 |
| 3 | Please indicate the Number of permanent women employees. | 15 |
| 4 | Please indicate the Number of permanent employees with disabilities | Nil |
| 5 | Do you have an employee association that is recognized by management? | Presently, the Company does not have any employee association. |
| 6 | What percentage of your permanent employees is members of this recognized employee association? | Not Applicable |

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

| No. | Category | No. of complaints filed during the financial year | No. of complaints pending as on end of the financial year |
|-----|---|---|---|
| A | Child labour/forced labour/involuntary labour | Nil | Nil |
| B | Sexual harassment | Nil | Nil |
| C | Discriminatory employment | Nil | Nil |

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

| | | |
|---|--|------|
| A | Permanent Employees | 100% |
| B | Permanent Women Employees | 100% |
| C | Casual/Temporary/Contractual Employees | 100% |
| D | Employees with Disabilities | N.A. |

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

| | | |
|---|--|---|
| 1 | Has the Company mapped its internal and external stakeholders? | Yes, the Company has mapped its internal and external stakeholders and has identified - employees, customers, business partners/ suppliers, government and government agencies, lenders, shareholders/ investors and society as its stakeholders. The Company has various mechanism in place for engagement with these stakeholders such as employee satisfaction surveys, customer satisfaction surveys, organizing plant visits for the suppliers and for the investors, regular dealers' meet and lenders' meet, etc. Investors base being large, as required, the Company has a dedicated email id for them to engage with the Company. The Company has also been engaging with the society, particularly in the areas around its manufacturing plants through its various community service initiatives. |
| 2 | Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders. | Yes, the Company has identified the disadvantaged, |
| 3 | Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. | The CSR programmes/projects/activities of the Company are aimed at serving the local community and socio-economically disadvantaged sections of the society. |

Principle 5: Businesses should respect and promote human rights

| | | |
|---|--|--|
| 1 | Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? | The Company respects Human Rights of all relevant stakeholders and groups within and beyond the workplace including that of communities, consumers and marginalized groups. All the practices and policies of the Company including engagement with suppliers, contractors, etc., ensures that human rights are honored and protected. |
| 2 | How many stakeholder complaints have been received in the past financial year. What percent was satisfactorily resolved by the management? | The Company did not receive any stakeholders complaint in the financial year 2018-19 for violation of human rights. |

Principle 6: Business should respect, protect, and make efforts to restore the environment

| | | |
|---|---|--|
| 1 | Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/ Contractors /NGOs/others. | The Company is committed to improve Health & Safety of the society and protection of the environment, and the policy applies to the entire Company and doesn't extends to other entities. APL Apollo Tubes Ltd also encourages its subsidiaries, vendors and dealers to take health, safety and environment friendly measures for better future. |
| 2 | Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc?If yes, please give hyperlink for webpage etc. | The Company is contributing towards global environment by complying with ISO Certification i.e., ISO 9001, ISO 14001 & OHSAS 18001 under the Integrated Management System, in each and every process of the Company. |
| 3 | Does the Company identify and assess potential environmental risks? | Yes, the Company from time to time assess various Environmental risk associated with its activities and its likely impact. The purpose of this procedure is to establish and maintain procedures for identifying environmental/ Hazard aspects of activities, |

| | | |
|---|--|--|
| 4 | Does the Company have any project related to Clean Development Mechanism? | None |
| 5 | Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. | <p>Yes, during the year the Company has installed solar panel at its manufacturing facilities at Raipur, with a total capacity of 2.6 MW. Post reviewing the solar plants' performance, the Company will be installing solar panel at all its other manufacturing units.</p> <p>In the longer term, the Company aims to reduce CO2 emissions and generate energy at a lower cost at its factories in India. This, is in-sync with the Company's approach towards building a sustainable ecosystem through efficient energy consumption and optimum utilization of natural resources such as solar power and wind energy. Furthermore, this project will also enable significant operating cost-savings for the Company such as lower energy loss, reduced electricity bills and maintenance costs.</p> |
| 6 | Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported? | Yes, all of the Company's emissions/waste generated during the reporting period were within the regulatory defined limits. |
| 7 | Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year. | This is to confirm that no show cause/legal notices were received from the Pollution Control Boards (PCB) during the last financial year and nothing is pending |

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

| | | |
|---|--|---|
| 1 | Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with | <p>The Company is member of various trade and chambers or association. Some of these associations include:</p> <ul style="list-style-type: none"> -Confederation of Indian Industry (CII) - Federation of Indian Export Organisations (FIEO) |
| 2 | Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes specify the broad areas. | The Company has been extensively using platforms of the above Trade Association/ Chambers and has been taking advocacy positions from time to time in the areas of Corporate Legal Reforms, Economic Reforms, Social Security, Water Conservation, Sustainable Business Principles, etc.. |

Principle 8: Businesses should support inclusive growth and equitable development

| | | |
|---|---|---|
| 1 | Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof. | <p>Yes.</p> <p>APL has a well drafted CSR policy in line with Section 135/ Schedule VII of the Companies Act, 2013. On the basis of needs of the community around the projects, either observed or on the basis of requests, the initiatives for the benefit of society are chosen and implemented.</p> |
| 2 | Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization? | The CSR programmes/projects of the Company are run outside agencies/organizations. |
| 3 | Have you done any impact assessment of your initiative? | The CSR Programmes/projects and their progress/impacts/outcomes are monitored and reviewed periodically by the Corporate Social Responsibility Committee and by the Board of Directors. |
| 4 | What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken. | Please refer to ANNEXURE E to the Directors' Report. |
| 5 | Have you taken steps to ensure that this community development initiative is successfully adopted by the community? | The Company is committed to improve the quality of life of the communities around its plant locations and communities at large through need based CSR initiatives in the areas of healthcare, education, livelihood enhancement and environment. The Company encourages participation by the community in various CSR initiatives of the Company. Extensive engagement with the community helps in identifying needs of the stakeholders and leads to greater sense of ownership among the people, ensuring sustained outcomes. This ensures successful adoption by communities to the extent possible. |

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

| | | |
|---|--|--|
| 1 | What percentage of customer complaints/consumer cases are pending as on the end of financial year | No customer complaints/consumer cases were pending as on end of financial year 2018-19. |
| 2 | Does the Company display product information on the product label, over and above what is mandated as per local laws? | Yes, the Company adheres to all product labeling and product information requirements as per the local laws. |
| 3 | Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. | No court case has been filed against the Company regarding unfair trade practices and/or irresponsible advertising during the last five years or pending as on end of the financial year. |
| 4 | Did your company carry out any consumer survey/ consumer satisfaction trends? | The Company believes in Customer First. The Company has a strong mechanism to capture the Voice of Customer. Company, puts in a lot of efforts to understand the need of customers, their pain areas and their complaints / feedbacks through Focus Group Discussion or online survey or by making individual calls to our customers or dealers through call centre. |

For and on behalf of Board of Directors

Sanjay Gupta

Chairman

(DIN: 00233188)

Place: Ghaziabad

Date: May 18, 2019

DIRECTORS' REPORT

Dear Shareholders

of APL Apollo Tubes Limited,

Your Directors have pleasure in presenting the Thirty Fourth (34th) Annual Report on the business and operations of your company together with the Standalone and Consolidated Audited Financial Statements for the financial year ended March 31, 2019.

FINANCIAL PERFORMANCE

The Company's financial performance for the year under review along with the previous year's figures is given hereunder: (₹ in crore)

| Particulars | Consolidated | | Standalone | |
|---|---------------|---------------|---------------|---------------|
| | FY 2018-19 | FY 2017-18 | FY 2018-19 | FY 2017-18 |
| Gross sales | 7152.32 | 5,472.38 | 5868.48 | 4,431.17 |
| Add : Other income | 11.71 | 8.01 | 42.48 | 35.45 |
| Total revenue | 7164.04 | 5,480.39 | 5910.96 | 4,466.62 |
| Profit before Depreciation, Finance Costs and Tax Expense | 404.56 | 379.05 | 329.83 | 270.37 |
| Less : Depreciation and amortisation | 64.26 | 53.41 | 53.13 | 43.98 |
| Less : Finance cost | 113.35 | 81.30 | 101.35 | 70.44 |
| Profit before tax (PBT) | 226.95 | 244.34 | 175.35 | 155.95 |
| Less : Tax expense | 78.70 | 86.21 | 48.96 | 43.26 |
| Profit after tax for the year (PAT) (1) | 148.25 | 158.13 | 126.39 | 112.69 |
| Other Comprehensive Income (2) | 8.74 | 0.61 | (0.13) | 0.61 |
| Total Comprehensive Income for the year (1+2) | 156.99 | 158.74 | 126.26 | 113.30 |
| Add : Balance in profit and loss account | 524.09 | 418.34 | 595.18 | 529.06 |
| Less: Final dividend | 33.22 | 28.31 | 33.22 | 28.31 |
| Less: Tax on final dividend | 6.76 | 5.93 | 0.04 | 0.12 |
| Less: Transfer to debenture redemption reserve | 30.00 | 18.75 | 30.00 | 18.75 |
| Balance carried forward | 611.10 | 524.09 | 658.18 | 595.18 |

The Company's consolidated gross turnover in financial year 2018-19 increased significantly by 31% from ₹5472 crore to ₹7152 crore. The EBITDA has been increased by 7% from ₹379 crore to ₹405 crore for the year under review.

DIVIDEND

The Board of Directors of your company is pleased to recommend a dividend of ₹14 per equity share of the face value of ₹10 each (@140%),

payable to those Shareholders whose names appear in the Register of Members as on the Book Closure / Record Date, subject to approval from the shareholders at the ensuing AGM, in order to reward its shareholders. The total dividend pay-out works out to 27% of the net profit for the standalone results.

The Dividend is based upon the parameters mentioned in the Dividend Distribution policy approved by the Board of Directors of

the Company which is in line with the Regulation 43A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended). During the year, there have been no changes to the policy. Hence, the same is not annexed to this report, but is available on our website at <https://www.aplpollo.com/policies/>

TRANSFER TO RESERVES

The Board of Directors of your Company, has decided not to transfer any amount to the Reserves for the year under review.

OVERVIEW

Financial year 2018-19 was a year of recovery for the Indian economy as disruptions related to demonetisation and Goods and Services Tax (GST) smoothed and the country slightly recovered from the cyclical and structural bottlenecks witnessed over the past two years. The International Monetary Fund, which has lowered the global growth estimates, has retained its India growth forecast for current year at 7.3%. With the indicators of industrial production, investment demand, and exports showing recovery, India's growth outlook remains promising and is expected to strengthen further in the coming years. According to CRISIL, the Indian economy is estimated to grow at 7.2% in FY19.

In India, the ERW Steel tubes market is at ₹30,000 crore, is expected to grow at ~10-12% CAGR every year. The steel demand is also expected to grow at ~6-8% through FY21, of which, steel pipe will form ~10-12% of the total steel demand, thereby providing a huge opportunity for steel pipe consumption in the years to come. APL Apollo, today, is the largest producer of ERW steel pipes in India catering to segments ranging from building material, construction, infrastructure, Agriculture, energy, Housing, Irrigation, Engineering etc. in Indian & overseas market. Out of this, building material segments, infrastructure, housing and construction segments are the main demand drivers. Across the domestic and overseas markets, there is a continuous stream of demand for steel pipe products that is being created due to increased infrastructure construction, healthy building materials market, strong uptick across agriculture, refining and energy industries. Further, a strong Government impetus, increasing purchasing power, improving lifestyle dynamics across the domestic market, will further increase demand and consumption for steel pipes. With enormous untapped potential across all major sectors and new age applications, APL Apollo's business model is well-positioned to capitalize on all these emerging sectoral trends.

In FY19, the Company reported a healthy set of results despite a weak operating environment. Revenues grew from ₹5472 crore in FY 2018 to ₹7152 crore in FY 2019, thereby registering a growth of 34%. Volumes, during the year, saw a strong growth of 19% to 1,339,174 MTPA. The Company further registered its highest-ever quarterly sales volume of 418,355 MTPA in Q4 FY19. The growth during the year was primarily driven by strong demand recovery in the product segments of hollow

section pipes particularly Direct Forming Technology (DFT) pipes and Galvanized Tubes (GI) among others. The Company continues to witness a healthy volume performance across product categories and remains confident of registering strong sales momentum in FY20 as well.

On the operational front, the Company, through its wholly owned subsidiary Shri Lakshmi Metal Udyog Limited (SLMUL), acquired stake in Apollo Tricoat in FY19. The acquisition was made to enable the company to expand its product portfolio in the high-margin coated pipe segment and to exploit synergies between the businesses of Shri Lakshmi Metal Udyog and Apollo Tricoat. The acquisition has an attractive payback of less than 3-4 years. The Tricoat products span three variants - SureCoat, DuraCoat and SuperCoat and are made through the latest Galvant technology. These In-Line Galvanizing (IGL) pipes and Hybrid pipes (PVC+GP), are eco-friendly and can be used as a substitute of PVC electrical Conduit Pipes. The Company is confident that the Tricoat Pipes will help create and capture a niche market segment and will address a huge latent demand in the country, in the longer-term

Over the past few years, the Company has enhanced its product portfolio making it attuned with the products in demand as well as creating demand in certain categories. Going forward, the focus will be towards further strengthening the product portfolio by increasing the share of innovative and high margin value added branded products such as Direct Forming Technology (DFT) pipes, Tricoat pipes, Galvanized pipes (GI), Pre-Galvanized pipes (GP), Hybrid Pipes, Door Frames and Cold Rolled Steel.

Current production capacity stands at 2.1 million tonnes, making the Company the largest producer of ERW Steel Pipes and Sections in India. The Company remains focused towards further increasing this momentum and are confident of delivering targeted volume growth of over 20% by FY21.

OPERATIONS

The year witnesses significant steel price volatility during the year. In addition, demand of steel as well as steel pipes was subdued for a significant part of the year. Further there was significant uncertainty with regard to availability of steel due to the reference of some steel companies to NCLT. Company had taken requisite steps to mitigate the adverse factors particularly during November 2018 to March 2019. The Company accomplished a volume growth of 19% in FY19. This is a healthy growth number given the Company has delivered this performance despite external challenges such as the transporters' strike, floods in Kerala and slowdown in construction activities due to healthy monsoon in the first half of FY19. In FY19, the Company saw significant inventory loss, owing to acute fall in steel prices. This consequently impacted the profitability during the year. The Company

has also undertaken several initiatives to be cost effective in nature. The Company is working on bringing in backward integration of thinner materials, which will help improve overall cost savings & operational efficiencies. The Company is already one of the lowest cost producers in the industry. Further, with continuous focus towards launching new innovative products like Door and Window Frames and increasing portfolio of the higher-margin value-added branded products the Company will be able to improve profitability.

On the exports side, the Company currently caters to over 20 countries globally. There is a strong untapped potential across Export Markets, especially across USA, Europe and Middle East. With the introduction of latest technologies (such as DFT) and newer product launches (such as Tricoat tubes, narrow sections), the Company will be able to unlock vast potential across markets. High quality, customized and tailor-made shapes and sizes of products, achieved through DFT, will also help cater to the extensive latent demand in the export markets.

As on March 31, 2019, domestically the Company enjoys a vast 3-tier distribution network of over 790 dealers spread all across India, with warehouses cum- branch offices in over 29 cities.

PROJECTS AND EXPANSION PLANS

Projects commissioned during financial year 2018-19 and new projects in the upcoming years:

- To further enhance capacity, the Company undertook certain de-bottlenecking initiatives at the latest Direct Forming Technology (DFT) lines. This led to capacity enhancement of 1 lakh MTPA, taking the DFT capacity to 6 lakh MTPA and the total capacity to 2.1 million MTPA
- DFT products are witnessing a successful run across business segments, especially OEMs and Exports markets
- Subsequent to year end, the Company entered into an agreement with Taurus Value Steel & Pipes Private Limited, a subsidiary of Shankara Building Products Limited, Bangalore to acquire its 200,000 MTPA tube manufacturing unit based in South. The plant complements APL Apollo's existing operations in Bengaluru and Hosur and will further bolster the Company's manufacturing capacity to meet the growing demand for steel tubes and pipes in South, East and South-Western markets. With improved production of the high-margin products of GI and GP pipes, the Company expects to further enhance its profitability, going forward

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable accounting standards. The Audited Consolidated Financial Statements and Auditor's Report thereon form part of this Annual Report.

INTERNAL FINANCIAL CONTROL

The Company has in place adequate internal financial controls within the meaning of Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2019 the Board is of the opinion that the Company has sound Internal Financial Controls commensurate with the size and nature of its operations and operating effectively and no reportable material weakness was observed in the system during the year.

Based on annual Internal Audit programme as approved by Audit Committee of the Board, regular internal audits are conducted covering all offices, factories and key areas of the business. Findings are placed before Audit Committee, which reviews and discusses the actions taken with management. The Audit Committee also reviews the effectiveness of company's internal controls and regularly monitors implementation of audit recommendations.

ANNUAL RETURN

In accordance with the provisions of Section 134 (3)(a) of the Companies Act, 2013, the extract of the Annual Return in Form no. MGT-9 is annexed hereto as **Annexure-'A'** and forms part of this report and is also available on the website of the Company at www.aplapollo.com

SUBSIDIARIES COMPANIES, JOINT VENTURES AND ASSOCIATES

The Company had three wholly-owned subsidiaries as on March 31, 2019, namely Shri Lakshmi Metal Udyog Limited (SLMUL), Apollo Metalex Private Limited (AMPL) and Blue Ocean Projects Private Limited.

A report on the performance and financial position of each of the subsidiaries in form AOC-1 is annexed hereto as **Annexure 'B'** and forms part of this report.

In accordance with the provisions of Section 136 of the Companies Act, 2013, the audited financial statements and related information of the subsidiaries, where applicable, will be available for inspection during regular business hours at the company's corporate office at 36, Kaushambi, Near Anand Vihar Terminal, Uttar Pradesh -201010 and the same are also available at our website i.e. www.aplapollo.com

During the year under review the board of directors in their meeting held on October 18, 2018 approved acquisition of majority stake of Apollo TriCoat Tubes Limited (AATL) by Shri Lakshmi Metal Udyog Limited ('SLMUL'), a wholly owned subsidiary of the Company by way of entering into a Share Purchase agreement (SPA) for acquisition of 8,030,030 Equity Shares and Options attached to 4,300,000 warrants.

Pursuant to the Agreement, SLMUL made an open offer which got completed on February 01, 2019. SLMUL acquired (i) 1,325,000 Equity Shares representing 5.16% of the paid-up share capital of AATL

from open market and (ii) 1,536,209 Equity Shares representing 5.98% of the paid-up share capital of AATL as tendered under open offer.

Subsequent to the year end, in accordance with the SPA, SLMUL has paid the balance consideration to complete the total acquisition of 50.56% shares in AATL.

FIXED DEPOSITS

Your Company has neither accepted nor renewed any public deposits within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

SHARE CAPITAL

As on March 31, 2019 the authorized capital of the Company stood at ₹45 crore divided into 45,000,000 equity shares of ₹10 each

During the financial year under review, the Company has allotted 117,076 equity shares of ₹10 each at a price of ₹452.60 (including premium of ₹442.60) and allotted 3,500 equity shares of ₹10 each at a price of ₹1028.80 (including premium of ₹1018.80), pursuant to APL Apollo Employees Stock Option Scheme (ESOS-2015) to eligible employees of the Company and of its subsidiaries. Consequently the paid up equity share capital of the Company increased to ₹23.85 crore from ₹23.73 crore comprising of 23,850,381 equity shares of ₹10 each.

Subsequent to year end, the Company allotted of 4,00,000 Equity shares and 5,00,000 fully convertible warrants on preferential basis to APL Infrastructure Private Limited, an entity belonging to Promoter category at an issue price of ₹1800/- per share and ₹2000/- per warrant respectively. Pursuant to above allotment of Equity shares, the paid up capital of the Company stands increased to ₹24.25 from ₹23.85 comprising of 24,250,381 equity shares of ₹10 each.

The Company has not issued shares with differential voting rights nor sweat equity or bonus shares.

BORROWINGS

(a) Issue of Debt Securities

During the year under review, your Company had redeemed 750 Secured Redeemable Listed Non-Convertible Debentures (NCD) of ₹10,00,000/- each aggregating to ₹75 crore on attaining maturity.

On July 6, 2018, the Company allotted 1,950 rated, listed, secured and redeemable non-convertible debentures of ₹10,00,000/- each for a total nominal value of ₹195,00,00,000/-, comprising of 1000 - Series 1 Debentures and 950 - Series 2 Debentures, on private placement basis to identified investors. The debt-equity ratio remains within limit, even after the said issue of NCD.

(b) Commercial Papers

Commercial papers ("CP") raised by the Company are short-

term in nature ranging between one to three months. As on March 31, 2019, no CP was outstanding.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of Articles of Association of the Company, Mr. Vinay Gupta will retire at the ensuing Annual General Meeting (AGM) and being eligible, offer himself for reappointment.

All Independent Directors of the Company have given declarations that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and also Regulation 16(l)(b) of the Listing Regulations.

There was no change in Managing Director, Chief Financial Officer and Company Secretary, collectively the Key Managerial Personnel, during the year under review.

PARTICULARS OF REMUNERATION

Disclosure of ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company and other requisite details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, is annexed to this report as **Annexure 'C'**. Further, particulars of employees pursuant to Rule 5(2) & 5(3) of the above Rules form part of this report. However, in terms of provisions of section 136 of the said Act, the report and accounts are being sent to all the members of the Company and others entitled thereto, excluding the said particulars of employees. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company. The said information is available for inspection at the registered office of the Company during working hours.

AUDITORS AND AUDITORS' REPORT

A. Statutory Auditors

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Gurugram, (FRN117366W/W-100018), have been appointed as Auditors of the Company to hold the office from the conclusion of the 30th Annual General Meeting held on August 28, 2015 until the conclusion of the 35th Annual General Meeting to be held in year 2020, subject to ratification of the appointment by the members at each AGMs. However, the provision relating to ratification of such appointment by Members at every Annual General Meeting stands deleted w.e.f. May 07, 2018 by the Companies (Amendment) Act 2017 and accordingly the said ratification is henceforth not required. The report of the Auditors on the standalone and consolidated financial statements for the FY 2018-19 doesn't contain any qualification, reservation or

adverse remark. The observations given therein read with the relevant notes are self-explanatory.

B. Cost Auditors

In terms of Section 148 of the Act, the Company is required to get the audit of its cost records conducted by a Cost Accountant. In this connection, the Board of Directors of the Company has on the recommendation of the Audit Committee, approved the appointment of M/s R.J. Goel & Co., Cost Accountants (FRN: 000026) as the cost auditors of the Company for the year ending March 31, 2020.

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board has to be ratified by the members of the Company. Accordingly, appropriate resolution will form part of the Notice convening the AGM.

We seek your approval for the proposed remuneration payable to the Cost Auditors for the Financial Year ended March 31, 2019.

M/s R.J. Goel & Co., have vast experience in the field of cost audit and have been conducting the audit of the cost records of the Company for the past several years. The Cost Audit Report of the Company for the Financial Year ended March 31, 2019 will be filed with MCA. The Company has maintained accounts and records as specified under sub-section (1) of 148 of the Act.

C. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors appointed M/s Anjali Yadav & Associates, Company Secretaries in practice as Secretarial Auditor to carry out the Secretarial Audit of the Company for the financial year 2018-19. The report given by them for the said financial year in the prescribed format is annexed to this report as **Annexure 'D'**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

RELATED PARTY TRANSACTIONS

During the financial year ended March 31, 2019, all the contracts or arrangements or transactions entered into by the Company with the related parties were in the ordinary course of business and on arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013 read with Regulation 23 of SEBI (LODR), 2015.

Further, the Company has not entered into any contract or arrangement or transaction with the related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. In view of the above, disclosure in FORM AOC-2 is not applicable.

The related party transaction policy as approved by the Board is available on the website of the Company: <https://www.aplapollo.com/policies/>

Your Directors draw attention of the members to Note No. 37 to the Financial Statement which sets out related party disclosures.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Company, under the APL Apollo Employee Stock Option Scheme- 2015 ("ESOS-2015), approved by the shareholders vide a postal ballot on July 27, 2015 and December 22, 2015, grants share-based benefits to eligible employees of the Company and employees of subsidiaries with a view to attracting and retaining the best talent, encouraging employees to align individual performances with Company objectives, and promoting increased participation by them in the growth of the Company. The total number of equity shares to be allotted pursuant to the exercise of the stock incentives under the ESOS-2015 to the employees of the Company and its subsidiaries shall not exceed 7,50,000 equity shares. The following disclosures are being made under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and the said disclosure is also available on the website of the Company at www.aplapollo.com

| S. No. | Particulars (During the financial year ended March 31, 2019) | APL Apollo ESOS-2015 |
|--------|--|---|
| 1 | Options granted | Nil |
| 2 | Options vested; | 161,949 |
| 3 | Options exercised | 120,576 |
| 4 | Total number of shares arising as a result of exercise of option | 120,576 |
| 5 | Options lapsed | 53,551 |
| 6 | Exercise price | The Exercise price of the shares will be the Market Price of the shares one day before the date of grant of options. Suitable discount will be provided on that price, as deemed fit by the Nomination & Remuneration Committee ("committee"). Further Committee has the power to reprice the grants in future if the price of the company falls continuously for a period of 3 months. |
| 7 | Variation of terms of options | The Shares issued pursuant to the exercise of an Option will not be subject to any lock-in period |
| 8 | Money realized by exercise of options | ₹56589397.60 |
| 9 | Total number of options in force | 65,132 |

| S. No. | Particulars (During the financial year ended March 31, 2019) | APL Apollo ESOS-2015 |
|--------|--|----------------------|
| 10 | Employee wise details of options granted to:- | |
| (i) | Key managerial personnel; | NIL |
| (ii) | Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year. | NIL |
| (iii) | Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; | NIL |

The Certificate from the Statutory Auditors of the Company certifying that the ESOS 2015 has been implemented in accordance with the SBEB Regulations and the resolution passed by the Members, would be placed at the Annual General Meeting for inspection by Members.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 134 sub-section 3(c) and sub-section 5 of the Companies Act, 2013, your Directors to the best of their knowledge hereby state and confirm that:

- In the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards had been followed along with proper explanations relating to material departures.
- Such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent to give a true and fair view of the Company's state of affairs as at March 31, 2019 and of the Company's profit for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual financial statements have been prepared on a going concern basis.
- The internal financial controls were laid down to be followed that and such internal financial controls were adequate and were operating effectively.
- Proper systems were devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In line with the provisions of the Companies Act, 2013, the Company has framed its Corporate Social Responsibility (CSR) policy for development of programmes and projects for the benefit of weaker

sections of the society and the same has been approved by Corporate Social Responsibility Committee (CSR Committee) and the Board of Directors of the Company. The Corporate Social Responsibility (CSR) policy of the Company provides a road map for its CSR activities.

During the year under review, the Company has made contribution of ₹0.09 Cr for various CSR purposes in compliance to the provisions of Companies Act, 2013 relating to Corporate Social Responsibility. The Annual Report on CSR activities is annexed herewith as **Annexure 'F'**.

The CSR Policy has been uploaded on the Company's website and may be accessed at the link: <https://www.aplapollo.com/policies/>

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

In terms of Section 186 of the Companies Act, 2013 and rules framed thereunder, details of Loans, Guarantees given and Investments made have been disclosed in the Notes to the financial statements for the year ended March 31, 2019.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 (3)(m) of Companies Act, 2013 read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014, is furnished as **Annexure 'G'**, forming part of this Report.

CORPORATE GOVERNANCE

Your company reaffirms its commitment to the highest standards of corporate governance practices. Pursuant to Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Corporate Governance Report and the Secretarial Auditors' Certificate regarding compliance of conditions of Corporate Governance are annexed to this report (**Annexure 'H'**).

The Corporate Governance Report which forms part of this report, also covers the following:

- a) Particulars of the five Board Meetings held during the financial year under review.
- b) Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management including, inter alia, the criteria for performance evaluation of Directors.
- c) The manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors.
- d) The details with respect to composition of Audit Committee and establishment of Vigil Mechanism.
- e) Details regarding Risk Management.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

During the period under review, the Company has duly complied with the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has complied with the provisions related to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. The number of complaints received during the financial year 2018-19, under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, is available in the Business Responsibility Report which is part of this Annual Report.

OTHER DISCLOSURES AND REPORTING

Your Directors state that no disclosure or reporting is required with respect to the following items as there were no transactions on these items during the year under review :

1. Change in the nature of business of the Company.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Any remuneration or commission received by Managing Director of the Company, from any of its subsidiary.
4. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this report.
5. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.
6. Significant or material orders passed by the regulators or courts or tribunal which impacts the going concern status and company's operations in future.

APPRECIATION

Your Directors take this opportunity to express their appreciation for the co-operation received from the customers, vendors, bankers, stock exchanges, depositories, auditors, legal advisors, consultants, stakeholders, debenture-holders, business associates, Government of India, state government and local bodies during the period under review. The Directors also wish to place on record their appreciation of the devoted and dedicated services rendered by the employees of the Company.

For and on behalf of Board of Directors

Sanjay Gupta
Chairman
(DIN: 00233188)

Place: Ghaziabad
Date: May 18, 2019

ANNEXURES TO THE DIRECTORS' REPORT

FOR THE YEAR ENDED MARCH 31, 2019

Annexure 'A'

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN AS ON MARCH 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| 1 | CIN | L74899DL1986PLC023443 |
| 2 | Registration Date | 24 February, 1986 |
| 3 | Name of the Company | APL Apollo Tubes Limited |
| 4 | Category / Sub-Category of the Company | Company limited by shares |
| 5 | Address of the Registered office and contact details | 37, Hargobind Enclave, Vikas Marg, Delhi -110092 Telephone No. 011-22373437 |
| 6 | Whether listed Company | Yes (Listed at NSE and BSE) |
| 7 | Name, Address and Contact details of Registrar and Transfer Agent | M/s. Abhipra Capital Limited GF- Abhipra Complex, Dilkhush Industrial Area, A-387, G.T. Karnal Road, Azadpur, Delhi-110033 Tele. No. 011-42390725 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

| S. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the Company |
|--------|---|----------------------------------|------------------------------------|
| 1 | Hollow Sections | 24311 | 53% |
| 2 | Pre Galvanized Tubes (GP) | 24311 | 23% |
| 3 | Black Round Pipe | 24311 | 13% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

| S. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|-------------------------------------|-----------------------|--------------------------------|------------------|--------------------|
| 1 | Shri Lakshmi Metal Udyog Limited | U85110DL1994PLC224835 | Subsidiary | 100 | 2(87) |
| 2 | Apollo Metalex Private Limited | U27104DL2006PTC146579 | Subsidiary | 100 | 2(87) |
| 3 | Blue Ocean Projects Private Limited | U70109DL2011PTC224580 | Subsidiary | 100 | 2(87) |

IV. SHAREHOLDING PATTERN (Equity Share Capital breakup as percentage of total equity)

i) Category-wise Share Holding

| Category of Shareholders Category of Shareholders | No. of Shares held at the beginning of the year (As on April 1, 2018) | | | | No. of Shares held at the end of the year (As on March 31, 2019) | | | | % Change during the year |
|---|--|----------|------------------|-------------------|---|----------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 815,000 | - | 815,000 | 3.43 | 815,000 | - | 815,000 | 3.42 | (0.01) |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 8,025,187 | - | 8,025,187 | 33.82 | 8,025,187 | - | 8,025,187 | 33.65 | (0.17) |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (1) | 8,840,187 | - | 8,840,187 | 37.25 | 8,840,187 | - | 8,840,187 | 37.07 | (0.18) |

| Category of Shareholders Category of Shareholders | No. of Shares held at the beginning of the year (As on April 1 , 2018) | | | | No. of Shares held at the end of the year (As on March 31, 2019) | | | | % Change during the year |
|--|---|----------|------------------|-------------------|---|----------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (2) Foreign | | | | | | | | | |
| a) NRIs –Individuals | - | - | - | - | - | - | - | - | - |
| b) Other –Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A) (2) | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter (A) = (A)(1) + (A)(2) | 8,840,187 | - | 8,840,187 | 37.24 | 8,840,187 | - | 8,840,187 | 37.07 | (0.18) |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 3,509,240 | - | 3,509,240 | 14.79 | 2,959,778 | - | 2,959,778 | 12.41 | (2.38) |
| b) Banks / FI | - | - | - | - | 16,977 | - | 16,977 | 0.07 | 0.07 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Alternate Investment Funds | - | - | - | - | 342,499 | - | 342,499 | 1.44 | 1.44 |
| g) Insurance Companies | - | - | - | - | - | - | - | - | - |
| h) FIIs | 9,818 | - | 9,818 | 0.04 | - | - | - | - | (0.04) |
| i) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| j) Provident Funds/ Pension Funds | - | - | - | - | 4,057 | - | 4,057 | 0.02 | 0.02 |
| k) Others (International Finance Corporation) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | 3,519,058 | - | 3,519,058 | 14.83 | 3,323,311 | - | 3,323,311 | 13.94 | (0.89) |
| 2. Non- Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 1,271,278 | - | 1,271,278 | 5.36 | 1,170,729 | - | 1,170,729 | 4.91 | (0.45) |
| ii) Overseas | 5,437,487 | - | 5,437,487 | 22.91 | 5,804,484 | - | 5,804,484 | 24.34 | 1.43 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹1 lakh | 2,308,069 | 3 | 2,308,072 | 9.73 | 2,900,407 | 2 | 2,900,405 | 12.16 | 2.43 |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | 1,099,802 | - | 1,099,802 | 4.63 | 332,253 | - | 332,253 | 1.39 | (3.24) |
| c) Employee Trusts | - | - | - | - | 1,649 | - | 1,649 | 0.01 | 0.01 |
| c) Others | - | - | - | - | - | - | - | - | - |
| (ii) Non Resident Individuals | 1,054,985 | - | 1,054,985 | 4.45 | 1,280,149 | - | 1,280,149 | 5.37 | 0.92 |

| Category of Shareholders Category of Shareholders | No. of Shares held at the beginning of the year (As on April 1, 2018) | | | | No. of Shares held at the end of the year (As on March 31, 2019) | | | | % Change during the year |
|--|--|----------|-------------------|-------------------|---|----------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (iii) Clearing Members | 11,799 | - | 11,799 | 0.05 | 16,809 | - | 16,809 | 0.07 | 0.02 |
| (iv) Trust | 11,087 | - | 11,087 | 0.05 | 5,632 | - | 5,632 | 0.02 | (0.03) |
| (v) HUFs | 176,050 | - | 176,050 | 0.74 | 174,771 | - | 174,771 | 0.73 | (0.01) |
| Sub-total (B)(2) | 11,370,557 | 3 | 11,370,560 | 47.92 | 11,585,831 | 2 | 11,585,833 | 49.00 | 1.08 |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 14,889,615 | 3 | 14,889,618 | 62.75 | 15,010,192 | 2 | 15,010,194 | 62.93 | 0.18 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 23,729,802 | 3 | 23,729,805 | 100 | 23,850,379 | 2 | 23,850,381 | 100 | - |

(ii) Shareholding of Promoters

| S. No. | Shareholder's name | Shareholding at the beginning of the year (as on April 1, 2018) | | | Shareholding at the end of the year (as on March 31, 2019) | | | % change in shareholding during the year |
|--------|------------------------------------|--|--|--|---|----------------------------------|--|--|
| | | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | APL Infrastructure Private Limited | 8,025,187 | 33.82 | - | 8,025,187 | 33.65 | - | (0.17) |
| 2 | Smt. Veera Gupta | 7,50,000 | 3.15 | - | 7,50,000 | 3.14 | - | (0.01) |
| 3 | Mr. Ashok Kumar Gupta | 65,000 | 0.27 | - | 65,000 | 0.27 | - | - |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| S. No. | | Shareholding at the beginning of the year (as on April 1, 2018) | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | APL Infrastructure Private Limited | | | | |
| | At the beginning of the year | 8,025,187 | 33.82 | 8,025,187 | 33.82 |
| | Increase / Decrease in Promoters Shareholding during the year | | | NO CHANGE | |
| | At the end of the year i.e., March 31, 2019 | | | 8,025,187 | 33.65 |
| 2 | Mr. Ashok Kumar Gupta | | | | |
| | At the beginning of the year | 65,000 | 0.27 | 65,000 | 0.27 |
| | Increase / Decrease in Shareholding during the year | | | NO CHANGE | |
| | At the end of the year i.e., March 31, 2019 | | | 65,000 | 0.27 |
| 3 | Smt. Veera Gupta | | | | |
| | At the beginning of the year | 750,000 | 3.15 | 750,000 | 3.15 |
| | Increase / Decrease in Shareholding during the year | | | NO CHANGE | |
| | At the end of the year i.e., March 31, 2019 | | | 750,000 | 3.14 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| S. No. | Top Ten Shareholders | Shareholding at the beginning of the year (April 1, 2018) | | Cumulative Shareholding at the end of the year (March 31, 2019) | |
|--------|----------------------|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | Kitara PIIN 1001 | 3,000,000 | 12.64 | 3,000,000 | 12.58 |
| 2 | IDFC Multi CAP Fund | 867,063 | 3.65 | 340,824 | 1.43 |

| S. No. | Top Ten Shareholders | Shareholding at the beginning of the year (April 1, 2018) | | Cumulative Shareholding at the end of the year (March 31, 2019) | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 3 | DSP Small Cap Fund | 982,098 | 4.14 | 1,003,322 | 4.21 |
| 4 | Emblem FII | 239,004 | 1.01 | 239,004 | 1.00 |
| 5 | Sameer Mahendra Sampat | 558,500 | 2.35 | 558,500 | 2.34 |
| 6 | Kitara PIIN 1101 | 852,000 | 3.59 | 852,000 | 3.57 |
| 7 | Goldman Sachs India Limited | 626,434 | 2.64 | 812,513 | 3.41 |
| 8 | Kotak Emerging Equity Scheme | 337,094 | 1.42 | 516,471 | 2.17 |
| 9 | Kotak Small CAP Fund* | - | - | 205,121 | 0.86 |
| 10 | Tata AIA Life Insurance Co Ltd-Whole Life Mid* | 2,00,000 | 0.84 | 200,000 | 0.84 |
| 11 | HDFC Trustee Company Limited - HDFC Prudence# | 672,703 | 2.83 | - | - |
| 12 | Suresh Kumar Agarwal# | 400,000 | 1.69 | - | - |
| 13 | Ashish Kacholia# | 400,000 | 1.69 | - | - |

Note : Around 99% of the Shares of the Company are held in dematerialized form and are traded on daily basis. Therefore, the date wise increase/decrease in shareholding is not indicated.

* Top 10 Shareholders only as on March 31, 2019.

Top 10 Shareholders only as on April 1, 2018.

(v) **Shareholding of Directors and Key Managerial Personnel:**

| S. No. | For each of the Directors and KMP | Shareholding at the beginning of the year (as on April 1, 2018) | | Cumulative shareholding during the Year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | Mr. Ashok Kumar Gupta, Managing Director | | | | |
| | At the beginning of the year | 65,000 | 0.27 | 65,000 | 0.27 |
| | Increase/Decrease in Shareholding during the year | | | NO CHANGE | |
| | At the end of the year i.e. March 31, 2019 | | | 65,000 | 0.27 |
| 2 | Mr. Romi Sehgal, Director | | | | |
| | At the beginning of the year | 11,906 | 0.05 | 11,906 | 0.05 |
| | Increase in Shareholding pursuant to ESOS 2015 | 8,400 | 0.04 | 20,306 | 0.09 |
| | Decrease in shareholding | 6,498 | 0.03 | 13,808 | 0.06 |
| | At the end of the year i.e. March 31, 2019 | | | 13,808 | 0.06 |
| 3 | Mr. S.T. Gerela, Director# | | | | |
| | At the beginning of the year | 2,300 | 0.01 | 2,300 | 0.01 |
| | Increase/Decrease in Shareholding during the year | | | NO CHANGE | |
| | At the end of the year i.e. March 31, 2019 | | | 2,300 | 0.01 |
| 4 | Mr. Anil Kumar Bansal, Director | | | | |
| | At the beginning of the year | 1,000 | 0.004 | 1,000 | 0.004 |
| | Increase/Decrease in Shareholding during the year | | | NO CHANGE | |
| | At the end of the year i.e. March 31, 2019 | | | 1,000 | 0.004 |
| 5 | Mr. Deepak Kumar Goyal, Chief Financial Officer | | | | |
| | At the beginning of the year | 7,650 | 0.03 | 7,650 | 0.03 |
| | Increase in Shareholding pursuant to ESOS 2015 | 7,650 | 0.03 | 15,300 | 0.06 |
| | Decrease in Shareholding during the year | 7,650 | 0.03 | 7,650 | 0.03 |
| | At the end of the year i.e. March 31, 2019 | | | 7,650 | 0.03 |

| S. No. | For each of the Directors and KMP | Shareholding at the beginning of the year (as on April 1, 2018) | | Cumulative shareholding during the Year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 6 | Mr. Adhish Swaroop, Company Secretary | | | | |
| | At the beginning of the year | 1,730 | 0.01 | 1,730 | 0.01 |
| | Increase in Shareholding pursuant to ESOS 2015 | 1,500 | 0.01 | 3,230 | 0.01 |
| | Decrease in Shareholding during the year | 1,270 | 0.01 | 1,960 | 0.01 |
| | At the end of the year i.e. March 31, 2019 | - | - | 1,960 | 0.01 |

NOTE: (1) Mr. Sanjay Gupta, Mr. Vinay Gupta, Mr. Abhilash Lal, Mr. Virendra Singh Jain and Ms. Neeru Abrol, Directors of the Company were not holding any shares in the Company at the beginning of the year, i.e., as on April 1, 2018 and at the end of the year i.e., as on March 31, 2019 and hence there was no increase/decrease in their shareholding during the financial year 2018-19.

(2) The % of total shares of the Company in respect of shares bought and sold during the year is calculated on the total share capital of the Company as on March 31, 2019.

These shares are held by Mr. S.T. Gerela jointly with his wife Smt. Kamini Srichand Gerela.

* The paid up equity shares increased from 23,729,805 to 23,850,381 during the year consequent upon issue of 120,576 equity shares pursuant to ESOS 2015 of the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in crore)

| | Secured Loans excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|------------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 737.81 | --- | --- | 737.81 |
| ii) Interest due but not paid | --- | --- | --- | --- |
| iii) Interest accrued but not due | 9.48 | --- | --- | 9.48 |
| Total (i+ii+iii) | 747.29 | --- | --- | 747.29 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 219.33 | --- | --- | 219.33 |
| Reduction | (215.75) | --- | --- | (215.75) |
| Net Change | 3.58 | --- | --- | 3.58 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount as on March 31, 2019 | 731.91 | --- | --- | 731.91 |
| ii) Interest due but not paid | --- | --- | --- | --- |
| iii) Interest accrued but not due as on March 31, 2019 | 18.96 | --- | --- | 18.96 |
| Total (i+ii+iii) | 750.87 | --- | --- | 750.87 |

VI. DETAILS OF REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ in crore)

| S. No. | Particulars of Remuneration | Mr. Sanjay Gupta | Mr. Ashok Kumar Gupta | Mr. Romi Sehgal* | Total |
|--------|--|---|-----------------------|------------------|-------------|
| 1. | Gross salary | 3.50 | 2.54 | 0.17 | 6.21 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. | - | - | - | - |
| | (b) Value of perquisites u/s 17(2) Income -tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - |
| 2. | Commissions | - | 1.00 | - | 1.00 |
| 3. | Stock Option | - | - | - | - |
| 4. | Others, please specify | - | - | - | - |
| | Total (A) | 3.50 | 3.54 | 0.17 | 7.21 |
| | Ceiling as per the Act | ₹18.17 Crore (being 10% of the net profits of the Company as per Section 198 of the Companies Act, 2013). | | | |

* Shri Romi Sehgal was paid remuneration of ₹ 0.17 Crore from April to June 2018 from APL Apollo Tubes Limited. Further w.e.f. July 1, 2018, he was appointed as Whole Time Director of Shri Lakshmi Metal Udyog Limited ("SLMUL"), a wholly Owned Subsidiary of the Company, and was paid remuneration from SLMUL.

| B. Remuneration to other Directors: | | | | | | | (₹ in crore) |
|--|---|--|------------------------------|-------------------------|------------------------|----------------------|---------------------|
| S. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
| 1 | Independent Directors | Mr. Abhilash Lal | Mr. Anil Kumar Bansal | Mr. S. T. Gerela | Ms. Neeru Abrol | Mr. V.S. Jain | |
| | • Fee for attending Board/ Committee Meetings | 0.08 | 0.05 | 0.05 | 0.08 | 0.06 | 0.32 |
| | • Commission/ Others | - | - | - | - | - | - |
| | Total (1) | 0.08 | 0.05 | 0.05 | 0.08 | 0.06 | 0.32 |
| 2 | Other Non – Executive Directors | Mr. Vinay Gupta | | | | | |
| | • Fee for attending Board /Committee Meetings | | | | | | 0.03 |
| | • Commission/ Others | | | | | | - |
| | Total (2) | | | | | | 0.03 |
| | Total(B)= (1+2) | | | | | | 0.35 |
| | Total Managerial Remuneration(A+B) | | | | | | 7.56 |
| | Overall Ceiling as per the Act | ₹19.98 crore (being 11% of the net profits of the Company as per Section 198 of the Companies Act, 2013. | | | | | |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in crore)

| S. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------------|---|---|---|--------------|
| | | Mr. Deepak Goyal (Chief Financial Officer) | Mr. Adhish Swaroop (Company Secretary) | Total |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961. | 0.63 | 0.19 | 0.82 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | (Refer Stock Option in this table below) | | |
| 2 | Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - |
| 3 | Stock Option | 0.47 | 0.10 | 0.57 |
| 4 | Others, please specify | - | - | - |
| | Total | 1.10 | 0.29 | 1.39 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2019.

For and on behalf of Board of Directors

Sanjay Gupta

Chairman

(DIN: 00233188)

Place: Ghaziabad

Date: May 18, 2019

Annexure 'B'

Form No. AOC-1

(Pursuant to sub-section (3) of section 129 of the Act and Rule 8(1) of the Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries**REPORT ON PERFORMANCE AND FINANCIAL POSITION OF EACH OF SUBSIDIARIES, ASSOCIATES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY:**

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures as per Section 129(3) of Companies Act, 2013 and Rule 5 of Companies (Accounts) Rules, 2014

(₹ in crore)

| S. No. | Name of Subsidiary | Apollo Metalex Private Limited | Shri Lakshmi Metal Udyog Limited | Blue Ocean Projects Private Limited |
|--------|------------------------|--------------------------------|----------------------------------|-------------------------------------|
| 1 | Share Capital | 2.71 | 5.90 | 0.014 |
| 2 | Other Equity | 165.46 | 116.57 | 10.58 |
| 3 | Total Assets | 374.14 | 250.52 | 10.67 |
| 4 | Total Liabilities | 374.14 | 250.52 | 10.67 |
| 5 | Investments | - | - | - |
| 6 | Turnover | 1112.71 | 814.47 | - |
| 7 | Profit Before Taxation | 44.23 | 41.11 | (0.13) |
| 8 | Provision of Taxation | 15.37 | 14.65 | |
| 9 | Profit After Taxation | 28.86 | 26.46 | (0.13) |
| 10 | Proposed Dividend | - | - | - |
| 11 | % of Shareholding | 100% | 100% | 100% |

Note:

1. Name of subsidiaries which are yet to commence operations: NA
2. Names of subsidiaries which have been liquidated or sold during the year: NA

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: Not Applicable, since the Company does not have any associates and Joint Ventures.

For and on behalf of Board of Directors

Sanjay Gupta
Chairman
(DIN: 00233188)

Place: Ghaziabad
Date: May 18, 2019

Annexure 'C'**DETAILS PURSUANT TO THE PROVISIONS OF SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016**

- (1) The ratio of the remuneration of each director to the median remuneration of the employees of the Company: The ratio of the remuneration of Shri Sanjay Gupta, Chairman and Shri Ashok Kumar Gupta, Managing Director and Shri Romi Sehgal, Director to the median remuneration of the employees of the Company is 100:1, 70:1 and 20:1 respectively. Sitting Fees paid to the Directors has not been considered as remuneration.
- (2) The percentage increase in remuneration of each director, chief financial officer, company secretary during the financial year 2018-19: Shri Sanjay Gupta, Chairman, 20%, Shri Romi Sehgal, Director, 18%, Shri Deepak Kumar, Chief Financial Officer, 18% and Shri Adhish Swaroop, Company Secretary, 8%. Shri Ashok Kumar Gupta, Managing Director was paid remuneration of ₹2.54 Crore plus commission of ₹1 Crore in current Financial Year.
- (3) The percentage increase in the median remuneration of employees for the financial year 2018-19 is 8%
- (4) The number of permanent employees on the rolls of the company as on March 31, 2019 is 1550.
- (5) The average increase in the managerial remuneration for the FY 2018-19 is 16% and the average increase in the salary of employees other than managerial personnel for the FY 2018-19 is 8%. Managerial Personnel includes Chairman, Managing Director, Executive Director, Chief Financial Officer and Company Secretary.
- (6) We affirm that the remuneration paid in the financial year 2018-19 is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management of the Company.

For and on behalf of Board of Directors

Sanjay Gupta
Chairman
(DIN: 00233188)

Place: Ghaziabad
Date: May 18, 2019

Form No. MR-3

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
APL Apollo Tubes Limited
37 Hargobind Enclave,
Vikas Marg,
Delhi-110092

I, Anjali Yadav, Proprietor of Anjali Yadav & Associates, Company Secretaries have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by APL Apollo Tubes Limited (CIN: L74899DL1986PLC023443) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter .

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2019 and made available to me, according to the provisions of:

- i. The Companies Act, 2013 (as amended) ('the Act') and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956(as amended) and the Rules made thereunder;
- iii. The Depositories Act, 1996 (as amended) and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 (as amended) and the rules and regulations made thereunder to the extent of Foreign Direct Investment Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(as amended);
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (as amended)
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009(as amended);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(as amended):-Not applicable to the Company during the audit period
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable to the Company during the audit period.
- vi. I further report that after considering the compliance system prevailing in the Company, and after carrying out test checks of the relevant records and documents maintained by the Company, it has complied with the following laws that are applicable specifically to the Company:
 - (a) Indian Explosives Act, 1884
 - (b) Factories Act, 1948
 - (c) Environment (Protection) Act, 1986
 - (d) The Water (Prevention & Control of Pollution) Act, 1974
 - (e) Hazardous Wastes (Management, Handling & Transboundary Movement) Amendment Rules, 2013

- (f) Air (Prevention & Control Pollution) Act, 1981
- (g) Employees Provident Fund and Miscellaneous Provisions Act, 1952
- (h) Payment of Wages Act, 1936
- (i) Payment of Gratuity Act, 1972
- (j) Contract Labour (Regulation & Abolition) Act, 1970
- (k) Industrial Disputes Act, 1947
- (l) Minimum Wages Act, 1948
- (m) Payment of Bonus Act, 1965
- (n) Industrial Employment (Standing Orders) Act, 1946
- (o) Trade Union Act, 1926
- (p) Workmen Compensation Act, 1923
- (q) Industries (Development & Regulation) Act, 1951

I have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standard 1 and Secretarial Standard 2 issued by The Institute of Company Secretaries of India;
- (b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015(as amended);

During the audit period, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notices were given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance to all the Directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board Meetings and Committee Meetings were carried out unanimously as recorded in the Minutes of the Board of Directors or Committee of the Board, as the case may be.

I further report that, based on the review of the compliance reports and the certificates of the Company Executive taken on record by the Board of Directors of the Company, in my opinion there are adequate systems and processes in the Company commensurate with the size and

operations of the Company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

- a. During the year under review, the Finance Committee of Board of Directors of the Company in their meeting held on July 6, 2018 allotted 1,950 rated, listed, secured and redeemable non-convertible debentures of ₹10,00,000/- each for a total nominal value of ₹195,00,00,000/-, comprising of 1000 - Series 1 Debentures and 950 - Series 2 Debentures, on private placement basis.
- b. During the year under review, the Board of Directors of the Company in their meeting held on October 18, 2018 considered and approved the acquisition / investment by Shri Lakshmi Metal Udyog Limited ('SLMUL'), a wholly owned subsidiary of the Company by way of entering into a Share Purchase Agreement ('Agreement') for the acquisition of 8,030,030 Equity Shares and Options attached to 4,300,000 Warrants of Apollo Tricoat Tubes Limited ('Target Entity') which will together represent 40.43% of the fully diluted share capital of the Target Entity in terms of the provisions of Section 186 of the Companies Act, 2013 and relevant rules thereto.
- c. During the year under review, the Share Allotment Committee of Board of Directors of the Company in their meeting held on (i) February 21, 2019 allotted 19,526 Equity shares of Nominal value of ₹10/- Each at a premium of ₹442.60 per share and (ii) March 30, 2019 allotted 97,550 and 3,500 Equity shares of Nominal value of ₹10/- Each at a premium of ₹442.60 per share and ₹1018.80 per share respectively, pursuant to the APL Apollo Employee Stock option Scheme, 2015.

This Report is to be read with my letter of even date which is annexed as Annexure 1 and forms an integral part of this Report.

**For Anjali Yadav & Associates
Practising Company Secretary**

Anjali Yadav
Proprietor
FCS No.: 6628
C P No.: 7257

Place: Ghaziabad
Date: May 18, 2019

Annexure 1

To
The Members
APL Apollo Tubes Limited
37 Hargobind Enclave,
Vikas Marg,
Delhi-110092

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, we followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records Cost Records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Anjali Yadav & Associates
Practising Company Secretary**

Anjali Yadav
Proprietor
FCS No.: 6628
C P No.: 7257

Place: Ghaziabad
Date: May 18, 2019

Annexure 'E'

ANNUAL REPORT ON THE CSR ACTIVITIES UNDERTAKEN

BY THE COMPANY DURING THE FINANCIAL YEAR ENDED MARCH 31, 2019

{Pursuant to Section 135 of the Companies Act, 2013 and Rule 9 of the Companies (Accounts) Rules, 2014}

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Company has framed the Corporate Social Responsibility (CSR) Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programmes for welfare and sustainable development of the society. The details of the CSR Policy has been posted on the website of the Company and the web-link for the same is <https://www.aplapollo.com/policies/>

2. **The Composition of the CSR Committee.**

As at March 31, 2019, the Corporate Social Responsibility Committee comprises of 3 members of the Board, 2 of which are Independent Directors. The Chairman of the Committee is an Independent Director. The composition of the CSR Committee is as under:

| S. No | Name of Director | Category |
|-------|--------------------------------|-------------------------------|
| 1 | Mr. Abhilash Lal (Chairman) | Independent Non-Executive |
| 2 | Mr. Anil Kumar Bansal (Member) | Independent Non-Executive |
| 3 | Mr. Ashok Kumar Gupta (Member) | Executive Director & Promoter |

3. **Average net profit of the Company for last three financial years:**

The average Net Profit of three financial years preceding the reporting financial year (i.e. 2017-18, 2016-17 and 2015-16) calculated in accordance with Section 135 of the Companies Act, 2013 is ₹110.12 Crore

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹2.20 Crore**

5. **Details of CSR spent during the financial year:**

(a) Total amount to be spent for the financial year: ₹2.20 Crore

(b) Amount unspent, if any: ₹2.11 Crore

(c) Manner in which the amount spent during the financial year is detailed below.

During the financial year, the Company has made contribution of ₹0.09 Crore to various CSR purposes in compliance to the provisions of Companies Act, 2013 relating to Corporate Social Responsibility.

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.**

The Company considers social responsibility as an integral part of its business activities and endeavors to utilize allocable CSR budget for the benefit of society. CSR initiatives are on the focus areas approved by the Board benefitting the community. However, the company has just embarked on the journey of ascertained CSR programs.

For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. The CSR activities are scalable with few new initiatives that may be considered in future and moving forward the Company will endeavor to spend the complete amount on CSR activities in accordance with the statutory requirements.

7. **The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.**

Abhilash LaL
(Chairman of CSR Committee)

Ashok Kumar Gupta
(Managing Director)

Date: May 18, 2019

DISCLOSURE PURSUANT TO SECTION 134 (3) (M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 (CHAPTER IX) FOR CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

I. CONSERVATION OF ENERGY.

(i) the steps taken or impact on conservation of energy:

- (a) To know the energy utilization, the Company has installed the meters on each machine at every mills, to record the energy requirement, basis of which company has analyzed, through the use of various equipments, the percentage of wastage of electricity by the machines and whether to replace or using them in any other manner.
- (b) As analysed, electricity is also the biggest cost to a business, finding alternative and cheaper sources of power is a top priority. The falling cost of solar panels has made them a more attractive investment with many pros and negligible cons, and the new ways in which companies pay for their panels has reduced the barriers to entry even further.
 - The Company has installed Solar Panel of 2.6 MW in its plant at Raipur.
 - The Company is about to install a Solar Panel of 1.3 MW in its plant at Unit-1, Sikandrabad in coming year.
 - Target's goal to equip all Units and buildings of the Company with ROOFTOP SOLAR PANELS
 - Approximately 80% of the electricity consumed in Hosur plant is produced through wind power
 - There is improvement in power factor due to which energy leakage has reduced.
- (c) Solar energy has now proved to be very beneficial, not only for the environment but also financially. The technology has been improved considerably, turning into a very efficient source of clean energy:
 - Reduce energy loss
 - Reduce electricity bills by decreasing the Energy Rate.
 - Minimum breakdowns
 - Low maintenance cost
 - Diverse purpose
- (d) LED is used in all our plants.

(ii) The capital investment on energy conservation equipments: For installing 2.6MW of Solar Panel Company has invested ₹11 Crores.

II. TECHNOLOGY ABSORPTION

- (i) The efforts made towards technology absorption: Six DFT (Direct Forming Technology) Mills have already being commissioned at Company's Units in North, South, West and Central India & Two Mills are in the process of commissioning. These are State of Art Latest Technology Mills and our Company is the only Indian Company to install these mills.
- (ii) The Benefits Derived as a result of above efforts: Installation of these mills have helped the Company in reducing manpower, increasing productivity and reducing inventory as envisaged at the time of placing order in these mills.

Annexure 'G'

CORPORATE GOVERNANCE REPORT

1. Company's Governance Philosophy:

Corporate Governance at APL Apollo Tubes Limited has been a continuous journey and the business goals of the Company are aimed at the overall well-being and welfare of all the constituents of the system. The Company has laid a strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of experts of eminence and integrity, forming a core group of top level executives, inducting competent professionals across the organization and putting in place appropriate systems, process and technology. It is believed that the imperative for good Corporate Governance lies not merely in drafting a code of Corporate Governance but in practicing it.

2.1 Board of Directors:

As on March 31, 2019, the Board of Directors consists of Nine Directors of which three are Executive Directors and six are Non-executive Directors. Out of six Non-executive Directors, five are Independent Directors. Details are as given hereunder:

| Name of Director | Category | No. of Board Meetings attended during FY 2018-19 | Attendance in last AGM held on September 29, 2018 | No. of shares held | No. of other Directorships and Committee Memberships / Chairmanships | | |
|---|----------|--|---|--------------------|--|----------------------|------------------------|
| | | | | | Other Directorships \$ | Other Member-Ships** | Other Chairmanships ** |
| Mr. Sanjay Gupta (DIN: 00233188) | EC | 5 | No | - | 4 | - | - |
| Mr. Ashok Kumar Gupta (DIN: 01722395) | MD | 5 | Yes | 65,000 | 1 | 2 | - |
| Mr. Vinay Gupta (DIN: 00005149) | NE | 5 | Yes | - | 3 | - | - |
| ^Mr. S. T. Gerela (DIN: 01565534) | ID | 4 | No | 2,300 | 4 | 1 | 1 |
| ^Mr. Abhilash Lal (DIN: 03203177) | ID | 5 | No | - | 1 | 1 | - |
| ^Mr. Anil Kumar Bansal (DIN: 06752578) | ID | 3 | Yes | 1,000 | 2 | 1 | 1 |
| ^Ms. Neeru Abrol (DIN: 01279485) | ID | 5 | No | - | 3 | 3 | 1 |
| ^Mr. Virendra Singh Jain (DIN: 00253196) | ID | 5 | No | - | 1 | - | 2 |
| Mr. Romi Sehgal (DIN: 03320454) | E | 4 | No | 13,808 | 2 | - | - |

EC= Executive Chairman, MD= Managing Director, NE= Non-Executive Director, ID= Independent Director and E= Executive Director
\$ excludes Directorships in Private Limited Companies, Foreign Companies, memberships of Managing Committees of various Chambers/bodies / Section 8 Companies. Independent Directorships held by the Directors are in accordance with the Listing Regulations.

** only covers Memberships/Chairmanships of Audit Committee and Stakeholders' Relationship Committee.

^ The appointment of Independent Directors is in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and they fulfil the conditions specified in the Listing Regulations and are independent of the management of the Company.

Mr. Vinay Gupta, Director is brother of Mr. Sanjay Gupta, Chairman. No other Director of the Company is related to any other Director.

2.2 Name of the listed entities where director is a director, other than APL Apollo Tubes Limited:

| Name of Director | Name of the Listed Entities | Category |
|-----------------------|--|----------------------|
| Mr. Sanjay Gupta | Apollo Pipes Limited | Director |
| Mr. Ashok K. Gupta | Shalimar Paints Limited | Director |
| Mr. Anil Kumar Bansal | Apollo TriCoat Tubes Limited | Independent Director |
| Mr. S. T. Gerela | Mangal Credit and Fincorp Limited | Independent Director |
| Mr. V.S. Jain | Dalmia Bharat Limited | Independent Director |
| Ms. Neeru Abrol | Apollo Pipes Limited TCNS Clothing Co. Ltd. | Independent Director |
| Mr. Abhilash Lal | Ganesha Ecosphere Limited | Independent Director |

Note: Mr. Vinay Gupta, Director and Mr. Romi Sehgal, Director do not hold directorships in any listed entity, other than APL Apollo Tubes Limited.

2.3 Date and number of Board Meetings held

Five Board Meetings were held during the financial year 2018-19 i.e., on May 25, 2018, August 8, 2018, October 18, 2018, November 5, 2018 and February 14, 2019. The maximum time gap between any two consecutive meetings was not more than one hundred and twenty days.

3. Meeting of the Independent Directors

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on February 14, 2019. Mr. S.T. Gerela was unanimously elected as Chairman of the meeting and all the Independent Directors of the Company were present at the said Meeting except Mr. Anil Kumar Bansal to whom leave of absence was granted.

4. Familiarization Programme for Independent Directors

In accordance with the provisions of Regulation 25(7) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, as amended from time to time ("Listing Regulations"), the Company has been conducting various familiarization programmes for Independent Directors. The details of such familiarization programmes for Independent Directors have been disclosed on the website of the Company, the web link for which is <https://www.aplpollo.com/policies/>

5. Board Skills, Expertise or Competence

The Board of Directors possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales & marketing, operations, research, corporate governance, education, community service and other disciplines as required in the context of the Company's operations.

6. Performance Evaluation

The Board of Directors has made formal annual evaluation of its own performance, and that of its committees and Individual Directors pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed under the Listing Regulations.

Performance of the Board was evaluated after seeking inputs from all the Directors on the basis of the criteria such as adequacy of its composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as composition of committees, terms

of reference of committees, effectiveness of the committee meetings, participation of the members of the committee in the meetings, etc.

The Board also carried out evaluation of the performance of Individual Directors on the basis of criteria such as attendance and effective participation and contributions at the meetings of the Board and its committees, exercise of his/her duties with due & reasonable care, skill and diligence, etc.

The Directors expressed their satisfaction with the evaluation process.

7. Audit Committee

The role and terms to reference of Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors.

As on March 31, 2019, Audit Committee comprises of four Non-Executive Directors and out of which three are Independent Director. The Chairman of the committee is a Non-Executive Independent Director. All the Members of the committee have good financial and accounting knowledge. Auditors, Chief Financial Officer (CFO), Managing Director are invitees to the meetings and Company Secretary acts as Secretary of the Committee. The minutes of the Audit Committee meetings are placed before the subsequent Board Meeting.

During the year, five meetings of the Audit Committee of the Company were held i.e. on May 25, 2018, August 8, 2018, October 18, 2018, November 5, 2018 and February 14, 2019. The composition of the Audit Committee as on March 31, 2019 and the meetings attended by its members are as under

| S. No | Name of Director | Status | No. of meetings attended |
|-------|-----------------------|----------|--------------------------|
| 1 | Mr. Anil Kumar Bansal | Chairman | 3 |
| 2 | Mr. Abhilash Lal | Member | 5 |
| 3 | Mr. Vinay Gupta | Member | 5 |
| 4 | Ms. Neeru Abrol | Member | 5 |

All the recommendation (if any) of the Audit Committee has been accepted by the Board.

8. Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee ('NRC') is constituted in accordance with the provisions of Regulation 19 of the Listing Regulations read with Section 178 of the Companies

Act, 2013. The Composition and the terms of reference of the committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

During the year, two meeting of the Nomination and Remuneration Committee were held i.e. on May 25, 2018 and January 4, 2019 which were duly attended by all committee members. The composition of the Remuneration Committee as on March 31, 2019 is as under:

| S. No. | Name of Director | Status | No. of meetings attended |
|--------|------------------|----------|--------------------------|
| 1 | Mr. S.T Gerela | Chairman | 2 |
| 2 | Ms. Neeru Abrol | Member | 2 |
| 3 | Mr. Vinay Gupta | Member | 2 |

8.1 Nomination and Remuneration Policy

Matching the needs of the Company and enhancing the competencies of the Board are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board

The current policy is to have a balance mix of executive and non-executive Independent Directors to maintain the Independence of the Board, and separate its function of governance and management. As at March 31, 2019, the Board of Directors comprises of nine Directors of which six are non-executive which is more than one half of the total numbers of Directors. The number of Independent Directors is five, including one Women Director. The Policy of the Company on Directors appointment including criteria for determining qualifications, positive attributes, independence of Directors and other matters as required under Section 178 of Companies Act, 2013 is governed by Nomination Policy read with Company's policy on appointment/re-appointment of Independent Directors. The remuneration paid to the Directors is in accordance with the remuneration policy of the Company.

Based on the recommendations of NRC, the Board has approved the remuneration policy for directors, key managerial personnel (KMP) and all other employees of the Company. As part of the policy, the Company strives to ensure that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- relationship between remuneration and performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay,

reflecting short, medium and long-term performance objectives appropriate to the working of the Company and its goals.

During the year, there have been no changes to the policy. Hence, the same is not annexed to this report, but is available on our website <https://www.aplapollo.com/policies/>

8.2 Remuneration to the Directors

Executive Director:

During the year ended March 31, 2019 Mr. Sanjay Gupta, Chairman, Mr. Ashok Kumar Gupta, Managing Director and Mr. Romi Sehgal, Director was paid a salary of ₹3.50 Crore, ₹2.54 Crore plus ₹1 Crore payable as commission and ₹0.17 Crore respectively and no other benefits, no payment was made to any other Director(s). None of the Executive Directors are eligible for payment of any severance fees and the contracts with Executive Directors may be terminated by either party giving the other party requisite notice or the Company paying requisite salary in lieu thereof as mutually agreed

Non- Executive Directors:

The Company has paid sitting fees aggregating to ₹35 lakh to all Non-Executive Directors for attending the meetings of the Board and/or committees of Directors (including sitting fee for a separate meeting of Independent Directors), during the financial year 2018-19. The criteria of payment of remuneration is mentioned in the Nomination and Remuneration Policy of the Company, copy of which is uploaded on the website of the Company and weblink of the same is provided hereinbefore. There are no pecuniary relationship or transactions between the Company and its non-executive directors

9. Stakeholders Relationship Committee

Stakeholders' Relationship Committee inter alia approves transfer and transmission of shares, issue of duplicate / re-materialised shares and consolidation and splitting of certificates, redressal of complaints from investors etc. Stakeholders' Relationship Committee has been empowered to deal with and dispose of the instruments of transfer of shares in the Company including power to reject transfer of shares in terms of the provisions of the Companies Act, 2013, Securities Contract (Regulations) Act, Listing Regulations and the Company's Articles of Association and take necessary actions as may be required for the purpose and shall consider and resolve the grievances of shareholders of the Company including complaints related to non-receipt of Annual Report and non-receipt of declared dividends.

During the year, one meeting of the Stakeholders Relationship committee held i.e. on May 25, 2018. Details of share transfer/transmission among others as approved by the committee are placed at the board meetings from time to time.

The composition of the Stakeholders Relationship Committee as on March 31, 2019 is as under:

| S. No. | Name of Director | Status | No. of meetings attended |
|--------|------------------|-------------|--------------------------|
| 1 | Ms. Neeru Abrol | Chairperson | 1 |
| 2 | Mr. S. T. Gerela | Member | 1 |
| 3 | Mr. Vinay Gupta | Member | 1 |

Mr. Adhish Swaroop, Company Secretary is the Compliance Officer.

All shareholders' complaints received and replied to their satisfaction. The Company has adequate systems and procedures to handle the investors' grievances and the same are being resolved on priority basis.

10. Corporate Social Responsibility (CSR) Committee:

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board of Directors of the Company under the provisions of Section 135 of the Companies Act, 2013 and Corporate Social Responsibility (CSR) Rules, 2014.

During the year one meeting of the CSR Committee was held on February 14, 2019. The composition and the attendance of Directors at the meeting is as under:-

| S. No. | Name of Director | Status | No. of meetings attended |
|--------|-----------------------|----------|--------------------------|
| 1 | Mr. Abhilash Lal | Chairman | 1 |
| 2 | Mr. Anil Kumar Bansal | Member | 0 |
| 3 | Mr. Ashok Kumar Gupta | Member | 1 |

11. General Body Meetings

A. Annual General Meeting

The details of last three Annual General Meetings are as under:-

| Financial Year | Venue | Date and Time | Special Resolution Passed |
|----------------|---|---------------------------------|--|
| 2017-18 | JP Hotel & Resorts, 6B, IP Extension, Patparganj, Near Max Hospital, Delhi-110092 | September 29, 2018 11:00 A.M | 1) To approve the revised remuneration payable to Mr. Sanjay Gupta, Chairman (under whole time director category) of the Company 2) To approve the revised remuneration payable to Mr. Ashok Kumar Gupta, Managing Director of the Company |
| 2016-17 | JP Hotel & Resorts, 6B, IP Extension, Patparganj, Near Max Hospital, Delhi-110092 | September 29, 2017 11:00 A.M | 1) To Reappoint and approve the terms of remuneration of Mr. Sanjay Gupta, Chairman (Under Whole Time Director Category) of the Company for a period of five years with effect from April 1, 2017. 2) To Reappoint and approve terms of remuneration of Mr. Ashok Kumar Gupta, Managing Director of the Company for a period of three years with effect from May 1, 2017. |
| 2015-16 | JP Hotel & Resorts, 6B, IP Extension, Patparganj, Near Max Hospital, Delhi-110092 | September 24, 2016 11.00 A.M | To revise remuneration payable to Mr. Sanjay Gupta, Chairman of the Company (under Whole Time Director category) |

In accordance with the law, a poll (electronically and by physical ballot) was conducted on all the resolutions of the Notice; all the members were given an option to vote through electronic means using the CDSL platform.

No special resolution is proposed to be passed by way of Postal ballot.

12. Disclosures

a) Related Party Disclosure:

All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosures Requirements), 2015 during the

financial year were in the ordinary course of business and on arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

Besides this, the Company has no material significant transaction with the related parties viz. promoters, directors of the Company, management, their relatives, subsidiaries of promoter Company, person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the Company etc. that may have a potential conflict with the interest of the Company at large.

The Company has also formulated a policy on dealing with Related Party Transactions and also on the materiality of Related Party Transactions. This Policy is available on the website of the Company and the weblink for the same is <https://www.aplpollo.com/policies/>

Suitable disclosure as required by the Accounting Standards (AS-18) has been made in the Note no. 37 to the Financial Statements.

b) Management discussion and analysis report

Management discussion and analysis report for the year under review, as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is presented in a separate section forming part of the Annual Report.

c) Business responsibility report

Business Responsibility Report for the year under review, as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is presented in a separate section forming part of the Annual Report.

d) Adoption of discretionary requirements specified in Part E of Schedule II of the Listing Regulations: (a) There are no audit qualifications on the financial year 2018-19. (b) The internal auditor reports directly to the Audit Committee of the Board. (c) Appointment of separate post of Chairman and Managing Director.

e) Detail of non-compliance, penalties, strictures imposed on the Company by the Stock Exchanges, SEBI or any Statutory Authority on any matters related to Capital Markets.

The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties or strictures were imposed by SEBI, Stock Exchanges or any statutory authority on matters relating to Capital Markets during the last three years.

f) Prevention of Sexual Harassment of Women at Workplace:

Your Company is sensitive to women employees at workplace. As required under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has a formal policy to ensure safety of women and prevention of sexual harassment and has set up a Complaint Committee at its work place(s) to redress the complaints of women employees.

The no. of complaints received during financial year 2018-19 under the said Act, is available in Business Responsibility Report which forms part of this report.

g) Risk Management: The Company has an elaborate risk management system to inform Board Members about risk assessment and minimization procedures.

Risk Management Committee: Pursuant to the provisions of Regulation 21 of Listing Regulations, the Board of the Company at their meeting held on April 12, 2019 has constituted the Risk Management Committee, comprising of following members:

| S. No. | Name | Designation |
|--------|---|-------------|
| 1. | Mr. Virendra Singh Jain - Independent Director | Chairman |
| 2. | Mr. Ashok K Gupta - Managing Director | Member |
| 3. | Mr. Anil Kumar Bansal - Independent Director | Member |

The Composition and the 'Terms of Reference' of the Committee are in conformity with the provisions of Regulation 21 of the Listing Regulations.

h) Vigil Mechanism / Whistle Blower policy:

In compliance with provisions of Section 177 (9) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 the Company has framed a Vigil Mechanism / Whistle Blower Policy and the same has also been placed on the website of the Company. None of the employees of the Company has been denied access to the Audit Committee.

i) Subsidiary Companies:

The financial statements, in particular, the investments made by the unlisted subsidiary companies, if any, are reviewed by the Audit Committee of the Company.

The minutes of the Board meetings of the unlisted subsidiary companies are placed at the Board meeting of the Company. A statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies, if any, are also placed at the Board meeting of the Company.

The Company has formulated a policy for determining material subsidiary as required under Regulation 16 of the Listing Regulations and the same is disclosed on the Company's Website. The web link is <https://www.aplpollo.com/policies/>

During the year, the Company did not have any material unlisted subsidiary as defined in Regulation 16 of the Listing Regulations.

j) Disclosures with respect to demat suspense account/ unclaimed suspense account

There were no shares in the demat suspense account or unclaimed suspense account during the financial year 2018-19

13. Reconciliation of Share Capital Audit

In terms of Regulation 40(9) of the Listing Regulations, certificates, on half-yearly basis, have been issued by the

Company Secretary in practice with respect to due compliance of share and security transfer formalities by the Company. The Company Secretary in Practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') (collectively 'Depositories') and the total issued and listed capital. The Audit confirms that the total paid-up capital is in agreement with the aggregate of the total number of shares in physical form and in dematerialised form (held with Depositories) respectively.

14. List of all credit ratings obtained by the Company along with any revisions thereto during the financial year ended March 31, 2019:

During the year under review, the Rating agencies CRISIL & ICRA maintained the "AA-(Stable)" rating for the Company's long term borrowings and "A1+" rating for the Company's short term borrowings.

15. Means of communication:

i. Publication of quarterly/half yearly/nine monthly/annual results:

Quarterly and annual financial results are normally published in Economic Times, NBT and are promptly furnished to the Stock Exchanges for display on their respective websites. The results are also displayed on the web-site of the Company www.aplapollo.com

ii. Press release:

To provide information to investor, quarterly production figures and other press release are send to the stock exchanges as well as displayed on the Company's website i.e. <https://www.aplapollo.com/media/press-releases/> before it is release to the media.

iii. Presentations to analysts:

Four presentations were made to analysts/investors during the financial year 2018-19. The same are available on the Company's website i.e. <https://www.aplapollo.com/downloads/>. The presentations broadly covered operational and financial performance of the Company and industry outlook.

16. General Shareholders' Information:

i. Annual general meeting

Date and time: September 28, 2019 at 11.00 A.M (Saturday).

Venue: JP Hotel & Resorts, 6B, IP Extension, Patparganj, Near Max Hospital, Delhi-110092

Book closure: September 21, 2019 to September 28, 2019 (both days inclusive)

ii. Financial calendar (tentative and subject to change)

| Period | Board Meetings |
|--|--------------------------------|
| Unaudited results for first quarter ended June 30, 2019 | On or before August 14, 2019 |
| Unaudited results for second quarter/ half year ended September 30, 2019 | On or before November 14, 2019 |
| Unaudited results for third quarter/ nine months ended December 31, 2019 | On or before February 14, 2020 |
| Audited results for the financial year 2019-20 | On or before May 30, 2020 |

Dividend Payment: The dividend of ₹14 per equity share for financial year 2018-19, has been recommended by the Board of Directors, subject to approval from shareholders. The same shall be paid after September 28, 2019 but within the statutory time limit.

iii. Listing of shares:

The Equity Shares of the Company is listed with the following stock exchanges:

| | |
|--|----------------------|
| 1. BSE Limited | (Scrip Code: 533758) |
| 2. National Stock Exchange of India Limited | (Symbol: APLAPOLLO) |
| The listing fees of all the stock exchanges has been paid by the Company for the financial year 2018-19. | |
| ISIN Code for the Company's Equity Shares: | INE702C01019 |
| | INE702C07057, |
| | INE702C07040, |
| ISIN Code for the Company's Debentures: | INE702C07024 and |
| | INE702C07032 |

iv. Distribution schedule as at March 31, 2019

| Nos. of equity shares held | Shareholders | | Shares held | |
|----------------------------|--------------|------------|-------------------|------------|
| | Number | % | Number | % |
| Upto 2,500 | 21,071 | 89.61 | 1,423,915 | 5.97 |
| 2,501-5,000 | 1,236 | 5.26 | 446,331 | 1.87 |
| 5,001-10,000 | 618 | 2.63 | 477,496 | 2.00 |
| 10,001-20,000 | 266 | 1.13 | 378,500 | 1.59 |
| 20,001-30,000 | 94 | 0.40 | 234,768 | 0.98 |
| 30,001-40,000 | 55 | 0.23 | 192,073 | 0.81 |
| 40,001-50,000 | 30 | 0.13 | 138,912 | 0.58 |
| 50,001-1,00,000 | 51 | 0.22 | 371,849 | 1.56 |
| 1,00,001 & Above | 92 | 0.39 | 20,186,537 | 84.64 |
| Total | 23513 | 100 | 23,850,381 | 100 |

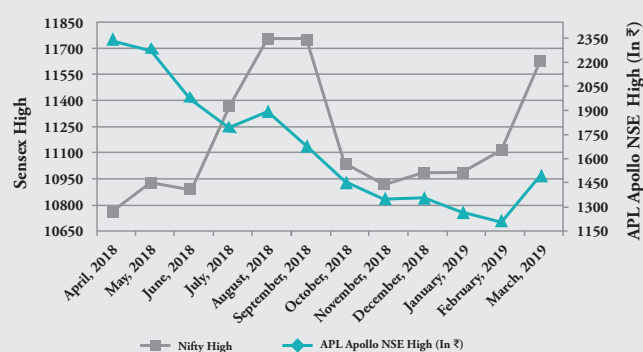
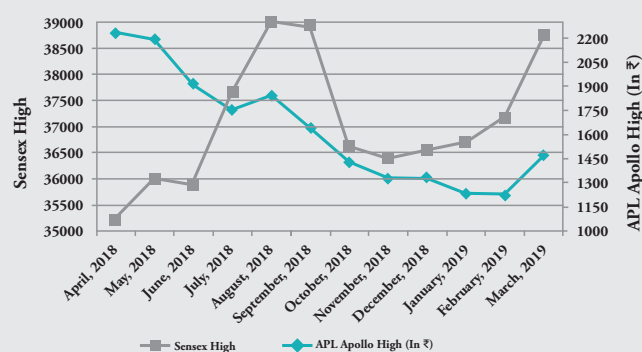
v. Shareholding pattern as on March 31, 2019

| Category | No. of shares held | Percentage of shareholding |
|--|--------------------|----------------------------|
| Indian Promoters | 8,840,187 | 37.07 |
| FII/Foreign Investors/NRIs | 7,084,633 | 29.71 |
| Mutual funds/ Financial Institutions/Banks | 2,976,755 | 12.48 |
| Individuals/Trusts/Employee Trust | 3,239,941 | 13.56 |
| Clearing Members/ Hindu Undivided Families | 191,580 | 0.80 |
| Domestic Bodies Corporate | 1,170,729 | 4.91 |
| Alternative Investment Funds/Pension Funds/Provident Fund/ | 346,556 | 1.47 |
| Total | 23,850,381 | 100 |

vi. Market price data

| Month and Year | Stock market price on BSE (In ₹Per share) | | | Sensex | | Stock market price on NSE (In ₹Per share) | | | S&P CNX Nifty | |
|-----------------|--|---------|-----------------|----------|----------|--|---------|-----------------|---------------|----------|
| | High | Low | Traded quantity | High | Low | High | Low | Traded quantity | High | Low |
| April, 2018 | 2230 | 1998.45 | 637980 | 35213.3 | 32972.56 | 2250 | 1977 | 1055396 | 10759 | 10111.3 |
| May, 2018 | 2192 | 1843 | 45442 | 35993.53 | 34302.89 | 2198.90 | 1855 | 492540 | 10929.2 | 10417.80 |
| June, 2018 | 1915 | 1631.15 | 28109 | 35877.41 | 34784.68 | 1918 | 1625.55 | 584530 | 10893.25 | 10550.90 |
| July, 2018 | 1749.85 | 1573.6 | 17368 | 37644.59 | 35106.57 | 1747.95 | 1561.25 | 499806 | 11366 | 10604.65 |
| August, 2018 | 1842.75 | 1596 | 152963 | 38989.65 | 37128.99 | 1840 | 1600 | 506928 | 11760.20 | 11234.95 |
| September, 2018 | 1641 | 1250 | 53623 | 38934.35 | 35985.63 | 1638 | 1255 | 452399 | 11751.80 | 10850.30 |
| October, 2018 | 1430 | 1160.7 | 133124 | 36616.64 | 33291.58 | 1430 | 1158 | 1061727 | 11035.65 | 10004.55 |
| November, 2018 | 1328.4 | 1180.05 | 34447 | 36389.22 | 34303.38 | 1334.95 | 1164 | 628949 | 10922.45 | 10341.90 |
| December, 2018 | 1333.95 | 1097.8 | 35549 | 36554.99 | 34426.29 | 1341 | 1090.05 | 540932 | 10985.15 | 10333.85 |
| January, 2019 | 1232.25 | 1050 | 49937 | 36701.03 | 35375.51 | 1250 | 1045 | 491702 | 10987.45 | 10583.65 |
| February, 2019 | 1220.9 | 1009.05 | 30626 | 37172.18 | 35287.16 | 1203.95 | 1003.3 | 373914 | 11118.10 | 10585.65 |
| March, 2019 | 1470.75 | 1223.4 | 51312 | 38748.54 | 35926.94 | 1470 | 1215 | 577249 | 11630.35 | 10817 |

(Source: www.bseindia.com and www.nseindia.com)



vii. Share transfer system

Share transfer and related operations for APL Apollo Tubes Limited are conducted by M/s Abhipra Capital Limited, which is registered with the SEBI as Category I Registrar.

Share transfer is normally affected within stipulated period, provided all the required documents are submitted.

viii. Unclaimed Dividends:

Pursuant to provisions of Section 125 of the Companies Act, 2013 the dividends which have remained unpaid / unclaimed for a period of Seven years from the date of transfer the unpaid dividend account is mandatorily required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

The dividend status remaining unclaimed is given hereunder:

| Financial year | Dividend Per Share (₹) | Date of Declaration | Due date for transfer to IEPF |
|----------------------------|------------------------|---------------------|-------------------------------|
| 2011-2012 (Final Dividend) | 2.00 | September 30, 2012 | November 5, 2019 |
| 2012-2013 (Final Dividend) | 5.00 | August 30, 2013 | October 6, 2020 |
| 2013-2014 (Final Dividend) | 5.00 | September 30, 2014 | November 6, 2021 |
| 2014-2015 (Final Dividend) | 6.00 | August 28, 2015 | October 4, 2022 |
| 2015-2016 (Final Dividend) | 10.00 | September 24, 2016 | October 31, 2023 |
| 2016-2017 (Final Dividend) | 12.00 | September 29, 2017 | November 4, 2024 |

ix. Dematerialization of shares

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the Depositories in India – National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on March 31, 2019 99.99999% of the Company's total Equity Shares representing 23,850,381 shares were held in dematerialized form and 2 shares representing 0.00001% of paid-up share capital were held in physical form.

x. Outstanding ADRs/ GDRs

There were no outstanding GDRs/ ADRs, as on March 31, 2019.

xi. Warrants and other convertible instruments:

There were no warrants outstanding for conversion as on March 31, 2019

xii. Commodity price risk or foreign Exchange risk and hedging activities:

The Company has adequate risk assessment and minimization system in place including for commodities. The Company does not have material exposure of any commodity and accordingly, no hedging activities for the same are carried out. Therefore, there is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018.

xiii. Details of utilization of funds raised through preferential allotment:

The Company had issued 1,950 rated, listed, secured and redeemable non-convertible debentures of ₹10 Lacs, each for a total nominal value of ₹195 Crore, comprising of 1000 - Series 1 Debentures and 950 - Series 2 Debentures, on private placement basis and the said fund has been fully utilised during the financial year ended March 31, 2019, for the purposes as mentioned in the Debenture Trust Deed.

xiv. As required by Clause 10 (i) of Part C under Schedule V of the Listing Regulations, the Company has received a certificate from CS Shiv Kumar Gupta, Practicing Company Secretary certifying that none of our Directors have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India or Ministry of Corporate Affairs or such other statutory authority.

xv. During the financial year ended March 31, 2019, the Company and its two wholly owned subsidiaries namely Shri Lakshmi Metal Udyog Limited and Apollo Metalex Private Limited has paid total fees for various services including statutory audit, amounting to ₹1.64 Crore, excluding taxes, to the Statutory Auditor, namely M/s. Deloitte Haskins & Sells LLP, Chartered Accountants. Further, no fees was paid by any of the subsidiaries or by the Company to any entity in the network firm/ network entity of which the Statutory Auditor is a part.

- xiii. Investors Correspondence can be made on Registered Office of the Company as given under:** **APL Apollo Tubes Limited**
CIN: L74899DL1986PLC023443
37, Hargobind Enclave,
Vikas Marg, Delhi – 110092.
Phone: 011- 22373437
Fax 011-22373537
Mail: investors@aplapollo.com
- xiv. Registrar and Share Transfer Agent:** **M/s. Abhipra Capital Limited**
GF- Abhipra Complex, Dilkhush Industrial Area,
A-387, G.T. Karnal Road
Azadpur, Delhi-110033
Phone: 011-42390725
Fax: 011-2721 5530
Mail: rta@abhipra.com
- xv. Plant Locations:** **Unit – 1**
A-19 and A-20, Industrial Area, Sikandrabad,
Distt. Bulandsahar, Uttar Pradesh-203205
Unit-3
Plot No. M-1, Additional MIDC Area, Murbad,
Thane, Maharashtra – 421401
Unit –2
No. 332-338, Alur Village, Perandapalli, Hosur,
Tamil Nadu-635109.
Unit-4
Village Bendri, Near Urla Industrial Area, Raipur,
Chhattisgarh- 492001
- xvi. Subsidiaries' Plant Locations:** **Apollo Metalex Private Limited**
CIN: U27104DL2006PTC146579
A-2, A-25 and Plot No. 22
Industrial Area, Sikandrabad, Distt. Bulandshahar,
Uttar Pradesh-203205
Shri Lakshmi Metal Udyog Limited
CIN: U85110DL1994PLC224835
No. 9 to 11, KIADB Industrial Area Attibele,
Bengaluru, Karnataka – 562107
- xvii. Stock Exchanges:** **BSE Limited**
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai,
Maharashtra - 400 001
Phone: +91 22 2272 1233;
Fax: +91 22 2272 1919
Website: www.bseindia.com
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1,
G Block Bandra-Kurla Complex, Bandra (E),
Mumbai, Maharashtra - 400 051
Phone: +91 22 2659 8100;
Fax: +91 22 2659 8120
Website: www.nseindia.com
- xviii. Debenture Trustees:** **Vistra ITCL Limited**
IL&FS Financial Centre,
Plot C- 22, G Block, Bandra Kurla Complex,
Bandra(E), Mumbai, Maharashtra- 400051
Website: www.itclindia.com
SBICAP Trustee Company Ltd.
Apeejay House, 6th Floor, 3,
Dinshaw Wachha Road, Churchgate,
Mumbai, Maharashtra – 400020
- xix. Depositories:** **National Securities Depository Limited**
Trade World, A Wing, 4th & 5th Floors,
Kamala Mills Compound, Lower Parel,
Mumbai, Maharashtra - 400 013
Phone: +91 22 2499 4200;
Fax: +91 22 2497 6351
E-mail: info@nsdl.co.in
Website: www.nsdl.co.in
Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers, 17th Floor,
Dalal Street, Mumbai, Maharashtra - 400 001
Phone: +91 22 2272 3333;
Toll free: 1800-200-5533
Fax: +91 22 2272 3199
E-mail: helpdesk@cdslindia.com
Website: www.cdslindia.com

17. Code of Conduct:

The Board of Directors has laid down a Code of Conduct for all Board members and senior management personnel which is available on the website of the Company i.e. www.aplpollo.com. The Company has received confirmations from all the Board members and senior management personnel regarding compliance of the Code during the year under review.

A declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

18. CEO and CFO Certification:

Mr. Ashok Kumar Gupta, Managing Director and Mr. Deepak Kumar Goyal, Chief Financial Officer of the Company have provided certification on financial reporting and internal controls to the Board as required under Regulation 17(8) read with Schedule II of Part B of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

19. Compliance certificate of the Practicing Company Secretary:

Certificate from the Practicing Company Secretaries M/s Anjali Yadav and Associates, confirming compliance with conditions of Corporate Governance as required under Regulation 34(3) Schedule V (E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

20. Code for prevention of insider trading:

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company has adopted (i) the code of practices and procedures for fair disclosure of unpublished price sensitive information and (ii) the code of conduct to regulate, monitor and report trading by insiders, in terms of the said Regulations.

- 21.** The Company has complied with all the applicable requirements specified in Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.

For and on behalf of Board of Directors

Place: Ghaziabad
Date: May 18, 2019

Sanjay Gupta
Chairman
(DIN: 00233188)

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT

This is to confirm that the Board of Directors of the Company has laid down a Code of Conduct for its members and Senior Management Personnel of the Company. The same has also been posted on the Company's website. It is further confirmed that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended March 31, 2019 as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

For the purpose of this declaration, senior management personnel means the members of the Management one level below the Managing Director of the Company as on March 31, 2019.

For APL Apollo Tubes Limited

Place : Ghaziabad
Date : May 18, 2019

Ashok K Gupta
Managing Director

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
APL Apollo Tube Limited
37, Hargobind Enclave, Vikas Marg,
Delhi, Delhi 110092,
India.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of APL Apollo Tube Limited having CIN L74899DL1986PLC023443 and having registered office at 37, Hargobind Enclave, Vikas Marg, Delhi, Delhi 110092 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of appointment in Company |
|---------|--------------------------------|----------|--------------------------------|
| 1 | Shri Vinay Gupta | 00005149 | 16/05/2008 |
| 2 | Shri Sanjay Gupta | 00233188 | 02/09/2003 |
| 3 | Shri Virendra Singh Jain | 00253196 | 28/01/2017 |
| 4 | Smt. Neeru Abrol | 01279485 | 24/03/2015 |
| 5 | Shri Srichand Teckchand Gerela | 01565534 | 16/05/2008 |
| 6 | Shri Ashok Kumar Gupta | 01722395 | 19/10/2011 |
| 7 | Smt. Abhilash Lal | 03203177 | 12/02/2014 |
| 8 | Smt. Romi Sehgal | 03320454 | 13/08/2016 |
| 9 | Shri Anil Kumar Bansal | 06752578 | 04/08/2014 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For CS Shiv Kumar Gupta
(Practicing Company Secretary)

Shiv Kumar Gupta, PCS

FCS No. 1633

C P No.: 7343

Place: New Delhi

Date: May 18, 2019

Compliance Certificate on Corporate Governance

To the members of
APL Apollo Tubes Limited

We, Anjali Yadav & Associates, Company Secretaries, have examined the compliance of conditions of Corporate Governance by the APL Apollo Tubes Limited ("the Company") for the year ended March 31, 2019 as stipulated in regulation 17 to 27 and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Management's Responsibility for compliance with the conditions of listing regulations

1. The Compliance of conditions of Corporate Governance is the responsibility of the Management.

Auditor's Responsibility

2. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2019.

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the regulations 17 to 27 and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

6. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Anjali Yadav & Associates
Practicing Company Secretaries

Anjali Yadav
Proprietor
FCS No.: 6628
C P No.: 7257

Date: May 18, 2019
Place: Ghaziabad

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To The Members of APL APOLLO TUBES LIMITED Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of APL APOLLO TUBES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| S. No. | Key Audit Matter | Auditor's Response |
|--------|--|--|
| 1 | <p>Information technology environment and internal controls</p> <p>In previous years, we identified and reported that controls over access Information technology (IT) applications and operating systems required improvements.</p> <p>In particular, a system for controlling access rights to IT systems and authorisation levels based on employee profiles represents a key control for limiting the risk of inappropriate changes to applications or underlying data. Access management controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner.</p> <p>Management took various steps to remediate the internal control deficiencies reported by us in prior year. Management has further mitigated this risk by means of alternative manual controls.</p> <p>As part of our examination of internal controls we noted that the control deficiencies were not resolved during initial part of the financial year.</p> | <p>Principal Audit Procedures</p> <p>Our audit procedures which we conducted alongside our IT audit specialists, included:</p> <ul style="list-style-type: none"> We made inquiries of management to understand each significant process and changes along with the IT environment. We walked through the financial processes in order to understand where IT systems were integral to accounting processes along with identification of automated controls; testing the design and operating effectiveness of user access and change management controls of the IT systems relevant for financial reporting; Where required, we tested compensating manual controls or performed alternative procedures to complement the controls based audit approach. |
| 2 | <p>Purchase of property, plant and equipment from specific vendors (Refer note 2(a) to the standalone Ind AS Financial Statements)</p> <p>During the year the Company has incurred capital expenditure aggregating to ₹153.78 crore towards addition to property, plant and equipment. Such additions primarily comprised of tube mills (under the head "plant and machinery") and construction of new factory sheds (under the head "building"). It was noted significant purchases / additions to property, plant and equipment were made from specific vendors.</p> <p>As per management, in such cases, the Company has not obtained multiple quotations considering such assets to be of proprietary, specialised in nature and customized based on Company's needs. Such assets are supplied by specific vendors and based on management past dealings with such vendors.</p> <p>Considering such significant purchases are made from specific vendors we considered such transactions to be key audit matter.</p> | <p>Principal Audit Procedures</p> <p>Our audit procedures included following:</p> <ul style="list-style-type: none"> obtained an understanding of the nature of assets procured and if the assets procured are in line with the business of the Company; inquired from the management on specific use of assets in the manufacturing process, augmentation of product profile among the range of goods manufactured along with rationale for procuring such assets from specific vendors; understood the process and controls for procuring such assets and management justification for identifying specific vendors; tested design and operating effectiveness of management control for such purchases; ensured that such purchases were approved by Board of Directors considering the specification of property, plant and equipment being procured, criterion for vendor selection and basis of price negotiated; tested transactions on sample basis. |

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report and Annexures to the Board's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the

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

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

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance,

we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements (Refer Note no 37(a) of the standalone 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 37(b)(6) of the standalone financial statements)
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company (Refer Note no 37(d) of the standalone 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. 95540)

Place: Ghaziabad
Date: May 18, 2019
RT/AL/2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls 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 **APL APOLLO TUBES LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone 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 controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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)

Place: Ghaziabad
Date: May 18, 2019
RT/AL/2019

(RASHIM TANDON)
(Partner)
(Membership No. 95540)

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 (Property, Plant and Equipment):
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, fixed assets were physically verified by the Management in previous year. 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/conveyance deeds have been pledged as security for loans are held in the name of the Company/ erstwhile name of the Company based on the confirmations received by the Company from lenders/ custodians. In respect of immovable properties of land and building that have been taken on lease and disclosed as part of prepaid lease payments in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement, except for the following:

| Particulars of the land and building | Gross Block as at March 31, 2019 (₹ in crore) | Net Block as at March 31, 2019 (₹ in crore) | Remarks |
|--|--|--|---|
| Freehold land and building located at Murbad, Maharashtra admeasuring 37,800 sq. ft. | 1.47 | 1.23 | The conveyance deed is in the name of Lloyds Line Pipe Limited, erstwhile Company that was merged with the Company under Section 230 and Section 232 of the Companies Act, 2013 in terms of the approval of the Honorable National Company Law Tribunal, Principal bench, New Delhi |

In respect of immovable property of land that has been taken on long term lease at Sikandarabad, the same has been verified with certified true copy of the lease agreement as we are informed that the original lease agreement is in the possession of the lessor (i.e., Uttar Pradesh State Industrial Development Corporation).

- ii. As explained to us, the inventories (other than goods in transit) were physically verified during the year by the Management at the reasonable intervals and no material discrepancies have been noticed on physical verification. Inventories in transit, were verified by the management based on subsequent delivery challans.
- iii. According to the information and explanations given to us, the Company has granted unsecured loan to one of its subsidiary covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which ;
- a. The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
- b. The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts have been regular as per stipulations. Receipt of interest was not due during the year.
- c. There are no overdue amounts remaining outstanding as at year-end.
- 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) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Custom Duty, and Cess with the appropriate authorities and there are no undisputed amounts payable in respect of these dues outstanding as at March 31, 2019 for a period of more than six months from the date they became payable. Also refer to the note 37(a)(5) to the financial statements regarding management assessment on certain matters relating to the provident fund. The operations of the Company didn't give rise to Excise duty.
- (b) Details of dues of Income tax, Sales Tax and Excise Duty which have not been deposited as on March 31, 2019 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) (₹ in crore) | Amount paid under protest (₹ in crore) |
|--|-----------------|---|------------------------------------|--------------------------------------|--|
| Uttar Pradesh Value Added Tax Act 2008 | Value Added Tax | High Court of Allahabad | 2007-2008 | 0.61 | - |
| | Value Added Tax | Commercial Tax Tribunal, Ghaziabad | 2011-2012 | 2.55 | - |
| | Value Added Tax | Commercial Tax Tribunal, Ghaziabad | 2012-2013 | 1.24 | 0.13 |
| | Value Added Tax | Commercial Tax Tribunal, Ghaziabad | 2013-2014 | 1.98 | - |
| | Value Added Tax | Additional Commissioner (Appeals), Commercial Tax | 2014-2015 | 1.61 | 0.29 |
| | Value Added Tax | Additional Commissioner (Appeals), Commercial Tax | 2016-2017 | 0.40 | 0.06 |
| Tamil Nadu Value Added Tax, 2006 | Value Added Tax | High Court of Chennai | 2010-11 and 2011-12 | 0.81 | - |
| Central Excise Act, 1944 | Excise Duty | High Court of Allahabad | 1996-1997 | 0.77 | 0.04 |
| | Excise Duty | Commissioner Appeals | 2014-15 and 2015-16 | 1.58 | 0.06 |
| | Excise Duty | Additional Commissioner Appeals | 2015-2016 | 0.24 | 0.01 |
| | Excise Duty | Tribunal, Mumbai | 2006-07 and 2007-08 | 4.54 | 0.17 |
| Central Excise Act, 1944 | Excise Duty | Commissioner (Appeals), GST & Central Excise, Noida | 2016-17 & 2017-18 | 0.04 | # |
| | Excise Duty | Commissioner Appeal, Selam, Tamil Nadu | 2014-15, 2015-16 & 2017-18 | 0.25 | 0.03 |
| | Excise Duty | Commissioner (Appeals), CGST & Central Excise, Noida | 2014-15 & 2015-16 | 0.37 | 0.01 |
| | Excise Duty | Commissioner (Appeals), Thane | 2014-15 & 2015-16 | 0.48 | 0.02 |
| | Excise Duty | Commissioner (Appeals), Thane | 2016-17, 2017-18 & 2018-19 | 0.29 | 0.02 |
| Finance Act, 1994 | Service Tax | CESTAT, Mumbai | 2005-2006 | 0.21 | - |
| | Service Tax | CESTAT, Mumbai | 2004-2005 and 2010-2011 | 0.71 | - |
| | Service Tax | CESTAT, Mumbai | 2010-2011 and 2011-2012 | 0.02 | - |
| | Service Tax | CESTAT, Allahabad | 2014-15 to 2015-16 | 0.20 | 0.01 |
| | Service Tax | Commissioner (Appeals), CGST & Central Excise, Noida. | 2015-16 to 2016-17 | 0.17 | 0.01 |
| Income Tax Act, 1961 | Income Tax | Commissioner of Income tax (Appeals) | 2016-2017 | 3.20 | 0.50 |

: Amount deposited under protest : ₹34,386

We have been informed that there are no other dues of Income Tax, Goods and Services Tax and Custom Duty which have not been deposited as on March 31, 2019 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 and dues to debenture holders. The Company has not obtained any loan or borrowings from government or financial institution.
- ix. In our opinion and according to the information and explanations given to us, the Company has utilised the moneys raised by way of debt instruments and term loans 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.
- 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. According to the information and explanations given to us, the Board of Directors of the Company approved preferential allotment of shares. In respect of the above issue, we further report that :
- a) The requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
- b) No amount has been raised during the year by the Company as the allotment of shares has taken place subsequent to the balance sheet date. Also refer to note 45 to the financial statements
- During the year the Company has not made any private placement of shares or fully or partly convertible debentures.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him 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. 95540)

Place: Ghaziabad
Date: May 18, 2019
RT/AL/2019

Standalone Balance Sheet as at March 31, 2019

(₹ in crore)

| Particulars | Notes | As at March 31, 2019 | As at March 31, 2018 |
|---|-------|----------------------|----------------------|
| I. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Property, plant and equipment | 2(a) | 799.19 | 702.62 |
| (b) Capital work-in-progress | | 22.49 | 39.57 |
| (c) Investment property | 2(b) | - | 10.91 |
| (d) Intangible assets | 2(c) | 2.85 | 3.24 |
| (e) Investment in subsidiaries | 3(a) | 391.12 | 390.72 |
| (f) Financial assets | | | |
| (i) Investment | 3(b) | 1.17 | 1.11 |
| (ii) Loans | 4 | 0.50 | - |
| (iii) Other financial assets | 5 | 18.64 | 17.90 |
| (g) Other non-current assets | 6 | 70.09 | 46.84 |
| Total non-current assets | | 1,306.05 | 1,212.91 |
| (2) Current assets | | | |
| (a) Inventories | 7 | 680.25 | 503.68 |
| (b) Financial assets | | | |
| (i) Trade receivables | 8 | 421.61 | 339.02 |
| (ii) Cash and cash equivalents | 9 | 24.28 | 0.99 |
| (iii) Bank balance other than (ii) above | 10 | 0.50 | 0.18 |
| (iv) Loans | 11 | 0.79 | 0.86 |
| (v) Other financial assets | 12 | 8.20 | 5.55 |
| (c) Other current assets | 13 | 125.34 | 79.37 |
| Assets classified as held for sale | 2(b) | 10.43 | - |
| Total current assets | | 1,271.40 | 929.65 |
| Total assets | | 2,577.45 | 2,142.56 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity share capital | 14(a) | 23.85 | 23.73 |
| (b) Other equity | 14(b) | 983.93 | 881.86 |
| Total equity | | 1,007.78 | 905.59 |
| LIABILITIES | | | |
| (2) Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 15 | 139.93 | 75.00 |
| (ii) Other financial liabilities | 16 | 0.65 | 0.59 |
| (b) Provisions | 17 | 8.03 | 6.53 |
| (c) Deferred tax liabilities (net) | 18 | 94.98 | 77.55 |
| (d) Other non-current liabilities | 19 | 44.82 | 28.33 |
| Total non-current liabilities | | 288.41 | 188.00 |
| (3) Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 20 | 451.89 | 564.97 |
| (ii) Trade payables | 21 | - | - |
| - total outstanding dues of micro and small enterprises | | - | - |
| - total outstanding dues other than above | | 624.17 | 352.87 |
| (iii) Other financial liabilities | 22 | 169.24 | 120.56 |
| (b) Other current liabilities | 23 | 27.65 | 7.46 |
| (c) Provisions | 24 | 0.61 | 0.25 |
| (d) Current tax liabilities (net) | 25 | 7.70 | 2.86 |
| Total current liabilities | | 1,281.26 | 1,048.97 |
| Total equity and liabilities | | 2,577.45 | 2,142.56 |

See accompanying notes to the standalone financial statements

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In terms of our report attached.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

RASHIM TANDON

Partner

Membership No. 95540

Place: Ghaziabad

Date: May 18, 2019

For and on behalf of the Board of Directors
of APL APOLLO TUBES LIMITED

SANJAY GUPTA

Chairman

DIN: 00233188

DEEPAK GOYAL

Chief Financial Officer

Place: Ghaziabad

Date: May 18, 2019

ASHOK K. GUPTA

Managing Director

DIN: 01722395

ADHISH SWAROOP

Company Secretary

ICSI Membership No. : A16034

VINAY GUPTA

Director

DIN: 00005149

Statement of Standalone Profit & loss for the year ended March 31, 2019

(₹ in crore)

| Particulars | Notes | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|-------|------------------------------|------------------------------|
| I. Revenue from operations | 26 | 5,868.47 | 4,431.17 |
| II. Other Income | 27 | 42.49 | 35.45 |
| III Total income (I +II) | | 5,910.96 | 4,466.62 |
| IV EXPENSES | | | |
| (a) Cost of materials consumed | 28 | 4,896.66 | 3,375.77 |
| (b) Purchase of stock-in-trade | | 427.73 | 487.17 |
| (c) Changes in inventories of finished goods, rejection and scrap | 29 | (78.91) | (72.55) |
| (d) Excise duty | | - | 95.37 |
| (e) Employee benefits expense | 30 | 78.53 | 62.51 |
| (f) Finance costs | 31 | 101.35 | 70.44 |
| (g) Depreciation and amortisation expense | 32 | 53.13 | 43.98 |
| (h) Other expenses | 33 | 257.12 | 247.98 |
| Total expenses | | 5,735.61 | 4,310.67 |
| V Profit before tax (III - IV) | | 175.35 | 155.95 |
| VI Tax expense: | | | |
| (a) Current tax | | 38.30 | 30.88 |
| (b) Deferred tax charge | 18 | 10.66 | 12.38 |
| Total tax expense | 41 | 48.96 | 43.26 |
| VII Profit for the year (V-VI) | | 126.39 | 112.69 |
| VIII Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| (a) Remeasurements of post employment benefit obligation | | (0.21) | 0.93 |
| (b) Income tax relating to above item | | 0.07 | (0.32) |
| Other comprehensive (loss) / income for the year | | (0.14) | 0.61 |
| IX Total comprehensive income for the year (VII+VIII) | | 126.25 | 113.30 |
| X Earnings per equity share of ₹10 each | | | |
| (a) Basic (in ₹) | 36 | 53.25 | 47.63 |
| (b) Diluted (in ₹) | 36 | 52.65 | 46.76 |

See accompanying notes to the standalone financial statements

1-46

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

RASHIM TANDON

Partner

Membership No. 95540

For and on behalf of the Board of Directors
of **APL APOLLO TUBES LIMITED****SANJAY GUPTA**

Chairman

DIN: 00233188

ASHOK K. GUPTA

Managing Director

DIN: 01722395

VINAY GUPTA

Director

DIN: 00005149

DEEPAK GOYAL

Chief Financial Officer

Place: Ghaziabad

Date: May 18, 2019

ADHISH SWAROOP

Company Secretary

ICSI Membership No. : A16034

Place: Ghaziabad

Date: May 18, 2019

Statement of Changes in Standalone Equity for the year ended March 31, 2019

a) Equity share capital

(₹ in crore)

| Particulars | Amount |
|--|--------------|
| Opening balance as at April 1, 2017 | 23.59 |
| Changes during the year ended March 31, 2018 | 0.14 |
| Balance as at March 31, 2018 | 23.73 |
| Changes during the year ended March 31, 2019 | 0.12 |
| Balance as at March 31, 2019 | 23.85 |

b) Other equity

| Particulars | Reserves and surplus | | | | | Total |
|---|------------------------------|--------------------|-----------------|---|----------------------------------|----------------|
| | Debenture redemption reserve | Securities premium | General reserve | Surplus in Statement of profit and loss | Share option outstanding account | |
| Opening balance as at April 1, 2017 | 31.25 | 196.46 | 25.52 | 529.06 | 4.85 | 787.14 |
| Profit for the year ended March 31, 2018 | - | - | - | 112.69 | - | 112.69 |
| Other comprehensive income for the year, net of tax | - | - | - | 0.61 | - | 0.61 |
| Total comprehensive income for the year | - | - | - | 113.30 | - | 113.30 |
| Allocations/Appropriations: | | | | | | |
| Dividend paid | - | - | - | (28.31) | - | (28.31) |
| Dividend distribution tax | - | - | - | (0.12) | - | (0.12) |
| Share option outstanding account | - | - | - | - | 3.66 | 3.66 |
| Transfer to Securities premium | - | 2.47 | - | - | (2.47) | - |
| Securities premium on issue of shares | - | 6.19 | - | - | - | 6.19 |
| Transfer to Debenture Redemption Reserve | 18.75 | - | - | (18.75) | - | - |
| | 18.75 | 8.66 | - | (47.18) | 1.19 | (18.58) |
| Balance as at March 31, 2018 | 50.00 | 205.12 | 25.52 | 595.18 | 6.04 | 881.86 |
| Profit for the year ended March 31, 2019 | - | - | - | 126.39 | - | 126.39 |
| Other comprehensive income for the year, net of tax | - | - | - | (0.14) | - | (0.14) |
| Total comprehensive income for the year | - | - | - | 126.25 | - | 126.25 |
| Allocations/Appropriations: | | | | | | |
| Dividend paid | - | - | - | (33.22) | - | (33.22) |
| Dividend distribution tax | - | - | - | (0.04) | - | (0.04) |
| Share option outstanding account | - | - | - | - | 3.55 | 3.55 |
| Transfer to Securities premium | - | 1.94 | - | - | (1.94) | - |
| Securities premium on issue of shares | - | 5.53 | - | - | - | 5.53 |
| Transfer to Debenture Redemption Reserve | 30.00 | - | - | (30.00) | - | - |
| | 30.00 | 7.47 | - | (63.26) | 1.61 | (24.18) |
| Balance as at March 31, 2019 | 80.00 | 212.59 | 25.52 | 658.17 | 7.65 | 983.93 |

See accompanying notes to the standalone financial statements

1-46

In terms of our report attached.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

RASHIM TANDON

Partner

Membership No. 95540

For and on behalf of the Board of Directors

of APL APOLLO TUBES LIMITED

SANJAY GUPTA

Chairman

DIN: 00233188

ASHOK K. GUPTA

Managing Director

DIN: 01722395

VINAY GUPTA

Director

DIN: 00005149

DEEPAK GOYAL

Chief Financial Officer

Place: Ghaziabad

Date: May 18, 2019

ADHISH SWAROOP

Company Secretary

ICSI Membership No. : A16034

Place: Ghaziabad

Date: May 18, 2019

Statement of Standalone Cash Flows for the year ended March 31, 2019

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| A. Cash flow from operating activities | | |
| Profit before tax | 175.35 | 155.95 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 53.13 | 43.98 |
| (Gain) on sale of property, plant and equipment (net) | (0.81) | (0.02) |
| (Gain) / loss on sale of investment property | (0.07) | 0.38 |
| Finance costs | 101.35 | 70.44 |
| Interest income on fixed deposits | (0.02) | (2.34) |
| Interest income on others | (1.70) | - |
| Dividend income | (33.01) | (28.30) |
| Share based expenses | 3.55 | 2.68 |
| Provision for slow moving inventory of spares & consumables | 0.20 | 0.09 |
| Bad debts written off | 0.20 | 0.28 |
| Allowance for doubtful trade receivables (expected credit loss allowance) | 0.50 | 1.71 |
| Fair valuation of forward contract | 0.16 | 2.51 |
| Net unrealized foreign exchange (gain) / loss | (3.66) | 2.79 |
| Government grant income | (6.25) | (3.36) |
| Other receivables and advances written off | - | 0.51 |
| Operating profit before working capital changes | 288.92 | 247.30 |
| Changes in working capital: | | |
| Adjustments for (increase) / decrease in operating assets: | | |
| Inventories | (176.76) | (141.48) |
| Trade receivables | (83.62) | (88.65) |
| Current loans and other financial assets | (1.90) | 3.00 |
| Non-current loans and other financial assets | (1.24) | (1.72) |
| Other current assets | (45.97) | 42.56 |
| Other non-current assets | 1.30 | 1.58 |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade payables | 275.30 | (95.39) |
| Other current liabilities | 20.19 | (18.47) |
| Other current financial liabilities | (0.25) | (2.01) |
| Other non current liabilities | 16.49 | 24.83 |
| Other non current financial liabilities | 0.06 | 0.05 |
| Provisions (current & non-current) | 1.66 | 1.25 |
| Cash generated from / (used in) operations | 294.18 | (27.15) |
| Income tax paid | (26.63) | (32.78) |
| Net cash flow from / (used in) operating activities (A) | 267.55 | (59.93) |
| B. Cash flow from investing activities | | |
| Capital expenditure on property, plant and equipment (including capital advances) | (162.25) | (167.22) |
| Proceed from sale of property, plant and equipment | 5.27 | 4.26 |
| Proceed from sale of investment property | 0.33 | 1.01 |
| Investment in other companies | (0.06) | - |
| Investment in subsidiaries | (0.40) | (0.68) |
| Dividend income | 33.01 | 28.30 |
| Interest received | | |
| - fixed deposits | 0.02 | 2.30 |
| - others | 1.01 | 0.01 |
| Net cash flow (used in) investing activities (B) | (123.07) | (132.02) |

Statement of Standalone Cash Flows for the year ended March 31, 2019

(Amount in ₹crore, unless otherwise stated)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| C. Cash flow from financing activities | | |
| Proceed from non-current borrowings | 107.51 | 75.25 |
| Proceed from current borrowings | 102.23 | 509.35 |
| Repayment of non-current borrowings | - | (19.51) |
| Repayment of current borrowings | (215.65) | (285.37) |
| Payment of dividends | (33.22) | (28.31) |
| Payment of dividend distribution tax | (0.04) | (0.12) |
| Proceed from issue of equity share capital | 5.65 | 7.31 |
| Finance costs | (87.35) | (66.12) |
| Net cash flow (used in) / from financing activities (C) | (120.87) | 192.48 |
| Net increase in Cash and cash equivalents (A+B+C) | 23.61 | 0.53 |
| Cash and cash equivalents at the beginning of the year | 1.17 | 0.64 |
| Cash and cash equivalents at the end of the year | 24.78 | 1.17 |
| Reconciliation of Cash and cash equivalents with the Balance Sheet : | | |
| Cash and cash equivalents (see note 9 & 10) | 24.78 | 1.17 |
| Less: Bank balances not considered as Cash and cash equivalents | | |
| (i) In other deposit accounts | | |
| - original maturity more than 3 months | (0.07) | (0.02) |
| (ii) In earmarked accounts | | |
| - Unpaid dividend accounts | (0.43) | (0.16) |
| Net Cash and cash equivalents (as defined in Ind AS -7 Cash Flow Statements) included in note 9 | 24.28 | 0.99 |

See accompanying notes to the standalone financial statements

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In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

RASHIM TANDON

Partner

Membership No. 95540

Place: Ghaziabad

Date: May 18, 2019

For and on behalf of the Board of Directors
of **APL APOLLO TUBES LIMITED**

SANJAY GUPTA

Chairman

DIN: 00233188

DEEPAK GOYAL

Chief Financial Officer

Place: Ghaziabad

Date: May 18, 2019

ASHOK K. GUPTA

Managing Director

DIN: 01722395

ADHISH SWAROOP

Company Secretary

ICSI Membership No. : A16034

VINAY GUPTA

Director

DIN: 00005149

Notes to the standalone financial statements

1(i) Company background

APL Apollo Tubes Limited (“the Company”) is a public limited Company incorporated in India on February 24, 1986 with its registered office in Delhi, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is engaged in the business of production of ERW steel tubes. The Company has four manufacturing units, one at Sikanderabad, Uttar Pradesh, one at Hosur, Tamilnadu, one at Raipur, Chhattisgarh and one at Murbad, Maharashtra.

The standalone financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on May 18, 2019.

1(ii) Significant accounting policies

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

(a) Statement of compliance

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

(b) Basis of Preparation

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(c) Use of estimates and critical accounting judgements

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

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

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

Deferred income tax assets and liabilities

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

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

Useful lives of Property, plant and equipment (‘PPE’)

The Company reviews the estimated useful lives and residual value of PPE at the end of each reporting period. The factors such as changes in the expected level of usage, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets.

Notes to the standalone financial statements

Consequently, the future depreciation charge could be revised and thereby could have an impact on the profit of the future years.

Defined benefit plans

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

Income Taxes

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

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

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

Fair value measurement of derivative and other financial instruments

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

(d) Operating cycle

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

(e) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(f) Revenue recognition

Effective April 1, 2018 the Company adopted Ind AS 115 'Revenue from contracts with Customers'. The revenue is recognised once the entity satisfied that the performance obligation & control are transferred to the customers. The Company adopted Ind AS 115 using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 1, 2018. The effect of adoption of Ind AS 115 did not have any material impact on the standalone financial statements of the Company.

(i) Sale of goods

"The Company derives revenue from Sale of Goods and revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods. To recognise revenues, the Company apply the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine

Notes to the standalone financial statements

the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenues when a performance obligation is satisfied.

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

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

Revenues are shown net of allowances/ returns, goods and services tax and applicable discounts and allowances. In previous year, revenue includes excise duty for the period April to June 17.

(ii) Interest Income

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

(iii) Commission Income

Commission income is recognised when the services are rendered.

(iv) Dividend Income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

(g) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants related to assets are presented in the balance sheet as deferred income and is recognised in profit or loss on a systematic basis over the expected useful life of the related assets.

The grant which is received to compensate the import cost of assets subject to an export obligation as prescribed in the export promotion capital goods scheme is recognised as income in the statement of profit and loss should be linked to fulfilment of associated export obligations.

The benefit of a government loan at a below-market rate of interest is treated as government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates and are presented in the balance sheet as deferred income.

(h) Income tax

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

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

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

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

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

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

Current and deferred tax is recognised in Statement of Profit

Notes to the standalone financial statements

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

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

(i) Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. (see note 1(iii)(a) below)

(j) Impairment of assets

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

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

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased

carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

(k) Cash and cash equivalents and Cash Flow Statement

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

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

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

(l) Inventories

Raw materials and stores, traded and finished goods

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

Work in progress

Work in progress are valued at raw material cost plus appropriate share of labour and other overheads.

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

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

(m) Property, plant and equipment and Capital work-in-progress

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less

Notes to the standalone financial statements

depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

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

The Company has a policy of capitalizing insurance spares having value more than or equal to ₹0.01 crore.

Capital work-in-progress

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

Depreciation methods, estimated useful lives and residual value

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

Depreciation on tangible property, plant and equipment has been provided on the straight-line method as per the useful life

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

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

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

(n) Intangible assets

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.

The Company has elected to continue with the carrying value of all of its intangibles assets recognised as on April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of transition date.

(o) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 39.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period,

Notes to the standalone financial statements

the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(p) 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.

(q) Provisions

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

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

(r) Contingent liabilities and contingent assets

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

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

(s) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 60 years. The useful life has been determined based on technical evaluation performed by the management's expert.

(t) Employee benefits

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

(i) Short-term obligations

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

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

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Notes to the standalone financial statements

(ii) Other long-term employee benefit obligations

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

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

(iii) Post-employment obligations

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

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

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit and Loss over the period of the borrowings. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee

is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

(v) Borrowing costs

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

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

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

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

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

Notes to the standalone financial statements

A. Investments and other financial assets

(i) Classification

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

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

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

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

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

(a) Debt instruments

Depending upon the business model of the Company, debt instruments can be classified under following categories:

- Debt instruments measured at amortised cost
- Debt instruments measured at fair value through other comprehensive income
- Debt instruments measured at fair value through profit or loss

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

(b) Equity instruments

The equity instruments can be classified as:

- Equity instruments measured at fair value through profit or loss ('FVTPL')
- Equity instruments measured at fair value through other comprehensive income ('FVTOCI')

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

(ii) Measurement

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

Debt instruments

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

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

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

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

Notes to the standalone financial statements

Investment in equity shares

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

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

The Company has equity investments in two entities which are not held for trading. The Company has elected the FVTOCI irrevocable option for both of these investments (see note 3(b)). Fair value is determined in the manner described in note 42.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 43 details how the Company determines whether there has been a significant increase in credit risk.

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

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

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

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

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

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

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

(iv) Derecognition of financial assets

A financial asset is derecognised only when:

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

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

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

B. Financial Liabilities

(i) Classification

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

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

(ii) Measurement

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

Notes to the standalone financial statements

Financial liabilities measured at fair value through profit or loss:

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

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

Financial liabilities measured at Amortized Cost :

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

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

(iii) De-recognition of financial liability

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

(x) Offsetting financial instruments

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

(y) Derivative financial instruments

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

(z) Segment information

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

1 (iii) Recent accounting pronouncements

The new Standards, amendments to Standards that are issued but not yet effective until the date of authorisation for issuance of the said standalone financial statements are discussed below. The Company has not early adopted these amendments and intends to adopt when they become effective.

- (a) Ind AS 116 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. Lessees are required to initially recognise a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term.

The new standard permit lessees to use either a full retrospective or a modified retrospective approach on transition for leases existing at the date of transition, with options to use certain transition reliefs.

Ind AS 116, was notified on March 30, 2019 by Ministry of Corporate Affairs and will be effective for periods beginning on or after April 1, 2019. This standard will replace the existing leases standard, Ind AS 17 Leases, and related interpretations. The Company is currently evaluating the impact that the adoption of this standard will have on its standalone financial statements.

- (b) Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

Notes to the standalone financial statements

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its standalone financial statements.

- (c) Ind AS 19 Plan Amendment, Curtailment or Settlement : The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the

requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its standalone financial statements.

- (d) Ind AS 109 Prepayment Features with Negative Compensation : The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its standalone financial statements.
- (e) Ind AS 23 Borrowing Costs : The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect this amendment to have any impact on its standalone financial statements.
- (f) Ind AS 28 Long-term Interests in Associates and Joint Ventures : The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.
- (g) Ind AS 103 Business Combinations and Ind AS 111 Joint Arrangements : The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company does not expect this amendment to have any impact on its standalone financial statements.

2(a) : Property, Plant and Equipment

(₹ in crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|------------------------------|----------------------|----------------------|
| Carrying amounts of : | | |
| Freehold land | 15.56 | 12.81 |
| Building | 174.24 | 153.46 |
| Plant and machinery | 595.74 | 523.36 |
| Office equipments | 1.53 | 1.22 |
| Vehicles | 5.20 | 5.56 |
| Furniture and fixtures | 5.74 | 5.33 |
| Computers | 1.18 | 0.88 |
| | 799.19 | 702.62 |

Notes to the standalone financial statements

(₹ in crore)

| | Freehold Land | Building | Plant and machinery | Office equipments | Vehicles | Furniture and fixtures | Computers | Total |
|-------------------------------------|---------------|---------------|---------------------|-------------------|-------------|------------------------|-------------|---------------|
| Gross carrying value | | | | | | | | |
| Opening balance as at April 1, 2017 | 12.54 | 116.66 | 386.73 | 2.03 | 4.04 | 4.65 | 1.16 | 527.81 |
| Additions | 0.27 | 46.45 | 208.82 | 0.61 | 3.21 | 1.78 | 0.41 | 261.55 |
| Sales / transfer during the year | - | - | (4.13) | - | (0.33) | - | - | (4.46) |
| Balance at March 31, 2018 | 12.81 | 163.11 | 591.42 | 2.64 | 6.92 | 6.43 | 1.57 | 784.90 |
| Additions | 2.75 | 27.33 | 120.17 | 0.79 | 0.61 | 1.40 | 0.73 | 153.78 |
| Sales / transfer during the year | - | (0.72) | (7.23) | - | (0.04) | - | (0.01) | (8.00) |
| Balance at March 31, 2019 | 15.56 | 189.72 | 704.36 | 3.43 | 7.49 | 7.83 | 2.29 | 930.68 |
| Accumulated depreciation | | | | | | | | |
| Opening balance as at April 1, 2017 | - | 4.71 | 32.02 | 0.90 | 0.58 | 0.47 | 0.30 | 38.98 |
| Elimination on disposal of assets | - | - | 0.26 | - | (0.03) | - | - | 0.23 |
| Depreciation expense | - | 4.94 | 35.78 | 0.52 | 0.81 | 0.63 | 0.39 | 43.07 |
| Balance at March 31, 2018 | - | 9.65 | 68.06 | 1.42 | 1.36 | 1.10 | 0.69 | 82.28 |
| Elimination on disposal of assets | - | (0.48) | (2.38) | - | (0.04) | - | - | (2.90) |
| Depreciation expense | - | 6.31 | 42.94 | 0.48 | 0.97 | 0.99 | 0.42 | 52.11 |
| Balance at March 31, 2019 | - | 15.48 | 108.62 | 1.90 | 2.29 | 2.09 | 1.11 | 131.49 |
| Net carrying value | | | | | | | | |
| Opening balance as at April 1, 2017 | 12.54 | 111.95 | 354.71 | 1.13 | 3.46 | 4.18 | 0.86 | 488.83 |
| Additions | 0.27 | 46.45 | 208.82 | 0.61 | 3.21 | 1.78 | 0.41 | 261.55 |
| Sales / transfer during the year | - | - | (4.39) | - | (0.30) | - | - | (4.69) |
| Depreciation expense | - | (4.94) | (35.78) | (0.52) | (0.81) | (0.63) | (0.39) | (43.07) |
| Balance at March 31, 2018 | 12.81 | 153.46 | 523.36 | 1.22 | 5.56 | 5.33 | 0.88 | 702.62 |
| Additions | 2.75 | 27.33 | 120.17 | 0.79 | 0.61 | 1.40 | 0.73 | 153.78 |
| Sales / transfer during the year | - | (0.24) | (4.85) | - | - | - | (0.01) | (5.10) |
| Depreciation expense | - | (6.31) | (42.94) | (0.48) | (0.97) | (0.99) | (0.42) | (52.11) |
| Balance at March 31, 2019 | 15.56 | 174.24 | 595.74 | 1.53 | 5.20 | 5.74 | 1.18 | 799.19 |

Notes :-

- (1) During the year, borrowing cost amounting ₹Nil (Year ended March 31, 2018 ₹1.16 crore) has been capitalised on qualifying assets (see note 31).
- (2) Property, plant and equipment as detailed in note 2(a) have been pledged as security for term loan taken as at March 31, 2019. see note 15 for loans taken against which these assets are pledged.

2(b) Investment property

(₹ in crore)

| | Investment Property |
|--|---------------------|
| Gross carrying value | |
| Opening balance as at April 1, 2017 | 12.45 |
| Sales during the year | (1.24) |
| Balance at March 31, 2018 | 11.21 |
| Sales during the year | (0.26) |
| Assets classified as held for sale (see notes below) | (10.95) |
| Balance at March 31, 2019 | - |
| Accumulated depreciation | |
| Opening balance as at April 1, 2017 | 0.15 |
| Depreciation expense | 0.15 |
| Balance at March 31, 2018 | 0.30 |

Notes to the standalone financial statements

| | Investment Property |
|--|----------------------------|
| Depreciation expense | 0.22 |
| Assets classified as held for sale (see notes below) | (0.52) |
| Balance at March 31, 2019 | - |
| Net carrying value | |
| Opening balance as at April 1, 2017 | 12.30 |
| Sales during the year | (1.24) |
| Depreciation expense | (0.15) |
| Balance at March 31, 2018 | 10.91 |
| Sales during the year | (0.26) |
| Depreciation expense | (0.22) |
| Assets classified as held for sale (see notes below) | (10.43) |
| Balance at March 31, 2019 | - |

Notes :

- (i) The Company's investment property consists of commercial properties in India. During the year, Company has received ₹4.83 crore as advance against sale of some of these investment properties (see note 23(c) and plan to complete the sale transaction in next 12 months. Accordingly, investment property has been classified as Asset held for sale. These are commercial shops situated at Prakash Industrial Estate Pipe Market, Village Karkar Moadan, Tahsil Loni District Ghaziabad, Uttar Pradesh. Subject to the completion of sale transactions no gain / (loss) has been recognised on recognition of asset held for sale. Further the directors of the Company expects, that the fair value (based on fair valuation report - see note (ii) below) less cost to sell to be higher than the carrying amount.
- For the balance assets held for sale (against which no advance has been received), a search is underway for a buyer.
- (ii) As at March 31, 2019 and March 31, 2018, fair value of asset held for sale / investment property is ₹12.09 and ₹11.48 respectively. These valuation is based on valuation performed by Government of India approved valuer Mr. Virender Kumar Jain who have Degree of Bachelor of Architecture and is having more than 25 years of experience in valuation of properties. The fair value measurement of all the investment properties has been categorised as a level 3 fair value based on the inputs of the valuation technique used. The fair value was derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.
- (iii) The Company has no restriction on the realisability of its investment properties and there is no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

2(c) Intangible Assets

(₹ in crore)

| | Computer Softwares |
|--|---------------------------|
| Gross carrying value | |
| Opening balance as at April 1, 2017 | 4.33 |
| Additions | 0.31 |
| Balance at March 31, 2018 | 4.64 |
| Additions | 0.41 |
| Balance at March 31, 2019 | 5.05 |
| Accumulated depreciation | |
| Opening balance as at April 1, 2017 | 0.64 |
| Depreciation expense | 0.76 |
| Balance at March 31, 2018 | 1.40 |
| Depreciation expense | 0.80 |
| Balance at March 31, 2019 | 2.20 |
| Net carrying value | |
| Opening balance as at April 1, 2017 | 3.69 |
| Additions | 0.31 |
| Depreciation expense | (0.76) |
| Balance at March 31, 2018 | 3.24 |
| Additions | 0.41 |
| Depreciation expense | (0.80) |
| Balance at March 31, 2019 | 2.85 |

Notes to the standalone financial statements

3. Investment (Non-current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| 3(a) Investment in subsidiaries - (unquoted, fully paid) : | | |
| (i) 2,711,100 (March 31, 2018: 2,711,100) equity shares of ₹10 each fully paid up in Apollo Metalex Private Limited - at fair value (see note (i) below) | 132.78 | 132.78 |
| (ii) 5,895,000 (March 31, 2018: 5,895,000) equity shares of ₹10 each fully paid up in Shri Lakshmi Metal Udyog Limited - at fair value (see note (i) below) | 223.41 | 223.41 |
| (iii) 142,560 (March 31, 2018: 142,400) equity shares of ₹10 each fully paid up in Blue Ocean Projects Private Limited - at cost (see note (ii) below) | 34.93 | 34.53 |
| Total | 391.12 | 390.72 |

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Notes : | | |
| (i) The Company in previous year measured its investment in subsidiaries on the date of transition to Ind-AS at their respective fair value and considered the same as its deemed cost. Accordingly the Company has recorded the investment in subsidiaries at their fair value for Apollo Metalex Private Limited at ₹132.78 crore (original cost ₹7.21 crore) and Shri Lakshmi Metal Udyog Limited at ₹223.41 crore (original cost ₹36.30 crore) aggregating to ₹356.19 crore (original cost of ₹43.51 crore). | | |
| (ii) The Company has during the year invested ₹0.40 crore in Blue Ocean Projects Private Limited by subscribing to 160 equity shares of ₹10 each. | | |
| 3(b) Investments in equity instruments carried at fair value through the other comprehensive income - (unquoted, fully paid) : | | |
| (i) 1,158,400 (March 31, 2018: 1,111,400) equity shares of ₹10 each fully paid up in Clover Energy Private Limited (see note (i) below) | 1.16 | 1.11 |
| (ii) 2,850 (March 31, 2018: Nil) equity shares of ₹10 each fully paid up in Superguard Steels Private Limited (see note (ii) below) | 0.01 | - |
| Total | 1.17 | 1.11 |
| Notes : | | |
| (i) The Company hold 4.01 % (March 31, 2018 : 4.00 %) equity shares of Clover Energy Private Limited, a Company engaged in the business of providing solar energy to its customers. | | |
| (ii) The Company hold 19.00 % (March 31, 2018 : Nil) equity shares of Superguard Steels Private Limited, a Company engaged in the business of manufacturing of steel sheets. | | |
| Aggregate carrying value of unquoted investment | 392.29 | 391.83 |

4 Loans (Non-current)

(Unsecured, considered good)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Loans to others (see note (i) below) | 0.50 | - |
| Total | 0.50 | - |
| Notes : | | |
| (i) During the year, the Company has given a loan amounting to ₹0.50 crore (March 31, 2018 : ₹Nil) carrying interest 10% p.a. to a Company i.e. Superguard Steels Private Limited, for the purpose of meeting its operational requirements. The Loan is repayable after one year. The maximum amount outstanding during the year is ₹0.50 crore (March 31, 2018 : ₹Nil). Closing balance as at March 31, 2019 is ₹0.50 crore (March 31, 2018 : ₹Nil) | | |

5 Other financial assets (Non-current)

((Unsecured, considered good)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Claim receivable | 0.71 | 1.12 |
| (b) Value added tax (VAT) credit receivable | 0.84 | 0.84 |
| (c) Security deposit | 17.09 | 15.94 |
| Total | 18.64 | 17.90 |

Notes to the standalone financial statements

6 Other non-current assets

(unsecured, considered good)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------|----------------------|----------------------|
| (a) Capital advances | 42.88 | 18.33 |
| (b) Prepaid expenses | 4.57 | 5.04 |
| (c) Prepaid lease payments | 17.83 | 18.05 |
| (d) Payment under protest | | |
| (i) Safe guard duty | 3.95 | 3.90 |
| (ii) Excise | 0.36 | 1.33 |
| (iii) Service tax | 0.02 | - |
| (iv) Value added tax | 0.48 | 0.19 |
| Total | 70.09 | 46.84 |

7 Inventories

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Raw material (including stock-in-transit) (at cost) | 338.28 | 246.24 |
| (b) Finished goods (including stock-in-transit) (at cost or net realisable value, whichever is lower) | 318.80 | 241.41 |
| (c) Stores and spares (at cost) | 15.62 | 10.00 |
| (d) Rejection and scrap (including stock-in-transit) (at cost or net realisable value, whichever is lower) | 7.55 | 6.03 |
| Total | 680.25 | 503.68 |
| Notes : | | |
| (i) Cost of inventory recognised as expense during the year amounted to ₹5,280.20 crore (March 31, 2018 : ₹3,820.71 crore). | | |
| (ii) Details of stock-in-transit | | |
| Raw material | 58.00 | - |
| Finished goods | 35.62 | 26.25 |
| Rejection and Scrap | 0.03 | 0.37 |

8 Trade receivables (Current)

(unsecured)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Considered good | | |
| (i) Related parties | - | 0.23 |
| (ii) Other than related parties | 421.61 | 338.79 |
| Sub total | 421.61 | 339.02 |
| (b) Considered doubtful | 5.18 | 4.68 |
| Less: Allowance for trade receivables (expected credit loss allowance) | (5.18) | (4.68) |
| Sub total | - | - |
| Total | 421.61 | 339.02 |

- (i) The average credit period on sale of goods is 0-60 days. No interest is charged on the trade receivables for the amount overdue above the credit period. There are no customers who represent more than 10% of the total balance of trade receivables.
- (ii) In determining the allowance for credit losses of trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Notes to the standalone financial statements

(1) Movements in expected credit losses allowance of receivables are as below :

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|---------------------------|---------------------------|
| Balance at the beginning of the year | 4.68 | 2.97 |
| Charge in statement of profit and loss | 0.70 | 1.99 |
| Utilised during the year | (0.20) | (0.28) |
| Balance at the end of the year | 5.18 | 4.68 |

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

(₹ in crore)

| Particulars | As at March 31, 2019 | | |
|----------------------------|----------------------|-------------------------|-----------------|
| | Gross credit risk | Credit losses allowance | Net credit risk |
| Amounts not yet due | 310.74 | 0.36 | 310.38 |
| 0-90 days overdue | 110.33 | 0.44 | 109.89 |
| 91-180 days overdue | 1.29 | 0.25 | 1.04 |
| 181-270 days overdue | 0.59 | 0.29 | 0.30 |
| 271-365 days overdue | 0.06 | 0.06 | - |
| More than 365 days overdue | 3.78 | 3.78 | - |
| | 426.79 | 5.18 | 421.61 |

(₹ in crore)

| Particulars | As at March 31, 2018 | | |
|----------------------------|----------------------|-------------------------|-----------------|
| | Gross credit risk | Credit losses allowance | Net credit risk |
| Amounts not yet due | 243.91 | 1.05 | 242.86 |
| 0-90 days overdue | 94.16 | 0.44 | 93.72 |
| 91-180 days overdue | 1.70 | 0.01 | 1.69 |
| 181-270 days overdue | 0.74 | 0.14 | 0.60 |
| 271-365 days overdue | 0.39 | 0.24 | 0.15 |
| More than 365 days overdue | 2.80 | 2.80 | - |
| | 343.70 | 4.68 | 339.02 |

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

(3) Ageing wise % of expected credit loss

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|----------------------------|---------------------------|---------------------------|
| Amounts not yet due | 0.00 % to 0.11 % | 0.00 % - 0.43 % |
| 0-90 days overdue | 0.12 % to 0.40 % | 0.44 % - 0.46 % |
| 91-180 days overdue | 0.41 % to 19.52 % | 0.47 % - 0.62 % |
| 181-270 days overdue | 19.53 % to 49.25 % | 0.63 % - 18.35 % |
| 271-365 days overdue | 100.00 % | 18.36 % - 61.96 % |
| More than 365 days overdue | 100.00 % | 100.00 % |

9 Cash and cash equivalents

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Cash on hand | 0.11 | 0.07 |
| (b) Balances with banks - in current accounts | 6.80 | 0.92 |
| (c) Balances with banks - in cash credit accounts | 17.37 | - |
| Total | 24.28 | 0.99 |

10 Bank balances other than cash and cash equivalents

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) In earmarked accounts | | |
| (i) unpaid dividend account | 0.43 | 0.16 |
| (ii) In margin money with maturity less than 12 months at inception | 0.07 | 0.02 |
| Total | 0.50 | 0.18 |

Notes to the standalone financial statements

11 Loans (Current) (Unsecured, considered good)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------|----------------------|----------------------|
| (a) Loans to employees | 0.79 | 0.86 |
| Total | 0.79 | 0.86 |

12 Other financial assets (Current) (Unsecured, considered good)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Government grants | | |
| (i) Export incentives | 2.41 | 1.79 |
| (ii) Licences | 0.38 | 0.47 |
| (b) Interest accrued | 0.79 | 0.10 |
| (c) Claim receivables | 3.96 | 2.52 |
| (d) Value added tax (VAT) credit receivable | 0.66 | 0.67 |
| Total | 8.20 | 5.55 |

13 Other current assets (Unsecured, considered good)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Prepaid expenses | 1.92 | 1.87 |
| (b) Prepaid lease payments | 0.36 | 0.35 |
| (c) Balances with government authorities | | |
| (i) Goods and service tax (GST) credit receivable / Cenvat credit receivable | 22.30 | 55.45 |
| (ii) Service tax credit receivable | 0.20 | 0.20 |
| (iii) Advance goods and service tax credit on import of goods | 8.43 | - |
| (d) Payment under protest | | |
| (i) Income tax | 0.50 | 0.30 |
| (e) Advance to suppliers | 48.03 | 20.87 |
| (f) Advance to Related parties (see notes below) | 41.84 | 0.29 |
| (g) GST Refund Receivable | 1.76 | - |
| (h) Gold coins in hand | - | 0.04 |
| Total | 125.34 | 79.37 |

Notes :

- (i) During the year, the Company has given an advance amounting to ₹0.75 crore (March 31, 2018 : ₹0.29 crore) carrying interest 10% p.a. to a wholly owned subsidiary viz. Blue Ocean Projects Private Limited, for meeting its operational requirements. The Advance is repayable in Financial year 2019-20. The maximum amount outstanding during the year is ₹0.75 crore (March 31, 2018 : ₹0.29 crore). Closing balance as at March 31, 2019 is ₹0.75 crore (March 31, 2018 : ₹0.29 crore)
- (ii) During the year, the Company has given an advance towards purchase of raw materials amounting to ₹160.00 crore in various tranches (March 31, 2018 : ₹Nil) carrying interest 10% p.a. to a wholly owned subsidiary viz. Shri Lakshmi Metal Udyog Limited. The Advance is recoverable in Financial year 2019-20. The maximum amount outstanding during the year is ₹119.54 crore (March 31, 2019 : ₹Nil). Closing balance as at March 31, 2019 is ₹41.09 crore (March 31, 2018 : ₹Nil)

Notes to the standalone financial statements

14 Equity

14(a) Equity share capital

(₹ in crore, except otherwise stated)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|----------------------|--------------|----------------------|--------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| (i) Authorised capital | | | | |
| Equity shares of ₹10 each with voting rights | 4,50,00,000 | 45.00 | 4,50,00,000 | 45.00 |
| | 4,50,00,000 | 45.00 | 4,50,00,000 | 45.00 |
| (ii) Issued capital | | | | |
| Equity shares of ₹10 each with voting rights | 2,38,50,381 | 23.85 | 2,37,29,805 | 23.73 |
| | 2,38,50,381 | 23.85 | 2,37,29,805 | 23.73 |
| (iii) Subscribed and fully paid up capital | | | | |
| Equity shares of ₹10 each with voting rights | 2,38,50,381 | 23.85 | 2,37,29,805 | 23.73 |
| | 2,38,50,381 | 23.85 | 2,37,29,805 | 23.73 |

(1) Reconciliation of the number of shares and amount outstanding as at March 31, 2019 and March 31, 2018 :

| Particulars | Number of shares | | Amount | |
|---|----------------------|----------------------|----------------------|----------------------|
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| | | | (₹ in crore) | (₹ in crore) |
| Equity share capital | | | | |
| Outstanding at the beginning of the year | 2,37,29,805 | 2,35,89,955 | 23.73 | 23.59 |
| Add: Issued of shares under Company's employee stock option plan (see note 39(d)) | 1,20,576 | 1,39,850 | 0.12 | 0.14 |
| Outstanding at the end of the year | 2,38,50,381 | 2,37,29,805 | 23.85 | 23.73 |

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

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

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

| Name of shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|-----------------------|-----------|-----------------------|-----------|
| | Number of shares held | % holding | Number of shares held | % holding |
| Equity shares with voting rights | | | | |
| APL Infrastructure Private Limited | 80,25,187 | 33.65% | 80,25,187 | 33.82% |
| Kitara PIIN | 30,00,000 | 12.58% | 30,00,000 | 12.64% |

(4) Share options granted under the Company's employee share options plans

As at March 31, 2019, executives and senior employees held options over 273,123 equity shares of the Company. As at March 31, 2018, executives and senior employees held options over 447,250 equity shares of the Company.

Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in note 39.

Notes to the standalone financial statements

14(b) Other equity

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Securities premium | 212.59 | 205.12 |
| Debenture redemption reserve | 80.00 | 50.00 |
| General reserve | 25.52 | 25.52 |
| Surplus in Statement of profit and loss | 658.17 | 595.19 |
| Share option outstanding account | 7.65 | 6.04 |
| Total | 983.93 | 881.87 |
| (1) Securities premium | | |
| Balance at the beginning of the year | 205.12 | 196.46 |
| Add: Additions during the year | 7.47 | 8.66 |
| Balance at the end of the year | 212.59 | 205.12 |
| (2) Debenture redemption reserve | | |
| Balance at the beginning of the year | 50.00 | 31.25 |
| Add: Transferred from surplus in statement of profit and loss | 30.00 | 18.75 |
| Balance at the end of the year | 80.00 | 50.00 |
| (3) General reserve | | |
| Balance at the beginning of the year | 25.52 | 25.52 |
| Balance at the end of the year | 25.52 | 25.52 |
| (4) Surplus in Statement of profit and loss | | |
| Balance at the beginning of the year | 595.19 | 529.06 |
| Add: Total comprehensive income for the year | 126.25 | 113.30 |
| Less: Final dividend | 33.22 | 28.31 |
| Less: Tax on final dividend | 0.04 | 0.12 |
| Less: Transfer to debenture redemption reserve | 30.00 | 18.75 |
| Balance at the end of the year | 658.17 | 595.19 |
| (5) Share option outstanding account | | |
| Balance at the beginning of the year | 6.04 | 4.85 |
| Add : Addition during the year | 3.55 | 3.66 |
| Less : Transfer to Securities premium reserve | 1.94 | 2.47 |
| Balance at the end of the year | 7.65 | 6.04 |

Nature and purpose of reserves :-

- (i) **Securities premium** : Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Indian Companies Act, 2013 ("the Companies Act").
- (ii) **Debenture redemption reserve** : The Companies Act requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures.
- (iii) **General reserve** : General reserves represents the free profits of the Company available for distribution. As per the Companies Act, certain amount was required to be transferred to General Reserve every time Company distribute dividend.

Notes to the standalone financial statements

- (iv) **Surplus in Statement of profit and loss** : It represents unallocated/un-distributed profits of the Company. The same is available for distribution.
- (v) **Share option outstanding account** : The Company offers ESOP under which options to subscribe for the Company's share have been granted to certain employees and senior management. The share option outstanding account is used to recognise the value of equity settled share based payments provided as part of the ESOP scheme. (see note 39)
- (vi) **Items of other comprehensive income** : It represents profits / (loss) of the Company which will not be reclassified to statement of profit or loss.
- (vii) The amount that can be distributed by the Company as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

15 Borrowings (Non-current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Debentures: | | |
| Secured, listed, Non-Convertible redeemable debentures of ₹10 Lakhs each (see note (i) below) | 95.00 | 75.00 |
| (b) Term Loan: | | |
| - From bank | | |
| (i) Secured (see note (ii) below) | 44.93 | - |
| Total | 139.93 | 75.00 |

(i) Details of debentures issued by the Company

As at March 31, 2018, Debentures were secured by first pari-passu charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh & Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu & Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur & M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on entire (present and future) current assets of the Company, and equitable mortgage(EM) of Factory Land and Building situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh, Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur. Credit facilities are further secured by personal guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta.

These debentures carrying interest rate of 11.50 % p.a. are redeemable at face value in one single installment on September 28, 2019.

As at March 31, 2019, Debentures are secured by first pari-passu charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh & Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu & Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur & M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on entire (present and future) current assets of the Company, and EM of Factory Land and Building situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh, Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur . Credit facilities are further secured by personal guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta.

These debentures carrying interest rate of 8.68 % p.a. are redeemable at face value in one single installment on July 5, 2021.

Notes to the standalone financial statements

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

| Name of shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|------------------------|--|------------------------|--|
| | Non current borrowings | Current Maturities of non-current borrowings | Non current borrowings | Current Maturities of non-current borrowings |
| (ii) Term loan from banks are secured as follows: | | | | |
| By first pari passu charge on entire property, plant and equipments, movable and immovable, present and future, of the Company situated at A 19 and A 20, Industrial Area, Sikanderabad, UP and 332-338, Alur Village, Perandapalli, Hosur, Tamilnadu and at village Bendri, Raipur, Chhattisgarh and second pari passu charge on all current assets of the Company. The loan is further guaranteed by personal guarantee of Directors of the Company i.e. Mr. Sanjay Gupta, Mr. Sameer Gupta and Mr. Vinay Gupta. The loan outstanding as at balance sheet is repayable in 4 quarterly instalments commencing from June 2018 and ending in March 2019 of ₹3 crore each. Applicable rate of interest is 8.25%. During the year, loan has been repaid. | - | - | - | 12.13 |
| By first pari passu charge on entire property, plant and equipments, movable and immovable, present and future, of the Company situated at M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on all current assets of the Company. The loan is further guaranteed by personal guarantee of Directors of the Company i.e. Mr. Sanjay Gupta and Mr. Vinay Gupta . The loan outstanding is repayable in 3 quarterly instalments commencing from June 2018 and ending in December 2018 of ₹1.60 crore each. Applicable rate of interest is 8.25%. During the year, loan has been repaid. | - | - | - | 4.84 |
| By first pari passu charge on entire property, plant and equipments, movable and immovable, present and future, of the Company situated at M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on all current assets of the Company. The loan is further guaranteed by personal guarantee of Directors of the Company i.e. Mr. Sanjay Gupta and Mr. Vinay Gupta . The loan outstanding is repayable in 4 quarterly instalments commencing from June 2018 and ending in March 2019 of ₹1.50 crore each. Applicable rate of interest is 8.25%. During the year, loan has been repaid. | - | - | - | 6.04 |

Notes to the standalone financial statements

| Name of shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|------------------------|--|------------------------|--|
| | Non current borrowings | Current Maturities of non-current borrowings | Non current borrowings | Current Maturities of non-current borrowings |
| <p>By first pari-passu charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh & Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu & Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur & M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on entire (present and future) current assets of the Company, and EM of Factory Land and Building situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh, Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur . Credit facilities are further secured by personal guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta. The loan outstanding is repayable in 6 to 17 quarterly instalments commencing from May 2019 to Sep 2021 and ending in December 2022 to May, 2023. Applicable rate of interest is 8.50 % to 10.10 % .</p> | 44.93 | 15.09 | - | - |
| <p>As at March 31, 2018, 7.87%, Secured, listed, Non-Convertible redeemable debentures of ₹10 Lakhs each.</p> <p>a) Debenture are secured by first pari passu charge on both movable and immovable property, plant and equipments, present and future, of the Company on the property situated at A 19 and A 20, Industrial Area, Sikanderabad, UP, 332-338, Alur Village, Perandapalli, Hosur, Tamilnadu and at village Bendri, Tehsil Raipur, Dist. – Raipur</p> <p>These debentures are redeemable at face value in one single installment on September 14, 2018</p> <p>During the year, these debentures were repaid in full.</p> | - | - | - | 75.00 |
| <p>As at March 31, 2019, 11.50 %, Secured ,listed, Non-Convertible redeemable debentures of ₹10 Lakhs each.</p> <p>a) Debenture are secured by first pari-passu charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh & Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu & Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur & M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on entire (present and future) current assets of the Company, and EM of Factory Land and Building situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh, Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur . Credit facilities are further secured by personal guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta.</p> <p>These debentures are redeemable at face value in one single installment on September 28, 2019.</p> | - | 75.00 | - | - |

Notes to the standalone financial statements

| Name of shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|------------------------|--|------------------------|--|
| | Non current borrowings | Current Maturities of non-current borrowings | Non current borrowings | Current Maturities of non-current borrowings |
| As at March 31, 2019, 8.20 %, Secured ,listed, Non-Convertible redeemable debentures of ₹10 Lakhs each. | | | | |
| a) Debenture are secured by first pari-passu charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh & Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu & Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur & M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on entire (present and future) current assets of the Company, and EM of Factory Land and Building situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh, Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur . Credit facilities are further secured by personel gurantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta. | | 50.00 | | |
| These debentures are redeemable at face value in one single installment on February 28, 2020. | | | | |
| Total | 44.93 | 140.09 | - | 98.01 |

16 Other financial liabilities (Non-current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Deferred payment (see note (i) below) | 0.65 | 0.59 |
| Total | 0.65 | 0.59 |

(i) The Company has a deferred liability related to sales tax for the period from year ended March, 2016 to year ended March, 2026.

17 Provisions (Non-current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Provision for compensated absences | 2.30 | 1.64 |
| (b) Provision for gratuity (see note 38) | 5.73 | 4.89 |
| Total | 8.03 | 6.53 |

18 Deferred Tax Liabilities (net)

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

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (i) Deferred Tax Liabilities on account of | | |
| - Property, plant and equipment and other intangible assets | 100.25 | 89.23 |
| - Financial Assets (Transaction cost on loans) | 0.14 | 0.19 |
| Total deferred tax liabilities (A) | 100.39 | 89.42 |

Notes to the standalone financial statements

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (ii) Deferred Tax Assets on account of | | |
| - Provision for doubtful trade receivables | 1.98 | 1.62 |
| - Provision for employee benefit expenses | 3.02 | 2.37 |
| - Financial Assets (carried at fair value through profit & loss) | 0.29 | 1.04 |
| - Others | 0.12 | - |
| Total deferred tax assets (B) | 5.41 | 5.03 |
| Minimum alternate tax credit (MAT) (C) | - | 6.84 |
| Disclosed as Deferred Tax Liabilities (Net - A-B-C) | 94.98 | 77.55 |

(₹ in crore)

| (b) Movement in deferred tax liabilities / asset | As at March 31, 2017 | Recognised in profit & loss | Recognised in other comprehensive income | MAT credit Utilised not recognised in profit & loss | As at March 31, 2018 |
|--|----------------------|-----------------------------|--|---|----------------------|
| Deferred Tax Liabilities (A) | | | | | |
| Property, plant and equipments and other intangible assets | 73.73 | 15.50 | - | - | 89.23 |
| Financial Assets (carried at fair value through profit & loss) | 1.03 | (1.03) | - | - | - |
| Fair Valuation of transaction cost | 0.19 | - | - | - | 0.19 |
| Total | 74.95 | 14.47 | - | - | 89.42 |
| Deferred Tax Assets (B) | | | | | |
| Provision for employee benefit expenses | 2.23 | 0.48 | (0.32) | - | 2.37 |
| Provision for doubtful trade receivables | 1.03 | 0.59 | - | - | 1.62 |
| Fair Valuation of financial assets | - | 1.04 | - | - | 1.04 |
| Minimum alternate tax credit | 9.55 | - | - | (2.71) | 6.84 |
| Others | 0.02 | (0.02) | - | - | - |
| Total | 12.83 | 2.09 | (0.32) | (2.71) | 11.87 |
| Deferred tax liabilities (Net -A-B) | 62.12 | 12.38 | 0.32 | 2.71 | 77.55 |

(₹ in crore)

| Movement in deferred tax liabilities / asset | As at March 31, 2017 | Recognised in profit & loss | Recognised in other comprehensive income | MAT credit Utilised not recognised in profit & loss | As at March 31, 2018 |
|--|----------------------|-----------------------------|--|---|----------------------|
| Deferred Tax Liabilities (A) | | | | | |
| Property, plant and equipments and other intangible assets | 89.23 | 11.02 | - | - | 100.25 |
| Fair Valuation of transaction cost | 0.19 | (0.05) | - | - | 0.14 |
| Total | 89.42 | 10.97 | - | - | 100.39 |
| Deferred Tax Assets (B) | | | | | |
| Provision for employee benefit expenses | 2.37 | 0.58 | 0.07 | - | 3.02 |
| Provision for doubtful trade receivables | 1.62 | 0.36 | - | - | 1.98 |
| Fair Valuation of financial assets | 1.04 | (0.75) | - | - | 0.29 |
| Minimum alternate tax credit | 6.84 | - | - | (6.84) | - |
| Others | - | 0.12 | - | - | 0.12 |
| Total | 11.87 | 0.31 | 0.07 | (6.84) | 5.41 |
| Deferred tax liabilities (Net -A-B) | 77.55 | 10.66 | (0.07) | 6.84 | 94.98 |

Notes to the standalone financial statements

19 Other Non-current liabilities

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------------------|----------------------|----------------------|
| (a) Deferred income (see note below) | 44.82 | 28.33 |
| Total | 44.82 | 28.33 |

Note :

Deferred income arises in respect of import of capital goods without payment of custom duty under Export Promotion Capital Goods Scheme (see note 37(b)(3)).

20 Borrowings (Current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Loan repayable on demand | | |
| - From banks (Secured) | | |
| (i) Cash credit (see note (i) below) | 332.88 | 330.65 |
| (b) Others | | |
| - From banks (Secured) | | |
| (i) Buyer's credit | | |
| - working capital (see note (i) below) | 19.01 | 90.69 |
| - Capital item loan (see note (ii) below) | - | 93.63 |
| (ii) Secured, listed, Non-Convertible redeemable debentures (see note (iii) below) | 100.00 | 50.00 |
| Total | 451.89 | 564.97 |

Nature of security:

- (i) Cash credit and working capital facilities of APL Apollo Tubes Limited from banks are secured by first pari passu charge on entire present and future current assets and second charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh and Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur, and M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra.

Working capital facilities are further secured by second charge through equitable mortgage of the Company land and building situated at Plot No. A-19/A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh and Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur. Credit facilities are further secured by personal guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta.

- (ii) As at March 31, 2018, Buyer's credit includes ₹93.63 crore taken for capital goods which has been approved as a sublimit under the term loan facility taken. The tenor of buyer's credit is six months which can be roll forward upto the tenor of three years.

The term loan including buyer credit is secured by first pari passu charge on property, plant and equipments, movable and immovable, present and future, of the Company situated at A-19 and A-20, Industrial Area, Sikanderabad, UP, 332-338, Alur Village, Perandapalli, Hosur (Tamilnadu) and land at village Bendri, Raipur (Chhattisgarh) and second pari passu charge on current assets of the Company. The loan is further guaranteed by personal guarantee of Director of the Company i.e. Mr. Sanjay Gupta and Mr. Vinay Gupta. During the year, loan has been repaid.

Notes to the standalone financial statements

(iii) Details of debentures issued by the Company:

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Secured, listed, Non-Convertible redeemable debentures of ₹0.10 crore each | 100.00 | 50.00 |

As at March 31, 2019, the debenture are secured by first pari passu charge on both movable and immovable property, plant and equipment, present and future, of the Company on the property situated at A 19 and A 20, Industrial Area, Sikanderabad, UP, 332-338, Alur Village, Perandapalli, Hosur, Tamilnadu and at village Bendri, Tehsil Raipur, Dist. – Raipur

The debentures have the following Call/Put Options :

Put Option: First Put Option at par, at the end of 12th Month from the deemed date of allotment and second Put Option at par, at the end of 24th Month from the deemed date of allotment.

Call Option: First Call Option at par, at the end of 12th Month from the deemed date of allotment and second Call Option at par, at the end of 24th Month from the deemed date of allotment.

These debentures carrying interest rate of 8.65 % p.a. are redeemable at face value in one single instalment on July 5, 2021.

As at March 31, 2018, Debentures are secured by first pari-passu charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh & Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu & Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur & M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on entire (present and future) current assets of the Company, and EM of Factory Land and Building situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh, Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur . Credit facilities are further secured by personal guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta.

The debentures have the following Call/Put Options :

Put Option: First Put Option at par, at the end of 12th Month from the deemed date of allotment and second Put Option at par, at the end of 24th Month from the deemed date of allotment.

Call Option: First Call Option at par, at the end of 12th Month from the deemed date of allotment and second Call Option at par, at the end of 24th Month from the deemed date of allotment.

These debentures carrying interest rate of 8.20 % p.a. are redeemable at face value in one single instalment on February 28, 2020.

21 Trade payables (Current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Outstanding dues to Micro and small enterprises | - | - |
| (b) Outstanding dues of creditors other than micro enterprises and small enterprises | 624.17 | 352.87 |
| Total | 624.17 | 352.87 |

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

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (i) The principal amount remaining unpaid to supplier as at the end of the year | - | - |
| (ii) The interest due thereon remaining unpaid to supplier as at the end of the year | - | - |

Notes to the standalone financial statements

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (iii) The amount of interest-due and payable for the period of delay in making payment (which have been paid beyond the appointed day during the year) but without adding the interest specified under this Act | - | - |
| (iv) The amount of interest accrued during the year and remaining unpaid at the end of the year | - | - |
| (v) The amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961 | - | - |

22 Other financial liabilities (Current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Security deposits | 1.10 | 1.50 |
| (b) Current maturities of non-current borrowings (see note 15) (net of unamortised prepaid processing fees) | 140.09 | 97.84 |
| (c) Capital creditors | 5.51 | 10.81 |
| (d) Retention money payable | 2.30 | - |
| (e) Unclaimed dividends | 0.43 | 0.26 |
| (f) Derivative liabilities | 0.83 | 0.67 |
| (g) Interest accrued but not due on borrowings | 18.98 | 9.48 |
| Total | 169.24 | 120.56 |

23 Other current liabilities

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Statutory remittances | 12.45 | 1.72 |
| (b) Advance from customers | 7.82 | 4.78 |
| (c) Advance against sale of investment property (see note 2(b)) | 4.83 | - |
| (d) Deferred income (see note below) | 2.55 | 0.96 |
| Total | 27.65 | 7.46 |

Note : Deferred income arises in respect of import of capital goods without payment of custom duty under Export Promotion Capital Goods Scheme. (see note 37(b)(3))

24 Provisions (Current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Provision for compensated absences | 0.28 | 0.10 |
| (b) Provision for gratuity (see note 38) | 0.33 | 0.15 |
| Total | 0.61 | 0.25 |

25 Current tax liabilities (net)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Provision for tax (net of advance tax ₹79.95 crore) (March 31, 2018 : ₹52.62 crore) | 7.70 | 2.86 |
| Total | 7.70 | 2.86 |

Notes to the standalone financial statements

26 Revenue from operations

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| (a) Sale of products (see note (i) & (ii) below) | 5,661.82 | 4,288.39 |
| (b) Other operating revenue (see note (i) & (iii) below) | 206.65 | 142.78 |
| Total | 5,868.47 | 4,431.17 |

Notes : (i) Consequent to the introduction of Goods and Service Tax (GST) with effect from July 1, 2017, Central Excise, Value Added Tax (VAT) etc. was replaced by GST. In accordance with erstwhile 'Ind-AS 18 : Revenue' and Schedule III of the Companies Act, 2013, GST is not included in Revenue from operations for applicable periods. In view of the aforesaid restructuring of indirect taxes, Revenue from operations for year ended March 31, 2019 is not comparable with the year ended March 31, 2018. Following additional information is being provided to facilitate such comparison:

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| (I) Revenue from operations (Gross) | 5,868.47 | 4,431.17 |
| (II) Excise duty | - | 95.37 |
| (III) Revenue from operations (net of excise duty)(I-II) | 5,868.47 | 4,335.80 |

(ii) Reconciliation of revenue recognised with contract price :

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--------------------------------|------------------------------|------------------------------|
| Contract price | 5,772.70 | 4,355.10 |
| Adjustments for: | | |
| Discount & incentives | (110.88) | (66.71) |
| Revenue from operations | 5,661.82 | 4,288.39 |

(iii) Other operating revenue comprises

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-------------------|------------------------------|------------------------------|
| Sale of scrap | 200.74 | 137.63 |
| Export incentives | 5.91 | 4.21 |
| Commission | - | 0.77 |
| Job work | - | 0.17 |
| | 206.65 | 142.78 |

27 Other income

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| (a) Interest income on fixed deposit | 0.02 | 2.33 |
| (b) Interest income on others | 1.70 | 0.01 |
| (c) Profit on sale of property, plant and equipment (net) | 0.81 | 0.02 |
| (d) Profit on sale of investment property | 0.07 | - |
| (e) Miscellaneous income | 6.88 | 4.79 |
| (f) Dividend income from a subsidiary Company | 33.01 | 28.30 |
| Total | 42.49 | 35.45 |

Notes to the standalone financial statements

28 Cost of materials consumed

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Inventories of raw material as at the beginning of the year | 246.24 | 176.86 |
| Add: Purchases during the year | 4,988.70 | 3,445.15 |
| Less: Inventories of raw material as at the end of the year | 338.28 | 246.24 |
| Total | 4,896.66 | 3,375.77 |

29 Change in inventories

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Inventories at the end of the year: | | |
| (a) Finished goods | 318.80 | 241.41 |
| (b) Rejection and scrap | 7.55 | 6.03 |
| | 326.35 | 247.44 |
| Inventories at the beginning of the year: | | |
| (a) Finished goods | 241.41 | 173.03 |
| (b) Rejection and scrap | 6.03 | 1.86 |
| | 247.44 | 174.89 |
| Total | (78.91) | (72.55) |

30 Employee benefits expense

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| (a) Salaries and wages | 74.21 | 58.13 |
| (b) Contribution to provident fund | 2.20 | 2.00 |
| (c) Gratuity expense (see note 38) | 1.27 | 1.18 |
| (d) Share based expenses to employees (see note 35(a) & 39) | 3.55 | 3.66 |
| (e) Staff welfare expenses | 2.32 | 1.94 |
| | 83.55 | 66.91 |
| (f) Less: Allocation of common employee benefits expenses (see note 35(b)) | 5.02 | 4.40 |
| Total | 78.53 | 62.51 |
| During the year, the Company recognised an amount of ₹8.60 crore (Year ended March 31, 2018 ₹5.29 crore) as remuneration to key managerial personnel. The details of such remuneration is as below :- | | |
| (i) Short term employee benefits | 8.09 | 5.20 |
| (ii) Post employment benefits | 0.29 | 0.04 |
| (iii) Other long term employee benefits | 0.22 | 0.05 |
| | 8.60 | 5.29 |

Notes to the standalone financial statements

31 Finance costs

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| (a) Interest expense : | | |
| (i) working capital facilities | 63.73 | 44.55 |
| (ii) term loan | 5.80 | 5.46 |
| (iii) debentures | 27.97 | 15.84 |
| (iv) delayed payment of income tax | 1.02 | 0.48 |
| | 98.52 | 66.33 |
| Less : Interest capitalised (see note 2(a)) | - | 1.16 |
| | 98.52 | 65.17 |
| (b) Other borrowing cost | 2.83 | 5.27 |
| Total | 101.35 | 70.44 |

32 Depreciation and amortisation expense

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| (a) Depreciation on property, plant and equipment (see note 2(a)) | 52.11 | 43.07 |
| (b) Depreciation on investment property (see note 2(b)) | 0.22 | 0.15 |
| (c) Amortisation on intangible assets (see note 2(c)) | 0.80 | 0.76 |
| Total | 53.13 | 43.98 |

33 Other expenses

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| (a) Freight outward | 134.81 | 118.88 |
| (b) Power and fuel | 40.56 | 35.37 |
| (c) Consumption of stores and spare parts | 34.72 | 30.32 |
| (d) Derivatives measured at fair value through profit & loss account | 5.04 | 11.95 |
| (e) Advertisement and sales promotion | 8.52 | 9.33 |
| (f) Loss on foreign currency transactions (net) | (2.38) | 6.39 |
| (g) Furnace oil | 7.25 | 5.97 |
| (h) Rent | 8.09 | 5.67 |
| (i) Travelling and conveyance | 7.00 | 5.19 |
| (j) Legal and professional charges (see note (i) below) | 6.02 | 4.86 |
| (k) Job work charges | 0.36 | 2.83 |
| (l) Repair and maintenance: | | |
| (i) Building | 0.10 | 0.16 |
| (ii) Plant and machinery | 3.55 | 2.04 |
| (iii) Others | 0.64 | 0.43 |
| (m) Rates and taxes | 1.33 | 1.69 |
| (n) Security services | 1.22 | 0.99 |
| (o) Allowance for doubtful trade receivables (expected credit loss allowance) | 0.50 | 1.71 |
| (p) Bad debts written off | 0.20 | 0.28 |
| (q) Other receivables and advances written off | - | 0.51 |
| (r) Loss on sale of investment property | - | 0.38 |
| (s) Corporate social responsibility (see note 34) | 0.08 | 0.09 |
| (t) Provision for slow moving inventory of spares & consumables | 0.20 | 0.09 |

Notes to the standalone financial statements

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| (u) Miscellaneous expenses | 5.12 | 5.03 |
| | 262.93 | 250.16 |
| (v) Less: Allocation of common expenses (see note 35(b)) | 5.81 | 2.18 |
| Total | 257.12 | 247.98 |
| Note :- | | |
| (i) Legal and professional charges include auditor's remuneration (excluding indirect taxes) as follows : | | |
| (a) To statutory auditors | | |
| For audit (including quarterly limited reviews) | 0.90 | 0.90 |
| For taxation matters | - | 0.18 |
| For other services | 0.31 | 0.04 |
| Reimbursement of expenses | 0.10 | 0.02 |
| Total | 1.31 | 1.14 |
| (b) To cost auditors for cost audit | 0.02 | 0.02 |
| Total | 0.02 | 0.02 |

34 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 required by the Management are as follows :

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Gross amount required to be spent by the Company during the year ended | 2.20 | 3.43 |
| Amount spent during the year on purposes other than construction / acquisition of any asset | 0.08 | 0.09 |
| Amount spent for acquisition / construction of assets | - | - |

35 Allocation of common expenses

- (a) The Company has charged back the "Share based expenses" to employees included under "Employee benefits expense" in note 30) incurred by it to its group companies (except Blue Ocean Projects Private Limited) on cost i.e. on cost to cost basis. The allocation of common expenses has been carried out on the basis of share options held of APL Apollo Tubes Limited by employees of the respective companies.
- (b) The Company has charged back the common expenses (included under "Employee benefits expense" in note 30 & "Other expenses" in note 33) incurred by it to its group companies (except Blue Ocean Projects Private Limited) on cost i.e. on 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.

36 Earnings per Equity share

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

(₹ in crore, unless otherwise stated)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Profit for the year attributable to the equity holders of the Company used in calculating basic and diluted earnings per share | 126.39 | 112.69 |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 2,37,32,445 | 2,36,56,424 |
| Adjustments for calculation of diluted earnings per share (Employee stock option) (Number) | 2,73,123 | 4,38,325 |
| Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share | 2,40,05,568 | 2,40,94,749 |
| (a) Basic earnings per share in ₹ | 53.25 | 47.63 |
| (b) Diluted earnings per share in ₹ | 52.65 | 46.76 |

Notes to the standalone financial statements

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

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| (a) Contingent liabilities (for pending litigations) | | |
| (1) Disputed claims/levies in respect of sales tax: | | |
| - Reversal of input tax credit | 9.22 | 7.32 |
| - Provisional Assessment | 0.46 | 0.46 |
| | 9.68 | 7.78 |
| (2) Disputed claims/levies in respect of excise duty: | | |
| - Availability of input credit | 0.63 | 6.32 |
| - Reversal of input tax credit | 1.64 | 1.64 |
| - Excise demand on excess / shortages | 6.66 | 5.63 |
| | 8.93 | 13.59 |
| (3) Disputed claims/levies in respect of service tax: | | |
| - Availability of input credit | 1.33 | 0.99 |
| (4) Disputed claims/levies in respect of income tax (see note (ii) below) | 3.70 | 3.70 |
| (5) Contribution to provident fund under the Employees Provident Fund & Miscellaneous provisions Act, 1952 (see note (ii) below) | | |
| Total | 23.64 | 26.06 |

(i) During the year, the Company has discounted the sales bill from the banks for ₹13.99 crore (March 31, 2018 ₹10.61 crore).

(ii) Based upon the legal opinion obtained by the management, there are various interpretation issues and thus management is in the process of evaluating the impact of the recent Supreme Court Judgement in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purpose of determining contribution to provident fund under the Employees Provident Fund & Miscellaneous provisions Act, 1952.

(iii) The management based on the advise of the legal experts believe that there are fair chances of succeeding before relevant jurisdiction in above cases. Accordingly, no adjustments are considered necessary in these standalone financial statements.

(b) Commitments

(1) Estimated amount of contracts remaining to be executed on capital account and not provided for

| | | |
|------------------------------------|-------|-------|
| (i) Property, plant and equipments | 43.19 | 40.43 |
|------------------------------------|-------|-------|

(2) The Company has obtained advance licenses under the Duty Exemption Scheme for importing input materials without payment of 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 ₹17.86 crore (March 31, 2018 ₹64.06 crore) against which the Company has saved a duty of ₹2.07 crore (March 31, 2018 ₹7.16 crore).

(3) The Company has obtained EPCG (Export Promotion Capital Goods Scheme) licenses for importing the capital goods without payment of basic custom duty against submission of bonds.

The export obligation is to be fulfilled within a period of 6 years from the date of issuance of license. Under this scheme the Company has to achieve FOB value of exports which will be 6 times of duty saved. Accordingly the Company is required to export of FOB value of ₹126.76 crore (March 31, 2018 ₹149.49 crore) against which the Company has saved a duty of ₹21.13 crore (March 31, 2018 ₹24.91 crore).

(4) The Company has entered in Power Supply Agreement with a Vendor. As per agreement, the Company is required to draw an 'Annual Contracted Quantity' of 55 Lakhs KWH for a period of 5 years having estimated power purchase price of ₹3.08 crore (March 31, 2018 : ₹3.08 crore).

Notes to the standalone financial statements

(5) The Company has given corporate guarantees on behalf of its two subsidiaries i.e. Apollo Metalex Private Limited and Shri Lakshmi Metal Udyog Limited for loans and credit facilities taken by them from banks and financial institutions. The loan outstanding as at March 31, 2019 of Apollo Metalex Private Limited is ₹109.88 crore (March 31, 2018 ₹32.66 crore) and Shri Lakshmi Metal Udyog Limited is ₹16.33 crore (March 31, 2018 ₹4.37 crore).

(6) 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 other long term commitments or material non-cancellable contractual commitments /contracts, including derivative contracts for which there were any material foreseeable losses.

(c) Operating lease commitments - as lessee

The Company has entered into operating leases on office premises. These leases have an average life of between one to three years. The Company has recognised the lease expense during the year amounts to ₹8.09 crore (March 31, 2018 : ₹5.67 crore).

Future minimum rentals payable under non-cancellable operating leases as at March 31, 2019 are as follows : (₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Not later than one year | 0.58 | - |
| Later than one year but not later than five years | 0.63 | - |
| Later than five years | - | - |
| Total | 1.21 | - |

(d) There has been no delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

38 Employee benefit obligations

(₹ in crore)

| Particulars | As at March 31, 2019 | | |
|---|----------------------|-------------|-------------|
| | Current | Non-current | Total |
| Gratuity | | | |
| Present value of obligation | 0.33 | 5.73 | 6.06 |
| Total employee benefit obligations | 0.33 | 5.73 | 6.06 |

(₹ in crore)

| Particulars | As at March 31, 2018 | | |
|---|----------------------|-------------|-------------|
| | Current | Non-current | Total |
| Gratuity | | | |
| Present value of obligation | 0.15 | 4.89 | 5.04 |
| Total employee benefit obligations | 0.15 | 4.89 | 5.04 |

(a) Defined benefit plans

a) Gratuity

The Company has an unfunded defined benefit gratuity plan. The gratuity scheme provides for lump sum payment to vested employees at retirement/death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months subject to a limit of ₹0.20 crore (March 31, 2018 ₹0.20 crore). Vesting occurs upon completion of 5 years of service.

(b) Defined contribution plans

The Company makes Provident Fund contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹2.20 crore (Year ended March 31, 2018 ₹2.00 crore) for Provident Fund contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Notes to the standalone financial statements

(c) Movement of defined benefit obligation:

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

(₹ in crore)

| Particulars | Gratuity |
|--|---------------|
| Opening balance as at April 1, 2017 | 5.24 |
| Current service cost | 0.76 |
| Interest expense/(income) | 0.42 |
| Total amount recognised in profit or loss | 1.18 |
| Remeasurements | |
| effect of change in financial assumptions | (0.31) |
| effect of experience adjustments | (0.62) |
| Total amount recognised in other comprehensive income | (0.93) |
| Employer contributions : Benefit payments | (0.45) |
| Balance as at March 31, 2018 | 5.04 |
| Balance as at March 31, 2018 | 5.04 |
| Current service cost | 0.88 |
| Interest expense/(income) | 0.39 |
| Total amount recognised in profit or loss | 1.27 |

(₹ in crore)

| Particulars | Gratuity |
|--|-------------|
| Remeasurements | |
| effect of change in financial assumptions | |
| effect of experience adjustments | 0.21 |
| Total amount recognised in other comprehensive income | 0.21 |
| Employer contributions : Benefit payments | (0.46) |
| Balance as at March 31, 2019 | 6.06 |

(d) Post-Employment benefits

The significant actuarial assumptions were as follows:

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------------|---|---|
| Discount rate | 7.82% | 7.86% |
| Salary growth rate | 8.00% | 8.00% |
| Expected Return on Assets | - | - |
| Retirement age | 60 Years | 60 Years |
| Mortality | Indian Assured Lives Mortality 2006-08 | Indian Assured Lives Mortality 2006-08 |
| Attrition Rate | | |
| 18 to 30 years | 3.00% | 3.00% |
| 30 to 45 years | 2.00% | 2.00% |
| Above 45 years | 1.00% | 1.00% |

Notes to the standalone financial statements

Notes :

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

(e) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is : (₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-------------------------------------|------------------------------|------------------------------|
| Gratuity | | |
| Discount rate (increase by 1%) | (0.70) | (0.60) |
| Salary growth rate (increase by 1%) | 0.83 | 0.72 |

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-------------------------------------|------------------------------|------------------------------|
| Gratuity | | |
| Discount rate (decrease by 1%) | 0.84 | 0.73 |
| Salary growth rate (decrease by 1%) | (0.70) | (0.61) |

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

(f) Risk exposure

The defined benefit obligations have the undermentioned risk exposures :

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

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

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

(g) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 17.44 years. The expected maturity analysis of undiscounted gratuity is as follows:

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------|------------------------------|------------------------------|
| Less than a year | 0.33 | 0.15 |
| Between 1 - 2 years | 0.14 | 0.19 |
| Between 2 - 3 years | 0.40 | - |
| Between 3 - 4 years | 0.31 | 0.40 |
| Between 4 - 5 years | 0.51 | 0.38 |
| Beyond 5 years | 5.21 | 4.62 |
| Total | 6.90 | 5.74 |

Notes to the standalone financial statements

39 Share Based Payments

(a) Employee Share Option Plan :

- (i) The ESOS scheme titled "Employee Stock Option Scheme 2015" (ESOS 2015) was approved by the shareholders through postal ballot on July 27, 2015 and December 22, 2015. 7,50,000 options are covered under the Scheme for 750,000 Equity shares.
- (ii) During the financial year 2015-16, the Nomination and Remuneration Committee in its meeting held on July 28, 2015 has granted 724,000 options respectively under the ESOS to eligible employees of the Company and its subsidiaries. Each option comprises one underlying equity share. The options granted vest over a period of 4 years from the date of the grant in equal proportion of 25% each year. Options may be exercised within 4 years. The exercise price of each option is the market price of the shares on the stock exchange with the highest trading volume, one day before the date of grant of options. The exercise price has been determined at ₹452.60 per share.
- (iii) During the financial year 2016-17, the Nomination and Remuneration Committee in its meeting held on January 28, 2017 has granted 45,000 options under the ESOS to eligible employees of the Company and its subsidiaries. Each option comprises one underlying equity share. The options granted vest over a period of 4 years from the date of the grant in equal proportion of 25% each year. Options may be exercised within 4 years. The exercise price of each option is the market price of the shares on the stock exchange with the highest trading volume, one day before the date of grant of options. The exercise price has been determined at ₹1,028.80 per share.
- (iv) During the financial year 2017-18, Nomination and Remuneration Committee in its meeting held on September 9, 2017 and February 5, 2018 has granted 96,000 and 70,000 options respectively, under the ESOS to eligible employees of the Company and its subsidiaries. Each option comprises one underlying equity share. The options granted vest over a period of 4 years from the date of the grant in equal proportion of 25% each year. Options may be exercised within 4 years. The exercise price of each option is the market price of the shares on the stock exchange with the highest trading volume, one day before the date of grant of options. The exercise price has been determined at ₹1,633.05 and ₹2,124.10 respectively per share.

(b) The following share based payment arrangements were in existence during the current and prior years:

| Number of options granted | Grant Date | Expiry Date | Exercise Price | Fair Value at grant date |
|---------------------------|-------------------|------------------|----------------|--------------------------|
| 7,24,000 | July 28, 2015 | January 26, 2020 | 452.60 | 168.88 |
| 46,000 | January 28, 2017 | July 29, 2021 | 1,028.80 | 354.56 |
| 96,000 | September 9, 2017 | October 3, 2022 | 1,633.05 | 602.36 |
| 70,000 | February 5, 2018 | August 6, 2022 | 2,124.10 | 751.33 |

(c) Fair value option granted

The weighted average fair value of the share options granted during the current financial year is Nil (March 31, 2018 : ₹665.18). Options were priced using Black Scholes Model. No option granted during the year. Option granted during previous year are as follows:

| | Grant on September 9, 2017 | Grant on February 5, 2018 |
|-------------------------|----------------------------|---------------------------|
| Grant date share price | 1,634.00 | 2,085.35 |
| Exercise Price | 1,633.05 | 2,124.10 |
| Expected volatility | 37.9%-41.29% | 36.87%-40.04% |
| Option Life | 3-4.5 | 3-4.5 |
| Dividend yield | 0.73% | 0.85% |
| Risk-free Interest Rate | 6.39%-6.52% | 7.18%-7.45% |

(d) Movement in share option during the year

The following reconciles the share options outstanding at the beginning and end of the year:

Notes to the standalone financial statements

| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|--|---------------------------|---------------------------------|---------------------------|---------------------------------|
| | Number of options | Weighted Average Exercise Price | Number of options | Weighted Average Exercise Price |
| Balance at the beginning of the year | 447,250# | 987.05 | 521,889 | 502.28 |
| Granted during the year | - | - | 166,000 | 1,840.12 |
| Vested during the year | 161,949\$ | 799.23 | 141,625* | 484.64 |
| Lapsed during the year | 53,551 | - | 100,789 | - |
| Forfeited during the year | - | - | - | - |
| Exercised during the year | 120,576 | 469.33 | 139,850 | 452.60 |
| Expired during the year | - | - | - | - |
| Options outstanding at the end of the year | 273,123\$ | 1,207.72 | 447,250# | 987.05 |
| Options available for grant | 65,132 | - | 11,581 | - |

* As at March 31, 2018, 7,875 options were due for vesting but not vested in previous year. During the current year, out of these 7,875 options, 3,750 options were lapsed and remaining 4,125 options were vested.

As at March 31, 2018, 7,875 options were due for vesting and 1,250 options were vested but not exercised in previous year. During the current year, out of these 1,250 options, 500 options were lapsed and remaining 750 options are still not exercised.

\$ As at March 31, 2019, 42,123 options were vested but not exercised.

(e) Share option exercised during the year

| | Number exercised/allotted | Exercise/Allotment date | Share Price at exercise/allotment date |
|-----------------------------|---------------------------|-------------------------|--|
| | | | ₹ |
| Granted on July 28, 2015 | 19,526 | February 21, 2019 | 1,138.45 |
| Granted on July 28, 2015 | 97,550 | March 30, 2019 | 1,439.70 |
| Granted on January 28, 2017 | 3,500 | March 30, 2019 | 1,439.70 |

(f) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions, i.e., employee share option plan during the year recognised in profit or loss as part of employee benefit expense is ₹3.16 crore (net of amount cross charged to subsidiaries) (March 31, 2018 ₹2.68 crore).

(g) No option expired during the year.

40 Related party transaction :

(a) Details of related parties :

| | Name of related parties |
|---|--|
| (i) Subsidiaries | Apollo Metalex Private Limited Shri Lakshmi Metal Udyog Limited Blue Ocean Projects Private Limited |
| (ii) Key Management Personnel (KMP) (with whom transactions have taken place during the year) | Mr. Sanjay Gupta (Chairman) Mr. Ashok Kumar Gupta (Managing Director) Mr. Romi Sehgal (Director) Mr. Deepak Goyal (Chief Financial Officer) Mr. Adhish Swaroop (Company Secretary) |
| (iii) Relative of KMP (with whom transactions have taken place during the year) | Mrs. Saroj Rani Gupta (Mother of Mr. Sanjay Gupta) Mrs. Neera Gupta (Wife of Mr. Sanjay Gupta) Mrs. Vandana Gupta (Wife of Mr. Vinay Gupta) Mr. Rahul Gupta (Son of Mr. Sanjay Gupta) Mrs. Veera Gupta (Wife of Mr. Ashok Kumar Gupta) |
| (iv) Enterprises significantly influenced by KMP and their relatives (with whom transactions have taken place during the year) | APL Infrastructure Private Limited Apollo Pipes Limited Apollo Tricoat Tubes Limited (w.e.f. March 15, 2018) (Erstwhile Best Steel Logistics Limited) |

Notes to the standalone financial statements

(₹ in crore)

| Particulars | Subsidiaries | Key Management Personnel (KMP) | Relatives of KMP | Enterprises significantly influenced by KMP and their relatives | Total |
|--|-----------------|--------------------------------|------------------|---|-----------------|
| (b) Transactions during the year | | | | | |
| Sale of products | | | | | |
| Apollo Metalex Private Limited | 46.03 | - | - | - | 46.03 |
| | (135.42) | (-) | (-) | (-) | (135.42) |
| Shri Lakshmi Metal Udyog Limited | 34.75 | - | - | - | 34.75 |
| | (45.14) | (-) | (-) | (-) | (45.14) |
| Apollo Pipes Limited | - | - | - | 0.80 | 0.80 |
| | (-) | (-) | (-) | (2.36) | (2.36) |
| Apollo Tricoat Tubes Limited | - | - | - | 10.82 | 10.82 |
| | (-) | (-) | (-) | (0.08) | (0.08) |
| | 80.78 | - | - | 11.62 | 92.40 |
| | (180.56) | (-) | (-) | (2.44) | (183.00) |
| Sale of scrap (other operating revenue) | | | | | |
| Apollo Metalex Private Limited | 0.12 | - | - | - | 0.12 |
| | (0.36) | (-) | (-) | (-) | (0.36) |
| Shri Lakshmi Metal Udyog Limited | 0.06 | - | - | - | 0.06 |
| | (-) | (-) | (-) | (-) | (-) |
| Apollo Tricoat Tubes Limited | - | - | - | 0.16 | 0.16 |
| | (-) | (-) | (-) | (-) | (-) |
| Apollo Pipes Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (0.02) | (0.02) |
| | 0.18 | - | - | 0.16 | 0.34 |
| | (0.36) | (-) | (-) | (0.02) | (0.38) |
| Sale of property, plant and equipments | | | | | |
| Apollo Metalex Private Limited | 0.14 | - | - | - | 0.14 |
| | (3.27) | (-) | (-) | (-) | (3.27) |
| Shri Lakshmi Metal Udyog Limited | 0.07 | - | - | - | 0.07 |
| | (0.21) | (-) | (-) | (-) | (0.21) |
| Apollo Tricoat Tubes Limited | - | - | - | 5.20 | 5.20 |
| | (-) | (-) | (-) | (-) | (-) |
| | 0.21 | - | - | 5.20 | 5.41 |
| | (3.48) | (-) | (-) | (-) | (3.48) |
| Sale of licenses | | | | | |
| Apollo Pipes Limited | - | - | - | 0.73 | 0.73 |
| | (-) | (-) | (-) | (2.09) | (2.09) |
| | - | - | - | 0.73 | 0.73 |
| | (-) | (-) | (-) | (2.09) | (2.09) |
| Purchase of stores and spares | | | | | |
| Apollo Metalex Private Limited | - | - | - | - | - |
| | (0.16) | (-) | (-) | (-) | (0.16) |
| Apollo Pipes Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (1.01) | (1.01) |
| | - | - | - | - | - |
| | (0.16) | (-) | (-) | (1.01) | (1.17) |

Notes to the standalone financial statements

(₹ in crore)

| Particulars | Subsidiaries | Key Management Personnel (KMP) | Relatives of KMP | Enterprises significantly influenced by KMP and their relatives | Total |
|---|-----------------|--------------------------------|------------------|---|-----------------|
| Purchase of property, plant and equipments | | | | | |
| Apollo Metalex Private Limited | 0.49 | - | - | - | 0.49 |
| | (-) | (-) | (-) | (-) | (-) |
| | 0.49 | - | - | - | 0.49 |
| | (-) | (-) | (-) | (-) | (-) |
| Purchase of stock-in-trade | | | | | |
| Apollo Metalex Private Limited | 255.52 | - | - | - | 255.52 |
| | (235.72) | (-) | (-) | (-) | (235.72) |
| Shri Lakshmi Metal Udyog Limited | 43.87 | - | - | - | 43.87 |
| | (62.23) | (-) | (-) | (-) | (62.23) |
| Apollo Tricoat Tubes Limited | - | - | - | 2.52 | 2.52 |
| | (-) | (-) | (-) | (-) | (-) |
| | 299.39 | - | - | 2.52 | 301.91 |
| | (297.95) | (-) | (-) | (-) | (297.95) |
| Purchase of Raw Material | | | | | |
| Apollo Metalex Private Limited | 50.41 | - | - | - | 50.41 |
| | (47.96) | (-) | (-) | (-) | (47.96) |
| Shri Lakshmi Metal Udyog Limited | 270.84 | - | - | - | 270.84 |
| | (143.47) | (-) | (-) | (-) | (143.47) |
| Apollo Pipes Limited | - | - | - | 2.86 | 2.86 |
| | (-) | (-) | (-) | (1.65) | (1.65) |
| | 321.25 | - | - | 2.86 | 324.11 |
| | (191.43) | (-) | (-) | (1.65) | (193.08) |
| Purchase of scrap | | | | | |
| Apollo Metalex Private Limited | 13.24 | - | - | - | 13.24 |
| | (9.19) | (-) | (-) | (-) | (9.19) |
| Shri Lakshmi Metal Udyog Limited | 4.39 | - | - | - | 4.39 |
| | (3.62) | (-) | (-) | (-) | (3.62) |
| Apollo Tricoat Tubes Limited | - | - | - | 0.31 | 0.31 |
| | (-) | (-) | (-) | (-) | (-) |
| | 17.63 | - | - | 0.31 | 17.94 |
| | (12.81) | (-) | (-) | (-) | (12.81) |
| Rent paid | | | | | |
| APL Infrastructure Private Limited | - | - | - | 0.13 | 0.13 |
| | (-) | (-) | (-) | (0.15) | (0.15) |
| Apollo Tricoat Tubes Limited | - | - | - | 2.16 | 2.16 |
| | (-) | (-) | (-) | (0.54) | (0.54) |
| Mrs. Neera Gupta | - | - | 0.02 | - | 0.02 |
| | (-) | (-) | (0.02) | (-) | (0.02) |
| Mrs. Vandana Gupta | - | - | 0.02 | - | 0.02 |
| | (-) | (-) | (0.02) | (-) | (0.02) |
| | - | - | 0.04 | 2.29 | 2.33 |
| | (-) | (-) | (0.04) | (0.69) | (0.73) |

Notes to the standalone financial statements

| Particulars | Subsidiaries | Key Management Personnel (KMP) | Relatives of KMP | Enterprises significantly influenced by KMP and their relatives | Total |
|--|---------------|--------------------------------|------------------|---|---------------|
| Commission received | | | | | |
| Apollo Metalex Private Limited | - | - | - | - | - |
| | (0.52) | (-) | (-) | (-) | (0.52) |
| Shri Lakshmi Metal Udyog Limited | - | - | - | - | - |
| | (0.25) | (-) | (-) | (-) | (0.25) |
| | - | - | - | - | - |
| | (0.77) | (-) | (-) | (-) | (0.77) |
| Interest income | | | | | |
| Shri Lakshmi Metal Udyog Limited | 0.68 | - | - | - | 0.68 |
| | (-) | (-) | (-) | (-) | (-) |
| Blue Ocean Projects Private Limited | 0.03 | - | - | - | 0.03 |
| | (0.01) | (-) | (-) | (-) | (0.01) |
| | 0.71 | - | - | - | 0.71 |
| | (0.01) | (-) | (-) | (-) | (0.01) |
| Job work income | | | | | |
| Apollo Metalex Private Limited | - | - | - | - | - |
| | (0.17) | (-) | (-) | (-) | (0.17) |
| | - | - | - | - | - |
| | (0.17) | (-) | (-) | (-) | (0.17) |
| Job work charges | | | | | |
| Apollo Metalex Private Limited | - | - | - | - | - |
| | (0.25) | (-) | (-) | (-) | (0.25) |
| | - | - | - | - | - |
| | (0.25) | (-) | (-) | (-) | (0.25) |
| Freight outward | | | | | |
| APL Infrastructure Private Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (0.05) | (0.05) |
| Apollo Metalex Private Limited | - | - | - | - | - |
| | (0.09) | (-) | (-) | (-) | (0.09) |
| | - | - | - | - | - |
| | (0.09) | (-) | (-) | (0.05) | (0.14) |
| Allocation of common expenses | | | | | |
| (a) Employee benefit expenses: | | | | | |
| Apollo Metalex Private Limited | 2.93 | - | - | - | 2.93 |
| | (1.90) | (-) | (-) | (-) | (1.90) |
| Shri Lakshmi Metal Udyog Limited | 1.70 | - | - | - | 1.70 |
| | (1.52) | (-) | (-) | (-) | (1.52) |
| | 4.63 | - | - | - | 4.63 |
| | (3.42) | (-) | (-) | (-) | (3.42) |
| (b) Expenses incurred by Company on behalf of | | | | | |
| Apollo Metalex Private Limited | 3.36 | - | - | - | 3.36 |
| | (2.09) | (-) | (-) | (-) | (2.09) |
| Shri Lakshmi Metal Udyog Limited | 2.45 | - | - | - | 2.45 |
| | (0.10) | (-) | (-) | (-) | (0.10) |
| | 5.81 | - | - | - | 5.81 |
| | (2.19) | (-) | (-) | (-) | (2.19) |

Notes to the standalone financial statements

| Particulars | Subsidiaries | Key Management Personnel (KMP) | Relatives of KMP | Enterprises significantly influenced by KMP and their relatives | Total |
|--|----------------|--------------------------------|------------------|---|----------------|
| (c) Share based expense incurred by Company on behalf of | | | | | |
| Apollo Metalex Private Limited | 0.27 | - | - | - | 0.27 |
| | (0.58) | (-) | (-) | (-) | (0.58) |
| Shri Lakshmi Metal Udyog Limited | 0.12 | - | - | - | 0.12 |
| | (0.40) | (-) | (-) | (-) | (0.40) |
| | 0.39 | - | - | - | 0.39 |
| | (0.98) | (-) | (-) | (-) | (0.98) |
| Salary | | | | | |
| Mr. Sanjay Gupta | - | 3.50 | - | - | 3.50 |
| | (-) | (3.00) | (-) | (-) | (3.00) |
| Mr. Ashok Kumar Gupta | - | 3.54 | - | - | 3.54 |
| | (-) | (-) | (-) | (-) | (-) |
| Mr. Romi Sehgal | - | 0.17 | - | - | 0.17 |
| | (-) | (0.82) | (-) | (-) | (0.82) |
| Mr. Deepak Goyal | - | 1.10 | - | - | 1.10 |
| | (-) | (1.20) | (-) | (-) | (1.20) |
| Mr. Adhish Swaroop | - | 0.29 | - | - | 0.29 |
| | (-) | (0.27) | (-) | (-) | (0.27) |
| Mr. Rahul Gupta | - | - | 0.02 | - | 0.02 |
| | (-) | (-) | (0.30) | (-) | (0.30) |
| | - | 8.60 | 0.02 | - | 8.62 |
| | (-) | (5.29) | (0.30) | (-) | (5.59) |
| Dividend received | | | | | |
| Shri Lakshmi Metal Udyog Limited | 33.01 | - | - | - | 33.01 |
| | (28.30) | (-) | (-) | (-) | (28.30) |
| | 33.01 | - | - | - | 33.01 |
| | (28.30) | (-) | (-) | (-) | (28.30) |
| Dividend paid | | | | | |
| APL Infrastructure Private Limited | - | - | - | 11.24 | 11.24 |
| | (-) | (-) | (-) | (9.63) | (9.63) |
| Mr. Romi Sehgal | - | 0.02 | - | - | 0.02 |
| | (-) | (0.01) | - | (-) | (0.01) |
| Mr. Deepak Goyal | - | 0.01 | - | - | 0.01 |
| | (-) | (-) | - | (-) | (-) |
| Mrs. Veera Gupta | - | - | 1.05 | - | 1.05 |
| | (-) | (-) | (0.90) | (-) | (0.90) |
| Mr. Ashok Kumar Gupta | - | 0.09 | - | - | 0.09 |
| | (-) | (0.08) | (-) | (-) | (0.08) |
| | - | 0.12 | 1.05 | 11.24 | 12.41 |
| | (-) | (0.09) | (0.90) | (9.63) | (10.62) |
| Advance given for purchase of raw material and traded goods | | | | | |
| Shri Lakshmi Metal Udyog Limited | 160.00 | - | - | - | 160.00 |
| | (-) | (-) | (-) | (-) | (-) |
| Blue Ocean Projects Private Limited | 0.75 | - | - | - | 0.75 |
| | (0.29) | (-) | (-) | (-) | (0.29) |
| | 160.75 | - | - | - | 160.75 |
| | (0.29) | (-) | (-) | (-) | (0.29) |

Notes to the standalone financial statements

| Particulars | Subsidiaries | Key Management Personnel (KMP) | Relatives of KMP | Enterprises significantly influenced by KMP and their relatives | Total |
|--|---------------|--------------------------------|------------------|---|-----------------|
| Advance recovered / received back | | | | | |
| Shri Lakshmi Metal Udyog Limited | 118.91 | - | - | - | 118.91 |
| | (-) | (-) | (-) | (-) | (-) |
| | 118.91 | - | - | - | 118.91 |
| | (-) | (-) | (-) | (-) | (-) |
| Advances received for supply of raw materials | | | | | |
| Apollo Tricoat Tubes Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (50.80) | (50.80) |
| APL Infrastructure Private Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (59.00) | (59.00) |
| | - | - | - | - | - |
| | (-) | (-) | (-) | (109.80) | (109.80) |
| Refund of advances received for supply of raw materials | | | | | |
| Apollo Tricoat Tubes Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (50.80) | (50.80) |
| APL Infrastructure Private Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (59.00) | (59.00) |
| | - | - | - | - | - |
| | (-) | (-) | (-) | (109.80) | (109.80) |
| (c) Balances outstanding at the end of the year | | | | | |
| Trade receivables | | | | | |
| Shri Lakshmi Metal Udyog Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| Apollo Pipes Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (0.23) | (0.23) |
| | - | - | - | - | - |
| | (-) | (-) | (-) | (0.23) | (0.23) |
| Claim Receivable | | | | | |
| Apollo Metalex Private Limited | 2.33 | - | - | - | 2.33 |
| | (1.82) | (-) | (-) | (-) | (1.82) |
| Shri Lakshmi Metal Udyog Limited | 1.63 | - | - | - | 1.63 |
| | (1.03) | (-) | (-) | (-) | (1.03) |
| | 3.96 | - | - | - | 3.96 |
| | (2.85) | (-) | (-) | (-) | (2.85) |
| Expenses payable | | | | | |
| Mr. Lakshmi Metal Udyog Private Limited | - | - | - | - | - |
| | (0.80) | (-) | (-) | (-) | (0.80) |
| | - | - | - | - | - |
| | (0.80) | (-) | (-) | (-) | (0.80) |

Notes to the standalone financial statements

| Particulars | Subsidiaries | Key Management Personnel (KMP) | Relatives of KMP | Enterprises significantly influenced by KMP and their relatives | Total |
|---|---------------|--------------------------------|------------------|---|----------------|
| Security deposits given | | | | | |
| Mrs. Neera Gupta | - | - | 3.00 | - | 3.00 |
| | (-) | (-) | (3.00) | (-) | (3.00) |
| Mrs. Vandana Gupta | - | - | 3.00 | - | 3.00 |
| | (-) | (-) | (3.00) | (-) | (3.00) |
| Mrs. Meenakshi Gupta | - | - | 3.00 | - | 3.00 |
| | (-) | (-) | (3.00) | (-) | (3.00) |
| APL Infrastructure Private Limited | - | - | - | 5.00 | 5.00 |
| | (-) | (-) | (-) | (5.00) | (5.00) |
| | - | - | 9.00 | 5.00 | 14.00 |
| | (-) | (-) | (9.00) | (5.00) | (14.00) |
| Interest receivable | | | | | |
| Shri Lakshmi Metal Udyog Limited | 0.68 | - | - | - | 0.68 |
| | (-) | (-) | (-) | (-) | (-) |
| Blue Ocean Projects Private Limited | 0.01 | - | - | - | 0.01 |
| | (0.01) | (-) | (-) | (-) | (0.01) |
| | 0.69 | - | - | - | 0.69 |
| | (0.01) | (-) | (-) | (-) | (0.01) |
| Advance recoverable | | | | | |
| Shri Lakshmi Metal Udyog Limited | 41.09 | - | - | - | 41.09 |
| | (-) | (-) | (-) | (-) | (-) |
| Blue Ocean Projects Private Limited | 0.75 | - | - | - | 0.75 |
| | (0.29) | (-) | (-) | (-) | (0.29) |
| | 41.84 | - | - | - | 41.84 |
| | (0.29) | (-) | (-) | (-) | (0.29) |
| Trade payables | | | | | |
| Apollo Metalex Private Limited | 48.38 | - | - | - | 48.38 |
| | (-) | (-) | (-) | (-) | (-) |
| APL Infrastructure Private Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (0.05) | (0.05) |
| Apollo Pipes Limited | - | - | - | 0.16 | 0.16 |
| | (-) | (-) | (-) | (-) | (-) |
| Apollo Tricoat Tubes Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (0.58) | (0.58) |
| Mr. Ashok Kumar Gupta (net of advances recoverable) | - | 1.13 | - | - | 1.13 |
| | (-) | (-) | (-) | (-) | (-) |
| Mrs. Neera Gupta | - | - | - | - | - |
| | (-) | (-) | (0.01) | (-) | (0.01) |
| Mrs. Vandana Gupta | - | - | - | - | - |
| | (-) | (-) | (0.01) | (-) | (0.01) |
| Mr. Deepak Goyal (net of advances recoverable) | - | 0.01 | - | - | 0.01 |
| | (-) | (0.01) | (-) | (-) | (0.01) |
| Mr. Adhish Swaroop (net of advances recoverable) | - | 0.01 | - | - | 0.01 |
| | (-) | (0.01) | (-) | (-) | (0.01) |
| Mr. Rahul Gupta | - | - | - | - | - |
| | (-) | (-) | (0.05) | (-) | (0.05) |
| | 48.38 | 1.15 | - | 0.16 | 49.69 |
| | (-) | (0.02) | (0.07) | (0.63) | (0.72) |

Notes :

- (1) Figures in the bracket relates to previous year ended March 31, 2018.
- (2) Amount of expense of gratuity and compensated absences is taken on actuarial basis.
- (3) The term loan and other credit facilities of the Company are also secured by personal guarantee of directors of the Company, Mr. Sanjay Gupta and Mr. Vinay Gupta.

Notes to the standalone financial statements

41 Income tax expense

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

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Profit before tax as per standalone statement of profit and loss | 175.35 | 155.95 |
| Income tax expenses calculated as per tax rates of Income tax act of 34.944% (March 31, 2018 : 34.608%) | 61.27 | 53.97 |
| (i) Income exempt from tax / items not deductible | (12.31) | (9.63) |
| (ii) Tax on income at different rates | - | (1.08) |
| Tax expense as reported | 48.96 | 43.26 |

42 Fair value measurements

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2019 and March 31, 2018 :-

(₹ in crore)

| Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | |
|--|----------------------|-------------|-----------------|----------------------|-------------|-----------------|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| Financial assets - Non Current | | | | | | |
| Investments | | | | | | |
| - Other investments | - | 1.17 | - | - | 1.11 | - |
| Loans to others | - | - | 0.50 | - | - | - |
| Security deposit | - | - | 17.09 | - | - | 15.94 |
| Claim receivable | - | - | 0.71 | - | - | 1.12 |
| Others | - | - | 0.84 | - | - | 0.84 |
| Financial assets - Current | | | | | | |
| Loans to employees | - | - | 0.79 | - | - | 0.86 |
| Claim receivable | - | - | 3.96 | - | - | 2.52 |
| Government grants | - | - | 2.79 | - | - | 2.26 |
| Trade receivables | - | - | 421.61 | - | - | 339.02 |
| Cash and cash equivalents | - | - | 24.28 | - | - | 0.99 |
| Bank balances other than cash and cash equivalents | - | - | 0.50 | - | - | 0.18 |
| Others | - | - | 1.45 | - | - | 0.77 |
| Total financial assets | - | 1.17 | 474.52 | - | 1.11 | 364.50 |
| Financial liabilities - Non Current | | | | | | |
| Borrowings | - | - | 139.93 | - | - | 75.00 |
| Deferred payment | - | - | 0.65 | - | - | 0.59 |
| Financial liabilities - Current | | | | | | |
| Borrowings | - | - | 591.98 | - | - | 662.81 |
| Interest accrued but not due on borrowings | - | - | 18.98 | - | - | 9.48 |
| Security deposit | - | - | 1.10 | - | - | 1.50 |
| Derivative liabilities | 0.83 | - | - | 0.67 | - | - |
| Trade payables | - | - | 631.98 | - | - | 363.68 |
| Others | - | - | 0.43 | - | - | 0.26 |
| Total financial liabilities | 0.83 | - | 1,385.05 | 0.67 | - | 1,113.32 |

Notes to the standalone financial statements

(a) Financial assets and liabilities measured at fair value - recurring fair value measurements :

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Financial Liabilities | | |
| - Liability for foreign currency forward contracts | 0.83 | 0.67 |
| Total financial liabilities | 0.83 | 0.67 |

Fair value of forward contracts determined by reference to quote from financial institution.

(b) Fair value hierarchy

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

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

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

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

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

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

(d) Valuation inputs and relationships to fair value- Assets classified as held for sale / investment property (Level 3)

| Particulars | Fair Value as at March 31, 2019 | Fair Value as at March 31, 2018 |
|---|---------------------------------|---------------------------------|
| Assets classified as held for sale | 12.09 | - |
| Investment property | - | 11.48 |

(i) The fair value was derived using the market comparable approach based on recent market prices carried out by an independent valuer without any significant adjustments being made to the market observable data.

(ii) There were no significant inter-relationships between unobservable inputs that materially affect fair values.

43 Financial risk management objectives

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

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

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

(a) Market risk

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

Notes to the standalone financial statements

(i) Foreign currency risk

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

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

Details of derivative instruments and unhedged foreign currency exposure :-

(1) The position of foreign currency exposure to the Company as at the end of the year are as follows :-

| Forward contract outstanding | Buy/Sell | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------------|----------|----------------------|----------------------|
| In USD | Buy | - | 2,08,32,327 |
| Equivalent amount in ₹ in crore | Buy | - | 135.50 |
| In EURO | Buy | - | 60,72,382 |
| Equivalent amount in ₹ in crore | Buy | - | 48.96 |
| In USD | Sell | 53,88,113 | 60,00,000 |
| Equivalent amount in ₹ in crore | Sell | 37.26 | 39.03 |
| In EURO | Sell | 10,65,000 | 5,00,000 |
| Equivalent amount in ₹ in crore | Sell | 8.26 | 4.03 |

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

| Currency | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Payables: | | |
| USD | | |
| Equivalent amount in ₹ in crore | 1,85,97,357 | - |
| EURO | 128.60 | - |
| Equivalent amount in ₹ in crore | 3,82,821 | - |
| | 2.97 | - |
| Advance paid to vendors: | | |
| EURO | | |
| Equivalent amount in ₹ in crore | 5,29,904 | 19,52,567 |
| | 4.11 | 15.74 |
| Advance Received from Customers: | | |
| USD | | |
| Equivalent amount in ₹ in crore | 1,37,173 | 1,43,866 |
| EURO | 0.95 | 0.94 |
| Equivalent amount in ₹ in crore | 57,033 | 21,603 |
| | 0.44 | 0.17 |

Notes to the standalone financial statements

Sensitivity

If INR is depreciated or appreciated by 2.5% vis-s-a-vis foreign currency, the impact thereof on the profit and loss (after tax) of the Company are given below:

| Particulars | Impact on profit after tax | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| EURO sensitivity | | |
| INR/EURO Increases by 2.5% (March 31, 2018 - 2.5%) | 0.05 | - |
| INR/EURO Decreases by 2.5% (March 31, 2018 - 2.5%) | (0.05) | - |
| USD sensitivity | | |
| INR/USD Increases by 2.5% (March 31, 2018 - 2.5%) | 2.09 | - |
| INR/USD Decreases by 2.5% (March 31, 2018 - 2.5%) | (2.09) | - |

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in ₹ and US dollars with a mix of fixed and floating rates of interest. The Company hedges its US dollar interest rate risk through interest rate swaps to reduce the floating interest rate risk. The Company has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like non-convertible bonds and short term loans. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------|----------------------|----------------------|
| Variable rate borrowings | 351.89 | 514.97 |
| Fixed rate borrowings | 380.02 | 222.84 |
| Total borrowings | 731.91 | 737.81 |

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

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| As at March 31, 2019 | | |
| Bank overdrafts, bank loans, Cash Credit | 351.89 | 48% |
| As at March 31, 2018 | | |
| Bank overdrafts, bank loans, Cash Credit | 514.97 | 70% |

Sensitivity

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

(₹ in crore)

| Particulars | Impact on profit after tax | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Interest rates – increase by 50 basis points (50 bps) | (1.14) | (1.10) |
| Interest rates – decrease by 50 basis points (50 bps) | 1.14 | 1.10 |

Notes to the standalone financial statements

(b) Credit risk

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

Company's trade receivables are generally categories into following categories:

1. Export customers
2. Institutional customers
3. Dealers

In case of export sales, in order to mitigate credit risk, generally sales are made on advance payment terms. Where export sales are not made on advance payment terms, the same are secured through letter of credit or bank guarantee, etc.

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

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

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

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

| Reconciliation of loss allowance provision – Trade receivables | | (₹ in crore) |
|--|--|--------------|
| Opening balance as at April 1, 2017 | | 2.97 |
| Charge in statement of profit and loss | | 1.99 |
| Utilised during the year | | (0.28) |
| Allowance for credit loss on March 31, 2018 | | 4.68 |
| Charge in statement of profit and loss | | 0.70 |
| Utilised during the year | | (0.20) |
| Allowance for credit loss on March 31, 2019 | | 5.18 |

(c) Liquidity risk

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

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

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------|----------------------|----------------------|
| Floating rate | 523.11 | 393.91 |
| Nature of facility | Working Capital | Working Capital |

- (ii) Maturities of financial liabilities

The table below analyses the Company's all non-derivative financial liabilities into relevant maturity based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| Contractual maturities of financial liabilities: | | | | | (₹ in crore) |
|--|-----------------------|-----------------------|--------------------|-----------------|--------------|
| Particulars | Not later than 1 year | Between 1 and 5 years | Later than 5 years | Total | |
| Non-derivatives | | | | | |
| As at March 31, 2019 | | | | | |
| Borrowings | 591.98 | 139.93 | - | 731.91 | |
| Interest accrued but not due on borrowings | 18.98 | - | - | 18.98 | |
| Trade Payables | 631.98 | - | - | 631.98 | |
| Security Deposits | 1.10 | - | - | 1.10 | |
| Deferred payment | - | - | 0.65 | 0.65 | |
| Others | 0.43 | - | - | 0.43 | |
| Total non-derivative liabilities | 1,244.47 | 139.93 | 0.65 | 1,385.05 | |

Notes to the standalone financial statements

(₹ in crore)

| Particulars | Not later than 1 year | Between 1 and 5 years | Later than 5 years | Total |
|--|-----------------------|-----------------------|--------------------|-----------------|
| Non-derivatives | | | | |
| As at March 31, 2018 | | | | |
| Borrowings | 662.81 | 75.00 | - | 737.81 |
| Interest accrued but not due on borrowings | 9.48 | - | - | 9.48 |
| Trade Payables | 363.68 | - | - | 363.68 |
| Security Deposits | 1.50 | - | - | 1.50 |
| Deferred payment | - | - | 0.59 | 0.59 |
| Others | 0.26 | - | - | 0.26 |
| Total non-derivative liabilities | 1,037.73 | 75.00 | 0.59 | 1,113.32 |

44 Reconciliation of liabilities arising from financing activities

(₹ in crore)

| Particulars | Opening balance as at April 1, 2017 | Net Cash flows | Non-cash changes-foreign exchange movement | As at March 31, 2018 |
|--|-------------------------------------|----------------|--|----------------------|
| Non-current borrowings | 97.80 | (22.80) | - | 75.00 |
| Current borrowings | 340.99 | 221.57 | 2.41 | 564.97 |
| Current maturities of non-current borrowings | 19.31 | 78.53 | - | 97.84 |
| Total liabilities from financing activities | 458.10 | 277.30 | 2.41 | 737.81 |

(₹ in crore)

| Particulars | As at March 31, 2018 | Net Cash flows | Non-cash changes-foreign exchange movement | As at March 31, 2019 |
|--|----------------------|----------------|--|----------------------|
| Non-current borrowings | 75.00 | 64.93 | - | 139.93 |
| Current borrowings | 564.97 | (111.75) | (1.33) | 451.89 |
| Current maturities of non-current borrowings | 97.84 | 42.25 | - | 140.09 |
| Total liabilities from financing activities | 737.81 | (4.57) | (1.33) | 731.91 |

45 Subsequent events

- (a) Board of Directors of the Company in their meeting held on November 5, 2018, considered and approved equity infusion on preferential basis into the Company through following transactions, subject to approval of the shareholders and other regulatory approvals :

- Equity infusion of ₹72.00 crore through Preferential Issue of 400,000 Equity Shares at ₹1,800 per equity share.
- Equity infusion of ₹100.00 crore through issue of 500,000 Options attached to Warrants of the Company at ₹2,000 per equity share.

The shareholders approved the aforesaid issuance and allotment vide resolution dated April 4, 2019.

The above transactions would be classified as Related Party Transactions in terms of the provisions of Section 188 of the Companies Act, 2013.

Subsequent to year end, on April 12, 2019, the Company allotted 400,000 Equity shares and 500,000 fully convertible warrants on preferential basis to APL Infrastructure Private Limited, an entity belonging to Promoter category at an issue price of ₹1,800 per share and ₹2,000 per warrant respectively. Pursuant to said allotment of Equity shares, the paid up capital of the Company stands increased from ₹238,503,810 (23,850,381 Equity Shares of ₹10 each) to ₹242,503,810 (24,250,381 Equity Shares of ₹10 each).

- (b) Board of Directors of the Company in their meeting held on April 12, 2019 considered and approved the acquisition of major fixed assets (including land & buildings) of one of the plants, situated in District Telangana, of Taurus Value Steel & Pipes Private Limited for a Consideration of ₹ 70.00 Crores.

Notes to the standalone financial statements

46 Capital management

(a) Risk management

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

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

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

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

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Non current borrowings | 139.93 | 75.00 |
| Current maturities of non current borrowings | 140.09 | 97.84 |
| Current borrowings | 451.89 | 564.97 |
| Less: Cash and cash equivalents | (24.28) | (0.99) |
| Less: Bank balances other than cash and cash equivalents | (0.50) | (0.18) |
| Total Debts | 707.13 | 736.64 |
| Total equity | 1,007.78 | 905.59 |
| Gearing Ratio | 0.70 | 0.81 |

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

(b) Dividends

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Final dividend for the year ended March 31, 2019 of ₹14 (March 31, 2018 – ₹14) (excluding dividend distribution tax) | 33.95 | 33.22 |
| Note : Includes dividend of ₹0.56 crore (Dividend distribution tax of ₹0.12 crore) for preferential issue of share to APL Infrastructure Private Limited as approved by the board of directors in the meeting held on April 12, 2019. Also see note 45(a) for subsequent events. | | |
| Dividends not recognised at the end of the reporting period | 33.95 | 33.22 |
| Dividend distribution tax | 6.98 | 6.76 |

The Board of Directors have recommended a final dividend of Rupees 14 per share for the year ended March 31, 2019 which is subject to the approval of the shareholders in the ensuing annual general meeting.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

RASHIM TANDON

Partner

Membership No. 95540

Place: Ghaziabad

Date: May 18, 2019

For and on behalf of the Board of Directors
of **APL APOLLO TUBES LIMITED**

SANJAY GUPTA

Chairman

DIN: 00233188

DEEPAK GOYAL

Chief Financial Officer

Place: Ghaziabad

Date: May 18, 2019

ASHOK K. GUPTA

Managing Director

DIN: 01722395

ADHISH SWAROOP

Company Secretary

ICSI Membership No. : A16034

VINAY GUPTA

Director

DIN: 00005149

INDEPENDENT AUDITOR'S REPORT

To The Members of
APL APOLLO TUBES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of APL APOLLO TUBES LIMITED (hereinafter referred to as “the Holding Company”) and its subsidiaries, (the Holding Company and its subsidiaries together referred to as “the Group”) which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Consolidated Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of the other auditor on separate financial statements of the subsidiary referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (“Ind AS”) prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended (“Accounting Standards”)], and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| S. No. | Key Audit Matter | Auditor's Response |
|--------|---|---|
| 1 | <p>Information technology environment and internal controls</p> <p>In previous years, we identified and reported that controls over access Information technology (IT) applications and operating systems required improvements.</p> <p>In particular, a system for controlling access rights to IT systems and authorisation levels based on employee profiles represents a key control for limiting the risk of inappropriate changes to applications or underlying data. Access management controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner.</p> <p>Management took various steps to remediate the internal control deficiencies reported by us in prior year. Management has further mitigated this risk by means of alternative manual controls.</p> <p>As part of our examination of internal controls we noted that the control deficiencies were not resolved during initial part of the financial year.</p> | <p>Principal Audit Procedures</p> <p>Our audit procedures which we conducted alongside our IT audit specialists, included:</p> <ul style="list-style-type: none"> We made inquiries of management to understand each significant process and changes along with the IT environment. We walked through the financial processes in order to understand where IT systems were integral to accounting processes along with identification of automated controls; testing the design and operating effectiveness of user access and change management controls of the IT systems relevant for financial reporting; Where required, we tested compensating manual controls or performed alternative procedures to complement the controls based audit approach. |
| 2 | <p>Purchase of property, plant and equipment from specific vendors (Refer note 2(a) to the standalone Ind AS Financial Statements)</p> <p>During the year the Company has incurred capital expenditure aggregating to ₹233.80 crore towards addition to property, plant and equipment. Such additions primarily comprised of tube mills (under the head "plant and machinery") and construction of new factory sheds (under the head "building"). It was noted significant purchases / additions to property, plant and equipment were made from specific vendors.</p> <p>As per management, in such cases, the Company has not obtained multiple quotations considering such assets to be of proprietary, specialised in nature and customized based on Company's needs. Such assets are supplied by specific vendors and based on management past dealings with such vendors.</p> <p>Considering such significant purchases are made from specific vendors we considered such transactions to be key audit matter.</p> | <p>Principal Audit Procedures</p> <p>Our audit procedures included following:</p> <ul style="list-style-type: none"> obtained an understanding of the nature of assets procured and if the assets procured are in line with the business of the Company; inquired from the management on specific use of assets in the manufacturing process, augmentation of product profile among the range of goods manufactured along with rationale for procuring such assets from specific vendors; understood the process and controls for procuring such assets and management justification for identifying specific vendors; tested design and operating effectiveness of management control for such purchases; ensured that such purchases made are approved by Board of Directors considering the specification of property, plant and equipment being procured, criterion for vendor selection and basis of price negotiated; tested transactions on sample basis. |

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiary audited by the other auditor, to the extent it relates to this entity and, in doing so, place reliance on the

work of the other auditor and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary, is traced from their financial statements audited by the other auditor.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of

the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error,

design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which has been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹10.67 crore as at March 31, 2019, total revenues of ₹Nil and net cash inflows amounting to ₹0.09 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on the separate financial statements of the subsidiary referred to in the Other Matters section above we report, to the extent applicable 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 of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditor.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Statement of Consolidated Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, is disqualified as on 31st March, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Holding company, and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies for the reasons stated therein.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group (Refer Note 37(a) of consolidated financial statements)
- ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts. (Refer Note 37(b)(6) of consolidated financial statements)
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India. ((Refer Note 37(d) of consolidated financial statements)

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

(RASHIM TANDON)
(Partner)
(Membership No. 95540)

Place: Ghaziabad
Date: May 18, 2019
RT/AL/2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

In conjunction with our audit of consolidated financial statements of APL APOLLO TUBES LIMITED ("the Company") as of and for the year March 31, 2019, we have audited the internal financial controls over financial reporting of APL APOLLO TUBES LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to "the Group") incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective board of directors of the Holding company and its subsidiary companies, are 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 and the audit evidence obtained by the auditor of the subsidiary company, which are companies incorporated in India, in terms of their report referred to in other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting of the Holding company and its subsidiary companies which are companies incorporated in India.

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 and based on the consideration of the report

of the other auditor referred to in the other matter paragraph below, the Holding Company and its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on “the internal control over financial reporting criteria established by the respective companies 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”.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company is based solely on the corresponding report of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

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

(RASHIM TANDON)
(Partner)
(Membership No. 95540)

Place: Ghaziabad
Date: May 18, 2019
RT/AL/2019

Consolidated Balance Sheet as at March 31, 2019

(₹ in crore)

| Particulars | Notes | As at March 31, 2019 | As at March 31, 2018 |
|---|-------|----------------------|----------------------|
| I. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Property, plant and equipment | 2(a) | 1,007.77 | 848.66 |
| (b) Capital work-in-progress | | 27.46 | 45.95 |
| (c) Investment property | 2(b) | - | 10.91 |
| (d) Intangible assets | 2(c) | 2.86 | 3.25 |
| (e) Goodwill | | 23.00 | 23.00 |
| (f) Financial assets | | | |
| (i) Investment | 3 | 49.38 | 1.11 |
| (ii) Loans | 4 | 0.50 | - |
| (iii) Other financial assets | 5 | 40.39 | 20.00 |
| (g) Non-current tax assets (net) | 6 | 0.66 | - |
| (h) Other non-current assets | 7 | 132.88 | 89.89 |
| Total non-current assets | | 1,284.90 | 1,042.77 |
| (2) Current assets | | | |
| (a) Inventories | 8 | 783.50 | 591.49 |
| (b) Financial assets | | | |
| (i) Trade receivables | 9 | 543.31 | 432.13 |
| (ii) Cash and cash equivalents | 10 | 47.30 | 6.62 |
| (iii) Bank balance other than (ii) above | 11 | 0.50 | 0.18 |
| (iv) Loans | 12 | 1.32 | 1.16 |
| (v) Other financial assets | 13 | 5.98 | 22.75 |
| (c) Other current assets | 14 | 96.64 | 84.08 |
| | | 1,478.55 | 1,138.41 |
| Assets classified as held for sale | 2 (b) | 10.43 | - |
| Total current assets | | 1,488.98 | 1,138.41 |
| Total assets | | 2,773.88 | 2,181.18 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity share capital | 15(a) | 23.85 | 23.73 |
| (b) Other equity | 15(b) | 940.21 | 814.12 |
| Total equity | | 964.06 | 837.85 |
| Liabilities | | | |
| (2) Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16 | 174.52 | 78.20 |
| (ii) Other financial liabilities | 17 | 0.65 | 0.59 |
| (b) Provisions | 18 | 9.94 | 7.81 |
| (c) Deferred tax liabilities (net) | 19 | 119.97 | 99.41 |
| (d) Other non-current liabilities | 20 | 47.76 | 29.00 |
| Total non-current liabilities | | 352.84 | 215.01 |
| (3) Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 21 | 535.59 | 595.15 |
| (ii) Trade payables | 22 | | |
| - total outstanding dues of micro and small enterprises | | - | - |
| - total outstanding dues other than above | | 698.92 | 379.27 |
| (iii) Other financial liabilities | 23 | 183.18 | 124.75 |
| (b) Other current liabilities | 24 | 30.65 | 12.51 |
| (c) Provisions | 25 | 0.84 | 0.29 |
| (d) Current tax liabilities (net) | 26 | 7.80 | 16.35 |
| Total current liabilities | | 1,456.98 | 1,128.32 |
| Total equity and liabilities | | 2,773.88 | 2,181.18 |

See accompanying notes to the consolidated financial statements

1-47

In terms of our report attached.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

RASHIM TANDON

Partner

Membership No. 95540

Place: Ghaziabad

Date: May 18, 2019

For and on behalf of the Board of Directors
of APL APOLLO TUBES LIMITED

SANJAY GUPTA

Chairman

DIN: 00233188

DEEPAK GOYAL

Chief Financial Officer

Place: Ghaziabad

Date: May 18, 2019

ASHOK K. GUPTA

Managing Director

DIN: 01722395

ADHISH SWAROOP

Company Secretary

ICSI Membership No. : A16034

VINAY GUPTA

Director

DIN: 00005149

Statement of Consolidated Profit & Loss for the year ended March 31, 2019

(₹ in crore)

| Particulars | Notes | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|-----------|------------------------------|------------------------------|
| I. Revenue from operations | 27 | 7,152.32 | 5,472.38 |
| II. Other Income | 28 | 11.71 | 8.01 |
| III Total income (I +II) | | 7,164.03 | 5,480.39 |
| IV Expenses | | | |
| (a) Cost of materials consumed | 29 | 6,288.78 | 4,568.16 |
| (b) Purchase of stock-in-trade | | 107.20 | 56.23 |
| (c) Changes in inventories of finished goods, work in progress rejection and scrap | 30 | (88.30) | (76.06) |
| (d) Excise duty | | - | 137.61 |
| (e) Employee benefits expense | 31 | 107.94 | 86.16 |
| (f) Finance costs | 32 | 113.35 | 81.30 |
| (g) Depreciation and amortisation expense | 33 | 64.26 | 53.41 |
| (h) Other expenses | 34 | 343.86 | 329.24 |
| Total expenses | | 6,937.09 | 5,236.05 |
| V Profit before tax (III - IV) | | 226.94 | 244.34 |
| VI Tax expense: | | | |
| (a) Current tax | | 64.81 | 71.11 |
| (b) Deferred tax charge | 19 | 13.77 | 15.10 |
| (c) Income tax of earlier year | 41 | 0.11 | - |
| Total tax expense | 41 | 78.69 | 86.21 |
| VII Profit for the year (V-VI) | | 148.25 | 158.13 |
| VIII Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| (a) Equity instruments through other comprehensive income | | 8.90 | - |
| (b) Remeasurement of post employment benefit obligation | | (0.23) | 0.94 |
| (c) Income tax relating to (b) above | | 0.07 | (0.33) |
| Other comprehensive income for the year | | 8.74 | 0.61 |
| IX Total comprehensive income for the year (VII+VIII) | | 156.99 | 158.74 |
| X Earnings per equity share of ₹10 each | | | |
| (a) Basic (in ₹) | 36 | 62.47 | 66.84 |
| (b) Diluted (in ₹) | 36 | 61.76 | 65.63 |

See accompanying notes to the consolidated financial statements

1-47

In terms of our report attached.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

RASHIM TANDON

Partner

Membership No. 95540

Place: Ghaziabad

Date: May 18, 2019

For and on behalf of the Board of Directors
of APL APOLLO TUBES LIMITED

SANJAY GUPTA

Chairman

DIN: 00233188

DEEPAK GOYAL

Chief Financial Officer

Place: Ghaziabad

Date: May 18, 2019

ASHOK K. GUPTA

Managing Director

DIN: 01722395

ADHISH SWAROOP

Company Secretary

ICSI Membership No. : A16034

VINAY GUPTA

Director

DIN: 00005149

Statement of Changes in Consolidated Equity for the year ended March 31, 2019

a) Equity share capital

(₹ in crore)

| Particulars | Amount |
|--|--------------|
| Opening balance as at April 1, 2017 | 23.59 |
| Changes during the year ended March 31, 2018 | 0.14 |
| Balance as at March 31, 2018 | 23.73 |
| Changes during the year ended March 31, 2019 | 0.12 |
| Balance as at March 31, 2019 | 23.85 |

b) Other equity

| Particulars | Reserves and surplus | | | | | Items of other comprehensive income | Total |
|---|----------------------------|--------------------|-----------------|----------------------------------|---|--|----------------|
| | Debtore redemption reserve | Securities premium | General reserve | Share option outstanding account | Surplus in Statement of profit and loss | Equity instruments through other comprehensive income (see note 3(a)(iii)) | |
| Opening balance as at April 1, 2017 | 31.25 | 196.46 | 28.87 | 4.85 | 418.34 | - | 679.77 |
| Profit for the year ended March 31, 2018 | - | - | - | - | 158.13 | - | 158.13 |
| Other comprehensive income for the year, net of tax | - | - | - | - | 0.61 | - | 0.61 |
| Total comprehensive income for the year | - | - | - | - | 158.74 | - | 158.74 |
| Allocations/Appropriations: | | | | | | | |
| Dividend paid | - | - | - | - | (28.31) | - | (28.31) |
| Dividend distribution tax | - | - | - | - | (5.93) | - | (5.93) |
| Share option outstanding account | - | - | - | 3.66 | - | - | 3.66 |
| Security premium on issue of shares | - | 2.47 | - | (2.47) | - | - | - |
| Transfer to Securities premium | - | 6.19 | - | - | - | - | 6.19 |
| Transfer to Debenture Redemption Reserve | 18.75 | - | - | - | (18.75) | - | - |
| | 18.75 | 8.66 | - | 1.19 | (52.99) | - | (24.39) |
| Balance as at March 31, 2018 | 50.00 | 205.12 | 28.87 | 6.04 | 524.09 | - | 814.12 |
| Profit for the year ended March 31, 2019 | - | - | - | - | 148.25 | - | 148.25 |
| Other comprehensive income for the year, net of tax | - | - | - | - | (0.16) | 8.90 | 8.74 |
| Total comprehensive income for the year | - | - | - | - | 148.09 | 8.90 | 156.99 |
| Allocations/Appropriations: | | | | | | | |
| Dividend paid | - | - | - | - | (33.22) | - | (33.22) |
| Dividend distribution tax | - | - | - | - | (6.76) | - | (6.76) |
| Share option outstanding account | - | - | - | 3.55 | - | - | 3.55 |
| Transfer to Securities premium | - | 1.94 | - | (1.94) | - | - | - |
| Security premium on issue of shares | - | 5.53 | - | - | - | - | 5.53 |
| Transfer to Debenture Redemption Reserve | 30.00 | - | - | - | (30.00) | - | - |
| | 30.00 | 7.47 | - | 1.61 | (69.98) | - | (30.90) |
| Balance as at March 31, 2019 | 80.00 | 212.59 | 28.87 | 7.65 | 602.20 | 8.90 | 940.21 |

See accompanying notes to the consolidated financial statements

1-47

In terms of our report attached.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

For and on behalf of the Board of Directors
of APL APOLLO TUBES LIMITED

RASHIM TANDON

Partner

Membership No. 95540

SANJAY GUPTA

Chairman

DIN: 00233188

ASHOK K. GUPTA

Managing Director

DIN: 01722395

VINAY GUPTA

Director

DIN: 00005149

DEEPAK GOYAL

Chief Financial Officer

Place: Ghaziabad

Date: May 18, 2019

ADHISH SWAROOP

Company Secretary

ICSI Membership No. : A16034

Place: Ghaziabad

Date: May 18, 2019

Statement of Consolidated Cash Flows for the year ended March 31, 2019

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| A. Cash flow from operating activities | | |
| Profit before tax | 226.94 | 244.34 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 64.26 | 53.41 |
| (Profit) / loss on sale of property, plant and equipment (net) | (0.12) | 0.08 |
| Finance costs | 113.35 | 81.30 |
| Interest income on fixed deposits | (0.79) | (2.37) |
| Interest income on others | (2.06) | - |
| (Profit) / loss on sale of investment property | (0.07) | 0.38 |
| Provision for slow moving inventory of spares & consumables | 0.22 | 0.12 |
| Government grant income | (6.24) | (3.36) |
| Fair valuation of forward contract | (0.02) | 2.48 |
| Bad debts written off | 0.20 | 0.37 |
| Net unrealised foreign exchange (gain) / loss | (3.66) | 2.79 |
| Allowance for doubtful trade receivables (expected credit loss allowance) | 0.63 | 1.62 |
| Share based expenses | 3.55 | 3.66 |
| Other receivables and advances written off | - | 0.93 |
| Operating profit before working capital changes | 396.19 | 385.75 |
| Changes in working capital: | | |
| Adjustments for (increase) / decrease in operating assets: | | |
| Inventories | (192.24) | (122.00) |
| Trade receivables | (112.34) | (140.18) |
| Current loans and other financial assets | 18.23 | (3.99) |
| Non-current loans and other financial assets | (20.89) | (1.05) |
| Other current assets | (12.57) | 47.73 |
| Other non-current assets | (14.35) | 2.08 |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade payables | 323.64 | (21.67) |
| Other current liabilities | 18.14 | (17.08) |
| Other current financial liabilities | (0.19) | (4.72) |
| Other non current financial liabilities | 0.06 | 0.05 |
| Other non current liabilities | 18.76 | 25.04 |
| Provisions (current & non-current) | 2.46 | 1.63 |
| Cash generated from operations | 424.90 | 151.59 |
| Net income tax paid | (67.26) | (60.22) |
| Net cash flow from operating activities (A) | 357.64 | 91.37 |
| B. Cash flow from investing activities | | |
| Capital expenditure on property, plant and equipment (including capital advances) | (236.93) | (172.68) |
| Proceed from sale of property, plant and equipment | 10.84 | 4.75 |
| Proceed from sale of investment property | 0.33 | 0.86 |
| Investment in equity shares | (39.31) | - |
| Purchase of other investments | (0.06) | (0.69) |
| Interest received | 1.25 | 2.39 |
| Net cash flow (used in) investing activities (B) | (263.88) | (165.37) |

Statement of Consolidated Cash Flows for the year ended March 31, 2019

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| C. Cash flow from financing activities | | |
| Proceed from non-current borrowings | 150.01 | 75.05 |
| Repayment of non-current borrowings | (105.16) | (25.47) |
| Proceed from current borrowings | 156.06 | 452.42 |
| Repayment of current borrowings | (117.90) | (321.29) |
| Payment of dividends | (33.22) | (28.31) |
| Payment of dividend distribution tax | (6.76) | (5.93) |
| Proceed from issue of equity share capital | 5.64 | 9.98 |
| Finance costs | (101.43) | (77.22) |
| Net cash flow (used in) / from financing activities (C) | (52.76) | 79.23 |
| Net increase in Cash and cash equivalents (A+B+C) | 41.00 | 5.23 |
| Cash and cash equivalents at the beginning of the year | 6.80 | 1.57 |
| Cash and cash equivalents at the end of the year | 47.80 | 6.80 |
| Reconciliation of Cash and cash equivalents with the Balance Sheet: | | |
| Cash and cash equivalents (see note 10 & 11) | 47.80 | 6.80 |
| Less: Bank balances not considered as Cash and cash equivalents | | |
| (i) In other deposit accounts | | |
| - original maturity more than 3 months | 0.07 | 0.02 |
| (ii) In earmarked accounts | | |
| - Unpaid dividend accounts | 0.43 | 0.16 |
| Net Cash and cash equivalents (as defined in Ind AS-7 Cash Flow Statements) included in note 10 | 47.30 | 6.62 |

See accompanying notes to the consolidated financial statements

1-47

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

RASHIM TANDON

Partner

Membership No. 95540

Place: Ghaziabad

Date: May 18, 2019

For and on behalf of the Board of Directors
of **APL APOLLO TUBES LIMITED****SANJAY GUPTA**

Chairman

DIN: 00233188

DEEPAK GOYAL

Chief Financial Officer

Place: Ghaziabad

Date: May 18, 2019

ASHOK K. GUPTA

Managing Director

DIN: 01722395

ADHISH SWAROOP

Company Secretary

ICSI Membership No. : A16034

VINAY GUPTA

Director

DIN: 00005149

Notes to the consolidated financial statements

1(i) Company background

APL Apollo Tubes Limited (“the Company” or “the Holding Company”) is a public limited Company incorporated in India on February 24, 1986 with its registered office in Delhi, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is engaged in the business of production of ERW steel tubes. The Company has three wholly owned subsidiaries in India (the Company and its subsidiaries constitute “the Group”). The Group has eight manufacturing units, four at Sikanderabad, Uttar Pradesh, one at Hosur, Tamilnadu, one at Raipur, Chhattisgarh, one at Murbad, Maharashtra and one at Bengaluru, Karnataka.

The consolidated financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on May 18, 2019.

1(ii) Significant accounting policies

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

(a) Principles of consolidation

The consolidated financial statements relate to APL Apollo Tubes Limited, the holding Company and its subsidiary companies (hereinafter collectively referred as “the Group”). The consolidated financial statements have been prepared on the following basis:

- a. The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2019.
- b. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses.
- c. The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as ‘Goodwill’ being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in

excess of cost of investments of the Group, it is recognised as ‘Capital Reserve’ and shown under the head ‘Reserves & Surplus’, in the consolidated financial statements. The ‘Goodwill’ is determined separately for each subsidiary Company and such amounts are not set off between different entities.

- d. Goodwill arising on consolidation is not amortised but tested for impairment.
- e. Following wholly owned Indian subsidiaries have been considered in the preparation of consolidated financial statements:
 - Apollo Metalex Private Limited
 - Shri Lakshmi Metal Udyog Limited
 - Blue Ocean Projects Private Limited

(b) Statement of compliance

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

(c) Basis of Preparation

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are

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observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(d) Use of estimates and critical accounting judgements

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

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

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

Deferred income tax assets and liabilities

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

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

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

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

Defined benefit plans

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

Income Taxes

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

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

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

Fair value measurement of derivative and other financial instruments

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

(e) Operating cycle

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

Notes to the consolidated financial statements

(f) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(g) Revenue recognition

Effective April 1, 2018 the Group adopted Ind AS 115 'Revenue from contracts with Customers'. The revenue is recognised once the entity satisfied that the performance obligation & control are transferred to the customers. The Group adopted Ind AS 115 using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 1, 2018. The effect of adoption of Ind AS 115 did not have any material impact on the consolidated financial statements of the Group.

(i) Sale of goods

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

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

The Group accounts for variable considerations like, volume

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

Revenues are shown net of allowances/ returns, goods and services tax and applicable discounts and allowances. In previous year, revenue includes excise duty for the period April to June 17.

(ii) Interest Income

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

(iii) Commission Income

Commission income is recognised when the services are rendered.

(iv) Dividend Income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

(h) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants related to assets are presented in the balance sheet as deferred income and is recognised in profit or loss on a systematic basis over the expected useful life of the related assets.

The grant which is received to compensate the import cost of assets subject to an export obligation as prescribed in the export promotion capital goods scheme is recognised as income in the statement of profit and loss should be linked to fulfilment of associated export obligations.

The benefit of a government loan at a below-market rate of interest is treated as government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates and are presented in the balance sheet as deferred income.

(i) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable

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income tax rate for each year adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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

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

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

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

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

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

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

(j) Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. (see note 1 (iii)(a) below)

(k) Impairment of assets

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

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

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

(l) Cash and cash equivalents and Cash Flow Statement

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in

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value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

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

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

(m) Inventories

Raw materials and stores, traded and finished goods

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

Work in progress

Work in progress are valued at raw material cost plus appropriate share of labour and other overheads.

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

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

(n) Property, plant and equipment and Capital work-in-progress

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

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

carrying amount of the asset and is recognised in the statement of profit and loss.

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

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

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

The Group has a policy of capitalizing insurance spares having value more than or equal to ₹0.01 crore.

Capital work-in-progress

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

Depreciation methods, estimated useful lives and residual value

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

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

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

- (a) Buildings- 10 to 60 years
- (b) Roads- 10 years
- (c) Plant and machinery used in manufacturing of pipe 10-20 years

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- (d) Other plant and machinery- 2 to 10 years
- (e) Vehicles- 8 years
- (f) Furniture and fixtures- 10 years
- (g) Office equipment- 2-5 years
- (h) Computer- 3 years

(o) Intangible assets

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.

The Group has elected to continue with the carrying value of all of its intangibles assets recognised as on April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of transition date.

(p) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 39.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(q) 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.

(r) Provisions

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

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

s) Contingent liabilities and contingent assets

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 Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

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

(t) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 60 years. The useful life has been

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determined based on technical evaluation performed by the management's expert.

(u) Employee benefits

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

(i) Short-term obligations

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

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

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Other long-term employee benefit obligations

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

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

(iii) Post-employment obligations

Defined contribution plans: The Group's contribution to provident fund are considered as defined contribution plans and

are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

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

(v) Borrowings

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

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

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

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the financial statements for issue, not to demand payment as a consequence of the breach.

(w) Borrowing costs

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

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

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

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

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

A. Investments and other financial assets

(i) Classification

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

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

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

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

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

(a) Debt instruments

Depending upon the business model of the Group, debt instruments can be classified under following categories:

- Debt instruments measured at amortised cost

- Debt instruments measured at fair value through other comprehensive income

- Debt instruments measured at fair value through profit or loss

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

(b) Equity instruments

The equity instruments can be classified as:

- Equity instruments measured at fair value through profit or loss ('FVTPL')
- Equity instruments measured at fair value through other comprehensive income ('FVTOCI')

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

(ii) Measurement

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

Debt instruments

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

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

Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent

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

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

Investment in equity shares

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

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

The Group has equity investments in three entities which are not held for trading. The Group has elected the FVTOCI irrevocable option for both of these investments (see note 3). Fair value is determined in the manner described in note 42.

(iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 43 details how the Group determines whether there has been a significant increase in credit risk.

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

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

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

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

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

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

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

(iv) Derecognition of financial assets

A financial asset is derecognised only when:

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

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

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substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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

B. Financial Liabilities

(i) Classification

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

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

(ii) Measurement

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

Financial liabilities measured at fair value through profit or loss:

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

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

Financial liabilities measured at Amortized Cost :

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

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

(iii) De-recognition of financial liability

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

(y) Offsetting financial instruments

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

(z) Derivative financial instruments

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

(zz) Segment information

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

1 (iii) Recent accounting pronouncements

The new Standards, amendments to Standards that are issued but not yet effective until the date of authorisation for issuance of the said consolidated financial statements are discussed below. The Group has not early adopted these amendments and intends to adopt when they become effective.

- (a) Ind AS 116 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. Lessees are required to initially recognise a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The lease liability is measured

Notes to the consolidated financial statements

at the present value of the lease payments to be made over the lease term.

The new standard permit lessees to use either a full retrospective or a modified retrospective approach on transition for leases existing at the date of transition, with options to use certain transition reliefs.

Ind AS 116, was notified on March 30, 2019 by Ministry of Corporate Affairs and will be effective for periods beginning on or after April 1, 2019. This standard will replace the existing leases standard, Ind AS 17 Leases, and related interpretations. The Group is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

- (b) Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its consolidated financial statements.

- (c) Ind AS 19 Plan Amendment, Curtailment or Settlement : The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its consolidated financial statements.

- (d) Ind AS 109 Prepayment Features with Negative Compensation : The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any impact on its consolidated financial statements.

- (e) Ind AS 23 Borrowing Costs : The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect this amendment to have any impact on its consolidated financial statements.

- (f) Ind AS 28 Long-term Interests in Associates and Joint Ventures : The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not currently have any long-term interests in associates and joint ventures.

- (g) Ind AS 103 Business Combinations and Ind AS 111 Joint Arrangements : The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Group does not expect this amendment to have any impact on its consolidated financial statements.

Notes to the consolidated financial statements

2(a) : Property, Plant and Equipment

(₹ in crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|------------------------------|----------------------|----------------------|
| Carrying amounts of : | | |
| Freehold land | 23.46 | 20.71 |
| Building | 230.29 | 184.50 |
| Plant and machinery | 738.57 | 629.00 |
| Office equipments | 1.71 | 1.34 |
| Vehicles | 6.48 | 6.81 |
| Furniture and fixtures | 5.92 | 5.37 |
| Computers | 1.34 | 0.93 |
| | 1,007.77 | 848.66 |

| | Freehold Land | Building | Plant and machinery | Office equipments | Vehicles | Furniture and fixtures | Computers | Total |
|--|---------------|----------|---------------------|-------------------|----------|------------------------|-----------|----------|
| Gross carrying value | | | | | | | | |
| Opening balance as at April 1, 2017 | 20.44 | 148.48 | 493.84 | 1.99 | 5.00 | 4.70 | 1.00 | 675.45 |
| Additions | 0.27 | 46.79 | 221.37 | 0.67 | 3.90 | 1.78 | 0.46 | 275.24 |
| Sales / transfer during the year | - | - | (4.54) | - | (0.34) | - | - | (4.88) |
| Balance at March 31, 2018 | 20.71 | 195.27 | 710.67 | 2.66 | 8.56 | 6.48 | 1.46 | 945.81 |
| Additions | 2.75 | 53.49 | 173.32 | 0.90 | 0.90 | 1.56 | 0.88 | 233.80 |
| Sales / transfer during the year | - | (0.72) | (16.24) | - | (0.04) | - | (0.01) | (17.01) |
| Balance at March 31, 2019 | 23.46 | 248.04 | 867.75 | 3.56 | 9.42 | 8.04 | 2.33 | 1,162.60 |
| Accumulated depreciation | | | | | | | | |
| Opening balance as at April 1, 2017 | - | 4.75 | 37.78 | 0.76 | 0.74 | 0.46 | 0.12 | 44.61 |
| Elimination on disposal of assets | - | - | 0.07 | - | (0.03) | - | - | 0.04 |
| Depreciation expense | - | 6.02 | 43.82 | 0.56 | 1.04 | 0.65 | 0.41 | 52.50 |
| Balance at March 31, 2018 | - | 10.77 | 81.67 | 1.32 | 1.75 | 1.11 | 0.53 | 97.15 |
| Elimination on disposal of assets | - | (0.48) | (5.04) | - | (0.04) | - | - | (5.56) |
| Depreciation expense | - | 7.46 | 52.55 | 0.53 | 1.23 | 1.01 | 0.46 | 63.24 |
| Balance at March 31, 2019 | - | 17.75 | 129.18 | 1.85 | 2.94 | 2.12 | 0.99 | 154.83 |
| Net carrying value | | | | | | | | |
| Opening Balance as at April 1, 2017 | 20.44 | 143.73 | 456.06 | 1.23 | 4.26 | 4.24 | 0.88 | 630.84 |
| Additions | 0.27 | 46.79 | 221.37 | 0.67 | 3.90 | 1.78 | 0.46 | 275.24 |
| Sales / transfer during the year | - | - | (4.61) | - | (0.31) | - | - | (4.92) |
| Depreciation expense | - | (6.02) | (43.82) | (0.56) | (1.04) | (0.65) | (0.41) | (52.50) |
| Balance at March 31, 2018 | 20.71 | 184.50 | 629.00 | 1.34 | 6.81 | 5.37 | 0.93 | 848.66 |
| Additions | 2.75 | 53.49 | 173.32 | 0.90 | 0.90 | 1.56 | 0.88 | 233.80 |
| Sales / transfer during the year | - | (0.24) | (11.20) | - | - | - | (0.01) | (11.45) |
| Depreciation expense | - | (7.46) | (52.55) | (0.53) | (1.23) | (1.01) | (0.46) | (63.24) |
| Balance at March 31, 2019 | 23.46 | 230.29 | 738.57 | 1.71 | 6.48 | 5.92 | 1.34 | 1,007.77 |

Notes :-

- (1) During the year, borrowing cost amounting ₹Nil crore (Year ended March 31, 2018 ₹1.16 crore) has been capitalised on qualifying assets (Refer note 32).
- (2) Property, plant and equipment as detailed in 2(a) have been pledged as security for term loan taken as at March 31, 2019. Refer note 16 for loans taken against which these assets are pledged.

2(b) Investment property

(₹ in crore)

| | Investment Property |
|--|---------------------|
| Gross carrying value | |
| Opening balance as at April 1, 2017 | 12.45 |
| Sales during the year | (1.24) |
| Balance at March 31, 2018 | 11.21 |
| Sales during the year | (0.26) |
| Assets classified as held for sale (see notes below) | (10.95) |

Notes to the consolidated financial statements

(₹ in crore)

| | Investment Property |
|--|----------------------------|
| Balance at March 31, 2019 | - |
| Accumulated depreciation | |
| Opening balance as at April 1, 2017 | 0.15 |
| Depreciation expense | 0.15 |
| Balance at March 31, 2018 | 0.30 |
| Depreciation expense | 0.22 |
| Assets classified as held for sale (see notes below) | (0.52) |
| Balance at March 31, 2019 | - |
| Net carrying value | |
| Opening balance as at April 1, 2017 | 12.30 |
| Sales during the year | (1.24) |
| Depreciation expense | (0.15) |
| Balance at March 31, 2018 | 10.91 |
| Sales during the year | (0.26) |
| Depreciation expense | (0.22) |
| Assets classified as held for sale (see notes below) | (10.43) |
| Balance at March 31, 2019 | - |

Notes :

- (i) The Company's investment property consists of commercial properties in India. During the year, the Company has received Rupees 4.83 crore as advance against sale of some of these investment properties (see note 24(c)) and plan to complete the sale transaction in next 12 months. Accordingly, investment property has been classified as Asset held for sale. These are commercial shops situated at Prakash Industrial Estate Pipe Market, Village Karkar Moadan, Tahsil Loni District Ghaziabad, Uttar Pradesh. Subject to completion of sale transaction, no gain / (loss) has been recognised on recognition of asset held for sale. Further, the directors of the Company expect, that the fair value (based on fair valuation report - see note (ii) below) less cost to sell to be higher than the carrying amount.

For the balance assets held for sale (against which no advance has been received), a search is underway for a buyer.

- (ii) As at March 31, 2019 and March 31, 2018, fair value of asset held for sale / investment property is ₹12.09 and ₹11.48 respectively. These valuation is based on valuation performed by Government of India approved valuer Mr. Virender Kumar Jain who have Degree of Bachelor of Architecture and is having more than 25 years of experience in valuation of properties. The fair value measurement of all the investment properties has been categorised as a level 3 fair value based on the inputs of the valuation technique used. The fair value was derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.
- (iii) The Company has no restriction on the realisability of its investment properties and there is no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

2(c) Intangible Assets

(₹ in crore)

| | Computer Software |
|--|--------------------------|
| Gross carrying value | |
| Opening balance as at April 1, 2017 | 4.30 |
| Additions | 0.33 |
| Balance at March 31, 2018 | 4.63 |
| Additions | 0.41 |
| Balance at March 31, 2019 | 5.04 |
| Accumulated depreciation | |
| Opening balance as at April 1, 2017 | 0.62 |
| Depreciation expense | 0.76 |
| Balance at March 31, 2018 | 1.38 |
| Depreciation expense | 0.80 |
| Balance at March 31, 2019 | 2.18 |
| Net Carrying Value | |
| Opening balance as at April 1, 2017 | 3.68 |
| Additions | 0.33 |

Notes to the consolidated financial statements

| | Computer Software |
|----------------------------------|-------------------|
| Depreciation expense | (0.76) |
| Balance at March 31, 2018 | 3.25 |
| Additions | 0.41 |
| Depreciation expense | (0.80) |
| Balance at March 31, 2019 | 2.86 |

3. Investment (Non-current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| 3(a) Investments in equity instruments carried at fair value through the other comprehensive income - (unquoted, fully paid) : | | |
| (i) 1,158,400 (March 31, 2018: 1,111,400) equity shares of ₹10 each fully paid up in Clover Energy Private Limited (see note (i) below) | 1.16 | 1.11 |
| (ii) 2,850 (March 31, 2018: Nil) equity shares of ₹10 each fully paid up in Superguard Steels Private Limited - at fair value (see note (ii) below) | 0.01 | - |
| (iii) 2,861,208 (March 31, 2018: Nil) equity shares of ₹10 each fully paid up in Apollo Tricoat Tubes Limited (see note (iii) below) | 48.21 | - |
| Total | 49.38 | 1.11 |

Notes :

- (i) The Company hold 4.01 % (March 31, 2018 : 4.00 %) equity shares of Clover Energy Private Limited, a Company engaged in the business of providing solar energy to its customers.
- (ii) The Company hold 19.00 % (March 31, 2018 : Nil) equity shares of Superguard Steels Private Limited, a Company engaged in the business of manufacturing of steel sheets.
- (iii) The Group hold 10.33 % (March 31, 2018 : Nil) equity shares of Apollo Tricoat Tubes Limited, a Company engaged in the business of manufacturing of steel pipes.

In current year, the Board of Directors of APL Apollo Tubes Limited ('Holding Company') in their meeting held on October 18, 2018 considered and approved the acquisition / investment by Shri Lakshmi Metal Udyog Limited ('SLMUL'), by way of entering into a Share Purchase Agreement ('Agreement') for the acquisition of 8,030,030 Equity Shares and Options attached to 4,300,000 Warrants of Apollo Tricoat Tubes Limited ('Target Entity') which will together represent 40.43% of the fully diluted share capital of the Target Entity in terms of the provisions of Section 186 of the Companies Act, 2013 and relevant rules thereto.

Pursuant to the said Agreement, SLMUL made an open offer which got completed on February 01, 2019 and SLMUL became promoter of Target Entity in compliance with the provisions of Regulation 3(1) and Regulation 4 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. During the offer period, SLMUL acquired 1,325,000 Equity Shares from open market and 1,536,208 Equity Shares were tendered under open offer, both aggregating to 2,861,208 Equity Shares. These shares were acquired at a total cost of Rupees 39.91 crore. The amount of investment as at March 31, 2019 is recorded at fair value as non-current investment in the Statement of Assets & Liabilities and gain arising out of fair valuation of Rupees 8.90 crore is recorded in the other comprehensive income.

Subsequent to the year end, in accordance with the Agreement, SLMUL has paid the balance consideration to complete the total acquisition of 50.56% shares in Apollo Tricoat Tubes Limited, which is subject to completion of requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as applicable.

4 Loans (Non-current) (Unsecured, considered good)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| (a) Loans to others (see note (i) below) | 0.50 | - |
| Total | 0.50 | - |

Notes :

- (i) During the year, the Group has given a loan amounting to ₹0.50 crore (March 31, 2018 : ₹Nil) carrying interest 10% p.a. to a Company i.e. Superguard Steels Private Limited, for the purpose of meeting its operational requirements. The Loan is repayable after one year. The maximum amount outstanding during the year is ₹0.50 crore (March 31, 2018 : ₹Nil). Closing balance as at March 31, 2019 is ₹0.50 crore (March 31, 2018 : ₹Nil)

Notes to the consolidated financial statements

5 Other financial assets (Non-current) ((Unsecured, considered good)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Claim receivable | 0.82 | 0.62 |
| (b) Value added tax (VAT) credit receivable | 1.02 | 1.02 |
| (c) Security deposit | 20.55 | 18.36 |
| (d) Advance against purchase of equity shares | 18.00 | - |
| Total | 40.39 | 20.00 |

6 Non-current tax assets (net)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Advance income tax (net of provision as at March 31, 2019 : ₹50.95 crore) | 0.66 | - |
| | 0.66 | - |

7 Other non-current assets (Unsecured, considered good)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------|----------------------|----------------------|
| (a) Capital advances | 47.34 | 18.70 |
| (b) Prepaid expenses | 61.96 | 47.22 |
| (c) Prepaid lease payments | 17.83 | 18.05 |
| (d) Payment under protest | | |
| (i) Safe guard duty | 3.95 | 3.90 |
| (ii) Excise duty | 0.57 | 1.52 |
| (iii) Service tax | 0.02 | - |
| (iv) Value added tax | 1.21 | 0.50 |
| Total | 132.88 | 89.89 |

8 Inventories

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Raw material (including stock-in-transit) (at cost) | 398.58 | 301.37 |
| (b) Work in progress (at cost) | 13.01 | - |
| (c) Finished goods (including stock-in-transit) (at cost or net realisable value, whichever is lower) | 343.05 | 269.64 |
| (d) Stores and spares (at cost) | 19.66 | 13.16 |
| (e) Rejection and scrap (including stock-in-transit) (at net realisable value) | 9.20 | 7.32 |
| Total | 783.50 | 591.49 |

Notes :

| | | |
|---|-------|-------|
| (i) Cost of inventory recognised as expense during the year amounted to ₹6,358.00 crore (March 31, 2018 : ₹4,590.62 crore). | | |
| (ii) Details of stock-in-transit | | |
| Raw material | 58.81 | 0.30 |
| Finished goods | 51.03 | 36.44 |
| Rejection and Scrap | 0.29 | 0.60 |

9 Trade receivables (Current) (Unsecured)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Considered good | | |
| (i) Related parties | - | 0.23 |
| (ii) Other than related parties | 543.31 | 431.90 |
| Sub total | 543.31 | 432.13 |
| (b) Considered doubtful | 5.31 | 4.68 |
| Less: Allowance for doubtful debts (expected credit loss allowance) | (5.31) | (4.68) |
| Sub total | - | - |
| Total | 543.31 | 432.13 |

Notes to the consolidated financial statements

- (i) The average credit period on sale of goods is 0-60 days. No interest is charged on the trade receivables for the amount overdue above the credit period. There are no customers who represent more than 10% of the total balance of trade receivables.
- (ii) In determining the allowance for credit losses of trade receivables, the group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

(1) Movements in allowance for credit losses of receivables is as below :

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Balance at the beginning of the year | 4.68 | 3.06 |
| Charge in statement of profit and loss | 0.83 | 1.90 |
| Utilised during the year | (0.20) | (0.28) |
| Balance at the end of the year | 5.31 | 4.68 |

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

(₹ in crore)

| Particulars | As at March 31, 2019 | | |
|----------------------------|----------------------|-----------------------------|-----------------|
| | Gross credit risk | Allowance for credit losses | Net credit risk |
| Amounts not yet due | 381.63 | 0.36 | 381.27 |
| 90 days overdue | 159.43 | 0.44 | 158.99 |
| 91-180 days overdue | 2.96 | 0.25 | 2.71 |
| 181-270 days overdue | 0.59 | 0.29 | 0.30 |
| 271-365 days overdue | 0.10 | 0.06 | 0.04 |
| More than 365 days overdue | 3.91 | 3.91 | - |
| | 548.62 | 5.31 | 543.31 |

(₹ in crore)

| Particulars | As at March 31, 2018 | | |
|----------------------------|----------------------|-----------------------------|-----------------|
| | Gross credit risk | Allowance for credit losses | Net credit risk |
| Amounts not yet due | 294.07 | 1.06 | 293.01 |
| 90 days overdue | 136.72 | 0.44 | 136.28 |
| 91-180 days overdue | 1.88 | 0.01 | 1.87 |
| 181-270 days overdue | 0.74 | 0.13 | 0.61 |
| 271-365 days overdue | 0.60 | 0.24 | 0.36 |
| More than 365 days overdue | 2.80 | 2.80 | - |
| | 436.81 | 4.68 | 432.13 |

(3) Ageing wise % of expected credit loss

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|----------------------------|------------------------------|------------------------------|
| Amounts not yet due | 0.00 % to 0.09 % | 0.00 % to 0.36 % |
| 0-90 days overdue | 0.10 % to 0.28 % | 0.00 % to 0.36 % |
| 91-180 days overdue | 0.29 % to 8.51 % | 0.37 % to 0.56 % |
| 181-270 days overdue | 8.51 % to 49.25 % | 0.57 % to 17.01 % |
| 271-365 days overdue | 49.25 % to 61.43 % | 17.01 % to 39.69 % |
| More than 365 days overdue | 100.00 % | 100.00 % |

Notes to the consolidated financial statements

10 Cash and cash equivalents

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Cash on hand | 0.19 | 0.14 |
| (b) Balances with banks - in current accounts | 29.74 | 6.48 |
| (c) Balances with banks - in cash credit accounts | 17.37 | - |
| Total | 47.30 | 6.62 |

11 Bank balances other than cash and cash equivalents

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) In earmarked accounts | | |
| (i) unpaid dividend account | 0.43 | 0.16 |
| (ii) In margin money with maturity less than 12 months at inception | 0.07 | 0.02 |
| Total | 0.50 | 0.18 |

12 Loans (Current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Loans to employees | 1.05 | 1.16 |
| (b) Loans to director (see note below) | 0.27 | - |
| Total | 1.32 | 1.16 |

Note : During the year, the Group has given a loan towards personal requirements amounting to ₹0.33 crore free of interest to one of its Directors. The Loan is repayable in 18 installments of ₹1.5 lakhs each. The maximum amount outstanding as at March 31, 2019 is ₹0.27 crore.

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

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Government grants | | |
| (i) Export incentives | 3.03 | 2.48 |
| (ii) Licences in hand | 0.38 | 0.47 |
| (b) Interest accrued | 1.71 | 0.10 |
| (c) Claim receivables | 0.01 | 0.96 |
| (d) Other advance | - | 13.00 |
| (e) Value added tax (VAT) credit receivable | 0.85 | 5.74 |
| Total | 5.98 | 22.75 |

14 Other current assets (Unsecured, considered good)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Prepaid expenses | 2.58 | 2.60 |
| (b) Prepaid lease payments | 0.78 | 0.35 |
| (c) Balances with government authorities | | |
| (i) Goods and service tax (GST) credit receivable / Cenvat credit receivable | 22.33 | 55.45 |
| (ii) Service tax credit receivable | 0.20 | 0.20 |
| (iii) Advance Goods and service tax credit on import of goods | 8.43 | - |
| (d) Payment under protest | | |
| (i) Income tax | 0.50 | 0.30 |
| (e) Advance to suppliers | 51.70 | 25.14 |
| (f) GST refund receivable | 10.12 | - |
| (g) Gold coins in hand | - | 0.04 |
| Total | 96.64 | 84.08 |

Notes to the consolidated financial statements

15 Equity

15(a) Equity share capital

(₹ in crore, except otherwise stated)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|----------------------|--------------|----------------------|--------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| (i) Authorised capital | | | | |
| Equity shares of ₹10 each with voting rights | 4,50,00,000 | 45.00 | 4,50,00,000 | 45.00 |
| | 4,50,00,000 | 45.00 | 4,50,00,000 | 45.00 |
| (ii) Issued capital | | | | |
| Equity shares of ₹10 each with voting rights | 2,38,50,381 | 23.85 | 2,37,29,805 | 23.73 |
| | 2,38,50,381 | 23.85 | 2,37,29,805 | 23.73 |
| (iii) Subscribed and fully paid up capital | | | | |
| Equity shares of ₹10 each with voting rights | 2,38,50,381 | 23.85 | 2,37,29,805 | 23.73 |
| | 2,38,50,381 | 23.85 | 2,37,29,805 | 23.73 |

(1) Reconciliation of the number of shares and amount outstanding at the March 31, 2019 and March 31, 2018 :-

| Particulars | Number of shares | | Amount | |
|---|----------------------|----------------------|----------------------|----------------------|
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| | | | (₹ in crore) | (₹ in crore) |
| Equity share capital | | | | |
| Outstanding at the beginning of the year | 2,37,29,805 | 2,35,89,955 | 23.73 | 23.59 |
| Add: Issued of shares under Company's employee stock option plan (see note 39(d)) | 1,20,576 | 1,39,850 | 0.12 | 0.14 |
| Outstanding at the end of the year | 2,38,50,381 | 2,37,29,805 | 23.85 | 23.73 |

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

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

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

| Name of shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|-----------------------|-----------|-----------------------|-----------|
| | Number of shares held | % holding | Number of shares held | % holding |
| Equity shares with voting rights | | | | |
| APL Infrastructure Private Limited | 80,25,187 | 33.65% | 80,25,187 | 33.82% |
| Kitara PIIN | 30,00,000 | 12.58% | 30,00,000 | 12.64% |

(4) Share options granted under the Company's employee share options plans

As at March 31, 2019, executives and senior employees held options over 273,123 equity shares of the Company. As at March 31, 2018, executives and senior employees held options over 447,250 equity shares of the Company.

Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in note 39.

Notes to the consolidated financial statements

15(b) Other equity

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Securities premium | 212.59 | 205.12 |
| Debenture redemption reserve | 80.00 | 50.00 |
| General reserve | 28.87 | 28.87 |
| Surplus in Statement of profit and loss | 602.20 | 524.09 |
| Share option outstanding account | 7.65 | 6.04 |
| Items of other comprehensive income | 8.90 | - |
| Total | 940.21 | 814.12 |
| (1) Securities premium | | |
| Balance at the beginning of the year | 205.12 | 196.46 |
| Add: Additions during the year | 7.47 | 8.66 |
| Balance at the end of the year | 212.59 | 205.12 |
| (2) Debenture redemption reserve | | |
| Balance at the beginning of the year | 50.00 | 31.25 |
| Add: Transferred from surplus in statement of profit and loss | 30.00 | 18.75 |
| Balance at the end of the year | 80.00 | 50.00 |
| (3) General reserve | | |
| Balance at the beginning of the year | 28.87 | 28.87 |
| Add: Transferred from surplus in statement of profit and loss | - | - |
| Balance at the end of the year | 28.87 | 28.87 |
| (4) Surplus in Statement of profit and loss | | |
| Balance at the beginning of the year | 524.09 | 418.34 |
| Add: Total comprehensive income for the year | 148.09 | 158.74 |
| Less: Final dividend | 33.22 | 28.31 |
| Less: Tax on final dividend | 6.76 | 5.93 |
| Less: Transfer to debenture redemption reserve | 30.00 | 18.75 |
| Balance at the end of the year | 602.20 | 524.09 |
| (5) Share option outstanding account | | |
| Balance at the beginning of the year | 6.04 | 4.85 |
| Add : Addition during the year | 3.55 | 3.66 |
| Less : Deletion during the year | 1.94 | 2.47 |
| Balance at the end of the year | 7.65 | 6.04 |
| (6) Items of other comprehensive income | | |
| Balance at the beginning of the year | - | - |
| Add: Equity instruments through other comprehensive income | 8.90 | - |
| Balance at the end of the year | 8.90 | - |

Nature and purpose of reserves :-

- (i) **Securities premium** : Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Indian Companies Act, 2013 ("the Companies Act").
- (ii) **Debenture redemption reserve** : The Companies Act requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures.

Notes to the consolidated financial statements

- (iii) **General reserve** : General reserves represents the free profits of the Company available for distribution. As per the Companies Act, certain amount was required to be transferred to General Reserve every time Company distribute dividend.
- (iv) **Surplus in Statement of profit and loss** : It represents unallocated/un-distributed profits of the Company. The same is available for distribution.
- (v) **Share option outstanding account** : The Company offers ESOP under which options to subscribe for the Company's share have been granted to certain employees and senior management. The share option outstanding account is used to recognise the value of equity settled share based payments provided as part of the ESOP scheme. (refer note 39)
- (vi) **Items of other comprehensive income** : It represents profits / (loss) of the Company which will not be reclassified to statement of profit or loss.
- (vii) The amount that can be distributed by the Group as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

16 Borrowings (Non-current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Debentures: | | |
| 11.50% Secured, listed, Non-Convertible redeemable debentures of ₹10 Lakhs each (see note (i) below) | 95.00 | 75.00 |
| (b) Term Loan: | | |
| - From bank | | |
| (i) Secured (see note (ii) below) | 79.52 | 3.20 |
| Total | 174.52 | 78.20 |

(i) Details of debentures issued by the Company

As at March 31, 2018, Debentures were secured by first pari-passu charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh & Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu & Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur & M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on entire (present and future) current assets of the Company, and equitable mortgage(EM) of Factory Land and Building situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh, Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur. Credit facilities are further secured by personel guarantee of the Sh. Sanjay Gupta and Sh. Vinay Gupta.

These debentures carrying interest rate of 11.50 % p.a. are redeemable at face value in one single installment on September 28, 2019.

As at March 31, 2019, Debentures are secured by first pari-passu charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh & Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu & Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur & M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on entire (present and future) current assets of the Company, and EM of Factory Land and Building situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh, Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur . Credit facilities are further secured by personel guarantee of the Sh. Sanjay Gupta and Sh. Vinay Gupta.

These debentures carrying interest rate of 8.68 % p.a. are redeemable at face value in one single installment on July 5, 2021.

Notes to the consolidated financial statements

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

| Name of shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|----------------------|--|----------------------|--|
| | Non current debts | Current Maturities of non-current Debt | Non current debts | Current Maturities of non-current Debt |
| (ii) Term loan from banks are secured as follows: | | | | |
| In case of Holding Company : | | | | |
| By first pari passu charge on entire property, plant and equipment, movable and immovable, present and future, of the Company situated at A 19 and A 20, Industrial Area, Sikandarabad, UP and 332-338, Alur Village, Perandapalli, Hosur, Tamilnadu and at village Bendri, Raipur, Chhattisgarh and second pari passu charge on all current assets of the Company. The loan is further guaranteed by personal guarantee of Directors of the Company i.e. Mr. Sanjay Gupta, Mr. Sameer Gupta and Mr. Vinay Gupta. The loan outstanding as at balance sheet is repayable in 4 quarterly instalments commencing from June 2018 and ending in March 2019 of ₹3 crore each. Applicable rate of interest is 8.25%. During the year, loan has been repaid. | - | - | - | 12.13 |
| By first pari passu charge on entire property, plant and equipment, movable and immovable, present and future, of the Company situated at M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on all current assets of the Company. The loan is further guaranteed by personal guarantee of Directors of the Company i.e. Mr. Sanjay Gupta and Mr. Vinay Gupta . The loan outstanding is repayable in 3 quarterly instalments commencing from June 2018 and ending in December 2018 of ₹1.60 crore each. Applicable rate of interest is 8.25%. During the year, loan has been repaid. | - | - | - | 4.84 |
| By first pari passu charge on entire property, plant and equipment, movable and immovable, present and future, of the Company situated at M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on all current assets of the Company. The loan is further guaranteed by personal guarantee of Directors of the Company i.e. Mr. Sanjay Gupta and Mr. Vinay Gupta . The loan outstanding is repayable in 4 quarterly instalments commencing from June 2018 and ending in March 2019 of ₹1.50 crore each. Applicable rate of interest is 8.25%. During the year, loan has been repaid. | - | - | - | 6.04 |
| By first pari-passu charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh & Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu & Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur & M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on entire (present and future) current assets of the Company, and EM of Factory Land and Building situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh, Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur . Credit facilities are further secured by personel gurantee of the Sh. Sanjay Gupta and Sh. Vinay Gupta. The loan outstanding is repayable in 6 to 17 quarterly instalments commencing from May 2019 to Sep 2021 and ending in December 2022 to May, 2023. Applicable rate of interest is 8.50 % to 10.10 % . | 44.93 | 15.09 | - | - |

Notes to the consolidated financial statements

| Name of shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|--|----------------------|--|----------------------|--|
| | Non current debts | Current Maturities of non-current Debt | Non current debts | Current Maturities of non-current Debt |
| <p>As at March 31, 2018, 7.87%, Secured ,listed, Non-Convertible redeemable debentures of ₹10 Lakhs each.</p> <p>a) Debenture are secured by first pari passu charge on both movable and immovable property, plant and equipments, present and future, of the Company on the property situated at A 19 and A 20, Industrial Area, Sikandarabad, UP, 332-338, Alur Village, Perandapalli, Hosur, Tamilnadu and at village Bendri, Tehsil Raipur, Dist. – Raipur</p> <p>These debentures are redeemable at face value in one single installment on September 14, 2018.</p> <p>During the year, these debentures were repaid in full.</p> | - | - | - | 75.00 |
| <p>As at March 31, 2019, 11.50 %, Secured ,listed, Non-Convertible redeemable debentures of ₹10 Lakhs each.</p> <p>a) Debenture are secured by first pari-passu charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh & Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu & Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur & M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on entire (present and future) current assets of the Company, and EM of Factory Land and Building situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh, Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur . Credit facilities are further secured by personel gurantee of the Sh. Sanjay Gupta and Sh. Vinay Gupta.</p> <p>These debentures are redeemable at face value in one single installment on September 28, 2019.</p> | - | 75.00 | - | - |
| <p>As at March 31, 2019, 8.20 %, Secured ,listed, Non-Convertible redeemable debentures of ₹10 Lakhs each.</p> <p>a) Debenture are secured by first pari-passu charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh & Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu & Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur & M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on entire (present and future) current assets of the Company, and EM of Factory Land and Building situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh, Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur . Credit facilities are further secured by personel gurantee of the Sh. Sanjay Gupta and Sh. Vinay Gupta.</p> <p>These debentures are redeemable at face value in one single installment on February 28, 2020.</p> | - | 50.00 | - | - |

Notes to the consolidated financial statements

| Name of shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|--|----------------------|--|----------------------|--|
| | Non current debts | Current Maturities of non-current Debt | Non current debts | Current Maturities of non-current Debt |
| In case of Shri Lakshmi Metal Udyog Limited : | | | | |
| By First Pari Passu charge on property, plant and equipment, movable and immovable, present and future on Company's land and building situated at KIADB, Industrial area, Plot No-9 to 11, Balagaranahalli Village, Attibele, Bangalore and second pari passu charge on current assets of the Company (present and future). The loan is further guaranteed by personal guarantee of Directors of the Company i.e Mr. Sanjay Gupta, Mr. Vinay Gupta and corporate guarantee of APL Apollo Tubes Limited, the holding Company. The loan outstanding as at balance sheet is repayable in 07 quarterly instalments commencing from May 2018 and ending in November 2019 of ₹6,000,000 each. Applicable rate of interest is in the range of 9.50% - 10.50%. | - | - | 1.80 | 2.40 |
| During the current year, loan has been fully repaid. | | | | |
| In case of Apollo Metalex Private Limited : | | | | |
| Term Loan are secured by First Pari Passu charge on property, plant and equipment of the Company (both present and future) situated at A-2 and A-25, Industrial Area, Sikanderabad, UP and second charge on current assets of the Company. These credit facilities are further secured by personal guarantee of Directors of the Company i.e. Mr. Vinay Gupta and Mr. Sanjay Gupta (Promoter Directors), and corporate guarantee of M/s. APL Apollo Tubes Limited, holding Company. The Loan outstanding as at balance sheet date is repayable in 8 quarterly instalments commencing from June 2018 and ending in March 2020 of ₹3,500,000 each. Applicable rate of interest is in the range of 10.50%- 9.50%. During the year, loan has been fully repaid." | - | - | 1.40 | 1.40 |
| Term Loan are secured by first pari-passu charge on entire present and future fixed assets (movable and immovable) of the Company situated at A-2, A-25 and Plot No.22, Industrial Area, Sikandarabad, Bulandsahar, UP and second pari passu charge on entire (present and future) current assets of the Company. Credit facilities are further secured by personel gurantee of Sh. Sanjay Gupta & Sh. Vinay Gupta and corporate guarantee of APL Apollo Tubes Limited. | 14.59 | 2.93 | - | - |
| Term Loan are secured by first pari-passu charge on entire present and future fixed assets (movable and immovable) of the Company situated at A-2, A-25 and Plot No.22, Industrial Area, Sikandarabad, Bulandsahar, UP and second pari passu charge on entire (present and future) current assets of the Company. Credit facilities are further secured by personel gurantee of Sh. Sanjay Gupta & Sh. Vinay Gupta and corporate guarantee of APL Apollo Tubes Limited. | 20.00 | 5.00 | - | - |
| Total | 79.52 | 148.02 | 3.20 | 101.81 |

Notes to the consolidated financial statements

17 Other financial liabilities (Non-current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Deferred payment (see note (i) below) | 0.65 | 0.59 |
| Total | 0.65 | 0.59 |

Note : (i) The Group has a deferred liability related to sales tax for the period from year ended March, 2016 to year ended March, 2026.

18 Provisions (Non-current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Provision for compensated absences | 2.96 | 1.96 |
| (b) Provision for gratuity (see note 38) | 6.98 | 5.85 |
| Total | 9.94 | 7.81 |

19 Deferred Tax Liabilities (net)

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

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (i) Deferred Tax Liabilities on account of | | |
| - Property, plant and equipments and other intangible assets | 125.34 | 110.66 |
| - Financial Assets (carried at fair value through profit & loss) | (0.23) | (0.23) |
| - Others | 0.07 | 0.07 |
| - Financial Assets (Transaction cost on loans) | 0.23 | 0.26 |
| Total deferred tax liabilities (A) | 125.41 | 110.76 |
| (ii) Deferred Tax Assets on account of | | |
| - Provision for doubtful trade receivables | 2.00 | 1.64 |
| - Provision for employee benefit expenses | 3.76 | 2.83 |
| - Others | 0.40 | - |
| Total deferred tax assets (B) | 6.16 | 4.47 |
| Minimum alternate tax credit (MAT) (C) | 0.02 | 6.88 |
| Disclosed as Deferred Tax Liabilities (Net - A-B-C) | 119.97 | 99.41 |

(₹ in crore)

| (b) Movement in deferred tax liabilities / asset | As at March 31, 2017 | Recognised in profit & loss | Recognised in other comprehensive income | MAT credit Utilised not recognised in profit & loss | As at March 31, 2018 |
|--|----------------------|-----------------------------|--|---|----------------------|
| Deferred Tax Liabilities (A) | | | | | |
| Property, plant and equipments and other intangible assets | 94.02 | 16.64 | - | - | 110.66 |
| Financial Assets (carried at fair value through profit & loss) | 1.03 | (1.26) | - | - | (0.23) |
| Others | - | 0.07 | - | - | 0.07 |
| Fair Valuation of transaction cost | 0.24 | 0.02 | - | - | 0.26 |
| Total | 95.29 | 15.47 | - | - | 110.76 |
| Deferred Tax Assets (B) | | | | | |
| Provision for employee benefit expenses | 2.57 | 0.59 | (0.33) | - | 2.83 |
| Provision for doubtful trade receivables | 1.06 | 0.58 | - | - | 1.64 |
| Minimum alternate tax credit | 9.55 | - | - | (2.67) | 6.88 |
| Others | 0.80 | (0.80) | - | - | - |
| Total | 13.98 | 0.37 | (0.33) | (2.67) | 11.35 |
| Deferred tax liabilities (Net - A-B) | 81.31 | 15.10 | 0.33 | 2.67 | 99.41 |

Notes to the consolidated financial statements

(₹ in crore)

| Movement in deferred tax liabilities / asset | As at March 31, 2018 | Recognised in profit & loss | Recognised in other comprehensive income | MAT credit Utilised not recognised in profit & loss | As at March 31, 2019 |
|--|----------------------|-----------------------------|--|---|----------------------|
| Deferred Tax Liabilities (A) | | | | | |
| Property, plant and equipments and other intangible assets | 110.66 | 14.68 | - | - | 125.34 |
| Financial Assets (carried at fair value through profit & loss) | (0.23) | 0.74 | - | - | 0.51 |
| Others | 0.07 | - | - | - | 0.07 |
| Fair Valuation of transaction cost | 0.26 | (0.03) | - | - | 0.23 |
| Total | 110.76 | 15.39 | - | - | 126.15 |
| Deferred Tax Assets (B) | | | | | |
| Provision for employee benefit expenses | 2.83 | 0.86 | 0.07 | - | 3.76 |
| Provision for doubtful trade receivables | 1.64 | 0.36 | - | - | 2.00 |
| Minimum alternate tax credit | 6.88 | - | - | (6.84) | 0.02 |
| Others | - | 0.40 | - | - | 0.40 |
| Total | 11.35 | 1.62 | 0.07 | (6.84) | 6.18 |
| Deferred tax liabilities (Net -A-B) | 99.41 | 13.77 | (0.07) | 6.84 | 119.97 |

20 Other Non-current liabilities

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------------------|----------------------|----------------------|
| (a) Deferred income (see note below) | 47.76 | 29.00 |
| Total | 47.76 | 29.00 |

Note: Deferred income arises in respect of import of capital goods without payment of custom duty under Export Promotion Capital Goods Scheme (refer note 37(b)(3)).

21 Borrowings (Current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Loan repayable on demand | | |
| - From banks (Secured) | | |
| (i) Cash credit (see note (i) below) | 416.58 | 360.54 |
| (b) Others | | |
| - From banks (Secured) | | |
| (i) Buyer's credit | | |
| - working capital (see note (i) below) | 19.01 | 90.69 |
| - Capital item loan (see note (ii) below) | - | 93.63 |
| (ii) 8.20% Secured, listed, Non-Convertible redeemable debentures (see note (iii) below) | 100.00 | 50.00 |
| - From others (unsecured) | - | 0.29 |
| Total | 535.59 | 595.15 |

Notes to the consolidated financial statements

Nature of security:

- (i) “Cash credit & working capital facilities of APL Apollo Tubes Limited from banks are secured by first pari passu charge on entire present and future current assets and second charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh and Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur, and M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra.

Cash credit & Working capital facilities are further secured by second charge through equitable mortgage of the Company land and building situated at Plot No. A-19/A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh and Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur. Credit facilities are further secured by personel guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta.”

Cash credit & working capital facilities of Apollo Metalex Private Limited from banks are secured by first pari passu charge on entire present and future current assets and second charge on entire present and future movable and immovable fixed assets of the Company situated at A-2, Industrial Area, Sikandarabad, UP and A-25, Industrial Area, Sikandarabad. Credit facilities are further secured by personel guarantees of the Mr. Sanjay Gupta and Mr. Vinay Gupta and corporate guarantee of APL Apollo Tubes Limited.

Cash credit & working capital facilities of Shri Lakshmi Metal Udyog Limited from banks are secured by first pari passu charge on current assets and second charge on the property, plant and equipment, present and future, of the Company and further secured by second charge on Company’s land and building situated at KIADB, Industrial area, Plot No-9 to 11, Balaganahalli Village, Attibele, Bangalore. These credit facilities are further secured by personal guarantee of directors of the Company i.e. Mr. Sanjay Gupta and Mr. Vinay Gupta, these are further secured by corporate guarantee of APL Apollo Tubes Limited, the holding Company. Working capital facilities from HDFC Bank are secured by first pari passu charge on current assets of the Company and first pari passu charge on property, plant and equipment, present and future, on Company’s land and building situated at KIADB, Industrial area, Plot No-9 to 11, Balaganahalli Village, Attibele, Bangalore.

- (ii) As at March 31, 2018, Buyer’s credit includes ₹93.63 crore taken for capital goods which has been approved as a sublimit under the term loan facility taken. The tenor of buyer’s credit is six months which can be roll forward upto the tenor of three years.

The term loan including buyer credit is secured by first pari passu charge on property, plant and equipments, movable and immovable, present and future, of the Company situated at A-19 and A-20, Industrial Area, Sikanderabad, UP, 332-338, Alur Village, Perandapalli, Hosur (Tamilnadu) and land at village Bendri, Raipur (Chhattisgarh) and second pari passu charge on current assets of the Company. The loan is further guaranteed by personal guarantee of Director of the Company i.e. Mr. Sanjay Gupta and Mr. Vinay Gupta. During the year, loan has been repaid.

- (iii) Details of debentures issued by the Company:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| 8.20% Secured, listed, Non-Convertible redeemable debentures of ₹10 Lakhs each (see note below) | 100.00 | 50.00 |

As at March 31, 2019, the debenture are secured by first pari passu charge on both movable and immovable property, plant and equipment, present and future, of the Company on the property situated at A 19 and A 20, Industrial Area, Sikanderabad, UP, 332-338, Alur Village, Perandapalli, Hosur, Tamilnadu and at village Bendri, Tehsil Raipur, Dist. – Raipur

The debentures have the following Call/Put Options :

Put Option: First Put Option at par, at the end of 12th Month from the deemed date of allotment and second Put Option at par, at the end of 24th Month from the deemed date of allotment.

Notes to the consolidated financial statements

Call Option: First Call Option at par, at the end of 12th Month from the deemed date of allotment and second Call Option at par, at the end of 24th Month from the deemed date of allotment.

These debentures carrying interest rate of 8.65 % p.a. are redeemable at face value in one single instalment on 5 July, 2021.

As at March 31, 2018, Debentures are secured by first pari-passu charge on entire present and future movable fixed assets of the Company situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh & Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu & Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur & M-1, Additional Murbad Industrial Area - V, Kudawali Murbad, Distt. Thane, Maharashtra and Residential Complex situated at Murbad, Distt. Thane, Maharashtra and second pari passu charge on entire (present and future) current assets of the Company, and EM of Factory Land and Building situated at Plot No. A-19 and A-20, Sikandarabad Industrial Area, Distt. Bulandshahar, Uttar Pradesh, Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu and Khasra No. 215, 223/1, 225/7-8, 225/9-10, 227/4, 231/2, 217/1-2 Part, 231/6 Part at village Bendri, Tehsil Raipur, Dist. – Raipur . Credit facilities are further secured by personal guarantee of the Sh. Sanjay Gupta and Sh. Vinay Gupta.

The debentures have the following Call/Put Options :

Put Option: First Put Option at par, at the end of 12th Month from the deemed date of allotment and second Put Option at par, at the end of 24th Month from the deemed date of allotment.

Call Option: First Call Option at par, at the end of 12th Month from the deemed date of allotment and second Call Option at par, at the end of 24th Month from the deemed date of allotment.

These debentures carrying interest rate of 8.20 % p.a. are redeemable at face value in one single instalment on 28 February, 2020.

22 Trade payables (Current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Outstanding dues to Micro and small enterprises | - | - |
| (b) Outstanding dues of creditors other than micro enterprises and small enterprises | 698.92 | 379.27 |
| Total | 698.92 | 379.27 |

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

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (i) The principal amount remaining unpaid to supplier as at the end of the year | - | - |
| (ii) The interest due thereon remaining unpaid to supplier as at the end of the year | - | - |
| (iii) The amount of interest-due and payable for the period of delay in making payment (which have been paid beyond the appointed day during the year) but without adding the interest specified under this Act | - | - |
| (iv) The amount of interest accrued during the year and remaining unpaid at the end of the year | - | - |
| (v) The amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961 | - | - |

23 Other financial liabilities (Current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Security deposit | 1.10 | 1.50 |
| (b) Current maturities of non-current debt (see note 16) (net of unamortised prepaid processing fees) | 148.02 | 101.77 |
| (c) Capital creditors | 9.24 | 10.87 |

Notes to the consolidated financial statements

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (d) Retention money payable | 3.80 | - |
| (e) Unclaimed dividends | 0.43 | 0.26 |
| (f) Derivative liabilities | 0.83 | 0.81 |
| (g) Interest accrued but not due on borrowings | 19.76 | 9.54 |
| Total | 183.18 | 124.75 |

24 Other current liabilities

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Statutory remittances | 13.89 | 5.58 |
| (b) Advance from customers | 9.22 | 5.71 |
| (c) Advance against sale of investment property (see note 2(b)) | 4.83 | - |
| (d) Deferred income | 2.71 | 0.96 |
| (e) Corporate dividend tax payable | - | 0.26 |
| Total | 30.65 | 12.51 |

25 Provisions (Current)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| (a) Provision for compensated absences | 0.42 | 0.12 |
| (b) Provision for gratuity (see note 38) | 0.42 | 0.17 |
| Total | 0.84 | 0.29 |

26 Current tax liabilities (net)

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Provision for tax (net of advance tax ₹141.29 crore) (March 31, 2018 : ₹131.52 crore) | 7.80 | 16.35 |
| Total | 7.80 | 16.35 |

27 Revenue from operations

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| (a) Sale of products (see note (i) & (ii) below) | 6,894.64 | 5,293.74 |
| (b) Other operating revenue (see note (i) & (iii) below) | 257.68 | 178.64 |
| Total | 7,152.32 | 5,472.38 |

Notes :

- (i) Consequent to the introduction of Goods and Service Tax (GST) with effect from July 1, 2017, Central Excise, Value Added Tax (VAT) etc. was replaced by GST. In accordance with erstwhile 'Ind-AS 18 : Revenue' and Schedule III of the Companies Act, 2013, GST is not included in Revenue from operations for applicable periods. In view of the aforesaid restructuring of indirect taxes, Revenue from operations for year ended March 31, 2019 is not comparable with the year ended March 31, 2018. Following additional information is being provided to facilitate such comparison:

Notes to the consolidated financial statements

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| (I) Revenue from operations (Gross) | 7,152.32 | 5,472.38 |
| (II) Excise duty | - | 137.61 |
| (III) Revenue from operations (net of excise duty)(I-II) | 7,152.32 | 5,334.77 |

(ii) Reconciliation of revenue recognised with contract price :

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--------------------------------|------------------------------|------------------------------|
| Contract price | 7,032.54 | 5,374.42 |
| Adjustments for: | | |
| Discount & incentives | (137.90) | (80.68) |
| Revenue from operations | 6,894.64 | 5,293.74 |

(iii) Other operating revenue comprises

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-------------------|------------------------------|------------------------------|
| Sale of scrap | 249.93 | 172.33 |
| Export incentives | 7.75 | 5.37 |
| Commission | - | 0.77 |
| Job work | - | 0.17 |
| | 257.68 | 178.64 |

28 Other income

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| (a) Interest income on fixed deposit | 0.79 | 2.37 |
| (b) Interest income on others | 2.06 | - |
| (c) Profit on sale of property, plant and equipment (net) | 0.12 | 0.02 |
| (d) Profit on sale of investment property | 0.07 | - |
| (e) Miscellaneous income | 8.67 | 5.62 |
| Total | 11.71 | 8.01 |

29 Cost of materials consumed

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Inventories of raw material as at the beginning of the year | 301.37 | 254.95 |
| Add: Purchases during the year | 6,385.99 | 4,614.58 |
| Less: Inventories of raw material as at the end of the year | 398.58 | 301.37 |
| Total | 6,288.78 | 4,568.16 |

29 Change in inventories

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Inventories at the end of the year: | | |
| (a) Finished goods | 343.05 | 269.64 |
| (b) Work in progress | 13.01 | - |
| (c) Rejection and scrap | 9.20 | 7.32 |
| | 365.26 | 276.96 |
| Inventories at the beginning of the year: | | |
| (a) Finished goods | 269.64 | 198.09 |
| (b) Rejection and scrap | 7.32 | 2.81 |
| | 276.96 | 200.90 |
| Total | (88.30) | (76.06) |

Notes to the consolidated financial statements

31 Employee benefits expense

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| (a) Salaries and wages | 96.59 | 75.73 |
| (b) Contribution to provident fund | 3.04 | 2.72 |
| (c) Gratuity expense (refer note 38) | 1.66 | 1.45 |
| (d) Share based expenses to employees (refer note 39) | 3.55 | 3.66 |
| (e) Staff welfare expenses | 3.10 | 2.60 |
| Total | 107.94 | 86.16 |

During the year, the Group recognised an amount of ₹12.42 crore (March 31, 2018 ₹9.21 crore) as remuneration to key managerial personnel. The details of such remuneration is as below :

| | | |
|---|--------------|-------------|
| (i) Short term employee benefits | 11.75 | 9.10 |
| (ii) Post employment benefits | 0.37 | 0.05 |
| (iii) Other long term employee benefits | 0.30 | 0.06 |
| | 12.42 | 9.21 |

32 Finance costs

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| (a) Interest expense : | | |
| (i) working capital facilities | 73.53 | 52.73 |
| (ii) term loan | 6.62 | 6.52 |
| (iii) vehicle loan | 0.01 | 0.02 |
| (iv) debentures | 27.97 | 15.86 |
| (v) delayed payment of income tax | 1.65 | 1.48 |
| | 109.78 | 76.61 |
| Less : Interest capitalised (refer note 2(a)) | - | 1.16 |
| | 109.78 | 75.45 |
| (b) Other borrowing cost | 3.57 | 5.85 |
| Total | 113.35 | 81.30 |

33 Depreciation and amortisation expense

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| (a) Depreciation on property, plant and equipment (refer note 2(a)) | 63.24 | 52.50 |
| (b) Depreciation on investment property (refer note 2(b)) | 0.22 | 0.15 |
| (c) Amortisation on intangible assets (refer note 2(c)) | 0.80 | 0.76 |
| Total | 64.26 | 53.41 |

34 Other expenses

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| (a) Freight outward | 161.27 | 153.99 |
| (b) Power and fuel | 60.01 | 53.70 |
| (c) Consumption of stores and spare parts | 50.32 | 42.29 |
| (d) Derivatives measured at fair value through profit and loss | 6.59 | 13.76 |
| (e) Advertisement and sales promotion | 8.99 | 9.33 |
| (f) Loss on foreign currency transactions (net) | (4.17) | 6.39 |
| (g) Furnace oil | 18.07 | 12.73 |
| (h) Rent expense | 8.66 | 6.27 |
| (i) Travelling and conveyance | 7.95 | 5.50 |
| (j) Legal and professional charges (see note (i) below) | 6.97 | 5.83 |

Notes to the consolidated financial statements

| Particulars | (₹ in crore) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| (k) Job work charges | 2.09 | 2.65 |
| (l) Repair and maintenance: | | |
| (i) Building | 0.38 | 0.47 |
| (ii) Plant and machinery | 4.58 | 2.81 |
| (iii) Others | 0.70 | 0.50 |
| (m) Rates and taxes | 1.72 | 2.20 |
| (n) Security services | 1.86 | 1.40 |
| (o) Allowance for doubtful trade receivables (expected credit loss allowance) | 0.63 | 1.62 |
| (p) Bad debts written off | 0.20 | 0.37 |
| (q) Other receivables and advances written off | - | 0.93 |
| (r) Loss on sale of investment property | - | 0.38 |
| (s) Loss on sale of property, plant and equipment (net) | - | 0.08 |
| (t) Corporate social responsibility (refer note 35) | 0.53 | 0.09 |
| (u) Provision for slow moving inventory of spares & consumables | 0.22 | 0.12 |
| (v) Miscellaneous expenses | 6.29 | 5.83 |
| Total | 343.86 | 329.24 |
| Note :- | | |
| (i) Legal & professional charges include auditor's remuneration (excluding indirect taxes) as follows : | | |
| (a) To statutory auditors | | |
| For audit (including quarterly limited reviews) | 1.20 | 1.20 |
| For taxation matters | - | 0.18 |
| For other services | 0.34 | 0.06 |
| Reimbursement of expenses | 0.10 | 0.02 |
| Total | 1.64 | 1.46 |
| (b) To cost auditors for cost audit | 0.04 | 0.03 |
| Total | 0.04 | 0.03 |

35 Corporate social responsibility

As per section 135 of the Companies Act, 2013 and rules therein, the Group 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 required by the Management are as follows :

| Particulars | (₹ in crore) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Gross amount required to be spent by the Group during the year | 4.19 | 4.89 |
| Amount spent during the year on purposes other than construction / acquisition of any asset | 0.53 | 0.09 |
| Amount spent for acquisition / construction of assets | - | - |

36 Earnings per Equity share

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

| Particulars | (₹ in crore, unless otherwise stated) | |
|--|---------------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Profit for the year attributable to the equity holders of the Company used in calculating basic and diluted earnings per share | 148.25 | 158.13 |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 2,37,32,445 | 2,36,56,424 |
| Adjustments for calculation of diluted earnings per share (Employee stock option) (Number) | 2,73,123 | 4,38,325 |
| Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share | 2,40,05,568 | 2,40,94,749 |
| (a) Basic earnings per share in ₹ | 62.47 | 66.84 |
| (b) Diluted earnings per share in ₹ | 61.76 | 65.63 |

Notes to the consolidated financial statements

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

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| (a) Contingent liabilities (for pending litigations) | | |
| (1) Disputed claims/levies in respect of sales tax: | | |
| - Reversal of input tax credit | 12.42 | 9.93 |
| - Classification of goods | 0.36 | 0.36 |
| - Provisional Assessment | 1.12 | 0.90 |
| | 13.90 | 11.19 |
| (2) Disputed claims/levies in respect of excise duty: | | |
| - Availability of input credit | 11.34 | 20.13 |
| - Reversal of input tax credit | 1.64 | 1.64 |
| - Excise demand on excess / shortages | 6.82 | 5.66 |
| | 19.80 | 27.43 |
| (3) Disputed claims/levies in respect of service tax: | | |
| - Availability of input credit | 1.33 | 0.99 |
| (4) Disputed claims/levies in respect of Income Tax (refer note (ii) below) | 3.70 | 3.70 |
| (5) Contribution to provident fund under the Employees Provident Fund & Miscellaneous provisions Act, 1952 (see note (ii) below) | | |
| Total | 38.73 | 43.31 |

- (i) During the year, the Group has discounted the sales bill from the banks for ₹14.64 crore (March 31, 2018 ₹10.61 crore).
- (ii) Based upon the legal opinion obtained by the management, there are various interpretation issues and thus management is in the process of evaluating the impact of the recent Supreme Court Judgement in relation to non-exclusion of certain allowances from the definition of “basic wages” of the relevant employees for the purpose of determining contribution to provident fund under the Employees Provident Fund & Miscellaneous provisions Act, 1952.
- (iii) The management based on the advise of the legal experts believe that there are fair chances of succeeding before relevant jurisdiction in above cases. Accordingly, no adjustments are considered necessary in these consolidated financial statements.

(b) Commitments

- (1) Estimated amount of contracts remaining to be executed on capital account and not provided for
- | | | |
|------------------------------------|-------|-------|
| (i) Property, plant and equipments | 63.75 | 42.48 |
|------------------------------------|-------|-------|
- (2) The Group has obtained advance licenses under the Duty Exemption Scheme for importing input materials without payment of 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 Group has to achieve both the quantity and FOB value of exports specified in the license. Accordingly the Group is required to export goods of FOB Value of ₹17.86 crore (March 31, 2018 ₹68.95 crore) against which the Group has saved a duty of ₹2.07 crore (March 31, 2018 ₹12.03 crore).
- (3) The Group has obtained EPCG (Export Promotion Capital Goods Scheme) licenses for importing the capital goods without payment of basic custom duty against submission of bonds.
- The export obligation is to be fulfilled within a period of 6 years from the date of issuance of license. Under this scheme the Group has to achieve FOB value of exports which will be 6 times of duty saved. Accordingly the Group is required to export of FOB value of ₹144.93 crore (March 31, 2018 ₹154.49 crore) against which the Group has saved a duty of ₹24.16 crore (March 31, 2018 ₹25.74 crore).
- (4) The Group has entered in Power Supply Agreement with a Vendor. As per agreement, the Group is required to draw an ‘Annual Contracted Quantity’ of 55 Lakhs KWH for a period of 5 years having estimated power purchase price of ₹3.08 crore (March 31, 2018 : ₹3.08 crore).

Notes to the consolidated financial statements

- (5) The Holding Company has given corporate guarantees on behalf of its two subsidiaries i.e. Apollo Metalex Private Limited and Shri Lakshmi Metal Udyog Limited for loans and credit facilities taken by them from banks and financial institutions. The loan outstanding as at March 31, 2019 of Apollo Metalex Private Limited is ₹109.88 crore (March 31, 2018 ₹32.66 crore) and Shri Lakshmi Metal Udyog Limited is ₹16.33 crore (March 31, 2018 ₹4.37 crore).
- (6) The Group has other commitments, for purchase orders which are issued after considering requirements per operating cycle for purchase of services, employee's benefits. The Group does not have any other long term commitments or material non-cancellable contractual commitments /contracts, including derivative contracts for which there were any material foreseeable losses.

(c) Operating lease commitments - as lessee

The Group has entered into operating leases on office premises. These leases have an average life of between one to three years. The Group has recognised the lease expense during the year amounts to ₹8.66 crore (March 31, 2018 : ₹6.27 crore).

Future minimum rentals payable under non-cancellable operating leases as at March 31, 2019 are as follows : (₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Not later than one year | 0.58 | - |
| Later than one year but not later than five years | 0.63 | - |
| Later than five years | - | - |
| Total | 1.21 | - |

- (d) There has been no delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

38 Employee benefit obligations

(₹ in crore)

| Particulars | As at March 31, 2019 | | |
|---|----------------------|-------------|-------------|
| | Current | Non-current | Total |
| Gratuity | | | |
| Present value of obligation | 0.42 | 6.98 | 7.40 |
| Total employee benefit obligations | 0.42 | 6.98 | 7.40 |

(₹ in crore)

| Particulars | As at March 31, 2018 | | |
|---|----------------------|-------------|-------------|
| | Current | Non-current | Total |
| Gratuity | | | |
| Present value of obligation | 0.17 | 5.85 | 6.02 |
| Total employee benefit obligations | 0.17 | 5.85 | 6.02 |

(a) Defined benefit plans

a) Gratuity

The Company has an unfunded defined benefit gratuity plan. The gratuity scheme provides for lump sum payment to vested employees at retirement/death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months subject to a limit of ₹0.20 crore (Previous Year ₹0.10 crore). Vesting occurs upon completion of 5 years of service. .

(b) Defined contribution plans

The Company makes Provident Fund contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹3.04 crore (Year ended March 31, 2018 ₹2.72 crore) for Provident Fund contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Notes to the consolidated financial statements

(c) Movement of defined benefit obligation:

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

(₹ in crore)

| Particulars | Gratuity |
|--|---------------|
| Opening balance as at April 1, 2017 | 6.02 |
| Current service cost | 0.97 |
| Interest expense/(income) | 0.48 |
| Total amount recognised in profit or loss | 1.45 |
| Remeasurements | |
| effect of change in financial assumptions | (0.40) |
| effect of experience adjustments | (0.54) |
| Total amount recognised in other comprehensive income | (0.94) |
| Employer contributions: Benefit payments | (0.51) |
| Balance as at March 31, 2018 | 6.02 |
| Balance as at March 31, 2018 | 6.02 |
| Current service cost | 1.18 |
| Interest expense/(income) | 0.48 |
| Total amount recognised in profit or loss | 1.66 |
| Remeasurements | |
| Loss due to experience | 0.23 |
| Loss due to change in financial assumptions | (0.01) |
| Total amount recognised in other comprehensive income | 0.22 |
| Employer contributions: Benefit payments | (0.50) |
| Balance as at March 31, 2019 | 7.40 |

(d) Post-Employment benefits

The significant actuarial assumptions were as follows:

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------------|---|---|
| Discount rate | 7.86% | 7.86% |
| Salary growth rate | 8.00% | 8.00% |
| Expected Return on Assets | - | - |
| Mortality | Indian Assured Lives Mortality 2006-08 | Indian Assured Lives Mortality 2006-08 |
| Attrition Rate | | |
| 18 to 30 years | 3.00% | 3.00% |
| 30 to 45 years | 2.00% | 2.00% |
| Above 45 years | 1.00% | 1.00% |

Notes :

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

Notes to the consolidated financial statements

(e) Sensitivity analysis

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

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-------------------------------------|------------------------------|------------------------------|
| Gratuity | | |
| Discount rate (increase by 1%) | (0.88) | (0.75) |
| Salary growth rate (increase by 1%) | 1.05 | 0.90 |

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-------------------------------------|------------------------------|------------------------------|
| Gratuity | | |
| Discount rate (decrease by 1%) | 1.06 | 0.91 |
| Salary growth rate (decrease by 1%) | (0.89) | (0.76) |

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

(f) Risk exposure

The defined benefit obligations have the undermentioned risk exposures :

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

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

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

(g) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 17.44 to 19.68 years.

The expected maturity analysis of undiscounted gratuity is as follows:

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------|------------------------------|------------------------------|
| Less than a year | 0.41 | 0.18 |
| Between 1 - 2 years | 0.16 | 0.28 |
| Between 2 - 3 years | 0.43 | 0.03 |
| Between 3 - 4 years | 0.37 | 0.44 |
| Between 4 - 5 years | 0.65 | 0.44 |
| Beyond 5 years | 6.31 | 5.45 |
| Total | 8.33 | 6.82 |

Notes to the consolidated financial statements

39 Share Based Payments

(a) Employee Share Option Plan :

- (i) The ESOS scheme titled "Employee Stock Option Scheme 2015" (ESOS 2015) was approved by the shareholders through postal ballot on July 27, 2015 and December 22, 2015. 7,50,000 options are covered under the Scheme for 750,000 Equity shares.
- (ii) During the financial year 2015-16, the Nomination and Remuneration Committee in its meeting held on July 28, 2015 has granted 724,000 options respectively under the ESOS to eligible employees of the Company and its subsidiaries. Each option comprises one underlying equity share. The options granted vest over a period of 4 years from the date of the grant in equal proportion of 25% each year. Options may be exercised within 4 years. The exercise price of each option is the market price of the shares on the stock exchange with the highest trading volume, one day before the date of grant of options. The exercise price has been determined at ₹452.60 per share.
- (iii) During the financial year 2016-17, the Nomination and Remuneration Committee in its meeting held on January 28, 2017 has granted 45,000 options under the ESOS to eligible employees of the Company and its subsidiaries. Each option comprises one underlying equity share. The options granted vest over a period of 4 years from the date of the grant in equal proportion of 25% each year. Options may be exercised within 4 years. The exercise price of each option is the market price of the shares on the stock exchange with the highest trading volume, one day before the date of grant of options. The exercise price has been determined at ₹1,028.80 per share.
- (iv) During the financial year 2017-18, the the Nomination and Remuneration Committee in its meeting held on September 9, 2017 and February 5, 2018 has granted 96,000 and 70,000 options respectively, under the ESOS to eligible employees of the Company and its subsidiaries. Each option comprises one underlying equity share. The options granted vest over a period of 4 years from the date of the grant in equal proportion of 25% each year. Options may be exercised within 4 years. The exercise price of each option is the market price of the shares on the stock exchange with the highest trading volume, one day before the date of grant of options. The exercise price has been determined at ₹1,633.05 and ₹2,124.10 respectively per share.

(b) The following share based payment arrangements were in existence during the current and prior years:

| Number of options granted | Grant Date | Expiry Date | Exercise Price ₹ | Fair Value at grant date ₹ |
|---------------------------|-------------------|------------------|------------------|----------------------------|
| 7,24,000 | July 28, 2015 | January 26, 2020 | 452.6 | 168.88 |
| 46,000 | January 28, 2017 | July 29, 2021 | 1028.8 | 354.56 |
| 96,000 | September 9, 2017 | October 3, 2022 | 1633.05 | 602.36 |
| 70,000 | February 5, 2018 | August 6, 2022 | 2124.1 | 751.33 |

(c) Fair value option granted in the year

The weighted average fair value of the share options granted during the current financial year is Nil (March 31, 2018 : ₹665.18). Options were priced using Black Scholes Model. No option granted during the year. Option granted during previous year are as follows :

| | Grant on September 9, 2017 | Grant on February 5, 2018 |
|-------------------------|----------------------------|---------------------------|
| Grant date share price | 1,634.00 | 2,085.35 |
| Exercise Price | 1633.05 | 2124.1 |
| Expected volatility | 37.9%-41.29% | 36.87%-40.04% |
| Option Life | 3-4.5 | 3-4.5 |
| Dividend yield | 0.73% | 0.85% |
| Risk-free Interest Rate | 6.39%-6.52% | 7.18%-7.45% |

(d) Movement in share option during the year

The following reconciles the share options outstanding at the beginning and end of the year:

Notes to the consolidated financial statements

| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|--|---------------------------|---------------------------------|---------------------------|---------------------------------|
| | Number of options | Weighted Average Exercise Price | Number of options | Weighted Average Exercise Price |
| Balance at the beginning of the year | 447,250# | 987.05 | 521,889 | 502.28 |
| Granted during the year | - | - | 166,000 | 1,840.12 |
| Vested during the year | 161,949\$ | 799.23 | 141,625* | 484.64 |
| Lapsed during the year | 53,551 | - | 100,789 | - |
| Forfeited during the year | - | - | - | - |
| Exercised during the year | 120,576 | 469.33 | 139,850 | 452.60 |
| Expired during the year | - | - | - | - |
| Options outstanding at the end of the year | 273,123\$ | 1,207.72 | 447,250# | 987.05 |
| Options available for grant | 65,132 | - | 11,581 | - |

* As at March 31, 2018, 7,875 options were due for vesting but not vested in previous year. During the current year, out of these 7,875 options, 3,750 options were lapsed and remaining 4,125 options were vested.

As at March 31, 2018, 7,875 options were due for vesting and 1,250 options were vested but not exercised in previous year. During the current year, out of these 1,250 options, 500 options were lapsed and remaining 750 options are still not exercised.

\$ As at March 31, 2019, 42,123 options were vested but not exercised.

(e) Share option exercised during the year

| | Number exercised/allotted | Exercise/Allotment date | Share Price at exercise/allotment date |
|-----------------------------|---------------------------|-------------------------|--|
| | | | ₹ |
| Granted on July 28, 2015 | 19,526 | February 21, 2019 | 1,138.45 |
| Granted on July 28, 2015 | 97,550 | March 30, 2019 | 1,439.70 |
| Granted on January 28, 2017 | 3,500 | March 30, 2019 | 1,439.70 |

(f) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions, i.e., employee share option plan during the year recognised in profit or loss as part of employee benefit expense is ₹3.54 crore (March 31, 2018 ₹3.65 crore).

(g) No option expired during the year.

40 Related party transaction :

| (a) Details of related parties : | Name of related parties |
|---|--|
| (i) Key Management Personnel (KMP) (with whom transactions have taken place during the year) | Mr. Sanjay Gupta (Chairman) Mr. Ashok Kumar Gupta (Managing Director) Mr. Vinay Gupta (Director) Mr. Rajeev Kohli (Chief Executive Officer of Apollo Metalex Private Limited) Mr. Romi Sehgal (Director) Mr. Deepak Goyal (Chief Financial Officer) |
| (ii) Relative of KMP (with whom transactions have taken place during the year) | Mr. Adhish Swaroop (Company Secretary) Mrs. Neera Gupta (Wife of Mr. Sanjay Gupta) Mrs. Vandana Gupta (Wife of Mr. Vinay Gupta) Mrs. Saroj Rani Gupta (Mother of Mr. Sanjay Gupta) Mrs. Veera Gupta (Wife of Mr. Ashok Kumar Gupta) |
| (iii) Enterprises significantly influenced by KMP and their relatives (with whom transactions have taken place during the year) | Mr. Rahul Gupta (Son of Mr. Sanjay Gupta) APL Infrastructure Private Limited Apollo Pipes Limited Apollo Tricoat Tubes Limited (w.e.f. March 15, 2018) (Erstwhile Best Steel Logistics Limited) |

Notes to the consolidated financial statements

(₹ in crore)

| Particulars | Subsidiaries | Key Management Personnel (KMP) | Relatives of KMP | Enterprises significantly influenced by KMP and their relatives | Total |
|--|--------------|--------------------------------|------------------|---|---------------|
| (b) Transactions during the year | | | | | |
| Sale of products | | | | | |
| Apollo Pipes Limited | - | - | - | 0.81 | 0.81 |
| | (-) | (-) | (-) | (2.36) | (2.36) |
| Apollo Tricoat Tubes Limited | - | - | - | 18.05 | 18.05 |
| | (-) | (-) | (-) | (0.08) | (0.08) |
| | - | - | - | 18.86 | 18.86 |
| | (-) | (-) | (-) | (2.44) | (2.44) |
| Sale of scrap (other operating revenue) | | | | | |
| Apollo Tricoat Tubes Limited | - | - | - | 0.16 | 0.16 |
| | (-) | (-) | (-) | (-) | (-) |
| Apollo Pipes Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (0.02) | (0.02) |
| | - | - | - | 0.16 | 0.16 |
| | (-) | (-) | (-) | (0.02) | (0.02) |
| Sale of property, plant and equipments | | | | | |
| Apollo Tricoat Tubes Limited | - | - | - | 15.00 | 15.00 |
| | (-) | (-) | (-) | (-) | (-) |
| | - | - | - | 15.00 | 15.00 |
| | (-) | (-) | (-) | (-) | (-) |
| Sale of licenses | | | | | |
| Apollo Pipes Limited | - | - | - | 0.82 | 0.82 |
| | (-) | (-) | (-) | (3.66) | (3.66) |
| | - | - | - | 0.82 | 0.82 |
| | (-) | (-) | (-) | (3.66) | (3.66) |
| Purchase of stores and consumables | | | | | |
| Apollo Pipes Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (1.01) | (1.01) |
| | - | - | - | - | - |
| | (-) | (-) | (-) | (1.01) | (1.01) |
| Purchase of property, plant and equipment | | | | | |
| Apollo Pipes Limited | - | - | - | 0.02 | 0.02 |
| | (-) | (-) | (-) | (-) | (-) |
| | - | - | - | 0.02 | 0.02 |
| | (-) | (-) | (-) | (-) | (-) |
| Purchase of stock-in-trade | | | | | |
| Apollo Tricoat Tubes Limited | - | - | - | 2.52 | 2.52 |
| | (-) | (-) | (-) | (-) | (-) |
| | - | - | - | 2.52 | 2.52 |
| | (-) | (-) | (-) | (-) | (-) |

Notes to the consolidated financial statements

| Particulars | Subsidiaries | Key Management Personnel (KMP) | Relatives of KMP | Enterprises significantly influenced by KMP and their relatives | Total |
|------------------------------------|--------------|--------------------------------|------------------|---|---------------|
| Purchase of goods | | | | | |
| Apollo Tricoat Tubes Limited | - | - | - | 0.04 | 0.04 |
| | (-) | (-) | (-) | (-) | (-) |
| Apollo Pipes Limited | - | - | - | 4.44 | 4.44 |
| | (-) | (-) | (-) | (3.86) | (3.86) |
| | - | - | - | 4.48 | 4.48 |
| | (-) | (-) | (-) | (3.86) | (3.86) |
| Purchase of scrap | | | | | |
| Apollo Tricoat Tubes Limited | - | - | - | 0.31 | 0.31 |
| | (-) | (-) | (-) | (-) | (-) |
| | - | - | - | 0.31 | 0.31 |
| | (-) | (-) | (-) | (-) | (-) |
| Interest income | | | | | |
| Apollo Tricoat Tubes Limited | - | - | - | 1.04 | 1.04 |
| | (-) | (-) | (-) | (-) | (-) |
| | - | - | - | 1.04 | 1.04 |
| | (-) | (-) | (-) | (-) | (-) |
| Rent paid | | | | | |
| APL Infrastructure Private Limited | - | - | - | 0.13 | 0.13 |
| | (-) | (-) | (-) | (0.15) | (0.15) |
| Apollo Tricoat Tubes Limited | - | - | - | 2.16 | 2.16 |
| | (-) | (-) | (-) | (0.54) | (0.54) |
| Mrs. Neera Gupta | - | - | 0.02 | - | 0.02 |
| | (-) | (-) | (0.02) | (-) | (0.02) |
| Mrs. Vandana Gupta | - | - | 0.02 | - | 0.02 |
| | (-) | (-) | (0.02) | (-) | (0.02) |
| | - | - | 0.04 | 2.29 | 2.33 |
| | (-) | (-) | (0.04) | (0.69) | (0.73) |
| Freight outward | | | | | |
| APL Infrastructure Private Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (0.05) | (0.05) |
| | - | - | - | - | - |
| | (-) | (-) | (-) | (0.05) | (0.05) |
| Salary | | | | | |
| Mr. Sanjay Gupta | - | 3.50 | - | - | 3.50 |
| | (-) | (3.00) | (-) | (-) | (3.00) |
| Mr. Ashok Kumar Gupta | - | 3.54 | - | - | 3.54 |
| | (-) | (-) | (-) | (-) | (-) |
| Mr. Vinay Gupta | - | 1.80 | - | - | 1.80 |
| | (-) | (1.56) | (-) | (-) | (1.56) |
| Mr. Rajeev Kohli | - | 0.57 | - | - | 0.57 |
| | (-) | (0.28) | (-) | (-) | (0.28) |
| Mr. Sharad Mahendra | - | - | - | - | - |
| | (-) | (2.09) | (-) | (-) | (2.09) |
| Mr. Romi Sehgal | - | 1.62 | - | - | 1.62 |
| | (-) | (0.82) | (-) | (-) | (0.82) |

Notes to the consolidated financial statements

| Particulars | Subsidiaries | Key Management Personnel (KMP) | Relatives of KMP | Enterprises significantly influenced by KMP and their relatives | Total |
|--|--------------|--------------------------------|------------------|---|----------------|
| Mr. Deepak Goyal | - | 1.10 | - | - | 1.10 |
| | (-) | (1.20) | (-) | (-) | (1.20) |
| Mr. Adhish Swaroop | - | 0.29 | - | - | 0.29 |
| | (-) | (0.26) | (-) | (-) | (0.26) |
| Mr. Rahul Gupta | - | - | 0.02 | - | 0.02 |
| | (-) | (-) | (0.30) | (-) | (0.30) |
| | - | 12.42 | 0.02 | - | 12.44 |
| | (-) | (9.21) | (0.30) | (-) | (9.51) |
| Director's sitting fees | | | | | |
| Mr. Vinay Gupta | - | - | 0.03 | - | 0.03 |
| | (-) | (-) | (0.03) | (-) | (0.03) |
| | - | - | 0.03 | - | 0.03 |
| | (-) | (-) | (0.03) | (-) | (0.03) |
| Dividend paid | | | | | |
| APL Infrastructure Private Limited | - | - | - | 11.24 | 11.24 |
| | (-) | (-) | (-) | (9.63) | (9.63) |
| Mr. Romi Sehgal | - | 0.02 | - | - | 0.02 |
| | (-) | (0.01) | (-) | (-) | (0.01) |
| Mr. Deepak Goyal | - | 0.01 | - | - | 0.01 |
| | (-) | (-) | (-) | (-) | - |
| Mrs. Veera Gupta | - | - | 1.05 | - | 1.05 |
| | (-) | (-) | (0.90) | (-) | (0.90) |
| Mr. Ashok Kumar Gupta | - | 0.09 | - | - | 0.09 |
| | (-) | (0.08) | (-) | (-) | (0.08) |
| | - | 0.12 | 1.05 | 11.24 | 12.41 |
| | (-) | (0.09) | (0.90) | (9.63) | (10.62) |
| Loan given to related party | | | | | |
| Mr. Romi Sehgal | - | 0.33 | - | - | 0.33 |
| | (-) | (-) | (-) | (-) | (-) |
| Apollo Tricoat Tubes Limited | - | - | - | 35.52 | 35.52 |
| | (-) | (-) | (-) | (-) | (-) |
| | - | 0.33 | - | 35.52 | 35.85 |
| | (-) | (-) | (-) | (-) | (-) |
| Loan received back from related party | | | | | |
| Mr. Romi Sehgal | - | 0.06 | - | - | 0.06 |
| | (-) | (-) | (-) | (-) | (-) |
| Apollo Tricoat Tubes Limited | - | - | - | 35.52 | 35.52 |
| | (-) | (-) | (-) | (-) | (-) |
| | - | 0.06 | - | 35.52 | 35.58 |
| | (-) | (-) | (-) | (-) | (-) |
| Advance against purchase of equity shares | | | | | |
| Mr. Rahul Gupta | - | - | 18.00 | - | 18.00 |
| | (-) | (-) | (-) | (-) | (-) |
| | - | - | 18.00 | - | 18.00 |
| | (-) | (-) | (-) | (-) | (-) |

Notes to the consolidated financial statements

| Particulars | Subsidiaries | Key Management Personnel (KMP) | Relatives of KMP | Enterprises significantly influenced by KMP and their relatives | Total |
|--|--------------|--------------------------------|------------------|---|----------|
| Advances received from supply of raw materials | | | | | |
| Apollo Tricoat Tubes Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (50.80) | (50.80) |
| APL Infrastructure Private Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (59.00) | (59.00) |
| | - | - | - | - | - |
| | (-) | (-) | (-) | (109.80) | (109.80) |
| Refund of advances received for supply of raw materials | | | | | |
| Apollo Tricoat Tubes Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (50.80) | (50.80) |
| APL Infrastructure Private Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (59.00) | (59.00) |
| | - | - | - | - | - |
| | (-) | (-) | (-) | (109.80) | (109.80) |
| C Balances outstanding at the end of the year | | | | | |
| Trade receivables | | | | | |
| Apollo Pipes Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (0.26) | (0.26) |
| | - | - | - | - | - |
| | (-) | (-) | (-) | (0.26) | (0.26) |
| Advance to supplier | | | | | |
| APL Infrastructure Private Limited | - | - | - | 0.01 | 0.01 |
| | (-) | (-) | (-) | (0.01) | (0.01) |
| | - | - | - | 0.01 | 0.01 |
| | (-) | (-) | (-) | (0.01) | (0.01) |
| Security deposits given | | | | | |
| Mrs. Neera Gupta | - | - | 3.00 | - | 3.00 |
| | (-) | (-) | (3.00) | (-) | (3.00) |
| Mrs. Vandana Gupta | - | - | 3.00 | - | 3.00 |
| | (-) | (-) | (3.00) | (-) | (3.00) |
| APL Infrastructure Private Limited | - | - | - | 5.00 | 5.00 |
| | (-) | (-) | 6.00 | 5.00 | 11.00 |
| | (-) | (-) | (6.00) | (5.00) | (11.00) |
| Loans to employees | | | | | |
| Mr. Romi Sehgal | - | 0.27 | - | - | 0.27 |
| | (-) | (-) | (-) | (-) | (-) |
| | - | 0.27 | - | - | 0.27 |
| | (-) | (-) | (-) | (-) | (-) |

Notes to the consolidated financial statements

| Particulars | Subsidiaries | Key Management Personnel (KMP) | Relatives of KMP | Enterprises significantly influenced by KMP and their relatives | Total |
|---|--------------|--------------------------------|------------------|---|---------------|
| Interest receivable | | | | | |
| Apollo Tricoat Tubes Limited | - | - | - | 1.04 | 1.04 |
| | (-) | (-) | (-) | (-) | (-) |
| | - | - | - | - | 1.04 |
| | (-) | (-) | (-) | (-) | (-) |
| Trade payables | | | | | |
| APL Infrastructure Private Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (0.05) | (0.05) |
| Apollo Pipes Limited | - | - | - | 0.31 | 0.31 |
| | (-) | (-) | (-) | (-) | (-) |
| Apollo Tricoat Tubes Limited | - | - | - | - | - |
| | (-) | (-) | (-) | (0.58) | (0.58) |
| Mrs. Neera Gupta | - | - | - | - | - |
| | (-) | (-) | (0.01) | (-) | (0.01) |
| Mr. Romi Sehgal | - | 0.02 | - | - | 0.02 |
| | (-) | (-) | (-) | (-) | (-) |
| Mr. Deepak Goyal (net of advances recoverable) | - | 0.01 | - | - | 0.01 |
| | (-) | (0.01) | (-) | (-) | (0.01) |
| Mr. Adhish Swaroop (net of advances recoverable) | - | 0.01 | - | - | 0.01 |
| | (-) | (0.01) | (-) | (-) | (0.01) |
| Mrs. Vandana Gupta | - | - | - | - | - |
| | (-) | (-) | (0.01) | (-) | (0.01) |
| Mr. Ashok Kumar Gupta (net of advances recoverable) | - | 1.13 | - | - | 1.13 |
| | (-) | (-) | (-) | (-) | (-) |
| Mr. Rahul Gupta | - | - | - | - | - |
| | (-) | (-) | (0.05) | (-) | (0.05) |
| | - | 1.17 | - | 0.31 | 1.48 |
| | (-) | (0.02) | (0.07) | (0.63) | (0.72) |

Notes :

- Figures in the bracket relates to previous year ended March 31, 2018.
- Amount of expense of gratuity and compensated absences is taken on actuarial basis.
- The term loan and other credit facilities of the Group are also secured by personal guarantee of directors of the Company, Mr. Sanjay Gupta and Mr. Vinay Gupta.

41 Income tax expense

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

(₹ in crore)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---------------------------|---------------------------|
| Profit before tax as per consolidated statement of profit and loss | 226.94 | 244.34 |
| Income tax expenses calculated as per tax rates of Income tax act of 34.944% (March 31, 2018 : 34.608%) | 79.30 | 84.56 |
| (i) Income exempt from tax / items not deductible | (0.72) | 2.66 |
| (ii) Tax related to previous years | 0.11 | - |
| (iii) Tax on income at different rates | - | (1.01) |
| Tax expense as reported | 78.69 | 86.21 |

42 Fair value measurements

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2019 and March 31, 2018.

Notes to the consolidated financial statements

(₹ in crore)

| Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | |
|--|----------------------|--------------|-----------------|----------------------|-------------|-----------------|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| Financial assets - Non Current | | | | | | |
| Investments | | | | | | |
| - in equity instruments | - | 49.38 | - | - | 1.11 | - |
| Loans to employees | - | - | 0.50 | - | - | - |
| Security deposit | - | - | 20.55 | - | - | 18.36 |
| Advance against purchase of equity shares | - | - | 18.00 | - | - | - |
| Claim receivable | - | - | 0.82 | - | - | 0.62 |
| VAT credit receivable | - | - | 1.02 | - | - | 1.02 |
| Financial assets - Current | | | | | | |
| Loans to employees & directors | - | - | 1.32 | - | - | 1.16 |
| Claim receivable | - | - | 0.01 | - | - | 0.96 |
| Trade receivables | - | - | 543.31 | - | - | 432.13 |
| Cash and cash equivalents | - | - | 47.30 | - | - | 6.62 |
| Other Bank Balance | - | - | 0.50 | - | - | 0.18 |
| Government grants | - | - | 3.41 | - | - | 2.95 |
| Others | - | - | 2.56 | - | - | 18.84 |
| Total financial assets | - | 49.38 | 639.30 | - | 1.11 | 482.84 |
| Financial liabilities - Non current | | | | | | |
| Borrowings | - | - | 174.52 | - | - | 78.20 |
| Interest accrued but not due on borrowings | - | - | 19.76 | - | - | 9.54 |
| Security Deposits | - | - | 1.10 | - | - | 1.50 |
| Deferred payment | - | - | 0.65 | - | - | 0.59 |
| Unclaimed dividends | - | - | 0.43 | - | - | 0.26 |
| Financial liabilities - current | | | | | | |
| Borrowings | - | - | 683.61 | - | - | 696.92 |
| Derivative liabilities | 0.83 | - | - | 0.81 | - | - |
| Trade payables | - | - | 711.96 | - | - | 390.14 |
| Total financial liabilities | 0.83 | - | 1,592.03 | 0.81 | - | 1,177.15 |

(a) Financial assets and liabilities measured at fair value - recurring fair value measurements :

| Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | |
|--|----------------------|-------------|----------|----------------------|-------------|----------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets - Non Current | | | | | | |
| Investments | 49.38 | - | - | - | - | - |
| Total financial assets | 49.38 | - | - | - | - | - |
| Financial Liabilities | | | | | | |
| - Liability for foreign currency forward contracts | - | 0.83 | - | - | 0.81 | - |
| Total financial liabilities | - | 0.83 | - | - | 0.81 | - |

Fair value of forward contracts determined by reference to quote from financial institution.

(b) Fair value hierarchy

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

Notes to the consolidated financial statements

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

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

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

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

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

(d) **Valuation inputs and relationships to fair value- Assets classified as held for sale (Level 3)**

| Particulars | Fair Value as at March 31, 2019 | Fair Value as at March 31, 2018 |
|------------------------------------|------------------------------------|------------------------------------|
| Assets classified as held for sale | 12.09 | - |
| Investment property | - | 11.48 |

- (i) The fair value was derived using the market comparable approach based on recent market prices carried out by an independent valuer without any significant adjustments being made to the market observable data.
- (ii) There were no significant inter-relationships between unobservable inputs that materially affect fair values.

43 Financial risk management objectives

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

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

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

(a) **Market risk**

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

(i) **Foreign currency risk**

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

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

Notes to the consolidated financial statements

Details of derivative instruments and unhedged foreign currency exposure :-

(1) The position of foreign currency exposure to the Company as at the end of the year are as follows :

| Forward contract outstanding | Buy/Sell | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------------|----------|----------------------|----------------------|
| In USD | Buy | - | 2,08,32,327 |
| Equivalent amount in ₹ in crore | Buy | - | 135.50 |
| In EURO | Buy | - | 60,72,382 |
| Equivalent amount in ₹ in crore | Buy | - | 48.96 |
| In USD | Sell | 53,88,113 | 70,00,000 |
| Equivalent amount in ₹ in crore | Sell | 37.26 | 45.77 |
| In EURO | Sell | 10,65,000 | 10,00,000 |
| Equivalent amount in ₹ in crore | Sell | 8.26 | 8.16 |

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

| Currency | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Receivables: | | |
| USD | 6,33,537 | 8,88,387 |
| Equivalent amount in ₹ in crore | 3.98 | 5.06 |
| EURO | 98,413 | 2,23,886 |
| Equivalent amount in ₹ in crore | 0.76 | 1.43 |
| Payables: | | |
| USD | 1,85,97,357 | - |
| Equivalent amount in ₹ in crore | 128.60 | - |
| EURO | 3,82,821 | - |
| Equivalent amount in ₹ in crore | 2.97 | - |
| Advance paid to vendors: | | |
| USD | 2,75,078 | 17,24,000 |
| Equivalent amount in ₹ in crore | 1.90 | 11.21 |
| EURO | 5,62,433 | 21,72,567 |
| Equivalent amount in ₹ in crore | 4.38 | 17.51 |
| Advance Received from Customers: | | |
| USD | 1,37,173 | 1,43,866 |
| Equivalent amount in ₹ in crore | 0.95 | 0.94 |
| EURO | 57,033 | 21,603 |
| Equivalent amount in ₹ in crore | 0.44 | 0.17 |

Sensitivity

If INR is depreciated or appreciated by 2.5% vis-s-a-vis foreign currency, the impact thereof on the profit and loss (after tax) of the Company are given below:

| Particulars | Impact on profit after tax | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| EURO sensitivity | | |
| INR/EURO Increases by 2.5% (March 31, 2018 - 2.5%) | 0.04 | (0.02) |
| INR/EURO Decreases by 2.5% (March 31, 2018 - 2.5%) | (0.04) | 0.02 |

Notes to the consolidated financial statements

| Particulars | Impact on profit after tax | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| USD sensitivity | | |
| INR/USD Increases by 2.5% (March 31, 2018 - 2.5%) | 2.03 | (0.08) |
| INR/USD Decreases by 2.5% (March 31, 2018 - 2.5%) | (2.03) | 0.08 |

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in ₹ and US dollars with a mix of fixed and floating rates of interest. The Company hedges its US dollar interest rate risk through interest rate swaps to reduce the floating interest rate risk. The Company has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like non-convertible bonds and short term loans. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

(₹ in crore)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------|----------------------|----------------------|
| Variable rate borrowings | 435.59 | 544.86 |
| Fixed rate borrowings | 422.53 | 230.26 |
| Total borrowings | 858.12 | 775.12 |

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

| Particulars | Balance | % of total loans |
|--|---------|------------------|
| As at March 31, 2019 | | |
| Bank overdrafts, bank loans, Cash Credit | 435.59 | 51% |
| As at March 31, 2018 | | |
| Bank overdrafts, bank loans, Cash Credit | 544.86 | 70% |

Sensitivity

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

(₹ in crore)

| Particulars | Impact on profit after tax | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Interest rates – increase by 50 basis points (50 bps) | (1.42) | (2.72) |
| Interest rates – decrease by 50 basis points (50 bps) | 1.42 | 2.72 |

(b) Credit risk

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

Company's trade receivables are generally categories into following categories:

1. Export customers
2. Institutional customers
3. Dealers

In case of export sales, in order to mitigate credit risk, generally sales are made on advance payment terms. Where export sales are not made

Notes to the consolidated financial statements

on advance payment terms, the same are secured through letter of credit or bank guarantee, etc.

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

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

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

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

Reconciliation of loss allowance provision – Trade receivables

(₹ in crore)

| | |
|--|-------------|
| Opening balance as at April 1, 2017 | 3.06 |
| Charge in statement of profit and loss | 1.62 |
| Allowance for credit loss on March 31, 2018 | 4.68 |
| Charge in statement of profit and loss | 0.83 |
| Utilised during the year | (0.20) |
| Allowance for credit loss on March 31, 2019 | 5.31 |

(c) Liquidity risk

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

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

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------|----------------------|----------------------|
| Floating rate | 644.41 | 567.01 |
| Nature of facility | Working Capital | Working Capital |

(ii) Maturities of financial liabilities

The table below analyses the Company's all non-derivative financial liabilities into relevant maturity based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities :-

(₹ in crore)

| Particulars | Not later than 1 year | Between 1 and 5 years | Later than 5 years | Total |
|--|-----------------------|-----------------------|--------------------|-----------------|
| Non-derivatives | | | | |
| As at March 31, 2019 | | | | |
| Borrowings | 675.69 | 147.86 | 34.58 | 858.13 |
| Interest accrued but not due on borrowings | 19.76 | - | - | 19.76 |
| Trade payables | 711.96 | - | - | 711.96 |
| Security Deposits | 1.10 | - | - | 1.10 |
| Deferred payment | - | - | 0.65 | 0.65 |
| Unclaimed dividends | 0.43 | - | - | 0.43 |
| Total non-derivative liabilities | 1,408.94 | 147.86 | 35.23 | 1,592.03 |
| Non-derivatives | | | | |
| As at March 31, 2018 | | | | |
| Borrowings | 696.92 | 78.20 | - | 775.12 |
| Interest accrued but not due on borrowings | 9.54 | - | - | 9.54 |
| Trade payables | 390.14 | - | - | 390.14 |
| Security Deposits | 1.50 | - | - | 1.50 |
| Deferred payment | - | - | 0.59 | 0.59 |
| Unclaimed dividends | 0.26 | - | - | 0.26 |
| Total non-derivative liabilities | 1,098.36 | 78.20 | 0.59 | 1,177.15 |

Notes to the consolidated financial statements

44 Reconciliation of liabilities arising from financing activities

(₹ in crore)

| Particulars | Opening balance as at April 1, 2017 | Net Cash flows | Non-cash changes-foreign exchange movement | As at March 31, 2018 |
|--|-------------------------------------|----------------|--|----------------------|
| Non-current borrowings | 104.92 | (26.72) | - | 78.20 |
| Current borrowings | 463.97 | 128.77 | 2.41 | 595.15 |
| Current maturities of non-current borrowings | 25.47 | 76.30 | - | 101.77 |
| Total liabilities from financing activities | 594.36 | 178.35 | 2.41 | 775.12 |

(₹ in crore)

| Particulars | As at March 31, 2018 | Net Cash flows | Non-cash changes-foreign exchange movement | As at March 31, 2019 |
|--|----------------------|----------------|--|----------------------|
| Non-current borrowings | 78.20 | 96.32 | - | 174.52 |
| Current borrowings | 595.15 | (58.23) | (1.33) | 535.59 |
| Current maturities of non-current borrowings | 101.77 | 46.25 | - | 148.02 |
| Total liabilities from financing activities | 775.12 | 84.34 | (1.33) | 858.13 |

45 Capital management

(a) Risk management

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

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

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

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

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Non current borrowings | 174.52 | 78.20 |
| Current maturities of non current borrowings | 148.02 | 101.77 |
| Current borrowings | 535.59 | 595.15 |
| Less: Cash and cash equivalents | (47.30) | (6.62) |
| Less: Bank balances other than cash and cash equivalents | (0.50) | (0.18) |
| Total Debts | 810.33 | 768.32 |
| Total equity | 964.06 | 837.85 |
| Gearing Ratio | 0.84 | 0.92 |

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

(b) Dividends

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|---------------------------|---------------------------|
| Final dividend for the year ended March 31, 2019 of ₹14 (March 31, 2018 – ₹14) (excluding dividend distribution tax) | 33.95 | 33.22 |
| Note : | | |

Notes to the consolidated financial statements

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Includes dividend of ₹0.56 crore (Dividend distribution tax of ₹0.12 crore) on preferential issue of equity share to APL Infrastructure Private Limited as approved by Board of Directors in the meeting held on April 12, 2019. Also see note 46(a) for subsequent events. | | |
| Dividends not recognised at the end of the reporting period | 33.95 | 33.22 |
| Dividend distribution tax | 6.98 | 6.76 |

The Board of Directors have recommended a final dividend of ₹14 per share for the year ended March 31, 2019 which is subject to the approval of the shareholders in the ensuing annual general meeting.

46 Subsequent events

(a) Board of Directors of APL APollo Tubes Limited ('Company') in their meeting held on November 5, 2018, considered and approved equity infusion on preferential basis into the Company through following transactions, subject to approval of the shareholders and other regulatory approvals :

- Equity infusion of ₹72.00 crore through Preferential Issue of 400,000 Equity Shares at ₹1,800 per equity share.
 - Equity infusion of ₹100.00 crore through issue of 500,000 Options attached to Warrants of the Company at ₹2,000 per equity share.
- The shareholders approved the aforesaid issuance and allotment vide resolution dated April 4, 2019.

The above transactions would be classified as Related Party Transactions in terms of the provisions of Section 188 of the Companies Act, 2013.

Subsequent to year end, on April 12, 2019, the Company allotted 400,000 Equity shares and 500,000 fully convertible warrants on preferential basis to APL Infrastructure Private Limited, an entity belonging to Promoter category at an issue price of ₹1,800 per share and ₹2,000 per warrant respectively. Pursuant to said allotment of Equity shares, the paid up capital of the Company stands increased from ₹238,503,810 (23,850,381 Equity Shares of ₹10 each) to ₹242,503,810 (24,250,381 Equity Shares of ₹10 each).

(b) Board of Directors of the Company in their meeting held on April 12, 2019 considered and approved the acquisition of major fixed assets (including land & buildings) of one of the plant, situated in District Telangana, of Taurus Value Steel & Pipes Private Limited for ₹70.00 Crores.

47 Disclosure of additional information as required by Schedule III to the Companies Act, 2013:

(a) As at March 31, 2019 and for the year ended March 31, 2019

| Name of the entity in the Group | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|--|-----------------|-------------------------------------|---------------|---|-------------|-------------------------------------|---------------|
| | As % of consolidated net assets | ₹ in crore | As % of consolidated profit or loss | ₹ in crore | As % of consolidated other comprehensive income | ₹ in crore | As % of total comprehensive income | ₹ in crore |
| A. Holding Company | | | | | | | | |
| APL Apollo Tubes Limited | 76.99% | 1,007.78 | 69.61% | 126.39 | -1.60% | (0.14) | 66.34% | 126.25 |
| B. Subsidiaries | | | | | | | | |
| a) Indian | | | | | | | | |
| (1) Shri Lakshmi Melatex Udyog Limited | 9.35% | 122.46 | 14.57% | 26.46 | 101.45% | 8.87 | 18.56% | 35.33 |
| (2) Apollo Metalex Private Limited | 12.85% | 168.19 | 15.89% | 28.85 | 0.15% | 0.01 | 15.16% | 28.86 |
| (3) Blue Ocean Private Limited | 0.81% | 10.59 | -0.07% | (0.13) | - | - | -0.06% | (0.13) |
| Total | 100.00% | 1,309.02 | 100.00% | 181.57 | 100.00% | 8.74 | 100.00% | 190.31 |
| Adjustment due to consolidation | | (344.96) | | (33.32) | | - | | (33.32) |
| Consolidated Net Assets/Profit | | 964.06 | | 148.25 | | 8.74 | | 156.99 |

Notes to the consolidated financial statements

(b) As at March 31, 2018 and for the year ended March 31, 2018

| Name of the entity in the Group | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|--|-----------------|-------------------------------------|---------------|---|-------------|-------------------------------------|---------------|
| | As % of consolidated net assets | ₹ in crore | As % of consolidated profit or loss | ₹ in crore | As % of consolidated other comprehensive income | ₹ in crore | As % of total comprehensive income | ₹ in crore |
| A. Holding Company | | | | | | | | |
| APL Apollo Tubes Limited | 76.61% | 905.59 | 59.23% | 112.69 | 99.23% | 0.61 | 59.36% | 113.30 |
| B. Subsidiaries | | | | | | | | |
| a) Indian | | | | | | | | |
| (1) Shri Lakshmi Melatex Udyog Limited | 10.73% | 126.86 | 20.09% | 38.23 | 7.02% | 0.04 | 20.05% | 38.27 |
| (2) Apollo Metalex Private Limited | 11.79% | 139.33 | 20.74% | 39.46 | -6.24% | (0.04) | 20.65% | 39.42 |
| (3) Blue Ocean Private Limited | 0.87% | 10.32 | -0.07% | (0.12) | - | - | -0.06% | (0.12) |
| Total | 100.00% | 1,182.10 | 100.00% | 190.27 | 100.00% | 0.61 | 100.01% | 190.87 |
| Adjustment due to consolidation | | (344.25) | | (32.13) | | - | | (32.13) |
| Consolidated Net Assets/Profit | | 837.85 | | 158.13 | | 0.61 | | 158.74 |

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

RASHIM TANDON

Partner

Membership No. 95540

For and on behalf of the Board of Directors
of **APL APOLLO TUBES LIMITED**

SANJAY GUPTA

Chairman

DIN: 00233188

ASHOK K. GUPTA

Managing Director

DIN: 01722395

VINAY GUPTA

Director

DIN: 00005149

DEEPAK GOYAL

Chief Financial Officer

Place: Ghaziabad

Date: May 18, 2019

ADHISH SWAROOP

Company Secretary

ICSI Membership No. : A16034

Place: Ghaziabad

Date: May 18, 2019



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Phone: +91-120-4742700/701
Email: info@aplapollo.com
Website: www.aplapollo.com



APL APOLLO TUBES LIMITED

Regd. Office: 37 Hargobind Enclave Vikas Marg, Delhi-110092

Corporate Identity Number: L74899DL1986PLC023443

Tel.: 91-11-22373437. Fax: 91-11-22373537.

Website: www.aplapollo.com • email: investors@aplapollo.com

NOTICE

NOTICE is hereby given that the Thirty Fourth (34th) Annual General Meeting of the members of APL Apollo Tubes Limited (“the Company”) will be held on Saturday the 28th day of September, 2019, at 11.00 A.M. at JP Hotel & Resorts, 6B, I.P. Extension, Patparganj, Near Max Hospital, Delhi- 110 092, to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company (Consolidated and Standalone) for the financial year ended March 31, 2019 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend of ₹14 per equity share of the face value of ₹10 each for the financial year 2018-2019.
3. To appoint a Director in place of Shri Vinay Gupta (DIN: 00005149), who is liable to retire by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force), the remuneration of ₹2,50,000/- excluding GST as applicable and reimbursement of travelling and other out-of-pocket expenses actually incurred by the said Auditors in connection with the cost audit payable to M/s. R.J. Goel & Co., Cost Accountants, New Delhi, (ICWAI Registration No. 000026), the Cost Auditors, appointed by the Board of Directors of the Company, to conduct audit of the cost records of the Company for the financial year 2019-20 commencing April 1, 2019, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be deemed necessary or expedient in connection therewith and incidental thereto.”

5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013, read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to such other requisite approvals, if any, in this regard from appropriate authorities and terms(s), condition(s), amendment(s), modification(s), as may be required or suggested by any such appropriate authorities, and agreed to by the Board of Directors of the Company (hereinafter referred to as “Board” which term shall include any Committee), the consent of the members of the Company be and is hereby accorded to adopt new set of Article of Association in place of existing Articles of Association of the Company, copy of which is placed before the meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to Section 13, 15 and other applicable provisions read with the rules and regulations made there under including any amendment, re-enactment or statutory modification thereof, and subject to such other requisite approvals, if any, in this regard from appropriate authorities and terms(s), condition(s), amendment(s), modification(s), as may be required or suggested by any such appropriate authorities, and agreed to by the Board of Directors of the Company (hereinafter referred to as “Board” which term shall include any Committee), consent of the members be and is hereby accorded to adopt the new Memorandum of Association in place of the existing Memorandum of Association with no change in existing Clause III (A) containing the Main Objects sub-clause no. 1 to 4, copy of which is placed before the meeting.

RESOLVED FURTHER THAT the existing Clause III B containing the “Objects Incidental or Ancillary to the attainment of Main Objects” sub-clause no. 1 to 17 be and is hereby stands deleted and replaced by New Clause III (B) “Matters which are necessary for furtherance of the Objects specified in Clause III(A) containing the sub-clause no. 1 to 44.

RESOLVED FURTHER THAT the existing Clause III C containing the “Other Objects” sub clause no. 1 to 27 be and is hereby also stands deleted in full.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

7. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149,150,152 of the Companies Act, 2013 (the Act) read with relevant rules made thereunder and Schedule IV of the Act and Regulation 16 and 17(1A) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof), and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, Shri Abhilash Lal (DIN: 03203177), who holds office of Independent Director upto the date of this Annual General Meeting, be and is hereby

reappointed as an Independent Director of the Company not liable to retire by rotation to hold office for another term of five consecutive years, with effect from September 28, 2019.”

8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149,150,152 of the Companies Act, 2013 (the Act) read with relevant rules made thereunder and Schedule IV of the Act and Regulation 16 and 17(1A) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof), and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, Shri Anil Kumar Bansal (DIN: 06752578), who holds office of Independent Director upto the date of this Annual General Meeting, be and is hereby reappointed as an Independent Director of the Company to hold office for another term of five consecutive years, with effect from September 28, 2019.”

Registered Office:
37, Hargobind Enclave,
Vikas Marg, Delhi - 110092

By order of the Board

Date: August 10, 2019

Adhish Swaroop
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY (IES) TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 (FIFTY) AND HOLDING IN THE AGGREGATE NOT MORE THAN 10 (TEN) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN 10 (TEN) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON CANNOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE

OF THE COMPANY, DULY COMPLETED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS SENT HERewith. PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/AUTHORITY, AS APPLICABLE.

2. The Statement pursuant to Section 102 of the Companies Act 2013 (Act), setting out the material facts concerning Item Nos. 4 to 8 set out above is enclosed along with the details under Regulations 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of the Secretarial Standard -2] in respect of directors proposed to be appointed / re-appointed at the Annual General Meeting is annexed hereto.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members would be entitled to inspect proxies lodged, at any time during the business hours

of the Company, provided not less than 3 days written notice is given to the Company.

4. Pursuant to the provision of Section 91 of the Companies Act 2013, the register of members and share transfer books of the Company will remain closed from Saturday, September 21, 2019 to Saturday, September 28, 2019 (both days inclusive) in connection with the AGM and for the purpose of payment of dividend for the financial year ended March 31, 2019 of ₹14/- per Equity Share (140%), as recommended by the Board of Directors, if declared at the AGM.
5. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting (AGM) are requested to send a duly certified copy of their board resolution authorising their representatives to attend and vote at the AGM.
6. In furtherance of the Go Green Initiative of the government, electronic copy of the Annual Report for 2018-19, Notice of the 34th AGM of the Company along with admission slip and proxy form are being sent to all the members whose email IDs are registered with the Company/Depository Participants. Physical copy of the said Annual Report for 2018-19 and Notice of the 34th AGM may be sent on request by any such member.
7. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of the names will be entitled to vote.
8. Physical copy of the Annual Report for 2018-19, the Notice of the 34th AGM of the Company along with admission slip and proxy form are being sent to those members who have not registered their e-mail addresses with the Company/Depository Participants. The Annual Report for 2018-19 and the Notice of the 34th AGM along with admission slip and proxy form will also be available on the Company's website www.aplapollo.com
9. Relevant documents referred to in the accompanying Notice and the statement pursuant to Section 102 of the Companies Act, 2013, are open for inspection at the corporate office of the Company on any working day, between 11 A.M. to 1 P.M. up to the date of AGM.
10. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including annual report, notices, circulars, etc. from the Company electronically.
11. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed

in the Annual General Meeting held on August 28, 2015.

Instructions and other information relating to e-voting are as under:

- i. Pursuant to provisions of section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended (hereinafter called "the rule " for the purpose of this section and of the Notice) and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 34th Annual General Meeting to be held on September 28, 2019 at 11.00 A.M. The Company has engaged the services of Central Depository Services Limited (CDSL) to provide the e-voting facility. The facility for voting by ballot/polling paper shall also be made available at the AGM and members attending the AGM who have not already cast their vote by remote e-voting shall be able to exercise their right to cast vote at the AGM.
- ii. These details and instructions form an integral part of the Notice for the Annual General Meeting to be held on September 28, 2019.
- iii. The e-voting facility will be available during the following voting period:

| Commencement of e-votin | End of e-voting |
|---|--|
| September 25, 2019, Wednesday 10.00 am IST | September 27, 2019, Friday, 5.00 pm IST |

Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, September 20, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL after voting period ends.

- iv. The e-voting facility can be availed by typing the link www.evotingindia.com in the internet browser.
- v. Click on the "shareholders" tab.
- vi. Now select the Company name from the drop down menu and click on "SUBMIT"
- vii. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- viii. Next enter the Image Verification as displayed and Click on Login.

- ix. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- x. If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|---|---|
| PAN* | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Rajesh Kumar with folio number 100 then enter RA00000100 in the "PAN" field |
| Dividend Bank Details or Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (vii).</p> |

- xi. After entering these details appropriately, click on "SUBMIT" tab.
- xii. Members holding shares in physical form will then reach directly the Company selection screen.
- However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xiii. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xiv. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xvi. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xviii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xix. If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xx. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates and Custodians respectively.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- xxi. Any person, who acquires shares of the Company and become members of the Company after dispatch of the Notice and holding shares as on the cut-off-date i.e. September 20, 2019 -may follow the same instructions as mentioned above for e-voting.
- xxii. Once a vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
- xxiii. The voting rights of the members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut off date of September 20, 2019 and a person who is not a member as on a cut off date should treat the Notice for information purpose only.
- xxiv. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com. The contact details of official responsible to address grievances connected with remote e-voting are Shri Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (E), Mumbai – 400013.; Phone No. 1800225533 or write an email to helpdesk.evoting@cdslindia.com.
- xxv. Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 20, 2019 and has not casted their vote electronically, only shall be entitled to cast their vote at the Annual General Meeting through ballot paper.
- xxvi. The Company has appointed Mr. Deepak Kumar Lath, Practicing Company Secretary (Membership No. : FCS 5309 :: COP No. 3644) as Scrutinizer to scrutinize the voting (at AGM venue) and e-voting process in a fair and transparent manner.
- xxvii. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes casted at the Meeting and thereafter unblock the votes casted through remote e-voting in the presence of atleast two (2) witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of AGM, a consolidated scrutinizer's report of the total votes casted in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. The Chairman or a person authorized by him in writing shall declare the results of the voting forthwith.
- xxviii. The results declared alongwith the consolidated scrutinizer's report shall be placed on the website of the Company www.apollo.com and on the website of CDSL www.cdslindia.com and shall simultaneously be forwarded to the concerned stock exchanges.

**DETAILS OF DIRECTORS WHO ARE PROPOSED TO BE APPOINTED / RE-APPOINTED
AT THE FORTHCOMING ANNUAL GENERAL MEETING**

[Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirement)
Regulations, 2015 and clause 1.2.5 of the Secretarial Standard -2]

| Name of Director | Shri Vinay Gupta | Shri Abhilash Lal | Shri Anil Kumar Bansal |
|--|--|---|---|
| Age | 43 years | 55 years | 66 years |
| Director Identification Number (DIN) | 00005149 | 03203177 | 06752578 |
| Nationality | Indian | Indian | Indian |
| Date of first appointment on the Board | 16/05/2008 | 12/02/2014 | 04/08/2014 |
| Nature of expertise in specific functional areas | Management & Technical | Technical | Finance |
| Qualification | Graduate & Entrepreneur | Mechanical Engineer and Postgraduate from IIM Bangalore | CAIIB, M.Sc. (Agriculture) and B.Sc. (Hons) |
| Shareholding in the Company directly or as beneficial owner for any other person | Nil | 1000 | Nil |
| Terms and conditions of appointment/ re-appointment | Appointment as a Director liable to retire by rotation | Appointment for a period of five years | Appointment for a period of five years |
| Details of remuneration sought to be paid and remuneration last drawn | Nil | Only sitting fees is being paid | Only sitting fees is being paid |
| Directorships held in other public companies | 1. Blue Ocean Projects Pvt. Ltd. 2. Shri Lakshmi Metal Udyog Ltd. 3. Apollo Metalex Private Ltd. 4. Apollo Pipes Ltd. | Ganesha Ecosphere Limited | 1. Apollo Tricoat Tubes Limited 2. Rockland Finstock Limited |
| *Membership / Chairmanship of Committee(s) of other Companies: | Nil | Chairman: Audit Committee of Ganesha Ecosphere Limited | Chairman: Audit Committee of Apollo Tricoat Tubes Limited Member: Stakeholder Relationship Committee of Apollo Tricoat Tubes Limited |
| Relationship with other Directors, Manager and Key Managerial Personnel of the company | Brother of Shri Sanjay Gupta | None | None |
| No. of meetings of the Board of Directors attended during the F.Y. 2018-19 | 5 | 5 | 3 |

*Note: Pursuant to Regulation 26 of the Listing Regulations, only two Committee viz. Audit Committee and Stakeholders Relationship Committee have been considered.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No.: 4

The Board at its meeting held on May 18, 2019, as recommended by the Audit Committee, has appointed M/s. R.J. Goel & Co., Cost Accountants as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year 2019-20 commencing April 1, 2019 at a remuneration of Rs. 2,50,000/- excluding GST as applicable and reimbursement of travelling and other out-of-pocket expenses actually incurred by the said Auditors in connection with the cost audit.

In accordance with the provisions of Section 148 of the Companies

Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified by the Members of the Company.

The resolution is accordingly recommended for approval of the Members by way of an ordinary resolution.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

Item No. : 5

The Articles of Association ("AOA") of the Company as presently in force are based on the erstwhile Companies Act, 1956 and several regulations in the existing AOA are no longer in conformity with

the Companies Act, 2013. Further several regulations / articles of the existing AOA of the Company require alteration or deletion pursuant to changes in applicable laws. Therefore, it is considered expedient to wholly replace the existing AOA by a new set of Articles.

The new set of AOA to be substituted in place of the existing AOA. Copy of the draft Articles of Association of the Company would be available for inspection by the members at the Registered Office/ Corporate Office of the Company on any working day between 2 P.M. to 4 P.M. upto and including the date of AGM and also at the venue of the meeting

None of the Directors or Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

Item No. : 6

The object clause (Clause III) of the Memorandum of Association (“MOA”) of the Company, as presently in force, is based on the erstwhile Companies Act, 1956. According to the Companies Act, 2013, the companies are required to have only “the objects to be pursued by the company and matters which are necessary for furtherance of the objects specified”. Further in terms of provisions of the Companies Act, 2013, MOA shall not consist of other object clause. Therefore, it is considered expedient to replace the existing MOA by a new set MOA to incorporate the aforesaid object clause as per the Companies Act, 2013.

The new set of MOA to be substituted in place of the existing MOA are in the format prescribed under ‘Table A’ of the Act which sets out the model MOA for a Company limited by shares. Copy of the draft Memorandum of Association of the Company would be available for inspection by the members at the Registered Office/Corporate Office of the Company on any working day between 2 P.M. to 4 P.M. upto and including the date of AGM and also at the venue of the meeting

None of the Directors or Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

Item No. : 7 & 8

The shareholders of the Company at their Annual General Meeting (AGM) held on September 30, 2014 had appointed Shri Abhilash Lal and Shri Anil Kumar Bansal as Independent Directors of the Company each for their first term of five consecutive years from September 30, 2014, the date of 29th Annual General Meeting (AGM), upto the conclusion of 34th AGM of the Company in the year 2019.

As per provisions of the Companies Act, 2013, the Independent Directors shall hold office for a term up to five consecutive years, but shall be eligible for reappointment, subject to compliance of certain conditions and on passing of a Special Resolution by the members of the Company. Further, such Independent Directors will also not be subject to retirement by rotation.

The Board, based on the performance evaluation and as per the recommendations of the Nomination and Remuneration Committee

of Directors, considers that given the knowledge, background, experience and contribution made by each of the above named Independent Directors during their respective tenures, it would be in the interest of the Company to have continued association of Shri Abhilash Lal and Shri Anil Kumar Bansal as Independent Directors of the Company.

The Company has received declarations from Shri Abhilash Lal and Shri Anil Kumar Bansal that they meet with the criteria of independence and that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence, as prescribed under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). None of the above named directors are presently disqualified from being appointed as a Director in terms of Section 164 of the Act or debarred from holding the office of Director pursuant to any SEBI Order.

In the opinion of the Board, Shri Abhilash Lal and Shri Anil Kumar Bansal fulfil the conditions specified in the Companies Act, 2013 and Rules made thereunder and Listing Regulations for their reappointments as Independent Directors of the Company and they are independent of the Management.

Accordingly, the Board recommended reappointments of the above named directors as Independent Directors of the Company, for second term of five consecutive years with effect from September 28, 2019.

Copies of the draft letters for reappointment of Shri Abhilash Lal and Shri Anil Kumar Bansal as Independent Directors setting out the terms and conditions and other relevant documents would be available for inspection by the members at the Registered Office/ Corporate Office of the Company on any working day between 2 P.M. to 4 P.M. upto and including the date of AGM and also at the venue of the meeting. Details of Shri Abhilash Lal and Shri Anil Kumar Bansal, are given in the notes appended to the Notice of this Meeting.

The Board recommends the aforesaid Special Resolutions for approval by the members.

Except Shri Abhilash Lal and Shri Anil Kumar Bansal, being appointees respectively, and their relatives to the extent of their shareholding, if any, in the Company, none of the Directors or Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financially or otherwise, in the aforesaid special resolutions.

Registered Office:
37, Hargobind Enclave,
Vikas Marg, Delhi - 110092

By order of the Board

Date: August 10, 2019

Adhish Swaroop
Company Secretary

FOR ATTENTION OF THE MEMBERS

1. Members/Proxies should bring the admission slip sent herewith duly filled in for attending the Meeting.
2. For prompt attention, requests for transfer of equity shares and related correspondence should be addressed to the Company's Registrar & Share Transfer Agent: M/s Abhipra Capital Limited, GF- Abhipra Complex, Dilkhush Industrial Area A-387, G.T. Karnal Road Azadpur, Delhi-110033. For other matters, kindly write to the Secretarial Department of the Company at 36, Kaushambi, Near Anand Vihar Terminal, Ghaziabad- 201010, Delhi NCR.
Transferee(s) seeking transfer of shares in physical form should furnish PAN card to the Company/RTA for registration of transfer/transmission of shares.
3. Members are requested to refer any change of address among others :
To the Company's Registrar in respect of their physical share folios.
To their Depository Participants (DPs) in respect of their electronic demat accounts as the Company is obliged to print the bank details on the dividend warrant as furnished by NSDL/CDSL.
4. Members are requested to:
Send their queries, if any at least 10 days in advance of meeting so that the information can be made available
Note that copies of the Annual Report will not be distributed at the Annual General Meeting
Note that no gifts/coupons will be distributed at the Annual General Meeting
5. Members holding shares in multiple folios are requested to apply for consolidation to the Company or to the Registrar along with relevant share certificates.
6. Dividend Warrants, Share Transfer, etc.:
As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is mandatory for the company to print the bank account details of the investors in dividend payment instrument. Accordingly, the Members are requested to register/update their correct bank account details with the Company/RTA/ Depository Participant, as the case may be.
7. Unclaimed dividends - Transfer to Investor Education and Protection Fund:
Pursuant to Sections 124 and 125 and other applicable provisions, if any, of the Companies Act, 2013, the unclaimed dividend will be transferred to the Investor Education and Protection Fund (IEPF) on expiry of 7 years from the date the dividend became due for payment.
Members who have not claimed their Dividend for the Financial Years 2012-13 onwards may send their unclaimed Dividend Warrants for revalidation to the Secretarial Department of the Company at the address given at point no. 2 above.
8. Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority ("IEPF Account") within a period of 30 days of such shares becoming due to be transferred to the IEPF Account.
9. As mandated by SEBI, Members holding shares in physical form are required to submit their Permanent Account Number (PAN) and Bank details to the RTA/Company, if not registered with the Company.
10. Nomination: Pursuant to Section 72 of the Companies Act, 2013, individual Shareholders holding Equity Shares of the Company either singly or jointly may nominate an individual to whom all the rights in the Shares in the Company shall vest in the event of death of the sole/all joint Shareholders.
11. Dematerialisation of Shares and Liquidity: SEBI has mandated that securities of listed companies can be transferred only in dematerialised form from April 1, 2019 onwards. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form. Dematerialisation facility is available both on NSDL and CDSL. Company's ISIN No. is INE702C01019.
12. Members are requested to quote their Folio No./DP ID- Client ID and details of shares held in physical/demat mode, e-mail ids and Telephone No. for prompt reply to their communications.
13. The dividend, if declared at the Annual General Meeting, will be paid / dispatched on or after September 28, 2019 to those shareholders or their mandates: whose names appear as Beneficial Owners as at the end of the business hours on September 20, 2019 (cut-off date) in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode and in register of member, for shares held in physical.
14. Payment of Dividend through ECS:
The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for the payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of / change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.
Members holding shares in physical form and wishing to avail the facility of electronic credit of dividend directly to their respective bank accounts through the Electronic Clearing Service (ECS) / National Electronic Clearing Service (NECS) are requested to intimate the particulars of their bank account, viz., name and address of the branch of the bank with 9 digit MICR code of the branch & 11 digit IFSC, type of account and account number latest by September 20, 2019 to Company's Registrar and Share Transfer Agent, M/s Abhipra Capital Limited. Members located in places where ECS/NECS facility is not available may submit their bank details to enable the Company to incorporate this information on the dividend warrants and thus prevent fraudulent encashment.
15. This Notice also contains a route map of the venue of AGM.



APL APOLLO TUBES LIMITED

Regd. Office: 37 Hargobind Enclave Vikas Marg, Delhi-110092

Corporate Identity Number: L74899DL1986PLC023443

Tel.: 91-11-22373437. Fax: 91-11-22373537.

Website: www.aplapollo.com • email: investors@aplapollo.com

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

| | |
|--------------------|------------|
| Folio No. | DP ID# |
| No. of Shares held | Client ID# |

I/We hereby record my / our presence at the 34th Annual General Meeting of the Company being held on Saturday the September 28, 2019 at 11.00 a.m. at JP Hotel & Resorts, 6B, I.P. Extension, Patparganj, Near Max Hospital, Delhi – 110092.

| | |
|--|--|
| Name of the Member (in block letters) | |
| Name of Proxy holder /Authorised Representative * (in block letters) | |

Applicable for investors holding shares in dematerialised form.

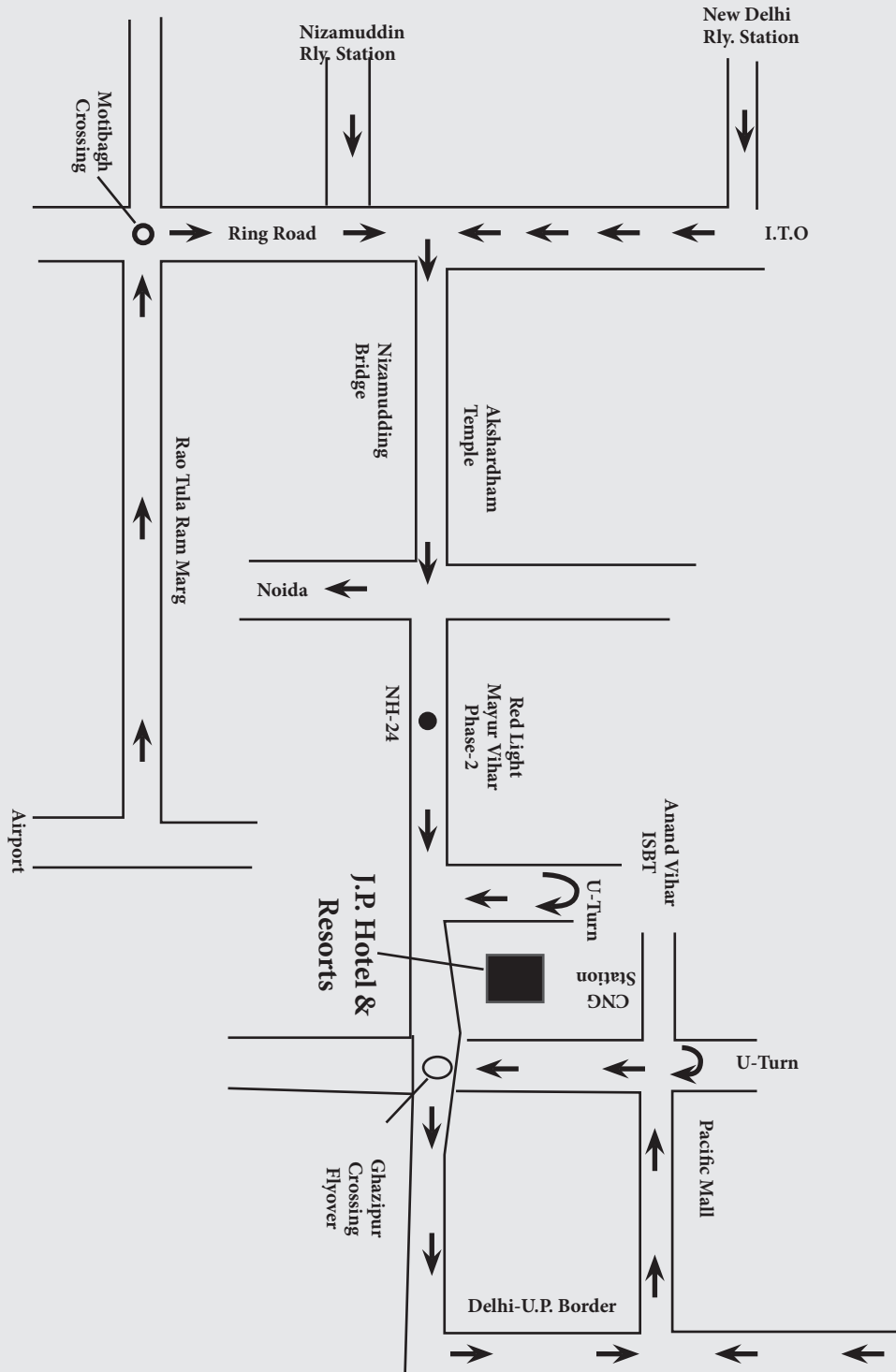
* Strike out whichever is not applicable.

Signature of the Member/Proxy/Authorised representative*

Note:

1. Please complete the Folio/ DP ID-Client ID No. and name, sign this attendance Slip and hand it over at the Attendance Verification Counter at the entrance of the meeting hall.
2. Electronic copy of the Annual Report for 2018-2019 and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2018-2019 and the Notice of the Annual General Meeting alongwith Attendance Slip and Proxy form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

ROAD MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING:





APL APOLLO TUBES LIMITED

Regd. Office: 37 Hargobind Enclave Vikas Marg, Delhi-110092

Corporate Identity Number: L74899DL1986PLC023443

Tel.: 91-11-22373437. Fax: 91-11-22373537.

Website: www.aplapollo.com • email: investors@aplapollo.com

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

| | |
|---------------------------|--|
| Name of the member(s): | |
| Registered Address: | |
| E-Mail ID: | |
| Folio No./DPID/Client ID: | |

I/ We being the member(s) of APL Apollo Tubes Limited, holding _____ shares hereby appoint:

(1) Name:..... E-mail id..... Signature.....or failing him;

(2) Name..... E-mail id..... Signature.....or failing him;

(3) Name..... E-mail id..... Signature.....or failing him;

as my/our proxy to attend and vote (on a poll) for me/ us and on my/our behalf at the 34th Annual General Meeting of the Members of APL Apollo Tubes Limited to be held on Saturday the September 28, 2019 at 11 A.M. at JP Hotel & Resorts, 6B, I.P. Extension, Patparganj, Near Max Hospital, Delhi- 110092 and at any adjournment thereof in respect of such resolutions as are indicated below:

| DESCRIPTION OF RESOLUTIONS |
|--|
| ORDINARY BUSINESS |
| 1. Adoption of Audited Financial Statements (Consolidated & Standalone) of the company for the financial year ended March 31, 2019 and the Reports of the Board of Directors and Auditors thereon. |
| 2. Declaration of dividend on the equity shares of the Company for the financial year 2018-19. |
| 3. Re-appointment of Shri Vinay Gupta (DIN: 00005149) as a Director, who retires by rotation. |
| SPECIAL BUSINESS |
| 4. Ratification of remuneration payable to cost auditors M/s. R. J. Goel & Co., Cost Accountants for the Financial Year 2018-19- |
| ORDINARY RESOLUTION |
| 5. Adoption of new set of Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013- |
| SPECIAL RESOLUTION |
| 6. Adoption of new set of Memorandum of Association of the Company in conformity with the Companies Act, 2013- SPECIAL RESOLUTION |
| 7. Re-appointment of Shri Abhilash Lal as an Independent Director for a second term of 5 years- SPECIAL RESOLUTION |
| 8. Re-appointment of Shri Anil Kumar Bansal as an Independent Director for a second term of 5 years - SPECIAL RESOLUTION |

Signed thisday of 2019

Signature of Shareholder

Signature of Proxyholder(s)

Affix
Revenue
Stamp

Notes: 1. This form of proxy in order to be effective should be duly completed and deposited at the registered office, not less than 48 hours before the commencement of the Meeting. A Proxy need not be a member of the Company.

2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the company. A member holding more than 10% of the total share capital of the company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

