



APL/SECT/DLH/SE: 2020-21



7th September 2020

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 2019-20**

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 2019-20, being sent to those members by email whose email addresses are registered with the Company/Depository participant(s), in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India. The Annual Report is also uploaded on the website of the Company at [www.aplapollo.com](http://www.aplapollo.com).

Submitted for your kind reference and records.

Thanking you

Yours faithfully  
**For APL Apollo Tubes Limited**

**Deepak CS**  
**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

Regd. Office : 37, Hargovind Enclave, Vikas Marg, Delhi - 110092, India Tel: +91-11-22373437 Fax : +91-11-22373537

Unit-I : A-19, Industrial Area, Sikandrabad, Dist. 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](mailto:info@aplapollo.com) Website : [www.aplapollo.com](http://www.aplapollo.com)





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It's basic nature to resist change -  
particularly when it comes in the form of  
an adversity or a challenge.

But change is inevitable, and developing  
the trait of resilience helps us, not only  
survive the change, but also learn, grow,  
and thrive in it.

at **APL Apollo** we have **done just that.**

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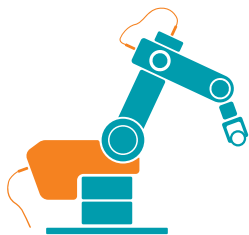
**114** Standalone Financial  
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# reporting approach

**T** HIS is APL Apollo Tubes Limited's (APL Apollo) first Integrated Annual Report, prepared with the objective of providing stakeholders a **concise, complete** and **transparent** assessment of our ability to create long-standing value.

We are presenting financial and non-financial metrics in an integrated report, for a more holistic picture of our purpose, performance and prospects.

**manufactured capital**



**financial capital**



**human capital**



Report referencing ▶

### Basis of Preparation

**Our** Integrated Report is based on the principles contained in the International Integrated Reporting IR Framework

published by the International Integrated Reporting Council (IIRC). The Report seeks to provide a balanced and transparent assessment

of how we create value, considering both qualitative and quantitative matters that are material to our operations and strategic

objectives, which may influence our stakeholders' decision-making.

### Reporting Period

**The** APL Apollo Integrated Report provides material

information relating to our strategy and business model, operating context,

material risks, financial and non-financial performance, prospects and governance,

covering the financial year from April 1, 2019 to March 31, 2020.

### Reporting Boundary

**This** Report covers information on APL Apollo, including all

subsidiaries. During 2019-20, the Company acquired 50.86% stake in Apollo TriCoat Tubes Ltd

through a wholly owned subsidiary making it a subsidiary of APL Apollo with

complete operational control.

### Board and Management Assurance

**The** Board of Directors and the Management Team acknowledge their

responsibility to ensure the sanctity of this Integrated Report. The Board has accordingly applied its collective

mind and believes the Report addresses all material issues and presents the integrated performance of the

Company and its impact in a fair and accurate manner.

### intellectual capital



### social & relationship capital



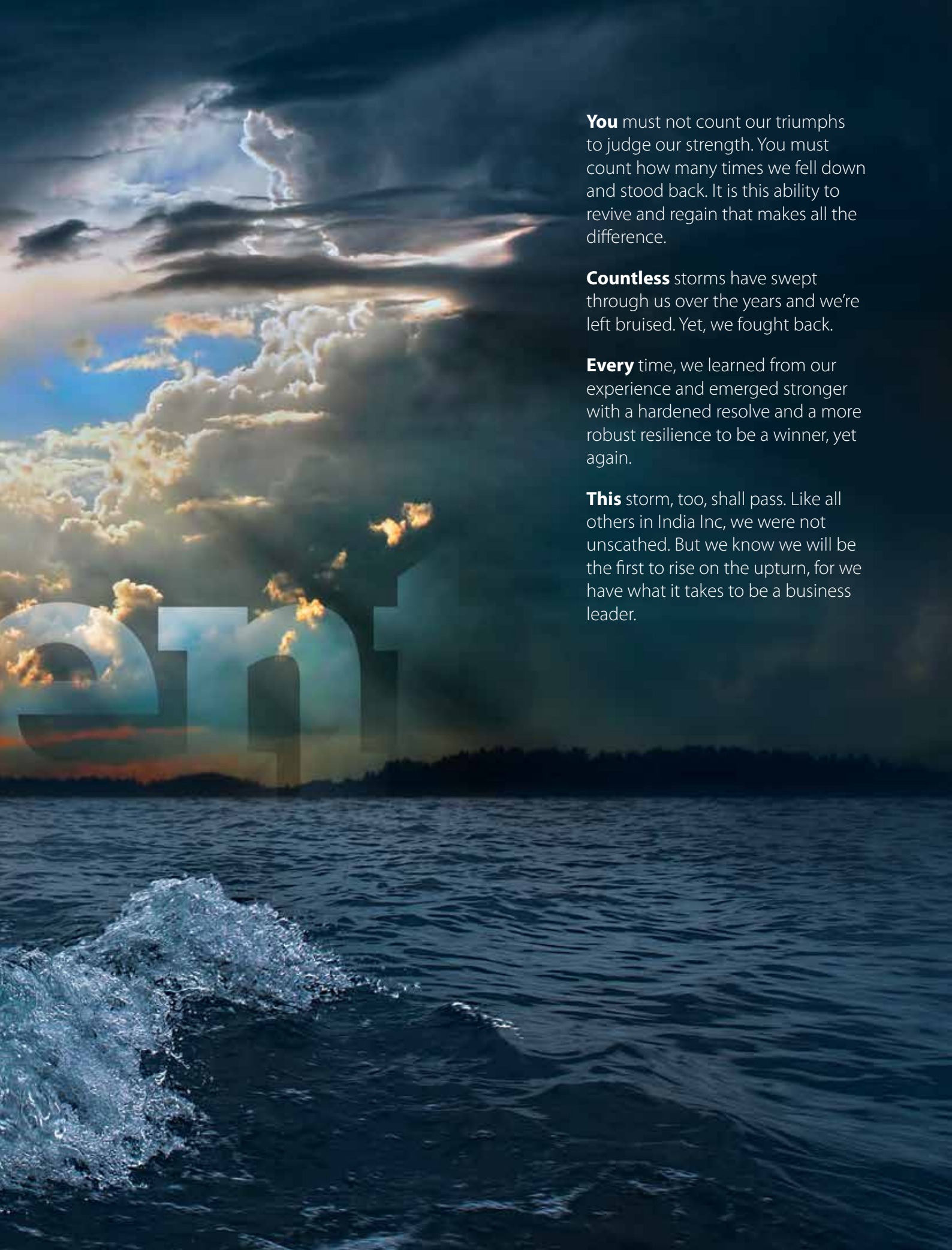
### natural capital



APL APOLLO:

# resilient, no matter what!





**You** must not count our triumphs to judge our strength. You must count how many times we fell down and stood back. It is this ability to revive and regain that makes all the difference.

**Countless** storms have swept through us over the years and we're left bruised. Yet, we fought back.

**Every** time, we learned from our experience and emerged stronger with a hardened resolve and a more robust resilience to be a winner, yet again.

**This** storm, too, shall pass. Like all others in India Inc, we were not unscathed. But we know we will be the first to rise on the upturn, for we have what it takes to be a business leader.



resilience



**Owing to our volumes**

We are the largest steel tube and sections producer in India and one of the largest players in the world. It generates significant economies of scale positioning us as the lowest-cost producer in the country. We continue to expand our capacity over the coming years.

resilience



**Owing to our range**

Over the years, we have patiently and passionately created a product basket (comprising more than 1,500+ SKUs) that caters to multiple high-growth sectors that are also high on national priority. Moreover, we invested in technology (DFT technology) which allows us to cost-effectively customise products to meet client requirements. In doing so, we have emerged as a one-stop solution for all structural steel products.

resilience



**Owing to our reach**

Intelligent capacity creation has facilitated 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. Complementing this edge is the Company's wide and entrenched multi-layer network – the largest in the structural steel sector – supported by robust supply chain solutions and infrastructure. These factors enable it to capitalise on opportunities mushrooming across India.



resilience



**Owing to our recognition**

**At APL Apollo**, we have graduated from the transactional approach to nurturing relations, which is reflected in our expanding dealership network. Our ability to introduce innovative incentive schemes for our dealers, provide channel financing for them, and sustain our connect with various opinion influencers has only enhanced their loyalty with the APL brand. Further, our national brand awareness campaign at high viewership and mass-appeal sports event have made APL a household name – driving footfall at our dealer stores. Our sustained branding and awareness efforts have positioned APL Apollo as India's leading branded steel tubes manufacturer.

resilience



**Owing to our resources**

**At APL Apollo**, efficient resource management is not a practice but an organisational culture. We have taken various strategic steps to strengthen our cost efficiencies.

**Our** pan-India manufacturing presence has optimised our logistics costs and enhanced our speed to market.

**Our** increasing use of renewable energy has helped reduce electricity and maintenance costs.

**Our** emphasis on channel financing has enhanced our working capital cycle and improved the purchasing power of our dealers.

**Our** investment in cold-rolling mill facilities has ensured that we can produce enough low-thickness material at low costs.

**Our** prudent cash management has enabled us to deleverage the organisation, saving interest costs. This frugal cost structure enables us to compete effectively in the marketplace.



## CAPITAL-WISE HIGHLIGHTS

# our position in 2019-20



### Financial Capital

The Company's growth strategy, along with disciplined allocation of capital, has resulted in superior financial returns.

6.5

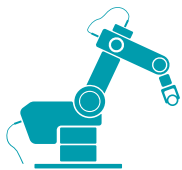
EBITDA margin (%)

3.1

Net Margin (%)

20.6

Return on Capital Employed (%)



### Manufactured Capital

In line with its growth strategy, the Company continued to invest in infrastructure that helped strengthen its manufacturing capability and firm up its delivery commitments.

301

Capex (₹ crore)

1.63

Sales Volume (MnT)



### Intellectual Capital

In keeping with the fast-changing customer preferences and product requirements, the Company continued to invest in cutting-edge technology. This enabled it to deliver relevant products.

4

New products developed

Automation  
IT Solution

Process Improvement





### Human Capital

The Company is focused on developing the skills, competencies, health, safety and wellbeing of its human resources so that they may be optimally leveraged for creation of value across other capitals.

**1,736**

Training hours

**297**

Employee benefit expenses (₹ lakh)

**63.46**

Employee productivity (tonnes/month)



### Natural Capital

The Company strives to reduce the impact of its products and services on the environment through sustainable use of natural resources and responsible management practice for wastes, wastewater and emissions.

The Company has initiated various programmes to reduce energy consumption and enhance solid waste recycling across all its plants.



### Social & Relationship Capital

The Company strives to maintain mutually respectful and beneficial relationships with its stakeholders such as customers, value chain partners, local communities and the government, creating a favourable business ecosystem.

**49.71**

Branding spend (₹ crore)

**13**

CSR spend (₹ Lakh)

# build resilience through the year

## Q1

### Financial performance

**Sales** volume jumped 29% Y-o-Y to 388,511 tonnes

**Revenue** grew at 24% Y-o-Y to ₹2,072 crore

**EBITDA** improved 15% Y-o-Y to ₹130 crore

**Net Profit\*** increased 10% Y-o-Y to ₹52 crore

**EBITDA** per tonne stood at ₹3,334

**Strong** operating cash flow

**Working** capital cycle widened to 26 days

### Operational developments

**Undertook** a string of branding and marketing initiatives through its association with sports to maximise the brand reach and visibility across a diverse domestic market.

- **Became** the principal sponsor for Haryana Steelers at the 7th season of the Pro Kabaddi League.
- **Became** the brand sponsor for the 'India versus West Indies' cricket series.

**Apollo TriCoat** started commercial production of its first two product categories – In-line Galvanised (ILG) Pipes and Designer Pipes – at the existing greenfield plant at Malur, Bengaluru.

### Strategic developments

**Concluded** the acquisition of the Taurus Value Steel & Pipes production unit at Hyderabad, a subsidiary of Shankara Building Products.

**Shri Lakshmi** Metal Udyog, APL Apollo Tubes' wholly owned subsidiary, acquired Apollo TriCoat in June 2019.

**The Board** approved the appointment of Ernst & Young LLP, India, to perform internal audit and strengthen internal controls.

\*Net profit after minority interest



## Q2

### Financial performance

**Sales** volume increased 20% Y-o-Y to 363,994 tonnes

**Revenue** declined by 3% Y-o-Y to ₹1,647 crore

**EBITDA** declined by 13% Y-o-Y to ₹77 crore

**Net Profit\*** grew by 107% Y-o-Y to ₹55 crore

**EBITDA** per tonne stood at ₹2,104

**Strong** operating cash flow generation

**Working** capital cycle improved to 21 days

### Operational developments

**Consolidated** its dominant leadership in structural steel category with a higher market share of 40% as against 36% in FY19.

**Kicked off** mass branding exercise with TV commercials and BTL activities.

**Apollo TriCoat** commenced commercial production of

door frames at its greenfield manufacturing facility at Dujana, Dadri.

**Improved** working capital cycle further, which generated a strong operating cash flows of ₹300 crore. This helped fund capex and acquisitions.

### Strategic developments

**The APL Apollo Group** signed up Mr Amitabh Bachchan as the brand ambassador for all brands housed under APL Apollo.

\*Net profit after minority interest

## Q3

### Financial performance

**Sales** volume increased 53% Y-o-Y to 480,225 tonne  
**Revenue** growth 25% Y-o-Y to ₹2,116 crore  
**EBITDA** surged 164% Y-o-Y to ₹165 crore  
**Net Profit\*** jumped 477% Y-o-Y to ₹74 crore  
**EBITDA** per tonne reached ₹3,440  
**Strong** operating cash flow generation  
**Working** capital cycle stood at 28 days

### Operational developments

**Better** capacity utilisation levels resulted in operating leverage gains.  
**Focus** on increased sale of value-added products – visible benefits from the branding exercise.  
**Debt-Equity** ratio improved to 0.6x from 0.9x.

### Strategic developments

**Focused** on market share gains and launch of value-added products.

\*Net profit after minority interest



## Q4

### Financial performance

**Consolidated** sales volume declined by 4% Y-o-Y to 400,616 tonnes  
**Revenue** declined 10% Y-o-Y to ₹1,889 crore  
**EBITDA** dropped 9% Y-o-Y to ₹128 crore  
**Net Profit\*** fell 9% Y-o-Y to ₹57 crore  
**EBITDA** per tonne stood at ₹3,200  
**Strong** operating cash flow generation  
**Working** capital cycle improved to 20 days.

### Operational developments

**The 4QFY20** sales volume is for period from 1 January 2020 to 21 March 2020 as the Company had shut its operations following the Covid-19 outbreak. Despite the shutdown, it managed to maintain its productivity.  
**Continued** focus on value-added products.  
**Consolidated** Net Debt declined by ₹22 crore from ₹810 crore to ₹788 crore.

**Debt-Equity** ratio improved to 0.6x from 0.8x.

### Strategic developments

**Focused** on improving working capital cycle further by reducing debtors and inventory.  
**After the** lockdown was announced, the Company worked towards reducing debt and fixed costs.

\*Net profit after minority interest

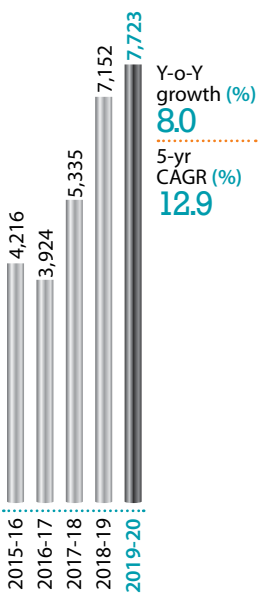
KEY PERFORMANCE INDICATORS

# striding forward

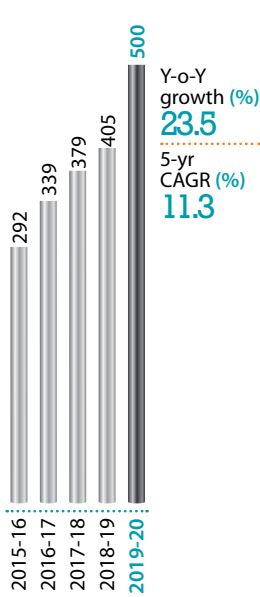
**APL Apollo** has remained steadfast on its growth journey across key performance metrics despite hurdles posed by significant headwinds prevailing in the economic and sectoral environment. A comparative, five-year summary of key financial and operational performance indicators highlights the Company's ability to stand out of the clutter.

## Financial metrics

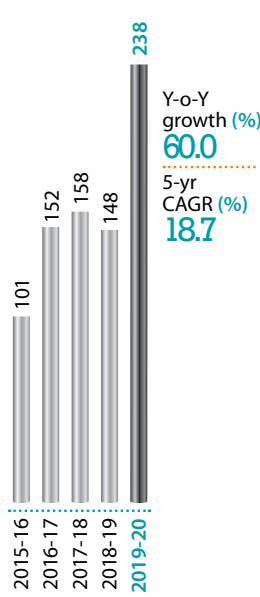
Net Sales  
(₹ crore)



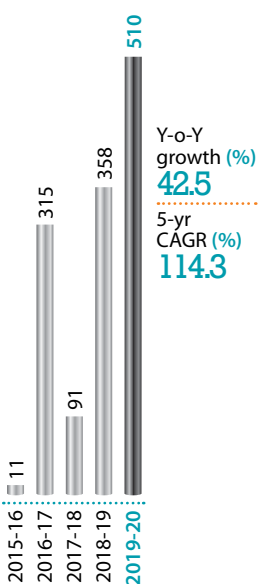
EBITDA  
(₹ crore)



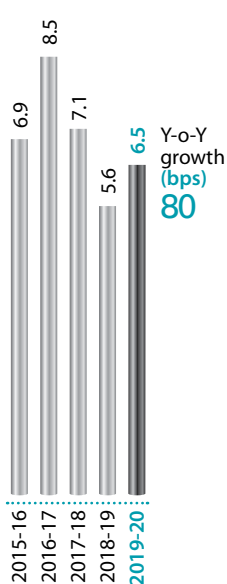
Net Profit  
(₹ crore)



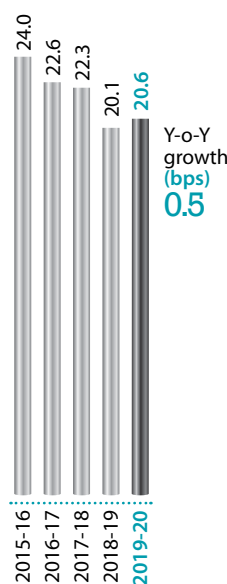
Operating cash flow  
(₹ crore)



EBITDA margin  
(%)

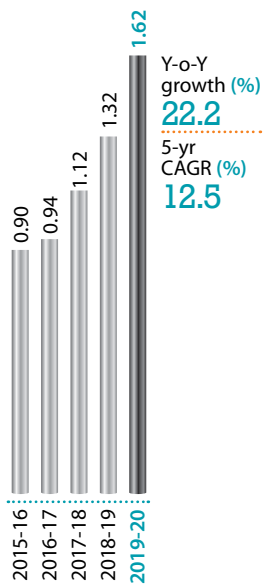


ROCE (%)

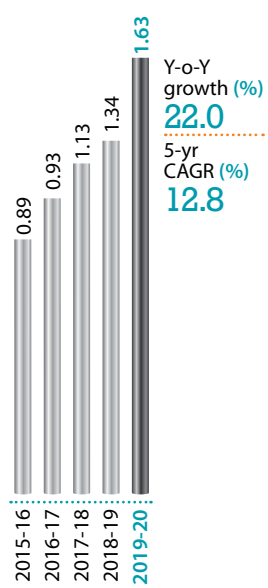


## Operational metrics

### Production (MnT)

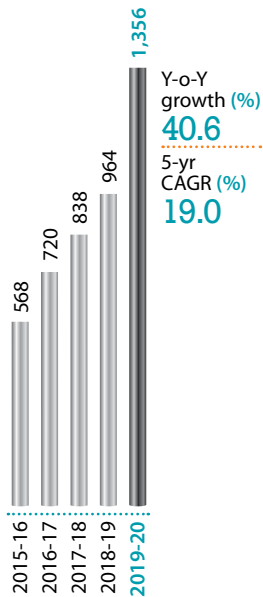


### Sales (MnT)



## Shareholder metrics

### Shareholders' Funds (₹ crore)







APL Apollo:

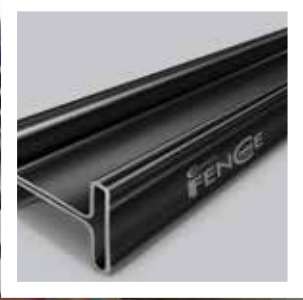
# strengthening the backbone of tomorrow's India

**Incorporated** in 1986, APL Apollo is one of India's leading building material structural steel tube brands. Its 10 manufacturing facilities across the country have 2.5 million TPA of structural steel tube making capacity.

The Company's multi-product offerings position it as a 'one-stop solution' for a wide spectrum of industry applications such as urban infrastructures, housing, commercial, irrigation and industrials.

Its wide and deeply entrenched 3-tier distribution network, comprising more than 800+ distributors, is spread all over India, with warehouses-cum-branch-offices in over 20 cities serving the growing demand for structural steel. The Company

also enjoys a global footprint across 20 nations. Headquartered in New Delhi, India, APL Apollo's shares are listed on the BSE Limited and The National Stock Exchange of India Ltd.



**2,124**

Team size  
(March 31, 2020)



**3,888**

Enterprise value (₹ crore)  
(March 31, 2020)



**2,144**

Capital employed (₹ crore)  
(March 31, 2020)

For the shareholder  
BSE: 533758  
NSE: APLAPOLLO  
Face Value: ₹10  
Market Capitalisation: ₹3,100 crore (March 31, 2020)

# mission

Pursuing Excellence towards achieving our economic, social and environmental goals.

**To lead** the Process of transformation from commodity to value-added consumer products.

**To meet** consumer requirements with high-quality products at competitive prices.

**Emerge** as a one-stop-shop for the largest spectrum of structural steel tubes and to attain the pole position.

**To create** sustainable value for all stakeholders.



# values

**Leadership:** Our strategy to strengthen our technical capability and operational efficiency will enable us to remain an undisputed leader for many years to come.

**Milestones:** The journey through the years and important turning points in APL Apollo's emergence.

**Quality & Management:** The Company invested in advanced technology, ensuring the finest product quality and production efficiency for its customers and stakeholders.



# geographic presence

Enhancing presence and unlocking opportunities

Local market presence aided by a 3-tier distribution and solid supply chain mechanism



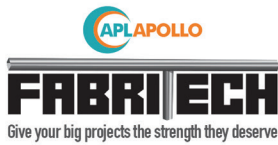
**800+**  
Distributors

**50,000+**  
Retailers

**300**  
Towns & Cities

# brands that make the BRAND

## Apollo Structural



## Apollo Z



## Apollo Galv



Apollo Standard



Apollo Exclusive



Apollo Concept



Apollo Tricoat



# the business moat

## Unique capabilities



### Developed Structural steel market in India

First Mover advantage  
No.1 leader; focused on steel strength and building material applications



### Technology

Direct Forming technology for structural products  
In-line galvanising to replace traditional products



### Distribution network

B2C channel for last mile penetration



### Innovative products

Ground breaking solutions  
Roofing solutions for coastal market, door frame

## Porter's Five Forces

### Threat of entry

**Scale** of 2.5m tonne capacity; wide gap between No.2 players  
**Vast** distribution network (access to 800+ distributors, 50,000 retailers, 2 lakh fabricators)  
**Technology** advantage (DFT)  
**Lowest** cost producer (highest profitability in the sector)  
**Product** range (1,500+ SKUs)  
**Lead** team to distributors (48hrs delivery)  
**Financial** strength (doubling capacity every 3rd year without debt)  
**Unmatched** brand strength

### Bargaining power of suppliers

**Company** buys 2% of Indian steel consumption and 10% of Indian HR coil consumption  
**Amongst** Top 3 customers for large steel producers  
**Company's** steel buying price is minimum in structural steel tubing industry

### Industry rivalry

**APL Apollo** 40% market share  
**Player 2** - 12% market share (under insolvency)  
**Player 3** - 9% market share (focus on water transportation products)  
**Player 4** - 7% market share (strong player but small in parent's overall scheme of things)  
**Player 5** - 7% market share (focused on East market; regional player)  
**Player 6** - 6% market share (high debt)  
**Player 7** - 3% market share (high debt)  
**Player 8** - 2% market share (poor profitability)

### Bargaining power of distributors

**40%** market share in structural steel tubing industry  
**Monopoly** products (new innovative products)  
**APL Apollo** distributors can churn capital upto 8x in a year which helps them generate high ROCE

### Threat of substitute

No products can replace structural strength of steel

# our product offering

Product category brand	Brand	Sectoral applications	Revenue contribution (%)
<b>Apollo Structural</b> Structural steel construction material: Residential, Commercial, Infrastructure	Fabritech, Build, DFT, Column	Housing and Infrastructure	<b>53%</b>
<b>Apollo Z</b> Galvanised structural steel construction material: Residential, Commercial, Infrastructure	CoastGuard	Housing and Infrastructure	<b>21%</b>
<b>Apollo Galv</b> Hot-dip galvanised structural steel construction material: Residential, Commercial, Infrastructure	Green, Bheem, StrenX	Infrastructure, Industrial and Agriculture	<b>6%</b>
<b>Apollo Standard</b> Construction material, Industrial	FireReady, Agri	Industrial and Agriculture	<b>13%</b>
<b>Apollo TriCoat</b> Home improvement applications	TriCoat, Plank, Signature, Elegant, Chaukhat	Housing	<b>7%</b>

Apollo Structural: Hollow Sections | Apollo Z: Pre Galvanised (GP) | Apollo Galv: Galvanised (GI) | Apollo Standard: Black pipes

## Product usage



Building Material:  
**70%**

Infrastructure & Others:  
**30%**



# how we create value

We strive to allocate our capital and resources in the best possible way to create sustained value for all our stakeholders. Given the constrained and interconnected nature of the capitals we rely upon, we must make smart choices about where to allocate our resources to generate sustained value.


## INPUTS



**Financial Capital**  
 Shareholder's fund: ₹1,355 crore  
 Gross Debt: ₹830 crore  
 Capital expenditure: ₹301 crore  
 Capital employed (March 31, 2020): ₹2,144 crore



**Manufactured Capital**  
 Installed capacity: 2.5 MnT




**Intellectual Capital**  
 R&D team: 5 members  
 Collaborations: IIT Roorkee Ranked (3rd in INDIA among IIT's)  
 Digital projects: RPA (Robotics Process Automation), SAP Ariba implementation



**Human Capital**  
 Employees on roll: 2,124  
 Training & development expense: ₹ 14 Lakh  
 People benefits: ₹297 Lakh



**Social & Relationship Capital**  
 Dealers & distributors: 800+  
 Institutional customers: 50+  
 Vendors: 10+  
 CSR spend: ₹ 13 Lakh



**Natural Capital**  
 Fresh water consumption: 205,841 kT\*  
 Energy consumption: 97.66 Mn Units

\*Fresh water consumption for 6 plants.

## VALUE CREATION APPROACH

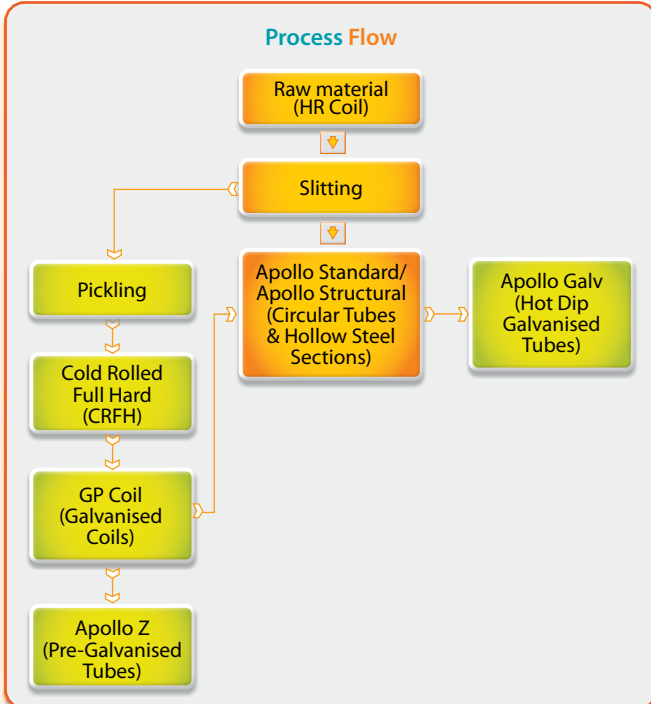
**Vision**

**Strategic objectives**

- Objective Balance sheet strengthening;** Focus on free cash flow generation, debt reduction, capacity utilisation
- Objective Customer connect;** Strengthening connect with dealer network, Tap newer markets including semi-urban, and rural market
- Objective Sustainable Business;** Invest and nurture in building business for tomorrow, Ensure our products are used to save the environment

**Values**

- Objective Expansion of Value added products;** Investment in R&D for Innovative and quality products, Exploring opportunities for new products
- Objective Brand creation;** Focussed investment in Brand to strengthen connect with stakeholders, Enabling Brand reach through multiple channels



## OUTPUT

**1.62<sup>MnT</sup>**  
Total production

**1.63<sup>MnT</sup>**  
Total sales

**870<sup>kt</sup>**  
Apollo Structural  
(Hollow sections)

**335<sup>kt</sup>**  
Apollo Z  
(Pre-galvanised [GP])

**99<sup>kt</sup>**  
Apollo Build  
(Galvanised [GI])

**216<sup>kt</sup>**  
Apollo Standard  
(Black pipes)

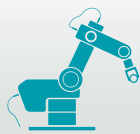
**113<sup>kt</sup>**  
Apollo TriCoat  
(Consumer centric products)

## OUTCOME



### Financial Capital

Revenue: ₹7,723 crore  
EBITDA: ₹500 crore  
EBITDA margin: 6.5%  
Net Profit: ₹238 crore  
Capital employed (March 31, 2020): ₹2,144 crore



### Manufactured Capital

Capacity utilisation: 65%



### Intellectual Capital

New products developed: 4  
Process improvements: Automation IT solution



### Human Capital

Employee productivity: 63.46 tonnes/month  
Revenue per employee: ₹30.3 Lakh/month



### Social & Relationship Capital

New dealers & distributors added: 150  
Customer complaints resolved: 98%  
CSR beneficiaries (No. of families): 50



### Natural Capital

The Company has initiated various programmes to reduce energy consumption and enhance solid waste recycling across all its plants.



from the  
**chairman's desk**



**SANJAY GUPTA**  
A FELLOW SHAREHOLDER

My personal focus will be on enhancing the quality of business. This means that all aspects of our business should be of high quality, whether it is related to product, service or any interaction with stakeholders.

My effort will be to inculcate a culture of enhancing the quality of work in every individual.

CONTINUED ON NEXT PAGE

*Dear Shareholders,*

**T**HE history of the world is marked by defining moments that brought about tectonic shifts in the industrial, geo-political and socio-economic landscape. In 2020, we ran into one of the most unprecedented phases in history that would define the legacy we would leave behind for our future generations.

We are faced with the most dreaded threat in our lifetime – something that challenges the way of the world as we know it today. It has eroded more wealth than the worst meltdown in human history. It has created the worst panic across the world, leading to a blanket shutdown in most geographies, pushing the global economy into an inevitable recession.

While developed nations are likely to report a negative GDP growth, India may yet again beat the blues and remain resilient.

I am confident that APL Apollo will get through the prevailing headwinds as it has done on multiple occasions like the demonetisation, GST implementation and the NBFC crisis.

**.2019-20: The year under review**

Before I articulate on what we see for the current year, let me take you through the year we left behind. It was a good year for us. Despite a muted demand sentiment prevailing in our business space because of economic and natural adversities, our sales volumes increased 22% over the previous year. We raised our market share with focused branding initiatives and an entrenched presence. Our EBITDA surged 23% and the bottomline soared 61%.

The year under review is significant because of certain initiatives that we implemented which, I believe, helped strengthen the Company's resilience to overcome the emerging challenges amid this pandemic.

We became leaner, capped our fixed costs, and continued to streamline our plant and business operations to optimise variable costs. A higher capacity utilisation helped us absorb the costs better. As a result, our EBITDA/Tonne reached ₹3,058 in 2019-20 from ₹3,021 a year ago, securing a 125-bps rise.

We improved our business efficiency during the year under review. We focused on streamlining our cost structure and stringently monitored every segment of our working capital. Our average working capital cycle stood at 20 days in 2019-20 as against 28 days in 2018-19.

The year saw us firming up our financial stability. We prudently deployed our operational surplus in strengthening our future. While we invested in a manufacturing unit in Hyderabad and some land in Raipur, we reduced our debt burden marginally. Our debt-equity ratio improved to 0.6x as on March 31, 2020 from 0.8x as on March 31, 2019, while our debt-EBITDA ratio increased to 1.6x from 2.0x in the same period.

As I move on to what lies ahead, there are two perspectives that I would like to share. One is the immediate-term and the other is the medium-term.

**Prospects in the Immediate-Term**

The immediate-term is mired with uncertainty. Life over livelihood is the global call. Hence, most of the world went under a lockdown of a kind never seen before. This brought economic activity to a grinding halt. The cash pipeline has run

dry. When we get to terms with this pandemic, it will take some time to revive the wounded economy.

The Corona pandemic and its economic and social impacts couldn't be foreseen and the world was taken by surprise when the crisis broke out and ran riots. It will take time before every sector comes to terms with the fallout and starts moving on. So, while the first half of 2020-21 will be spent grappling with this invisible enemy, I believe, we will see some decent volumes in the second half as some of our user sectors would resume operations. We expect business profitability to improve in the long term as the contribution from value-added products and profit contribution from of Apollo TriCoat Tubes Ltd will improve. We hold 50.86% stake in Apollo TriCoat Tubes as on March 31, 2020.

We are still confident that our robust and resilient business model will help us sail through this trying time.

Our focus will be on improving the utilisation of our manufacturing assets and deploying surplus cash flow in retiring debt to an optimum level. This will strengthen our financial foundation.



To shore up profitability, we will continue to leverage our product development capabilities to launch niche items that address high-demand applications. We will concentrate on creating awareness of our modular door solutions (from Apollo TriCoat), which should contribute to the overall business margins and beef up the cash flow.

#### Prospects over the Medium Term

From a medium-term perspective, I remain very optimistic. And I have reasons for my enthusiasm.

One, India's structural steel story remains intact. The structural tubing market in India is pegged at 4 million tonnes (MnT) on a steel consumption of 90 MnT, which means it is only 4-5% of the overall steel consumption against a global average of 10%. If India doubles its steel consumption in the next 10

years and structural tubing as a percentage of market grows to 10%, which is a conservative estimate considering the government's unwavering focus on building and infrastructure, growing urbanisation and India's increasing appetite for world-class commercial structures, from 4%, we are looking at a fourfold increase in market size. We are the largest in this space. We will work on maximising our opportunities from this transition.

Two, we are working to widen our presence in the large-diameter (150x150 mm to 300x300 mm) pipe segment. As a pioneer in large-diameter hollow section in India, we have created demand for these products. The large-diameter pipes account for about 7-8% of the APL sales volumes as against 3-4% for others.

The segment holds immense potential in India as well as abroad. It is the fastest growing segment in the structural tubing space. In developed nations, the large-diameter pipe market is about 25-30% of the structural tubing industry, while in India, it is still at 3-5%. The room for growth, therefore, is immense. In the next 3-4 years, we wish to grow this segment significantly so that it contributes 15-20% of our total sales volumes.

#### My belief & effort

I strongly believe that the Company is capable, scalable and sustainable, and is well positioned to both, face challenges head on and leverage opportunities without wasting time.

As a team, we will persistently explore ways to improve our prospects over the coming years. We continue to implement revenue-enhancing and efficiency-improvement measures to capitalise on the favourable position we have in a growing market. We are further optimising our plant efficiencies by improving the engineering quality and the overall productivity.

My personal focus will be on enhancing the quality of business. This means that all aspects of our business should be of high quality, whether it is related to products, services or any interactions with stakeholders. My effort will be to inculcate a culture of enhancing the quality of work in every individual.

As we continue our journey of scaling new peaks, I would like to thank the Board for guiding me to execute my responsibilities in the best possible manner. I would like to extend my gratitude to each and every member of our team for their relentless efforts in making APL Apollo a leader in its business space. I would also like to thank all our stakeholders, bankers and government authorities for their support and assistance throughout our journey. **I solicit your continued cooperation.**

*Warm regards*

#### Sanjay Gupta

A fellow shareholder



# the environment we operate in

## Global economy

Global trade in goods stayed constricted for most part of 2019, and manufacturing activities slowed down markedly, while services stayed moderate. In this backdrop, the global GDP grew at 2.4%, the slowest rate of expansion since the global financial crisis.

**Outlook:** The prospects of a recovery slimmed after the Corona virus pandemic broke out, sending the global economy in a tailspin. Estimates suggest that the economy will enter a deep recessionary phase which could last for a long time.

## Global steel

Global crude steel production in 2019 increased by 3.4% year on year to 1.87 billion tonnes. Crude steel production contracted in all regions in 2019 except in Asia and the Middle East.

### Steel output (Mn Tonnes)



**Outlook:** In 2020, steel demand will contract by 6.4%, dropping to 1,654 MnT due to the Covid-19 crisis. In 2021, steel demand is expected to recover to 1,717 MnT, an increase of 3.8% over 2020 (worldsteel forecasts).

## Indian economy

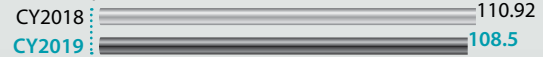
India's GDP grew at 4.2% in the year ended 31 March 2020, compared with 6.1% a year ago, as private consumption slowed and investment demand contracted even before the pandemic hit the economy.

**Outlook:** With India enforcing one of the longest and strictest lockdowns in the world to contain the spread of the disease, economic progress is expected to undergo a sharp contraction in the current year.

## Indian steel

Production-wise, Indian steel makers continued to face the challenge of imported steel flooding the market. This, and the lack of pickup of steel, led to some companies reducing their output.

### Steel output (Mn Tonnes)



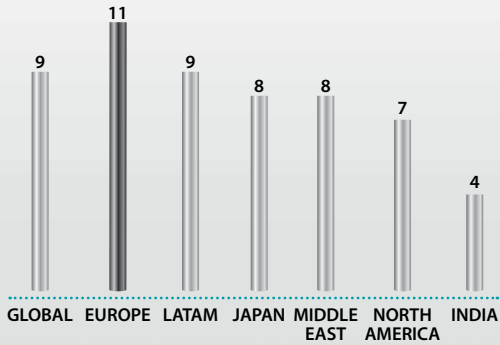
**Outlook:** Fiscal 2020-21 promises to be a very challenging one for the steel industry. The closure of business operations in most industries is expected to erode the nation's steel demand in 2020-21 by about 15%.



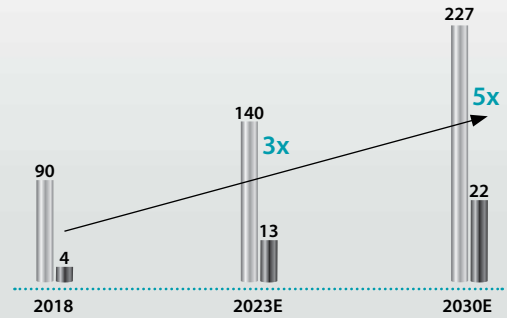
# structural steel tubes: a product whose time has come

## India at a nascent stage in the use of structural steel tubes

Structural steel tubes market as % of steel market (2018)



## Potential structural steel tubes market in India (MnT)



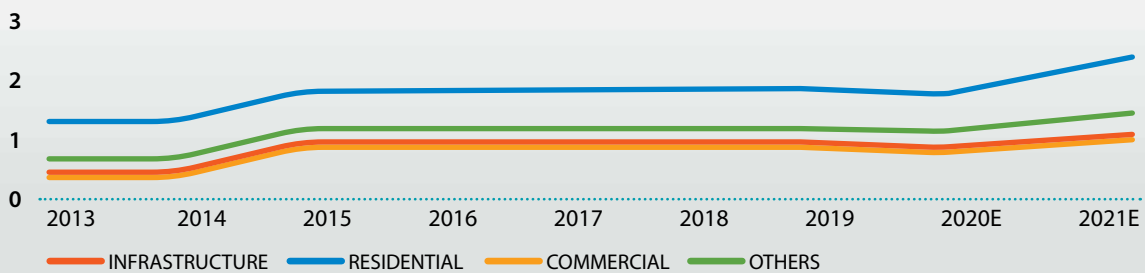
## Structural steel tubes essential for new age construction

### Key growth drivers

- Growing** vertical mode of development – increased spending on skyscrapers
- Higher** expenditure on infrastructure – highways, bridges, flyovers and public utilities
- Growth** in e-commerce/data centre/warehouse construction demand
- Consumer** preference for better quality residential construction
- Rising** need for housing due to population explosion
- Surging** demand for a more durable alternative for wood



## Indian market taking off in all segments (Mn tonne)



# 22 MnT

Potential structural steel market size by 2030



# opportunity vistas that promises to strengthen our resilience

## Verticalisation

India's vertical growth pushed high-rises or buildings with ground-plus-twenty (G+20) floors or more to record highs in 2019. Out of the 1,816 projects launched during the year across seven major cities, more than 52% were of G+20 floors or more.

The central government has formed a panel to look into the upward revision of Floor Space Index (FSI) norms in all major cities. Such a revision, if implemented by the civic bodies, would drive the number of high-rises in Indian cities.



## Infrastructure

India plans to unveil a series of infrastructure development projects with an aim to attract ₹100 trillion (about \$1.39 trillion) investment by 2024-25. Infrastructure plays a key role in the government's ambition to make India a \$5-trillion economy by 2025. It has set up a taskforce to create a national infrastructure pipeline for each of the intervening years..



## Airports

The Indian government remains focused on strengthening its airport infrastructure as part of a plan to revive Asia's third-largest economy. The country plans to start 100 additional airports by 2024. The Airports Authority of India (AAI) has chalked out a plan to invest about ₹19,000 crore in upgrading airport infrastructure in the country, especially in smaller cities, over the next three years.



## Warehousing

JLL projects that there will be 344 million sq. ft of warehousing space in India by 2022. This will be more than double the current area of 169 million sq. ft and triple that existed in 2015. Sectors such as 3PL/logistics, engineering, auto and ancillaries, e-commerce, FMCG, retail and telecom, and white goods have remained the biggest demand drivers.



# strategic priorities

STRATEGY  
**01**



## Balance Sheet strengthening

### Focus areas

**Enhance** free cash flow generation

**Reduce** debt burden

**Increase** capacity utilisation

### Capitals impacted

**Financial** Capital

**Human** Capital

**Manufactured** Capital

### In 2019-20

**Disciplined** monitoring of working capital – cycle reduced to 20 days

**Utilised cash** generation to reduce debt – debt-equity ratio strengthened to 0.6x

STRATEGY  
**02**



## Value-driven growth

### Focus areas

**Widen** the basket of value-added products

**Invest** in R&D initiatives

**Identify** opportunities/markets for value-added products

### Capitals impacted

**Intellectual** Capital

**Human** Capital

**Social & Relationship** Capital

**Manufactured** Capital

### In 2019-20

**Four** new products developed

**Concluded** the acquisition of Apollo TriCoat in June 2019

STRATEGY  
**03**



## Cement network connect

### Focus areas

**Strengthening** connect with dealer network

**Tap** newer markets, including semi-urban and rural markets

### Capitals impacted

**Social & Relationship** Capital

**Financial** Capital

**Manufactured** Capital

### In 2019-20

**Created** multiple forums to interact with dealers across India; launched rewarding schemes for them, strengthened BTL activities, which improved their footfall.

**Intensified** interaction with fabricators for widening the customer connect.

**Continued** to strengthen the multi-layered distribution channel at all levels; majority of the new additions were in semi-urban locations catering to demand from new construction.

STRATEGY  
**04**



## Build brand recognition

### Focus areas

**Invest** in Brand to strengthen connect with all stakeholders

**Enabling** Brand reach through multiple channels

### Capitals impacted

**Social & Relationship** Capital

**Financial** Capital

### In 2019-20

**Signed up Mr Amitabh Bachchan** as the brand ambassador for all brands housed under APL Apollo

**Undertook** mass branding exercise with TV commercials and below the line branding activities

**Leveraged** high visibility sporting events to maximise APL Apollo's brand reach and visibility across a diverse domestic market

STRATEGY  
**05**



## Build a sustainable business

### Focus areas

**Invest** and nurture in building business for tomorrow

**Ensure** our products are used to save the environment

### Capitals impacted

**Intellectual** Capital

**Natural** Capital

**Social & Relationship** Capital

**Financial** Capital

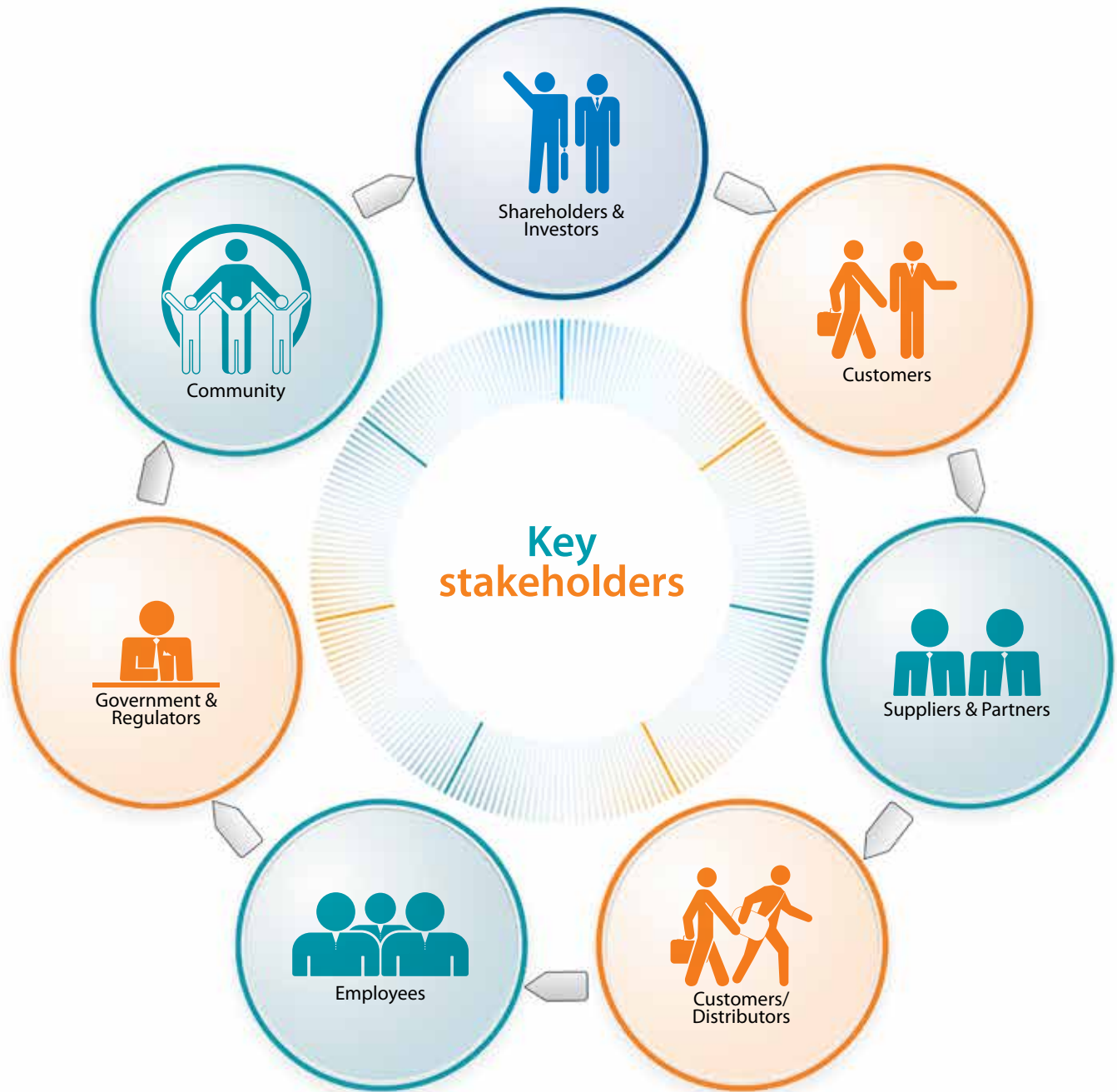
### In 2019-20

**Products** of Apollo TriCoat, namely chaukhat and planks, replaced wood

**Continued** nurturing the knowledge and expertise of second-level managers with an objective to build a leadership pipeline

# stakeholder engagement

At APL Apollo, we believe that success of our business depends on strong relationships. This belief fosters an inclusive approach towards all stakeholders and is aimed at understanding the needs, interests and expectations of all our stakeholders, enabling us to create better value for them and the business.



Stakeholder group	Why are they important	Material matters	Engagement forums	How we create value
 <p>Shareholders &amp; Investors</p>	<p>As providers of financial capital, they are key stakeholders in our growth and expansion plans.</p>	<p><b>Good</b> Corporate Governance  <b>Sustainability</b> of the business  <b>Strategy</b> implementation  <b>Inclusivity</b> and transformation</p>	<p>Investor calls, analyst meets and general meetings</p>	<p><b>Sound</b> and transparent Corporate Governance policies.  <b>Timely</b> engagement with shareholders on the broader mandate.  <b>Regularly</b> monitor the implementation of strategic plan.</p>
 <p>Employees</p>	<p>Our people are at the centre of all our operations. Their collective experience, skill and knowledge are essential for our growth.</p>	<p><b>Skill</b> development  <b>Well-being</b>  <b>Talent</b> retention  <b>Employee</b> satisfaction  <b>Performance</b> management</p>	<p>Employee engagement initiatives, continuous interaction with management, appraisals, grievance redressal mechanism</p>	<p><b>Understand</b> employee needs and create a conducive work environment.  <b>Manage</b> talent effectively and create a leadership pipeline.  <b>Create</b> an L&amp;D strategy and operational framework.  <b>Encourage</b> diversity and inclusivity in the workplace.  <b>Focus</b> on health and safety management.</p>
 <p>Suppliers / Partners</p>	<p>Our operations are closely linked with the timely availability of supplies, quality of raw materials and services that we source. These, in turn, have a material impact on the efficiency of the production process.</p>	<p><b>Product</b> awareness  <b>Visibility</b> and relationship management  <b>Service</b> satisfaction  <b>Timely</b> payments</p>	<p>Regular meetings with key suppliers by senior management, supplier visits, suppliers' meet, supplier tour of manufacturing facilities</p>	<p><b>Strategic</b> brand and product awareness approach.  <b>Strategic</b> stakeholder management with an inclusive approach.</p>
 <p>Customers/ Distributors</p>	<p>Customer feedback is key to process improvements, quality enhancement, service performance and cost optimisation.</p>	<p><b>Product</b> satisfaction and awareness  <b>Brand</b> awareness  <b>Sustainability</b> and viability of the organisation  <b>Information</b> sharing  Market dynamics  <b>Consumer</b> complaints and grievances</p>	<p>Regional meets, visits to distributors, need-based visits, customer meets, customer visits by marketing team and senior management.</p>	<p><b>Develop</b> products based on consumer needs  <b>Institutionalise</b> a culture of quality perfection.  <b>Establish</b> an effective claims and complaint management system.  <b>Entrench</b> a culture of fair treatment of consumers.</p>
 <p>Community</p>	<p>A harmonious relation with communities where we are located is key to our social licence to operate. They are partners in our progress and are crucial to our operations.</p>	<p><b>Investment</b> in CSR programmes  <b>Focus</b> on sustainability</p>	<p>Need-based assessment surveys, community visits by company management, periodic cultural meets</p>	<p><b>Empowering</b> communities by creating employment and self-employment opportunities.  <b>Upliftment</b> of underprivileged sections of the society.  <b>Reducing</b> the environmental impact of our operations.</p>



# resilient



# reducing our risk profile

**APL Apollo** operates in an environment that is mired in volatility, uncertainty, complexity and ambiguity. We maintain a robust and disciplined focus on our operational excellence and effective risk management. This enables us to understand and manage our risks which, in turn, leads to achieving our objectives.

CONTINUED ON NEXT PAGE

STRATEGY  
**01** BALANCE SHEET  
STRENGTHENING



**How will the Company manage to fund its expanding and growing business needs?**

The Company has prudently tightened its working capital cycle to release funds which have been deployed to reduce its debt burden. With adequate capacity through its pan-India manufacturing presence, there appears to be no immediate need for large funds.

We endeavoured to keep capex spends at 20-25% of the EBITDA on an annualised basis. Cash from operations would be sufficient to meet operational liquidity requirements.

**Does the Company have enough capacity to meet future demand?**

In keeping with the prevailing scenario, the Company believes that it has sufficient capacity to manage emerging demand for the next 2 years. The focus of the team is on improving the capacity utilisation and its product mix for better value generation.

STRATEGY  
**02** VALUE-DRIVEN  
GROWTH



**The Company may not have the wherewithal to widen its product basket.**

Successful absorption and application of the DFT technology bear testimony to the Company's focus on widening its portfolio of value-added products. The R&D team continues to develop new and relevant

products. In 2019-20, it launched four products. The acquisition of Apollo TriCoat is also a part of the Company's effort to enhance its portfolio of value-added products.

**Creating awareness of value-added products could be a challenge.**

The Company has been very successful in its ability to market its value-added products. This is reflected in two realities: **Having** started DFT-based products only a couple of years ago, the Company has become a leader in this space.

**The** doorframes launched by Apollo TriCoat were an instant success. The capacities were completely booked in only a few months of the launch. The Company has prepared well for its ILG products, a high-value item, which is expected to be launched in the next year.

STRATEGY  
**03** CEMENT  
 NETWORK CONNECT



**Inability to strengthen the connect with the distribution channel could impact volumes.**

The Company continues to maintain a strong connect with its distribution channel through multiple forums. In addition to personal interaction, the Company implements a number of initiatives for furthering its business such as innovative

schemes, channel financing arrangements and swifter and cost-effective supplies of relevant products.

The periodic introduction of value-added products enhances the business prospects across the distribution channels. In 2019-20, the Company intensified its connect with fabricators by organising numerous meets at multiple

locations. These opinion influencers help in generating volumes for the dealers and retailers.

**The Company needs to move beyond urban markets to semi-urban and rural patches.**

The Company realises that strong demand is emerging from the semi-urban and rural locales as new-age construction gains momentum.

To capitalise on these mushrooming opportunities, APL Apollo is strengthening its dealer base in these areas. Of the total 150+ dealers added to the Company's distribution channel in the last two years, 50% of the new dealers cater to the semi-urban and rural markets.



STRATEGY  
**04** BUILD  
 BRAND RECOGNITION



**One-off branding may not sustain the connect.**

The Company has adopted a multi-layered branding strategy.

**BTL** activities are ongoing at dealer and distributor levels.  
**TVCs** are aired on national

channels at prime time to grab viewer attention.

**The Company** sponsors participants of high-decibel sporting events which are keenly followed by the masses. It attracts considerable attention.

**On-boarding** Mr Amitabh Bachchan as the brand ambassador for the Company's products has only heightened the brand recall in the market.



# governance & reporting

**Corporate governance** is integral to the Company's management and business philosophy. APL Apollo follows a stringent corporate governance policy with the aim to ensure that the Company keeps the stakeholders' interests at the centre of all operations and business decisions.

Transparency and openness form the bedrock of corporate governance at APL Apollo. It has established a corporate governance structure that works towards achieving sustainable growth in the medium and long term.



## Stakeholder grievance mechanism

APL Apollo is committed to promoting responsible behaviour and value for social and environmental well-being. It has a policy on business conduct that is applicable to all its employees and value chain partners. It has a structured stakeholder grievance redressal mechanism through which stakeholders freely share their concerns and grievances with the Company.



## Whistleblower policy

The whistleblower policy/vigil mechanism has been formulated by the Company with a view to provide a mechanism for Directors and employees of the Company to approach the Chairman of the Audit Committee of the Board to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct or Ethics Policy, or any other unethical or improper activity.



## Sexual harassment policy

APL Apollo has structured a well-defined policy to prevent any kind of misconduct based on gender diversity and foster a conducive work environment for women employees. The policy provides direction, process, procedure and forums for submission, hearing and resolution of complaints with respect to any alleged acts of sexual harassment. The Complaints Committee formed by the management of the Company hears the complaints.



## Investor Protection policy

The investor protection policy at APL Apollo is a two-window mechanism designed to offer investor services and redress investor grievances to maintain flawless transparency in the entire business. Abhipra Capital Limited, the Registrar and Share Transfer Agent (RTA) of the Company, is tasked to handle requests from and address complaints of shareholders. Further, a Stakeholders Relationship Committee looks into the redressal of shareholders'/investors complaints. The committee reviews the mechanism of grievance redressal, reports submitted by the RTA, compliance with various SEBI regulations and periodically report to the Board about serious concerns, if any.

**Corporate governance framework**  
Transparency & openness



**Board of Directors**

Balanced Board of Executive and Non-Executive Directors with diverse range of expertise and experience

Provides strategic direction and evaluates overall performance



**Board Committees**

Audit Committee

Stakeholder Relationship Committee

Nomination and Remuneration Committee

Corporate Social Responsibility Committee

Risk Management Committee



**Management Reporting**

Executive Committee

Operation functions below the Executive Committee



**Key corporate functions**

Corporate Management

Finance & Accounts

Manufacturing Operations

Projects

Quality Control

HR & Admin

IT

Supply Chain Management

**4**

Independent directors on the Board

**5**

Board Committees headed by Independent Directors

**High on governance**

**No** pledge of promoter shares

**Deloitte** for statutory audit and Ernst & Young for internal audit

**Six** non-executive board members out of eight

**Remuneration** of MD/WTD was below the threshold of 10%

# our conscious keepers



## SHRI SANJAY GUPTA

Executive Chairman

Shri Sanjay Gupta has around 23 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 organisation of international repute.



## SHRI ASHOK K. GUPTA

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. He has been the driving force for propelling the growth engine and yielding profitable results for the Company.



## SHRI VINAY GUPTA

Director

With 20 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-galvanised 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, Ms. Abrol has about four decades of rich professional experience in various sectors and positions. 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 Fertilisers Ltd. Ms. Abrol is currently serving as Director at TCNS Clothing Co Limited, Apollo Tricoat Tubes Ltd, Apollo Pipes Ltd, Stecol International Pvt Ltd and other companies. She is also associated with a couple of NGOs 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

A former executive director of the Indian Overseas Bank, 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. Currently, he is serving as the Director of Rockland Finstock Limited, IFCI Venture Capital Funds Limited, GVFL Trustee Co Pvt. Ltd and Apollo Tricoat Tubes Ltd. He is also former director of Canara HSBC Oriental Bank of Commerce life Insurance Company Limited, CARE Ratings Limited 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, private equity and restructuring. He has led institutions across business development, strategy as well as 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.

# our think tank



**SHRI SANJAY GUPTA**  
Chairman & Managing Director



**SHRI VINAY GUPTA**  
Director



**SHRI ROMI SEHGAL**  
Director



**SHRI ARUN AGRAWAL**  
Chief Operating Officer



**SHRI DEEPAK GOYAL**  
Chief Finance Officer



**SHRI ANUBHAV GUPTA**  
Chief Strategy Officer



**SHRI ASHOK KHUSHU**  
Head - New Projects



**SHRI RAVINDRA TIWARI**  
Head-Sales & Marketing

# our satisfaction index



**2017**

APL Apollo Tubes Ltd received "India's Best Company of the Year" award received from International Brand Consulting Corporation, USA



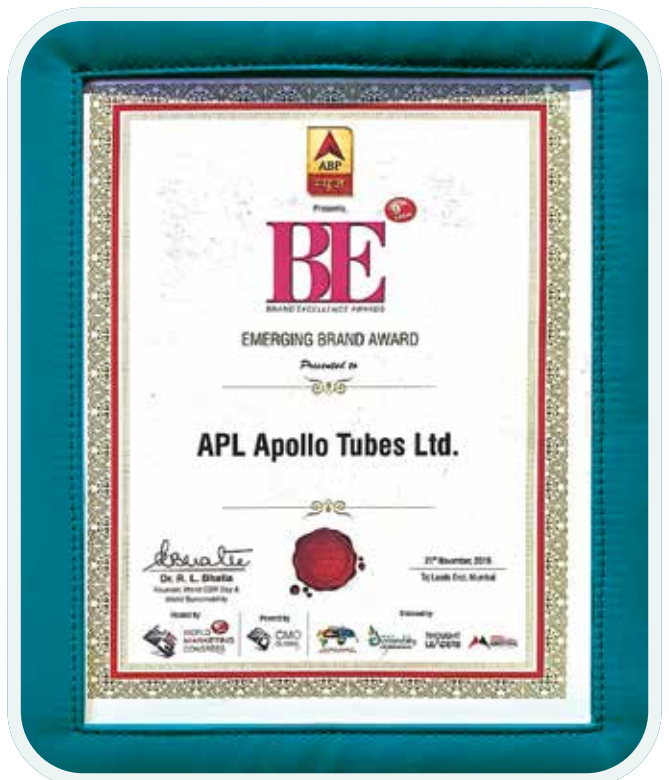
**2018**

APL Apollo Tubes being facilitated by CREDAI



**2019**

Times Power Icons 2019 for North region certificate of recognition received by Mr Sanjay Gupta (The Chairman, APL Apollo Tubes Ltd) for exemplary contribution in the field of excellence in the field of steel pipes and section



**2019**

APL Apollo Tubes Ltd received Emerging Brand award for the Year 2019 from ABP news Brands Excellence Awards

**building our  
resilience**





- 046 Manufactured Capital
- 048 Financial Capital
- 050 Human Capital
- 052 Intellectual Capital
- 054 Social & Relationship Capital
- 056 Natural Capital



RESILIENCE...

# ...by enhancing our capacity



At APL Apollo, capacity building is not a number-adding task but a strategic call to make the business more adaptive and resilient, thereby enabling it to be successful even in today's challenging conditions.

ARUN AGARWAL | Chief Operating Officer

## Interlinkage among capitals

### Manufactured capital



**Financial capital**  
Capex of ₹301 crore



**Human capital**  
Training on technical skills



**Intellectual capital**  
Four new products developed and launched



**Social & Relationship capital**  
Continuous training in Health & Safety



**Natural capital**  
Reduction in Energy bill

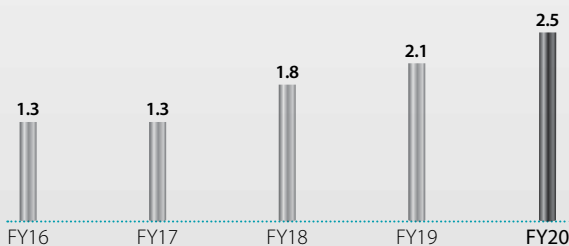
APL Apollo's manufactured capital comprises physical infrastructure, including manufacturing plants, buildings, machinery and equipment. Consistent investment in capacities over the last decade has positioned APL Apollo as the largest producer of

structural tubes in the country and one of the largest in the world. In three years, the Company has nearly doubled its manufacturing capacity through organic and inorganic initiatives at an investment of ₹719 crore. In 2019-20, it acquired three manufacturing facilities, adding about 450,000 TPA of capacity.

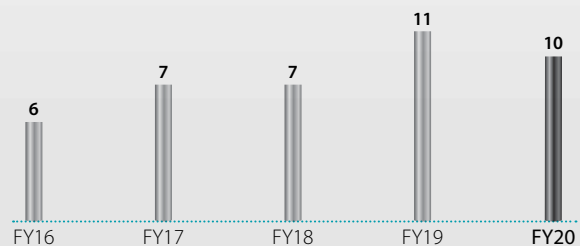
Intelligent capacity creation has facilitated in balanced manufacturing infrastructure across regions. This strategy has made APL Apollo the only branded domestic steel tubes manufacturer with a close-to-demand pan-India

footprint enabling it to capitalise on opportunities mushrooming across India – growing its market share.

### Capacity (Mn Tonnes)



### Number of Points





### Hyderabad unit

Spread over 119,382 sq mt of land, this unit was acquired from Taurus Value Steel & Pipes Private Limited with the objective of strengthening its presence in the South Indian market.

With a manufacturing capacity of 200,000 TPA, the unit manufactures standard, structural, and galvanised products.



### Malur unit

This is a manufacturing unit of Apollo TriCoat which was acquired by APL Apollo in 2019-20. Located close to Bengaluru, this unit has a capacity of 175,000 TPA and manufactures value-added items such as Signature, Elegant and ILG products. As demand for these products gain traction, the Company would evaluate the prospects of increasing the capacity of the facility.



### Dujana unit

This is Apollo TriCoat's second manufacturing unit located in Dujana in Delhi-NCR, catering to the North Indian markets. Commissioned in 2019-20, this unit has a capacity of 75,000 TPA and manufactures value-added products such as Chaukhat, Plank. As demand for these products gain traction, the Company would evaluate the prospects of increasing its capacity.

### Cautiously aggressive

**This pandemic** has not deterred APL Apollo from its long term capital expansion plan at same time. We are now focus on utilising its existing capacity to strengthen its return on capital employed. The Company has sufficient capacity to support its growth agenda for the next two years.

# ...by building organisational liquidity

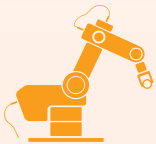


At APL Apollo, efficient capital utilisation and cash generation has always been in the spotlight. We have always identified and implemented ways, in good times and bad, to rationalise expenditure and build financial reserves for sustainable operations.

DEEPAK GOYAL | Chief Financial Officer

## Interlinkage among capitals

### Financial capital



**Manufactured capital**  
Acquisition of Apollo TriCoat



**Human capital**  
Increasing investment in people training



**Intellectual capital**  
Significant investment in innovation initiatives.



**Social & Relationship capital**  
Growing spend on branding at the National, regional and local levels.



**Natural capital**  
Investment in renewable energy

APL Apollo follows a robust system of capital allocation and judiciously allocates capital among various competing capital expenditure projects and the need to deleverage the organisation. Accordingly, utilisation of funds between investment (in capacity and capability) and redemption (of debt) is calibrated to ensure that the leverage ratios are within the acceptable levels without compromising on business growth.

Given the Company's extensive capacity creation plan, the Company was constrained to repay debt in the recent past. But, it successfully generated sizeable cash to fund its capex plans through internal accruals.

While the absolute debt did not increase – it only reduced marginally over the previous year – its leverage position has improved considerably. This is primarily because of the Company's unwavering focus on increasing the proportion of revenue from value-added products in its total income.

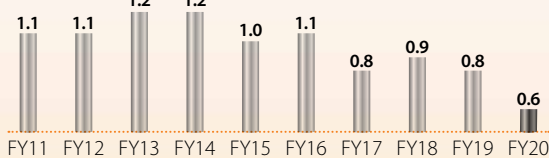
APL Apollo remains alert and agile in capitalising opportunities with an objective of reducing its interest cost. Also, the Company has consistently maintained a competitive borrowing rate by adopting an appropriate balance between fixed and floating interest rates.

The interest rate for the Working Capital Demand Loan and its EPC facility were linked to Mibor, while that of Bill Discounting was linked to the Repo Rate. The effectiveness

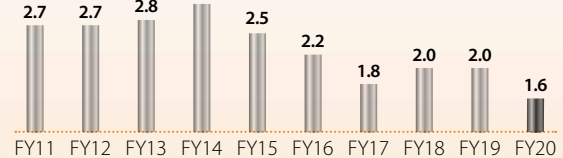
of its initiatives is reflected in its improved coverage ratio.

A strict adherence to its financial management systems and risk control measures has helped the Company achieve a superior Return on Capital Employed (RoCE), stronger cash flows, growth in market capitalisation and improved credit ratings.

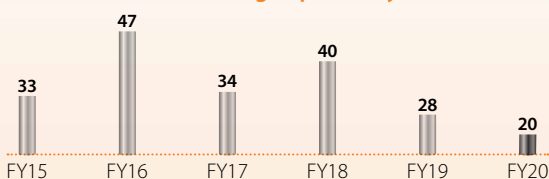
Net Debt/Equity (x)



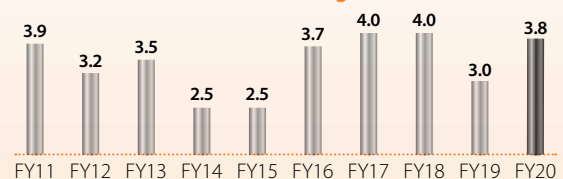
Net Debt/EBITDA (x)

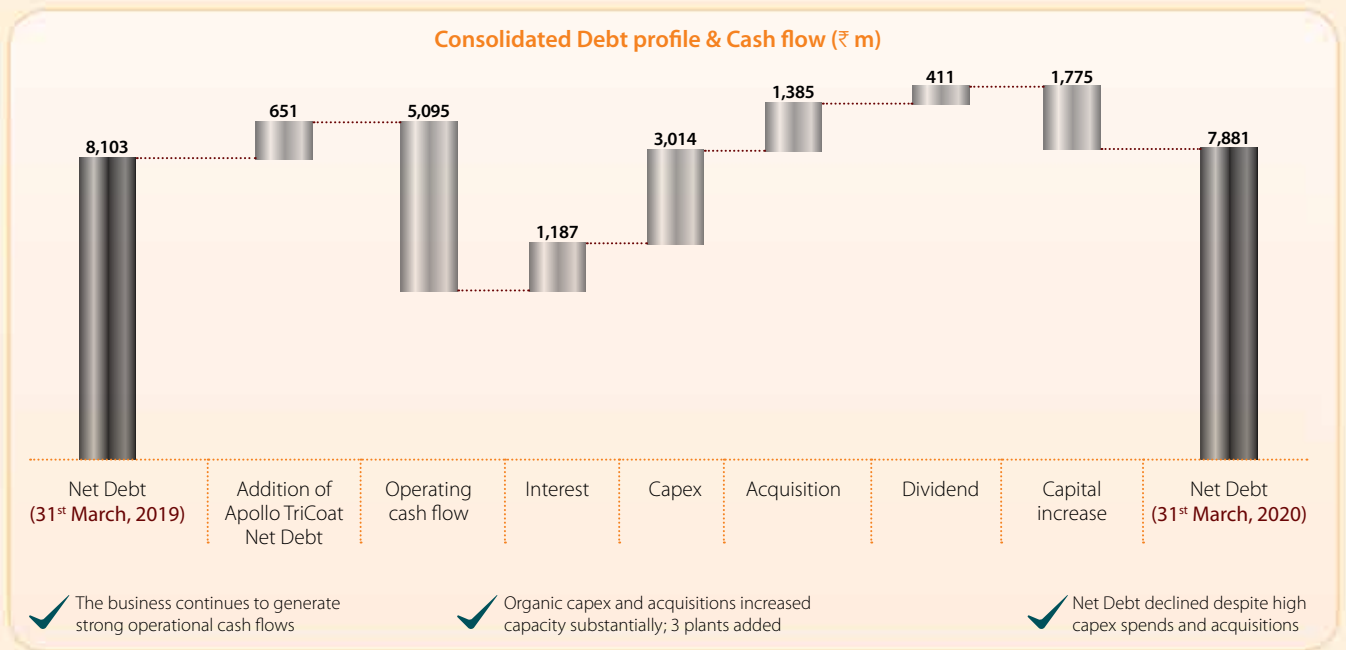
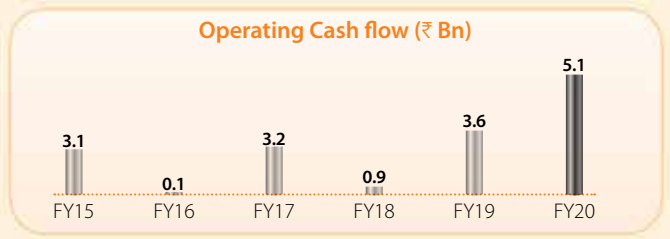
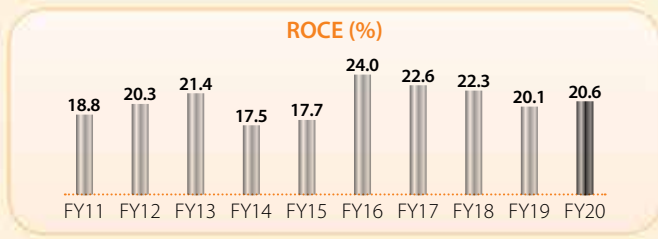


Net Working Capital (Days)



Interest Coverage (x)





#### Cost rationalising

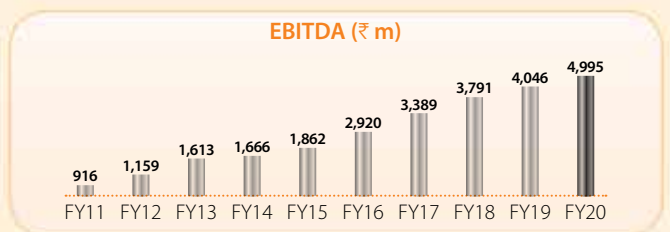
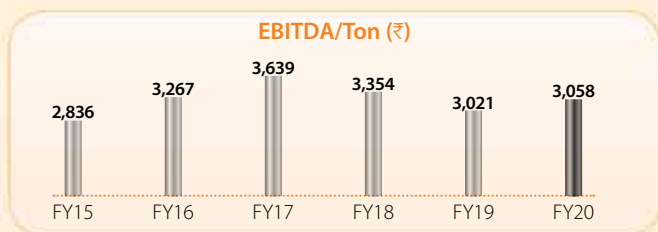
APL Apollo firmly believes that cost leadership is achieved through an excellence in ideation, a passion to innovate, and a dedication in efficient implementation. The Company has worked untiringly towards strengthening its cost structure through its operational journey, which today has emerged as its

critical competitive edge in an otherwise cluttered business space.

Size of operations is the most prominent cost advantage for the Company. It has created a pan-India manufacturing presence which has optimised logistics cost and enhanced its speed to market. Having

attained size, the Company now enjoys the position of being the largest consumer of HR coils in India – providing its important bargaining power. Increasing reliance on renewable energy has significantly reduced the power cost in addition to reducing its carbon footprint.

The Company's backward integration by setting up of a cold-rolling facility has helped in significant raw material cost-savings. These efforts, when combined with growing sales volumes of value-added products, have improved the operating profit.



#### Way to better profitability

- Increase** the revenue mix in favour of high-margin products.
- Grow** the awareness for new high-margin products with B2C approach like door frames, plank, fencing post.
- Move** from products to solutions like complete door solution, ready chaukhats and boundary wall solutions.
- Intensity** branding exercise to command premium in the long term.

RESILIENCE...

# ...through our people



Our workforce is the fuel that drives our value creation. Our vision and mission are brought to life through their passion and dedication

**SUMEDH SINGH** | General Manager (Human Resources)

## Interlinkage among capitals

### Human capital



#### Financial capital

**₹1.4 Mn:**

Investment in training initiatives in 2019-20



#### Manufactured capital

**2,124:** Employees involved in manufacturing operations



#### Intellectual capital

**1,736:** Training manhours in 2019-20



#### Social & Relationship capital

**98%:** Customer satisfaction index



#### Natural capital

**500+:** Tree plantation by employees

APL Apollo's human capital is the foundation of leadership, innovation and customer engagement. The Company nurtures this capital by empowering employees, providing an environment of highest safety, training for enhancing skills and through a process of rewards and recognition.

### Growing the team



APL Apollo is cognisant of the reality that people are the critical catalysts that transform board room strategies into on-ground realities. The Company continued to strengthen its team to seamlessly manage its growing operations. In 2019-20, it added 264 members to the workforce. Most of them were recruited through internal referrals.

**2,124** Team on roll (March 31, 2020)

### Investing in people



APL Apollo continued to invest in its people by providing them avenues to expand their knowledge capital. The Company's institutionalised training calendar comprised technical, behavioural and safety training modules which were conducted by its in-house trainers and external faculty. The training also comprised on-the-job knowledge sharing – primarily for freshers – by their peers. Great emphasis was put on imparting knowledge on quality management and rejection analysis and control.

During the year, the Company entered into a collaboration with IIT Roorkee for knowledge transfer, employee training and joint research. The Company launched Junoon – a sales training module – for educating its field force on the art of marketing and the finer nuances of sales. It also sent its sales team members to attend the 'Effective Selling Skill Program' conducted by IMT Ghaziabad and to various knowledge enhancing programs covering a wide spectrum of topics.

APL Apollo encouraged its team members to extensively use massive open online courses (MOOCS) and other open learning platforms to strengthen their knowledge. 6,915 hours of training was imparted by the Company during the last five years.



### Safety first

APL Apollo's focus on employee health and safety ensures business continuity and fosters wellbeing for the staff. All its facilities are benchmarked to OHSAS 18001/ISO 45001 certification. The Company's safety committee at its operating units ensures strict adherence to the safety SOPs. The team keeps a close watch on hazard identification and follows on-time implementation of control measures. The Safety Team conducts regular audits and hosts awareness programmes for all the employees. This includes fire safety and various other mock drills. The safety training calendar includes the following:

**IMS (QMS,OHAS & EMS)** certification awareness programmes **ISO training** at units **Fire safety** training **On-site** emergency planning **GI and GP** area safety training **Training** on personal protective equipment (PPE) **Training** for manual handling safety.



### Including its people

A motivated and engaged workforce is a key component of a firm's success. Recognising this reality, APL Apollo undertakes various employee engagement initiatives. The HR team initiated a 'Suggestion Scheme' on a pilot basis at three manufacturing facilities to spot the gaps that need to be plugged. APL Apollo floated the 'Star Employee of the Month' programme to recognise and reward best performers every month across locations. In 2019-20, it rewarded its employees for their exemplary performance.

Being the primary sponsor for high-decibel sporting events, the Company hands out viewership tickets/passes for those events to its employees and other stakeholders – nurturing a bond between the brand and its team.

**25%+** Team with APL Apollo for more than five years

RESILIENCE...

# ...through our innovation drive



**Innovation** for us is as much about technology as it is about process improvements, business excellence and a culture that encourages thinking afresh.  
**ANUBHAV GUPTA** | Chief Strategy Officer

## Interlinkage among capitals

### Intellectual capital



#### Manufactured capital

New products launched every year for the last five years



#### Financial capital

Revenue from new products launched is increasing every year



#### Human capital

Provides opportunities to learn about new technology, new processes and products.



#### Social & Relationship capital

Robotics Process Automation deployed for creating Purchase Orders



#### Natural capital

Improved business processes enhanced productivity.

In its endeavour to sustain its momentum, APL Apollo continues to better its ability to execute. This is driven by capability-building initiatives, which are central to the organisational performance. The Company has imbibed a systematic approach for continuous improvement in technology and innovation.

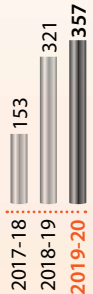
APL Apollo believes that capability building starts with listening to the customer's voice, leverage his pain points to ideate opportunities for the future, identify and imbibe the right technology, and then create the right strategy to achieve its desired goals.

APL Apollo is credited for bringing new-age technology to the Indian shores which has helped grow the market as opposed to simply growing its market share. **Brought** to India high-speed mills from Europe that increased the

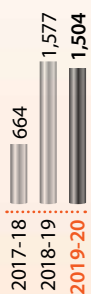
speed 5 times, strip galvanising lines and Rotary Sizing Mills. **Introduced** pre-galvanised tubes (GP) in India for the first time in 2003, now it is more than a 1-MnT market. **Introduced** the DFT technology, a first for the Indian industry, which allow cost-effective customisation to meet client requirements.

### Apollo Structural DFT

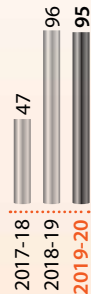
Volume (k tonnes)



Revenue (₹ crore)



EBITDA (₹ crore)



**250**  
 Investment in DFT technology (₹ crore)

In 2019, we took a decisive step towards making India truly global. APL Apollo acquired Apollo TriCoat which brings into its fold new technology that will enhance the

product basket with two niche, high-value coated pipes, inline galvanising (ILG) and hybrid pipes – the world has only 10 lines with this technology.

This inorganic initiative adds niche eco-friendly products to the APL Apollo basket, namely door frames and complete door solutions, planks, fence as replacement to the

traditional wooden counterparts. What it also does is that it extends the APL customer canvass from building exteriors to home interiors – widening its opportunity canvas.

**Process of innovation @ APL Apollo**

**Challenging the norm**

Develop products that replace conventional construction methodologies

**Identification of unique applications**

Identify unique applications for structural steel tubes to replace products such as wood, aluminum profiles, steel angles, and RCC

**On-field market study**

Conduct an on-field market study to evaluate the viability of products

**Consultation with global leader**

Consult leading global tube mill manufacturers to design innovative mills

**Information technology**

APL Apollo's intellectual capital is also the knowledge base it leverages to consistently innovate and improve its products, services and manufacturing processes. This includes R&D assets like testing facilities, sophisticated

instruments, IT assets, the experience and skillset of our workforce and our intellectual property rights.

In 2019-20, our IT team deployed two business-critical solutions that enhance business efficiency and improve stakeholder

experience in interacting with the Company.

**RPA (Robotics Process Automation):**

This was deployed for creating purchase orders (for raw materials) and creation of goods receipts when a material is received at the plant.

**SAP Ariba:** It helped in the RFQ and bidding process of transportation vendors.



**From physical to digital**

APL Apollo will continue to deploy automation solutions that will improve man-machine productivity at its operating sites and enhance its connect with its stakeholders.



RESILIENCE...

# ...by strengthening our connect



We are committed to strengthen our relationship with communities – our value chain partners, and beyond in a wider society – through a meaningful and purposeful engagement.  
**RAVINDRA TIWARI** | Head, Sales & Marketing

## Interlinkage among capitals

### Social & Relationship capital



#### Manufactured capital

Growing capacity and product basket to grow dealer business



#### Financial capital

Continuing investment in CSR initiatives



#### Human capital

Frequent interaction with the distribution network and vendor base.



#### Intellectual capital

IT solutions for cementing better relations with vendors



#### Natural capital

Growing traction for environment-friendly products

### Enhancing business value

APL Apollo's dream of a resilient tomorrow is strengthened through its strong collaboration with its partners across the value chain and its end-consumer. In 2019-20, the Company implemented a host of measures to firm up this bond and it yielded heartening results.

### B2C channel



#### Distributors

800+ distributors - Solid relationships, incentive plans



#### Retailers

50,000+ retailers - Retailer bonding program



#### Fabricators, Architects & Structural engineers

200,000+ fabricators, architects & structural engineers and developers - Apollo Connect Programs, fabricators/architects meets for brand promotion



#### End consumer

End customer connect - Indian Premier League, Football, Kabaddi league, Amitabh Bachchan campaign, TV commercials, radio, social media

### Dealer & Retailer Connect:

The Company continued to entrench its presence in the Indian landmass to capitalise on mushrooming opportunities. The Company added more than 150 dealers in the last two years (2018-19 and 2019-20). To improve their business prospects, it introduced several steps.

**Clearly** demarcated their catchment area.

**Emphasised** on utilising the channel financing option which helped dealers improve their purchasing power.

**Undertook** branding initiatives on the ground and at dealer shops for enhancing footfall.

**Provided** logistical support to dealers.

**Continued** to launch products which only enhanced their business prospects.

**Fabricator Connect:** In 2019-20, the Company focused on building its relation with key opinion influencers – the fabricator segments. It organised 200 fabricator meets which covered about 40,000 fabricators. It plans to significantly increase

the fabricator connect – it has set a goal to touch base with 100,000 fabricators over the coming years.

**Customer Connect:** To create a strong brand recall, the Company undertook a string of branding and marketing initiatives through its association with sports. It has magnified APL Apollo's brand reach and visibility across a diverse market.

In 2018-19, APL Apollo became the principal sponsor to the Delhi Team in the IPL 2019, India's biggest sports event with mass appeal and viewership. In 2019-20, the Company followed up its initial success by becoming the principal sponsor of Haryana Steelers at the 7th season of the Pro Kabaddi League. It also became the branding sponsor for the 'India versus West Indies' cricket series.

In a path-breaking move, the APL Apollo Group signed up Mr Amitabh Bachchan as the brand ambassador for all its brands. This is the first time that a structural steel tubes player has associated with a celebrity of this stature. This association, the Company is confident, will help elevate the brand in an otherwise cluttered market space.

**Intellectual Connect:** The Company also enhanced its connect with the external world through enhanced participation in National and International forums for building and construction.

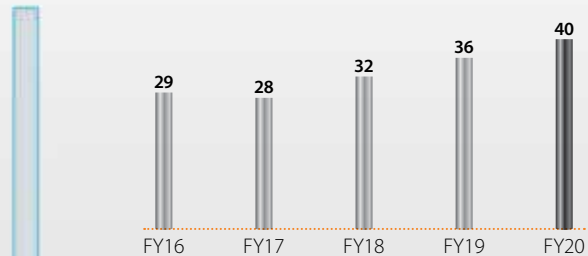


Peer market share FY19 (%)



- APL Apollo: 40
- Player 2: 12
- Player 3: 9
- Player 4: 7
- Others: 32

Key Performance Indicators



**Creating societal value**

Our social and relationship capital is being enhanced by not only investing in our value chain partners, but also in a wider

society. The Company believes that an island of prosperity cannot survive for too long in a matrix of misery.

The Company has strategically invested in projects that aim to solve the fundamental issues of the locals by providing opportunities and infrastructural

support, helping them lead a meaningful life. It aims to create a tangible impact for an equitable and inclusive tomorrow.



RESILIENCE...

# ...through care for the environment



At APL Apollo, we respect the environment as an important stakeholder in our progress. As such, we care the environment by adopting technologies and processes that utilise resources efficiently. We complement that by recycling of waste in everything we undertake.

J M SINGHAL | Senior Consultant

## Interlinkage among capitals

### Natural capital



#### Manufactured capital

Focused on energy efficiency & water conservation



#### Financial capital

Investment in renewable energy



#### Human capital

Periodic awareness on Environment Management



#### Intellectual capital

Developing and launching environment-friendly products.



#### Social & Relationship capital

Undertaking health & hygiene initiatives for communities around us.

At APL Apollo, analysis of and clearance from the environment team for any strategic initiative is a critical aspect for approving

and implementing the same. Because we believe that success is transient, sustainability is defining. And for the latter to

happen, we need to respect the environment equally as all other stakeholders.

At APL Apollo, these are not simply high-sounding words, but are reflected in our on-ground actions

#### Environment-respecting technologies

The DFT technology, a first for the Indian industry, which allows cost-effective customisation to meet client requirements, results in significant saving in steel, both for the customer and at our shopfloor.

We will be introducing the most advanced galvanising technology – the 'Galvant Process' to the Indian shores - a process that coats the tube with a three layer protection seamlessly in a continuous process; there are only about 10 such production lines in about

4-5 countries across the world. This cutting-edge technology manufactures TriCoat pipes - a pioneering solution that is be the 'last word' in corrosion resistance. This multi-layer coated tube (three layer coating on the outer surface and one layer on the inside) enjoys

double the life compared to any other galvanised product. The end-product promises to be environment friendly as it minimises the consumption of harmful substances

	Acceptable level	TriCoat level
Hexavalent chrome	1000 ppm	0 ppm
Lead	1000 ppm	30 ppm
Cadmium	100 ppm	20 ppm

### Environment-respecting products

At APL Apollo, we are making a unique shift in product offering. Like most business enterprises we are graduating from commodity to the value-added, but with a difference. Our value added products are environment friendly as they promise to replace environment-damaging activity.

**Case in point:** Our Apollo Chaukhat, a steel doorframe has received an overwhelming response from the dealer fraternity and the end consumers as being a considerably superior variant to wood. Enthused by this success, we are moving a step further. We would be launching complete door solutions over the near-term.

Apollo Plank, a replacement for wood planks, has made a satisfying beginning in multiple home décor applications. In the first year of launch we have sold more 1,500 tonnes of this product – significant saving in wood.

In the coming years, we have a basket of environment-friendly products which are waiting to reach the shelves once the economic tide turns favourable.

### Environment-respecting operations

Moreover, our products are created through processes that have eco-consciousness embedded in them and utilise sustainable materials. While our key raw material is steel, which is recognised world over for its eco-friendly attributes, power utilisation, we realised that it had a negative impact on the environment. To

alter this, we have taken giant strides in increasing our reliance towards renewable and clean energy sources. On the renewable energy front we implemented the following: **We** are operating our Hosur facility using wind power energy of 5.5 Mn units

**For** our Bangalore facility of SLMUL, we entered into a PPA agreement with AMP Solar Urja Ltd to procure 4 Mn units of solar power annually **We** installed following 5 rooftop solar panel units of -  
1) 1.1 MW at unit 1 of APL  
2) 0.3 MW at unit 2 of AMPL  
3) 1.3 MW at unit 1 of AMPL  
4) 1.3 MW at unit 3 of APL  
5) 2.6 MW at unit 3 of APL

From a clean energy perspective, we shifted our fuel from furnace oil to LPG for our furnace operation (galvanising line).

### Environment-respecting initiatives

There's nothing more essential to life on Earth than water. Yet, globally about 844 million people lack access to clean water. A global water crisis is looming large. To contribute our bit in saving fellow residents of the Earth, we have taken small yet meaningful steps towards effective water management.

**Having** commissioned water harvesting initiatives at APL Apollo Unit-1 Plant and Apollo Metalex Plot-22 Plant, we are setting up water harvesting infrastructure in all our units. **We** have installed ETPs (Effluent Treatment Plant) at all our operating facilities to minimise water consumption significantly by recycling the waste water; our two units – at Hosur and

Malur (Apollo TriCoat) are Zero-Discharge units. Going forward, we hope to graduate our other units to this coveted benchmark. In addition to water conservation initiatives, we have also made heartening progress in enhancing the green cover in and around all our manufacturing facilities.

In today's dynamic and uncertain business environment, we believe that these strategic initiatives will make our success sustainable over the medium term





# management discussion & analysis »

OUR WORLD

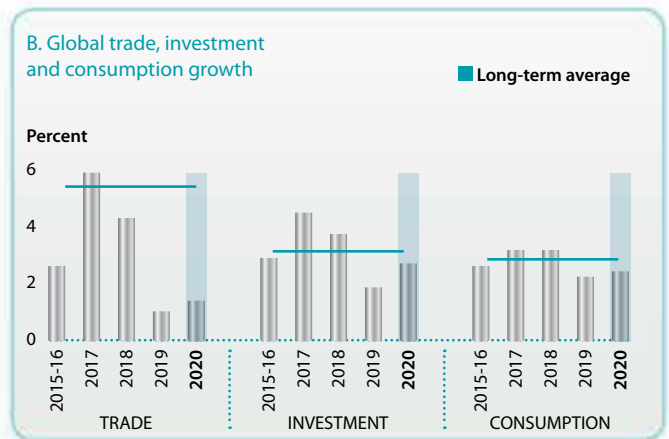
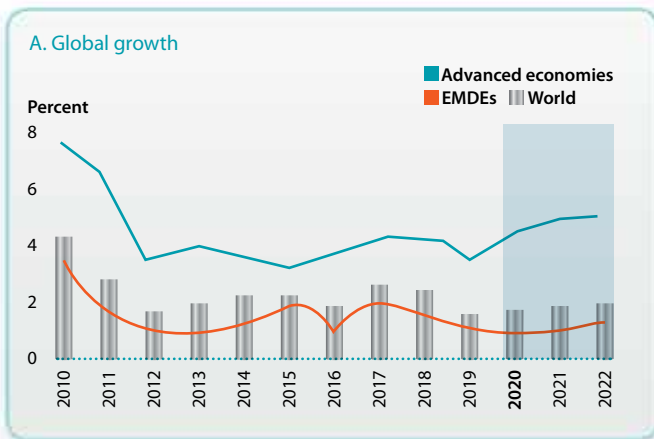
**The Global Economy**

The year under review saw a sharp deceleration in global growth with sluggish trade and poor investments affecting in varying degrees the developed world, particularly the Euro area, the emerging markets, and the developing economics. Global trade in goods stayed constricted for most part of 2019, and manufacturing activities slowed down markedly,

while services stayed moderate. Close to 90% of the advanced economies and 60% of EMDEs suffered in the downturn. The financial markets, too, remained troubled for most of 2019. Such a scenario dragged the global economic growth down to an estimated 2.4% last year – the slowest rate of expansion since the 2008 financial crisis.

**Recovery:** The prospects of a recovery looks bleak after the Corona virus outbreak shattered the wobbly economy. The worst nightmare in human history struck the world when most of the major economies were grappling with trade disputes, policy uncertainties and geopolitical tensions. As administrations adopted containment measures to fight the Covid-19 pandemic, most of the world went under a

lockdown, bringing all economic activities to a stop. The impact has been dreadful. It sent the ailing global economy into a deep recessionary phase, which could be far more punishing and long-lasting than it was feared initially.



OUR BUSINESS ENVIRONMENT

**The Indian Economy**

With a gross GDP of US\$2.94 trillion, India ranks as the fifth-largest economy in the world, and the third-largest market in terms of purchasing power parity (PPP).

**Performance:** A continued slump in global business environment weighed on the Indian economy, pulling it down to an 11-year low of 4.2% in 2019-20 from 6.1% a year ago. It consequently widened the government's fiscal deficit to 4.6% of the gross domestic product (GDP), outstripping the Budget projection of 3.8%.

A rebound in the farm sector and a sharp spike in government spending helped the ailing economy in this hour of distress. While agriculture growth almost doubled to 4% over the last one year, public administration, defence and other services saw a double-digit growth of 10% during the year under review. But the disturbing reality was a sharp decline in all three

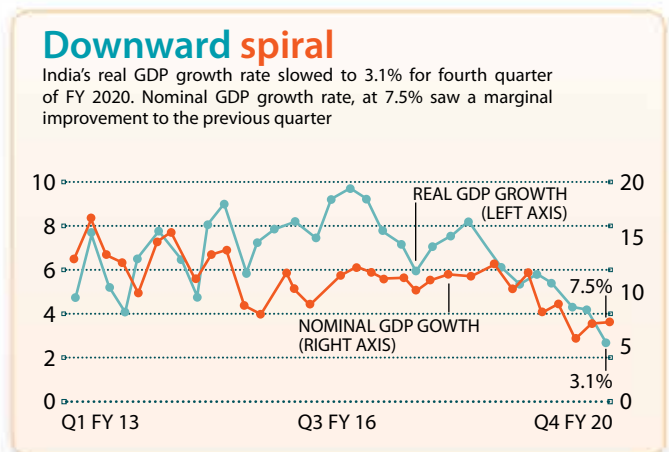
components of demand – consumption, investments and exports – into the negative territory. Manufacturing and construction threw up poor growth numbers of 0.03% and 1.3% in 2019-20, marking a steep fall from 5.7% and 6.1% a year ago. Gross fixed capital formation (GFCF), which indicates the level of investment activity in the economy, was down to less than 30% of the real GDP. Compared to 2018-19, GFCF saw a contraction of 2.8%, highlighting deeper problems underlying the slowdown. Even private final consumption expenditure grew slowly at 5.3% in 2019-20 as against 7.3% a year back.

India's emergence as the fifth-largest global economy and the country's 14-spot climb to the 63rd rank on the World Bank's Ease of Doing Business Index 2020 came like a ray of hope amid this reign of darkness.

But even before the economy could nurture the early green shoots of revival, the Covid-19

outbreak shuddered everything at the end of March 2019. To save its 130-crore populace from the dreaded contagion, the Indian government enforced one of the longest and strictest lockdowns in the world spanning over two months. It triggered severe demand-supply shocks and nixed the economy's incipient recovery with large-scale job losses across sectors.

Although the virus has claimed more than 50,000 lives in India and infected over 2.5 million in less than eight months, it couldn't break the spirit of resilience of the people. Looking at a 70% recovery rate among the Corona-positive patients, and recollecting India's history of endless onslaughts and revivals, experts strongly believe that this too shall pass, and the economy will begin to rebound, breathing fresh life into people and their living.



**Structural Steel**

From manual to automated with remote-controlled access – machine operations took a kangaroo leap in the last couple of decades with the last few years having seen the most rapid advancement in technology. It led to a paradigm shift in the way machines are operated.

The saga is no different in the construction segment. The shift through the last decade has been towards structural steel or

Pre Engineered Building (PEB) material from heavy engineering construction materials. India was one of the latest to join the league but emerged one of the fastest to adopt the new system.

The drift has been primarily because structural steel saves time and cost and ensures more efficient performance. This type of steel is used in the construction industry and it can be welded in various shapes and grades. A spurt in urbanisation

and consequent boom in the construction triggered a strong demand for long steel products like tubes, bars and sections, paving the way for structural steel to corner a wider market share.

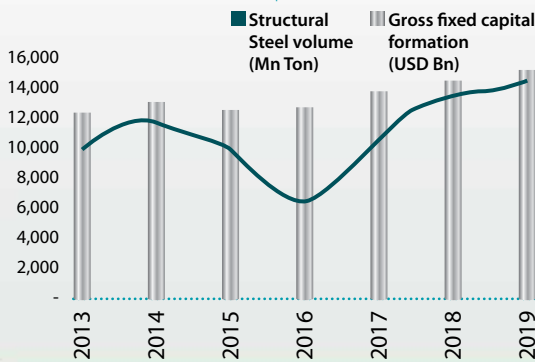
These products show superior properties like high strength, ductility, ease of fabrication, seismic resistance and fast erection speed. Structural steel finds immense applications

in the non-residential construction space like airports, manufacturing facilities, healthcare facilities, and retail stores.

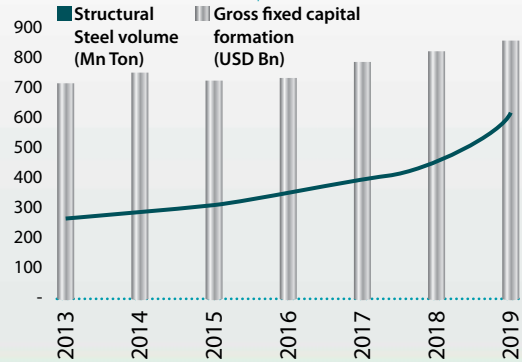
The booming commercial building sector and the government’s push for green buildings, smart cities and the **Make-in-India** initiative are expected to boost the structural steel market in India.

The structural steel market expansion is closely dovetailed to construction activity

Global Structural Steel market expansion



Indian Structural Steel market expansion



**What is ahead for structural steel?**

**Climate** change is an undeniable reality. The looming threats from environmental damages are encouraging governments, manufacturers and consumers to use sustainable products. Major manufacturers are developing advanced steel products which can help in waste reduction and can be suitably recycled. Buildings made by these products do not include mandates such as treatments for preventing insect

infestation, mould and decay. This is where structural steel sees a bright prospect. India’s National Steel Policy, 2017, aims for 300 million tonnes of production capacity by 2030-31. With a meagre per-capital steel consumption, the Indian market holds tremendous potential for structural steel. As the government goes on an overdrive for infrastructure and real estate, the market throws up immense opportunities for structural steel products.

**OPPORTUNITIES & PROSPECTS**

**Structural Steel: Essential for new-age construction**





## verticalisation: there's plenty of room upwards

**Going up is better than being away.** Most cities around the world have resorted to vertical growth as rising population and urbanisation leave them in sheer space crunch.



Home to 17% of the world population, India is crammed with only 2.4% of the landmass in its command. A fast-developing economy and a rapid urbanisation have left metros and cities bursting with people. High-rises have come up as the obvious solution. Rising population, shrinking space and a wish to remain close to the main city have fuelled growth in multi-storeyed buildings.

India's vertical growth pushed high-rises or buildings with ground-plus-twenty (G+20) floors or more to record highs in 2019. Out of the 1,816 projects launched during the year across seven major cities, more than 52% were of the G+20 format or above. The share of villas declined consequently to a record low of 2% from 5% five years back.

Mumbai is closing in on mega cities like New York, Hong Kong and Tokyo where buildings as tall as G+50 floors are the norm. Delhi-NCR comes next with nearly 70% of its total launched projects in 2019 being in the high-rise category. Bengaluru had 45% of its 2019 projects towering above 20 floors, followed by Pune with a 41% share. In Hyderabad, Kolkata and Chennai, the share of G+20 floors or above remained somewhat narrow at 23%, 21% and 16%, respectively.

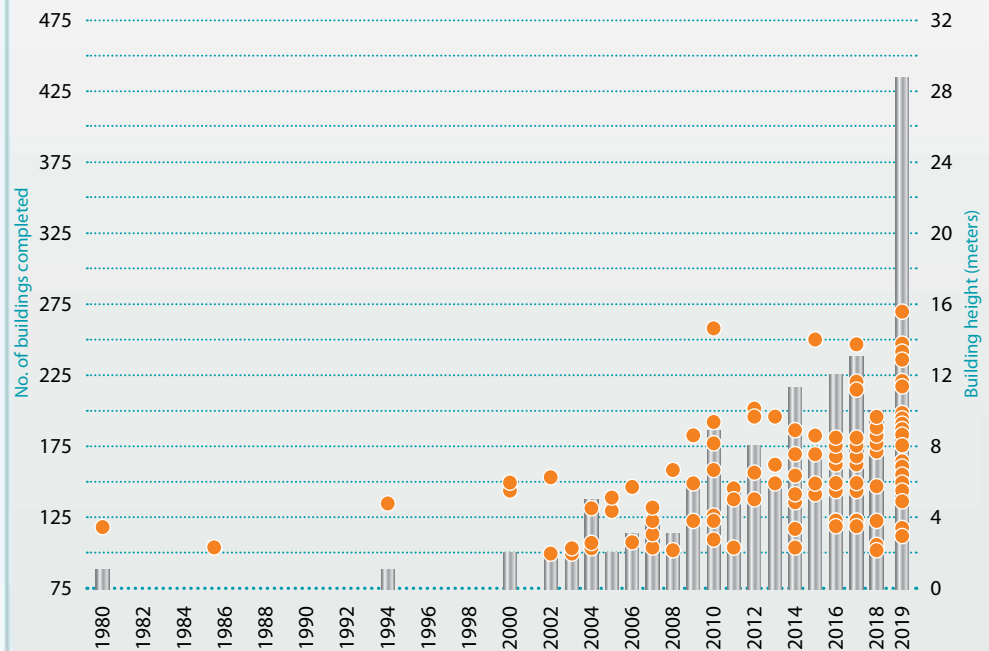
Chennai and Hyderabad – which stuck to the more conventional low-rise formats for long – are gradually warming up to high-rise developments. In both the cities, the well-to-do preferred bungalows and sea-facing villas. It is only in the last decade that these cities too began growing vertically, largely to accommodate the increased inward migration.

In Indian cities, the FSI ratio is generally about 1.5, which is said to be on the lower side given the need of rapid urbanisation.



### The dramatic rise of skyscrapers in India

■ No. of buildings completed  
● Building height (meters)



### Going Forward

The government has formed a panel to look into the upward revision of the Floor Space Index (FSI) norms in all major cities. Such a revision, if implemented by the civic bodies, would drive the number of high-rises in Indian cities.

The Ministry for Housing and Urban Affairs has advocated for compact and vertical densification. In keeping with the recommendations of the Niti Aayog, it has sought easing of the FSI and FAR norms in urban areas and asked officials to take

up a time-bound review of these guidelines in 53 cities each with a population of one million and above.

In Delhi, the urban development ministry has recently approved the land pooling regulations, allowing apartment blocks to be built on 20,000 hectares of farmland on the outskirts of the city. Even if half of this area is developed, it would go a long way in meeting the city's housing need. This growth will be largely vertical – anything between 15 and 30 storeys in each apartment block.

With the state governments notifying the combined development and building rules, core parts of cities such as Chennai and Coimbatore are likely to witness greater vertical developments and become denser in future. It's clear that the future of urban development in India resides in scaling new heights. This will throw open significant opportunities for APL Apollo, which is the country's largest in making structural tubes – a key component of vertical realty development.

In Indian cities, the FSI ratio is generally about 1.5, which is said to be on the lower side given the need of rapid urbanisation.

OPPORTUNITY **2**

# infrastructure: the core catalyst for growth

**The harder the core, the stronger the edifice.** A robust infrastructure determines the strength of an economy to sustain its growth.



India has lined up a series of infrastructure development projects with an aim to attract ₹100 trillion (about US\$1.39 trillion) investment by 2024-25, when it aspires to emerge as a US\$5-trillion economy. A panel has been tasked to create an infrastructure pipeline for each of the intervening years. The projected share of capital expenditure for 2020-2025 is pegged at 16% for energy, 19%

for roads and highways, 16% for urban development and 13% for railways. Private investors will have a wider room to play in an economy, which was battered first by the slowdown and then by the Corona pandemic. Out of a total expected capital expenditure of ₹111 lakh crore, projects worth ₹44 lakh crore (40% of NIP) are under implementation, those worth

₹33 lakh crore (30%) are at the conceptual stage and those worth ₹22 lakh crore (20%) are under development. Information regarding the stage of certain projects worth ₹11 lakh crore (10%) are unavailable at the moment. The highest investments are proposed for the energy sector (24%), followed by roads (18%), urban development (17%) and railways (12%).

**Large & growing**

The global steel pipes and tubes market size was valued at US\$141.3 billion in 2018 and is estimated to average 9% annual growth rate from 2019 to 2025. The market is driven mainly by the demand from the oil and gas industry where the product is used in exploration, processing, and transmission applications.

## airports: paving the tarmac for a take-off

**Fly high when the ground is ready and the sky is open.** With an expanding number of upwardly mobile population aided with an increasing purchasing power, India is set to take off to newer highs.



Just three years back in 2015, only 75 of India's 450 runways were functional, as airlines avoided flying to smaller, World War-era airstrips in smaller towns. The central government's subsidy programme, which partly funds airlines' losses while capping fares on remote routes,

has helped add as many as 38 airports to the nation's aviation map.

The government remains focused on strengthening its airport infrastructure as part of a plan to boost Asia's third-largest economy to a global

superpower. The country plans to get 100 more airports on stream by 2024. The Airports Authority of India (AAI) has drawn up a plan to invest about ₹19,000 crore in upgrading the airport infrastructure, especially in smaller cities, over the next three years.

### Steel drill

These factors should contribute to an accelerated demand for structural steel tubes which is considered as the backbone of new-age construction. APL Apollo being the leader in this segment in India, with a pan-India manufacturing base and an entrenched distribution network, should gain significantly.

OPPORTUNITY **4**

# warehousing: storehouse for growth boosters

**Shore it up lest it drifts away from the shore.** As India aims to be the manufacturing hub for the world, beating many others in the fray, it needs a storehouse to keep its gears ready.

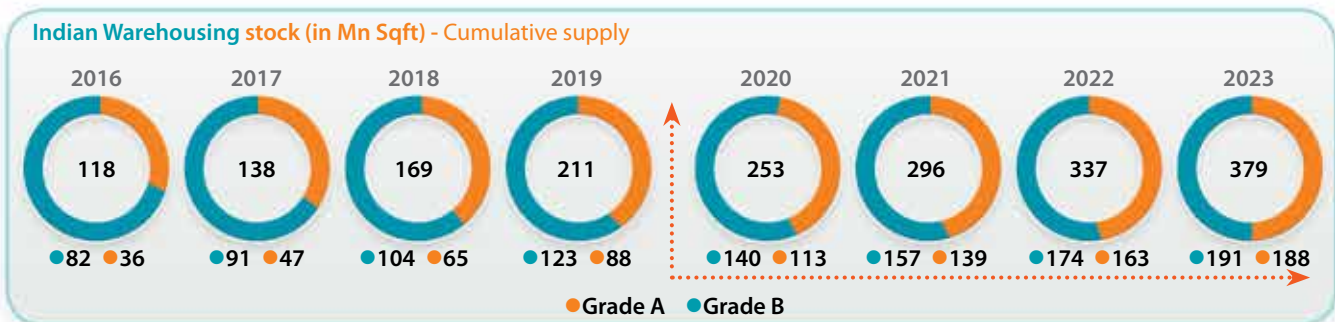


As vital pillars of supply chain for any manufacturing sector and a significant driver of the economy, the logistics and warehousing sector in India has seen more than US\$7.2 billion flying into the space over the past two years. The credit goes to the swarming of global online retail giants on the country and their widespread expansion across the value chain. There has been a rapid increase in the number of large, organised players in the market, from barely three or four to at

least eight or 10 over the last couple of years. These players are investing and building superior warehouses, raising them from Grade B to A and A-plus, in real estate parlance, aligning with the customer's demand upgrade. As India evolves as the fifth-largest global economy, sophisticated logistics and warehousing systems would be a key trigger for the manufacturing sector and the entire gamut of trade activities. But India is failing to

match the demand. A recent JLL report, Indian Logistics and Warehousing: Tracing the Lifecycle, said demand for the logistics and warehousing space outstrips the supply. The consultancy projects that there will be 344 million sq. ft of warehousing space in India by 2022. This will be more than double the current capacity of 169 million sq. ft and triple that existed in 2015. Sectors such as 3PL/logistics, engineering, auto and ancillaries, e-commerce, FMCG, retail and telecom, and

white goods have remained the biggest demand drivers. The government has identified cold storage as a thrust area for development and recommended the creation of cold-chain infrastructure. Through the Pradhan Mantri Kisan Sampada Yojana (PMKSY), the government is also following a transparent selection process and online filing of claims for the infrastructure development projects of mega food parks and cold chains.



# about APL Apollo

**APL Apollo Tubes Limited (APL Apollo)** is one of India's leading branded steel products manufacturers. Headquartered at Delhi NCR, the Company runs 10 manufacturing facilities churning out over 1,500 varieties of MS Black Pipes, Galvanised Tubes, Pre-Galvanised Tubes, Structural ERW Steel Tubes and Hollow Sections to serve industry applications like urban infrastructures, housing, irrigation, solar plants, greenhouses and engineering.

## What makes us different?



It is only branded domestic steel tubes manufacturer with a pan-India presence. The 2.5-million-tonne-per-annum (MTPA) capacity positions APL Apollo as one of the largest players in the world.



APL Apollo is the only company in this field with an expansive and entrenched market presence aided by a three-tier distribution network and a robust supply chain infrastructure comprising warehouses-cum-branch offices in over 20 cities.



It is a leader in adopting the latest technology from around the globe, leading to expanding addressable market size, improving productivity and enabling cost savings.



A large and growing product portfolio of the Company, consequent to continuous innovations, has significantly enhanced growth opportunities and value additions.



Growing size and continuous efforts to deploy cost-efficient strategies have positioned it as one of the lowest-cost producers in India.

## Operational performance

Fiscal 2019-20 was another good year as it scaled new highs in operational performance. Despite the overall muted demand because of the

economic deceleration and a marked slowdown in key user sectors and floods in key markets like Karnataka, Kerala and Maharashtra, sales volumes increased by 22% over the

previous year. This was largely because of a combination of factors like better product mix, branding, presence in new locations, restocking at the dealer network and

normalisation of the overall environment and market sentiment. The volume growth was primarily driven by Apollo Structurals and Apollo Z brands.

Product segment	2019-20	2018-19	Y-o-Y Growth (%)
Apollo Structurals (Hollow section & DFT pipes)	870	766	13.6
Apollo Z (Pre-galvanised tubes -GP)	335	283	18.4
Apollo Build (Galvanised tubes)	99	92	7.6
Apollo Standard (Black round pipes)	216	198	9.1
Apollo TriCoat	113	-	-

APL Apollo added a number of distributors in 2019-20, primarily in Tier-II and III towns. They delivered healthy business volumes. The channel financing initiative for the dealers launched in the previous year was well received and assisted them in growing the business volumes.

## Strategic initiatives

During the year, APL Apollo implemented important business initiatives which promise to enhance its capability and improve organisational

liquidity. These initiatives are aimed at sustaining the Company's growth momentum and retain its position in the market.

**1) Commodity to consumer product:** In line with its goal of moving up the value chain, the Company took definitive steps towards strengthening its recall as a consumer brand. The Company is working to make its products at address-specific customer requirements. These consumer products are environment-friendly and increase its acceptability.

To create consumer awareness of this shift, the Company has partnered with Mr Amitabh Bachchan as its brand ambassador for the next two years. It started a small campaign through the globally watched IPL tournament. This was supplemented with a large nation-wide campaign through TVC, media and print. This will foster APL Apollo as a customer-oriented brand.

**2) Inorganic growth:** The Company concluded the acquisition of a production

unit in Hyderabad from Taurus Value Steel & Pipes, a subsidiary of Shankara Building Products. It has a production capacity of around 200,000 tonnes per annum and includes manufacturing lines for GI pipes and GP pipes, which are APL Apollo's high-margin and value-added product segments. This unit promises to strengthen the Company's presence in the large and value-added South Indian markets. It commenced operations in the second quarter of 2019-20.

Shri Lakshmi Metal Udyog (SLMUL), a wholly owned subsidiary of APL Apollo Tubes, concluded the acquisition of shares of Apollo TriCoat in June 2019, by way of an open offer and market purchases (during the open offer). As on, as on March 31, 2020, SLMUL owns around 50.86% stake in Apollo TriCoat.

**3) Expansion and addition:**

The Company has installed cold-rolling capacity at its Sikandrabad unit, an essential backward integration that

will help sustain the supply of quality inputs and will optimise operational costs, which was completed in the year under review.

It also invested ₹60 crore in acquiring additional land parcels proximate to its recently commissioned Raipur manufacturing unit. This land would be utilised for greenfield expansions in future.

**4) Promoter funding:** During the year, an entity belonging to promoter category infused

₹172 crore through preferential allotment of equity and convertible warrants. These funds helped in business expansion and debt reduction.



(BASED ON CONSOLIDATED FINANCIAL STATEMENTS)

# review of the financial performance

**APL Apollo** reported an improved performance in 2019-20 despite the prevailing gloom in the external ecosystem. This highlights the relevance of the Company's strategies in challenging the odds to deliver value to stakeholders.

## Statement of Profit and Loss

Revenue from operations increased from ₹7,152 crore in 2018-19 to ₹7,723 crore in 2019-20 – an 8% increase on the face of reduced economic growth.

The Company delivered its highest ever sales volume during the year, which was backed by a strong demand recovery and increase in contribution from Hollow Section, DFT and GI pipes. The additional revenue consequent to business operations of its subsidiary Apollo TriCoat (acquired by APL Apollo in 2019-20) also helped scale volumes and revenue.

An increase in proportion of value-added products – also contributed by Apollo TriCoat – and improved operational efficiency assisted the Company to report a 23% growth in EBITDA – from ₹405 crore in 2018-19 to ₹500 crore in 2019-

20. In tandem, EBITDA margin improved by 80 bps over the previous year.

The Company's interest cost moderated marginally to ₹107 crore in 2019-20 from ₹113 crore in 2018-19 despite an increase in the overall borrowings. Net Profit for the year stood at ₹238 crore as against ₹148 crore in the previous year – a jump of 61%. In addition to an improved performance, the increase in Net Profit was owing to a reduction in the Corporate Tax Rate announced by the government during the fiscal.

Earnings per share moved up from ₹62 in 2018-19 to ₹97 in 2019-20.

## Balance Sheet

The Capital Employed in the business increased from ₹1,774 crore as on March 31, 2019 to ₹2,144 crore as on March 31, 2020. Judicious use of the funds employed is reflected in an improved Return on Capital Employed. It stood at 20.6% in 2019-20 as against 20.1% in 2018-19.

Shareholders' Funds increased from ₹964 crore as on March 31, 2019 to ₹1,356 crore as on March 31, 2020. The increase was on account of the acquisition and ploughing of operation surplus back into the business.

Net Debt improved to ₹788 crore on March 31, 2020 against ₹810 crore as on March 31, 2019, and the debt-equity ratio stood at 0.6x as against 0.9x during the period.

Fixed asset balance scaled to ₹1,484 crore as on March 31, 2020 as against ₹1,038 crore

as on March 31, 2019. The sizeable jump was owing to the commissioning of new facilities and the addition of fixed assets from subsidiaries.

The Company continued stringent monitoring of its working capital. Hence, despite an increase in sales volumes, inventories remained at the previous year's level of ₹784 crore, trade receivables declined from ₹543 crore as on March 31, 2019 to ₹476 crore as on March 31, 2020. As a result, the working capital cycle improved from 28 days as on March 31, 2019 to 20 days as on March 31, 2020.

Going forward, the Company expects return ratios and cash flow to improve on the back of a pickup in utilisation of the existing capacities, lower capex requirements for FY21 and FY22 and expansion of profit margins.





# human resources

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 fosters excellence. APL Apollo nurtures talent by providing its people with opportunities to sharpen their capabilities, encouraging innovation, boosting lateral thinking, and prepares them for future leadership roles. The Company's management embarked upon multiple operational excellence initiatives that catapulted it to a completely new league of competitiveness.

## IT-enabled HR

With a view to ensure smoother and reliable services, all systems, including the HR master database, leave filing and time management as well as payroll have been made IT-controlled. It is accessible to every employee with self-service features and automates routine HR and employee processes.

## 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 its 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 and development

APL Apollo stresses 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 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.



# information technology

We are continuously putting in efforts to enhance our productivity through innovations and adoption of new technologies in our work areas. In FY20, we upgraded

our automation process by implementing RPA (Robotics Process Automation) and SAP Ariba process in to our system.

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# internal control and it's adequacy

At APL Apollo, the internal control mechanism is designed to protect its assets as well as authorise, record and correctly report all transactions on time. It conforms to the local statutory requirements and meets the highest global standards and practices to remain competitive in an evolving business dynamics.

The internal control framework 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.

While ensuring flawless competition of accounting and financial processes, the internal control mechanism reviews both the manual and automated processes for transaction approval.

The Audit Committee carries out periodic reviews of the internal audit plan, verifies the adequacy of the control system, marks its audit observations, and monitors the sustainability of the remedial measures.

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# risk management

Risk management is integral to any business. APL Apollo has devised its risk management mechanism to predict, pre-empt and prevent financial or commercial risks, errors and frauds. It also simultaneously

ensures that the Company's business model remains stronger and sustains profitable growth.

The framework involves an integrated risk appraisal system and mitigation strategy with all key managers being part of the mechanism. The control measures are placed before the Company's board for periodic review and improvement.



# CORPORATE INFORMATION

## Chairman & Managing Director

Mr. Sanjay Gupta (DIN: 00233788)

## Vice Chairman

Mr. Ashok K. Gupta (DIN: 01722395)

## Directors

Mr. Virendra Singh Jain (DIN: 00253196)

Ms. Neeru Abrol (DIN: 01279485)

Mr. Abhilash Lal (DIN: 03203177)

Mr. Anil Kumar Bansal (DIN: 06752578)

Mr. Vinay Gupta (DIN: 00005149)

Mr. Romi Sehgal (DIN: 03320454)

## Chief Financial Officer

Mr. Deepak Goyal

## Chief Operating Officer

Mr. Arun Agarwal

## Chief Strategy Officer

Mr. Anubhav Gupta

## Company Secretary

Mr. Deepak C S

## Registered Office

37, Hargobind Enclave, Vikas Marg, Delhi – 110092

## 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

Parikh & Associates,  
Company Secretaries  
111, 11th Floor, Sai-Dwar CHS Ltd,  
Sab TV Lane, Opp Laxmi Industrial Estate  
Off Link Road, Above Shabari Restaurant,  
Andheri (W), Mumbai: 400053

## Internal Auditors

Ernst & Young LLP  
Golf View Corporate Tower B,  
Golf Course Road, Sector 42,  
Gurugram, Haryana 122002

## Bankers

State Bank of India  
Union Bank of India  
Bank of Baroda  
HDFC Bank Limited  
Axis Bank Limited  
Kotak Mahindra Bank Limited  
HSBC Bank Limited  
ICICI Bank Limited  
Citibank

## 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

Plot No. M-1, Additional MIDC Area, Murbad, Thane, Maharashtra-421401

### 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

Unit-I: A-25, Industrial Area, Sikandrabad,  
Distt. Bulandshahar, (U.P.)

Unit-II: Plot No. 22, Industrial Area, Sikandrabad,  
Distt. Bulandshahar, (U.P.)

### Shri Lakshmi Metal Udyog Limited

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

### Apollo Tricoat Tubes Limited

Unit-I: Plot No. 53, Part-1,4th Phase, Industrial Area,  
Sy. No. 28-33, Kurandhalli Village, Kasaba Hobli,  
Malur, Taluk, Distt. Kolar-563130, Karnataka.

Unit-II: Village Bisnoli, Khasra No. 527 To 530 & 569,  
Dujana Road, Tehsil Dadri,  
Gautam Budh Nagar, Uttar Pradesh -203207



# 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	April 1, 2019 to March 31, 2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacturing Group - 24311 Description - Manufacture of Tubes, Pipes and Hollow profiles. 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	In Dubai, APL Apollo Tubes Ltd. has one wholly owned subsidiary
	(b) Number of national locations	In India, APL Apollo Tubes Limited has Ten main operational manufacturing locations (including of its subsidiaries)
10	Markets served by the Company – Local/State/National/International	India (800 distributors and warehouses cum-branch offices in over 20 cities) and 30 countries outside India.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up capital	₹24.87 crore
2	Total turnover	₹5,958.04 crore
3	Total profit after taxes	₹115.01 crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.09% of of the 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: <ul style="list-style-type: none"> <li>• Health Care</li> <li>• Education</li> <li>• Livelihood enhancement</li> <li>• Environmental conservation</li> </ul>

**SECTION C: OTHER DETAILS**

S. No.	Description	Information
1	Does the Company have any Subsidiary Company/ Companies?	Yes, the Company has six subsidiaries namely; Shri Lakshmi Metal Udyog Limited, Apollo Metalex Private Limited and Blue Ocean Projects Private Limited APL Apollo Building Products Private Limited APL Apollo Tubes FZE Apollo Tricoat Tubes 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)	Only one subsidiary viz. Apollo Tricoat Tubes Limited 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 entities that the Company does business with, 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	Shri Sanjay Gupta
2.	Designation	Chairman & Managing Director
3.	DIN	00233188

(b) Details of the BR head

1	Name	Shri Deepak Goyal
2	Designation	Chief Financial Officer
3	Telephone number	0120-4742 702
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: ISO18001(Quality Management System), ISO 14001 (Environment Management System), OHSAS 18001 (Occupational Health & Safety Management System)								
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.								

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
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:	No Committee of the Board has been exclusively designated for dealing with this matter. However, all the aspects of Business Responsibility are reviewed by various other committees of the Board/Executives.
2	Does the Company publish a BR or a sustainability report?	Yes, BR Report
	What is the hyperlink for viewing this report?	<a href="http://www.aplapollo.com">www.aplapollo.com</a>
	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 Anti-Bribery and Anti-Corruption Directives) and an effective vigil mechanism 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 were replied to their satisfaction during the Financial Year 2019-20.

### 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. Pre-Galvanized Pipes
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 lay 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 are 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 has always been committed to providing skill development and employment to local businesses in rural areas and recruitment of rural youth for local sales operations. A major portion of the procured goods and services are de-centralized to local offices in the various 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.	1,324
2	Please indicate the total number of employees hired on temporary/contractual/casual basis.	700
3	Please indicate the Number of permanent women employees.	5
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 identified key stakeholder groups and mapped its internal and external stakeholders.
2	Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders.	Yes, the Company has identified the disadvantaged, vulnerable and marginalized stakeholders viz. village communities in the vicinity of the manufacturing plants and the contractual workers.
3	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders.	The Company proactively engages with and responds to those sections in the society that are disadvantaged, vulnerable and marginalized.

**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?	Currently, the Company does not have any documented Human Rights policy, although it appreciates that human rights are inherent, universal, indivisible and interdependent in nature. The Company, within its sphere of influence, promotes the awareness and realization of human rights across its value chain. The Company strongly prohibits the employment of child, forced or compulsory labour in all of its operations.
2	How many stakeholder complaints have been received in the past financial year. What percent was satisfactorily resolved by the management?	In the reporting period, no violations or complaints surfaced and no areas were discovered where any of our operations or suppliers might be found to have significant risk of child labour or forced or compulsory labour.

**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 improving health and safety of the society and protection of the environment, and the policy applies to the entire Company and doesn't extend to other entities. APL Apollo Tubes Limited 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 addressing global environmental issues 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?	The Company has an elaborate risk management system to inform Board Members about risk assessment and minimization procedures. The Risk Management Committee meets regularly and evaluates the efficacy of the framework relating to risk identification and its mitigation laid down by the Committee.  Moreover, the Company uses environmental impact assessments, recognized environmental management standards, ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), and OHSAS 18001 (Occupational Health & Safety Management System) to sharpen its focus towards achieving sustainability goals.
4	Does the Company have any project related to Clean Development Mechanism?	None at present
5	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.	Yes, The Company has installed 3 rooftop solar panel units of 2.6 MW, 1.1 MW and 1.3 MW at our Unit-IV (Raipur) and Unit-I (Sikandarabad) and Unit-III (Murbad) Plant respectively.  The Company has undertaken rain water harvesting at its various plants.  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 savings on operating costs for the Company such as lower energy loss, reduced maintenance costs and electricity bills.
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 financial year under review and nothing is pending at the end of the financial year.
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**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	The Company is a member of various trade associations and chambers of commerce. Some of these associations include:- 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.	Yes. 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.
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 undertaken in house. However contributions are made to eligible external foundations/NGOs etc. from time to time.
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 of the Board and by the Board of Directors.
4	What is your company's direct contribution to community development projects- Amount in Rupees 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 improving 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 at the end of financial year 2019-20.
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 is pending as at the end of the financial year.
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	The Company is focused on delivering value to its customers and, therefore, customer satisfaction surveys are carried out on a regular basis. This provides valuable feedback for the Company for providing the best possible service to customers and to continuously improve in its engagement with customers.

**For and on behalf of Board of Directors**

**Sanjay Gupta**

Chairman & Managing Director

(DIN: 00233188)

Place: Ghaziabad

Date: August 13, 2020



# BOARD'S REPORT

To the members of  
**APL APOLLO TUBES LIMITED**

Your Directors have pleasure in presenting the Thirty Fifth (35th) 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, 2020.

## 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 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Gross sales	7,723.23	7,152.32	5,930.81	5,868.47
Add : Other income	22.18	11.71	27.23	42.49
Total revenue	7,745.41	7,164.03	5,958.04	5,910.96
Profit before Depreciation, Finance Costs and Tax Expense	499.52	404.55	264.84	329.83
Less : Depreciation and amortisation	95.91	64.26	68.91	53.13
Less : Finance cost	107.27	113.35	82.14	101.35
Profit before tax (PBT)	296.34	226.94	113.79	175.35
Less : Tax expense	40.34	78.69	(1.22)	48.96
Profit after tax for the year (PAT)	256.00	148.25	115.01	126.39

The Company's consolidated gross turnover in financial year 2019-20 increased significantly by 8% from ₹7,152.32 crore to ₹7,723.23 crore. The EBIDTA has been increased by 23% from ₹404.56 crore to ₹499.52 crore for the year under review. The net profit of the Company has also increased by 76% from ₹148.25 crore to ₹256.00 crore during the year under review.

## DIVIDEND

The Board of Directors of the Company has deemed it prudent not to recommend any dividend for the financial year under report and to retain the profits, in order to mitigate the adverse impact caused by the outbreak of Covid-19 pandemic and to augment the resources for meeting the future business objectives.

Pursuant to Regulation 43A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), the Company has Dividend Distribution policy. 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.aplapollo.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

In Fiscal 2019-20 the Indian economy continued its downslide owing to an overall slowdown in core sectors coupled with withering consumer confidence which impacted consumer driven sectors – real estate and the automobile sectors being the worst impacted. The other factors that impeded economic progress were a muted global economy and declining investment in construction and infrastructure. And even as the green shoots of recovery appeared towards the close of fiscal 2019-20, India got embroiled with the global pandemic which engulfed the nation into a state of despair – India announced the largest lockdown in the world extended more than 5 weeks which brought the wheels of the economy to a grinding halt. This measure has cast a dark shadow on the prospects of economic progress with economic experts suggesting a sharp economic contraction in the current fiscal.

Synced with the a downturn in the real estate and construction sectors, demand for structural steel tubing remained modest during the year under review. The silver lining around the dark clouds is that verticalization as a trend in real estate development is gaining credence not only in metros and select metro cities but also in Tier I and II cities which augurs well for the demand of high-quality structural steel tubes over the coming years. Further, significant Government impetus on creating new-age infrastructure would catalyse demand going forward.

APL Apollo being the largest player in structural steel tubes in India with an entrenched presence in the domestic markets and a resilient business model is well-positioned to capitalize on these emerging sectoral trends.

## BUSINESS PERFORMANCE

In FY2020, the Company reported a healthy set of results despite a weak operating environment. Revenues grew from ₹7,164.03 crore in FY 2019 to ₹7,745.41 crore in FY 2020, registering a growth of 8%.

Despite overall muted demand owing to economic deceleration and marked slowdown in key user sectors, floods in key markets such as Kerala and Maharashtra, production and sales volumes increased over the previous year. This was largely owing to a combination of factors which includes improving product mix, branding, presence in new locations, restocking at the dealer network and general normalization of overall environment and market sentiment. The volume growth was primarily driven by our Apollo Structural and Apollo Z brand.

More importantly, we utilised the cash flow prudently between retiring high-cost debt even as we invested in capacity-enhancing measures – for the short-term and the medium-term. Besides, we implemented important steps to create awareness about our products among discerning customers in key markets. We started our first ever mass branding campaign which included outdoor media, print media, sport event sponsorships and TV ads.

Further, we acquired the controlling stake in Apollo TriCoat, making it a wholly-owned subsidiary of your Company. This strategic initiative

promises to enhance your Company's overall profitability and expand product portfolio over the coming years.

## PROSPECTS AND POSSIBILITIES

As India endeavours hard to overcome the pains inflicted by the global pandemic, every business house in India will face a very challenging FY2021. As such, the Company's performance should remain subdued during the same period. But, your Company's position is better than most others in our business space owing to its inherent strengths and an improved liquidity position which should help in tiding over these trying times with ease. We have taken important measures – internally and externally – to optimise our cost structures to be able to minimise the impact of this external challenge on business profitability.

Over the medium term though, the prospects are expected to be significant as we expect the Government's economic stimulus to translate into on-ground opportunities. Our optimism is based on estimates by credible economists who are of the view that India's economic rebound would be sharp and faster than other nations.

As we continue to strengthen our core – operations and market penetration – we are hopeful of a considerably improved performance over the next 12-24 months.

## PROJECTS AND EXPANSION PLANS

In FY2020, your company completed the acquisitions of Hyderabad unit of Taurus Value Steel & Pipes Private Limited and controlling stake in Apollo Tricoat Tubes Ltd. The capacity was enhanced to 2.5million tons per annum. As we have entered FY2021 on a challenging note, we plan to scale down capex intensity over the next 2 years. Instead, the focus is on cash preservation, debt reduction and utilization of existing capacities. The limited capex will be towards high value added products to enhance our product basket.

## IMPACT OF COVID 19

On March 11, 2020, the World Health Organization declared Covid-19 outbreak as a pandemic. Responding to the potentially serious threat that this pandemic has to public health, the Indian Government has taken a series of measures to contain the outbreak, which included imposing multiple 'lock-downs' across the country, from March 25, 2020, and extended up to June 30, 2020. The lockdowns and restrictions imposed on various activities due to COVID – 19 pandemic have posed challenges to all the businesses including your company's business.

Owing to the suspension of the operations due to lockdown across the country, the revenue for latter part of March 20, which is usually a period of high dispatches, was impacted. The company suspended the production operations from March 25, 2020 and partially resumed production operations from April 22, 2020. The nationwide lockdown has impacted sales of the company's products as its own stores and those of its dealers and distributors have remained shut during this period. Further, there were constraints for inter-state and intrastate movement of finished goods.

## ESTIMATION OF FUTURE IMPACT OF COVID-19 ON OPERATION

Major impact of Covid-19 has been felt in the first quarter with both

revenue and profit adversely affected. With opening of domestic market post lockdown, we expect business to improve gradually and that business will start moving upwards from 2nd quarter of FY20-21.

### 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, 2020 the Board is of the opinion that the Company had sound Internal Financial Controls commensurate with the size and nature of its operations and are 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](http://www.aplapollo.com).

### SUBSIDIARIES COMPANIES, JOINT VENTURES AND ASSOCIATES

The Company had five wholly-owned subsidiaries as on March 31, 2020, namely Shri Lakshmi Metal Udyog Limited (SLMUL), Apollo Metalex Private Limited (AMPL), Blue Ocean Projects Private Limited, APL Apollo Building Products Private Limited and APL Apollo Tubes FZE. Further the Company has one step down subsidiary named Apollo Tricoat Tubes Limited (ATTL).

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](http://www.aplapollo.com).

In June 2019, the Company through its wholly owned subsidiary named Shri Lakshmi Metal Udyog, concluded the acquisition of Apollo Tricoat Tubes Limited ("ATTL"). On a consolidated basis, as on March 31, 2020, SLMUL owned 50.86% stake in ATTL.

During the year under review, the Company incorporated its first-ever international wholly owned subsidiary named "APL Apollo Tubes FZE", at the Jebel Ali Free zone in Dubai. Also, the Company incorporated another wholly owned subsidiary named APL Apollo Building Products Private Limited in India.

### 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, 2020 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 allotted 116,884 equity shares of ₹10 each at a price of ₹452.60 (including premium of ₹442.60) and allotted 1,750 equity shares of ₹10 each at a price of ₹1,028.80 (including premium of ₹1,018.80), pursuant to APL Apollo Employees Stock Option Scheme (ESOS-2015) to eligible employees of the Company and of its subsidiaries.

Further, 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 ₹1,800/- per share and ₹2,000/- per warrant respectively. The said 5,00,000 fully convertible warrants were converted into equity shares in August 2019.

Pursuant to abovesaid allotments of Equity shares, the paid up capital of the Company stands increased from ₹23.85 crore to ₹24.89 crore comprising of 24,869,015 equity shares of ₹10 each.

The Company has neither issued shares with differential voting rights and nor any sweat equity shares. Further it did not issue any bonus shares also during the year under review.

## BORROWINGS

### (a) Issue of Debt Securities

During the year under review, your Company redeemed/prepaid the following Secured Redeemable Listed Non-Convertible Debentures (NCD) of ₹10,00,000/- each:

Date of Payment	ISIN	Rate of Interest	No. of NCDs	Nature of Payment
February 28, 2020	INE702C07024	8.20%	500	Redemption
December 11, 2019	INE702C07057	8.68%	950	Pre-payment
September 30, 2019	INE702C07016	11.50%	750	Redemption
July 8, 2019	INE702C07040	8.65%	1,000	Payment pursuant to exercise of Call Option

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. Further, as on March 31, 2020, 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, Shri Romi Sehgal will retire at the ensuing Annual General Meeting (AGM) and being eligible, offer himself for reappointment.

During the year under review, Shri S.T. Gerela (DIN: 01565534), ceased to be an Director of the Company w.e.f September 28, 2019.

During the year under review, Shri Ashok K Gupta was re-designated from 'Managing Director' to 'Vice Chairman (Non-Executive Director)' of the Company w.e.f. November 11, 2019. Further, Shri Sanjay Gupta was re-designated from the existing "Chairman and Whole Time Director" to "Chairman and Managing Director" of the Company for a period of 5 years w.e.f. November 11, 2019.

Ms. Neeru Abrol, Independent Director, on her first term coming to an end at the ensuing Annual General Meeting is proposed to be re-appointed as Independent Director for another term to hold office till the 40th Annual General Meeting subject to the approval of members by means of a Special Resolution.

During the year under review, Shri Adhish Swaroop (ACS 16034) resigned as the Company Secretary and Compliance Officer of the Company w.e.f. 30.09.2019 and Shri Deepak C S (FCS No. 5060) was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 25.01.2020. During the interim period till appointment of Shri Deepak C S as Company Secretary and Compliance Officer, Shri Shivam Maheshwari (ACS 38467) was appointed as Compliance Officer of the Company.

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.

## 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. The said information is available for inspection at the corporate 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), had been appointed as Statutory 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 Board of Directors in its meeting held on August 13, 2020 has considered the re-appointment of M/s. Deloitte Haskins & Sells LLP as Statutory Auditors of the Company to hold office from the conclusion of the 35th Annual General Meeting till the conclusion of the 40th Annual General Meeting. The said firm had conveyed their willingness to be appointed as the Statutory Auditors and had also furnished a certificate confirming their eligibility to be so appointed in terms of the provisions of Section 141 of Companies Act, 2013.

The report of the Auditors on the standalone and consolidated financial statements for the FY 2019-20 doesn't contain any qualification, reservation or adverse remark requiring any explanation on the part of the Board. 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 had, 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. The approval of the members is sought for the proposed remuneration payable to the Cost Auditors for the Financial Year ended March 31, 2021. 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, 2020 will be filed with the 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 Parikh & Associates, Company Secretaries in practice as Secretarial Auditor to carry out the Secretarial Audit of the Company for the financial year 2019-20. 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, 2020, 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.aplpollo.com/policies/>

Your Directors draw attention of the members to Note No. 41 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.aplpollo.com](http://www.aplpollo.com):

S. No.	Particulars (During the financial year ended March 31, 2020)	APL Apollo ESOS-2015
1	Options granted	95,000
2	Options vested;	148,197
3	Options exercised	118,634
4	Total number of shares arising as a result of exercise of option	118,634
5	Options lapsed	32,741
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, the Committee has 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	₹54,702,098.40
9	Total number of options in force	2,873
10	Employee wise details of options granted to:- (i) Key managerial personnel; (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
	- Shri Anubhav Gupta	30,000
	- Shri Ravindra Kumar Tiwari	15,000
	- Shri Rohit Kapur	7,500

S. No.	Particulars (During the financial year ended March 31, 2020)	APL Apollo ESOS-2015
	- Shri Manish Gupta	5,000
	- Shri Deepak Kaushik	5,000
	- Shri Suraj Kumar	5,000
	- Ms. Ruchika Singh	5,000
	- Shri Rakesh Prasad	5,000
	- Shri Eswara Rao	5,000
	(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 is being implemented in accordance with the Share Based Employee Benefits (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, 2020, the applicable accounting standards have 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, 2020 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 Section 135, Schedule VII 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 ₹0.13 crore 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 'E'.

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, 2020.

#### 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 'F', 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 Certificate from a Practising Company Secretary regarding compliance of conditions of Corporate Governance are annexed to this report (Annexure 'G').

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

- Particulars of the five Board Meetings held during the financial year under review.
- Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management including, inter alia, the criteria for performance evaluation of Directors.
- 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 2019-20, 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. 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 & Managing Director  
(DIN: 00233188)

Place: Ghaziabad  
Date: August 13, 2020

## ANNEXURES TO THE DIRECTORS' REPORT

FOR THE YEAR ENDED MARCH 31, 2020

Annexure 'A'

### FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN AS ON MARCH 31, 2020

[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	February 24, 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	21%
3	Black Pipe	24311	13%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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)
4	APL Apollo Building Products Private Limited	U27200DL2019PTC358966	Subsidiary	100	2(87)
5	APL Apollo Tubes FZE.	Overseas subsidiary	Subsidiary	100	2(87)
6	Apollo Tricoat Tubes Limited*	L74900DL1983PLC014972	Subsidiary	50.86	2(87)

\*Subsidiary of Shri Lakshmi Metal Udyog Limited

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	815,000	-	815,000	3.42	625,000	-	625,000	2.51	(0.09)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	8,025,187	-	8,025,187	33.65	8,925,187	-	8,925,187	35.89	2.24
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	<b>8,840,187</b>	<b>-</b>	<b>8,840,187</b>	<b>37.07</b>	<b>9,550,187</b>	<b>-</b>	<b>9,550,187</b>	<b>38.40</b>	<b>1.34</b>
<b>(2) Foreign</b>									
a) NRIs –Individuals	-	-	-	-	-	-	-	-	-
b) Other –Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A) (2)	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>8,840,187</b>	<b>-</b>	<b>8,840,187</b>	<b>37.07</b>	<b>9,550,187</b>	<b>-</b>	<b>9,550,187</b>	<b>38.40</b>	<b>1.34</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	2,959,778	-	2,959,778	12.41	2,443,987	-	2,443,987	9.83	(2.58)
b) Banks / FI	16,977	-	16,977	0.07	8017	-	8017	0.03	(0.04)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Alternate Investment Funds	342,499	-	342,499	1.44	392,236	-	392,236	1.58	0.14
g) Insurance Companies	-	-	-	-	-	-	-	-	-
h) FIs	-	-	-	-	-	-	-	-	-
i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
j) Provident Funds/ Pension Funds	4,057	-	4,057	0.02	562,175	-	562,175	2.26	2.24
k) Others (International Finance Corporation)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	<b>3,323,311</b>	<b>-</b>	<b>3,323,311</b>	<b>13.94</b>	<b>3,406,415</b>	<b>-</b>	<b>3,406,415</b>	<b>13.70</b>	<b>(0.24)</b>
<b>2. Non- Institutions</b>									
a) Bodies Corp.									
i) Indian	1,170,729	-	1,170,729	4.91	980,236	-	980,236	3.94	(0.97)
ii) Overseas	5,804,484	-	5,804,484	24.34	5,815,388	-	5,815,388	23.38	(0.95)

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders									
holding nominal share capital upto ₹1 lakh	2,900,407	2	2,900,405	12.16	2,761,022	2	2,761,024	11.10	(1.06)
ii) Individual shareholders									
holding nominal share capital in excess of ₹1 lakh	332,253	-	332,253	1.39	699,412	-	699,412	2.81	1.42
c) Employee Trusts	1,649	-	1,649	0.01	879	-	879	0.00	-
c) Others									
(ii) Non Resident Individuals	1,280,149	-	1,280,149	5.37	1,309,639	-	1,309,639	5.27	(0.10)
(ii) Clearing Members	16,809	-	16,809	0.07	172,404	-	172,404	0.69	0.62
(iv) Trust	5,632	-	5,632	0.02	49,696	-	49,696	0.20	0.18
(v) HUFs	174,771	-	174,771	0.73	123,735	-	123,735	0.50	(0.24)
<b>Sub-total (B)(2)</b>	<b>11,585,831</b>	<b>2</b>	<b>11,585,833</b>	<b>49.00</b>	<b>11,912,411</b>	<b>2</b>	<b>11,912,413</b>	<b>47.90</b>	<b>(1.10)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>15,010,192</b>	<b>2</b>	<b>15,010,194</b>	<b>62.93</b>	<b>15,318,826</b>	<b>2</b>	<b>15,318,828</b>	<b>61.60</b>	<b>(1.34)</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>23,850,379</b>	<b>2</b>	<b>23,850,381</b>	<b>100</b>	<b>24,869,013</b>	<b>2</b>	<b>24,869,015</b>	<b>100</b>	<b>-</b>

#### ii) Shareholding of Promoters

S. No.	Shareholder's name	Shareholding at the beginning of the year (as on April 1, 2019)			Shareholding at the end of the year (as on March 31, 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% 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	33.65	-	8,925,187	35.89	-	2.24
2	Shri Ashok Kumar Gupta	65,000	0.27	-	-	-	-	(0.27)
3	Smt. Veera Gupta	7,50,000	3.14	-	5,90,000	2.37	-	(0.77)
4	Shri Sanjay Gupta	-	-	-	35,000	0.14	-	0.14

#### 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, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1</b>	<b>APL Infrastructure Private Limited</b>				
	At the beginning of the year	8,025,187	33.65	8,025,187	33.65
	Increase in Shareholding during the year pursuant to preferential issue.	900,000	2.24	8,925,187	35.89
	At the end of the year i.e., March 31, 2020			8,925,187	35.89

S. No.		Shareholding at the beginning of the year (as on April 1, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>2</b>	<b>Shri Ashok Kumar Gupta</b>				
	At the beginning of the year	65,000	0.27	65,000	0.27
	Decrease in Shareholding during the year	(65,000)	(0.27)	-	-
	At the end of the year i.e., March 31, 2020		-	-	
<b>3</b>	<b>Smt. Veera Gupta</b>				
	At the beginning of the year	750,000	3.15	750,000	3.15
	Decrease in Shareholding during the year	(160,000)	(0.77)	590,000	2.37
	At the end of the year i.e., March 31, 2020			590,000	2.37
<b>4</b>	<b>Shri. Sanjay Gupta</b>				
	At the beginning of the year	-	-	-	-
	Increase in Shareholding during the year	35,000	0.14	35,000	0.14
	At the end of the year i.e., March 31, 2020			35,000	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, 2019)		Cumulative Shareholding at the end of the year (March 31, 2020)	
		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	12.58	3,000,000	12.06
2	IDFC Multi CAP Fund	340,824	1.43	327,699	1.32
3	DSP Small Cap Fund	1,003,322	4.21	810,640	3.26
4	Emblem FII	239,004	1.00	239,004	0.96
5	Sameer Mahendra Sampat	558,500	2.34	576,033	2.32
6	Kitara PIIN 1101	852,000	3.57	852,000	3.43
7	Goldman Sachs India Limited	812,513	3.41	572,223	2.30
8	Kotak Emerging Equity Scheme	516,471	2.17	568,484	2.29
9	Kotak Small CAP Fund#	205,121	0.86	196,664	0.79
10	Tata AIA Life Insurance Co Ltd-Whole Life Mid*	200,000	0.84	200,000	0.80
11	ICICI Prudential Life Insurance Company Limited*	-	-	551,767	2.22
12	Mobius Investment Trust PLC*	72,040	0.30	330,684	1.33

**NOTE:** Almost 100% 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, 2020.

\* Top 10 Shareholders only as on April 1, 2019.

**(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, 2019)		Cumulative shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1</b>	<b>Shri Sanjay Gupta, Managing Director</b>				
	At the beginning of the year	-	-	-	-
	Increase in Shareholding	35,000	0.14	35,000	0.14
	At the end of the year i.e. March 31, 2020			35,000	0.14
<b>2</b>	<b>Shri Ashok Kumar Gupta, Director</b>				
	At the beginning of the year	65,000	0.27	65,000	0.27
	Decrease in Shareholding during the year	65,000	0.27	-	-
	At the end of the year i.e. March 31, 2020			-	-
<b>3</b>	<b>Shri Virendra Singh Jain, Director</b>				
	At the beginning of the year	-	-	-	-
	Increase in Shareholding	50	-	50	-
	At the end of the year i.e. March 31, 2020			50	-
<b>4</b>	<b>Shri Anil Kumar Bansal, Director</b>				
	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, 2020	-	-	1,000	0.004
<b>5</b>	<b>Shri Romi Sehgal, Director</b>				
	At the beginning of the year	13,808	0.06	13,808	0.06
	Increase in Shareholding pursuant to ESOS 2015	8,400	0.03	22,208	0.09
	Decrease in shareholding	(9,766)	(0.04)	12,442	0.05
	At the end of the year i.e. March 31, 2020			12,442	0.05
<b>6</b>	<b>Shri Deepak Kumar Goyal, Chief Financial Officer</b>				
	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	8,300	0.03	7,000	0.03
	At the end of the year i.e. March 31, 2020			7,000	0.03

**NOTE:**

- (1) Shri Vinay Gupta, Shri Abhilash Lal and Ms. Neeru Abrol, Directors and Shri Deepak C S, Company Secretary of the Company were not holding any shares in the Company at the beginning of the year, i.e., as on April 1, 2019 and at the end of the year i.e., as on March 31, 2020 and hence there was no increase/decrease in their shareholding during the financial year 2019-20.
- (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, 2020.

\*The paid up equity shares increased from 23,850,381 to 24,869,015 during the year consequent upon issue of 118,634 equity shares pursuant to ESOS 2015 of the Company and allotment of 9,00,000 equity shares to entity belonging to Promoter Category.

**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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	731.91	---	---	731.91
ii) Interest due but not paid	---	---	---	---
iii) Interest accrued but not due	18.98	---	---	18.98
<b>Total (i+ii+iii)</b>	<b>750.89</b>	<b>---</b>	<b>---</b>	<b>750.89</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	184.98	-	-	184.98
Net Change	184.98	-	-	184.98
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount as on March 31, 2020	563.90	---	---	563.90
ii) Interest due but not paid	-	---	---	-
iii) Interest accrued but not due as on March 31, 2020	2.01	---	---	2.01
<b>Total (i+ii+iii)</b>	<b>565.91</b>	<b>---</b>	<b>---</b>	<b>565.91</b>

**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	Shri Sanjay Gupta	Shri Ashok Kumar Gupta	Total
1.	Gross salary	3.50	1.53	5.03
	(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.	Commission	-	-	-
2.	Stock Option	-	-	-
3.	Others, please specify	-	-	-
	Total (A)	3.50	1.53	5.03
	Ceiling as per the Act	₹11.88 crore (being 10% of the net profits of the Company as per Section 198 of the Companies Act, 2013.		

\* Shri Ashok Kumar Gupta was paid remuneration of ₹1.53 crore upto November 11, 2019, subsequently he was re-designated from Managing Director to Vice Chairman (Non-Executive Director). Also Shri Sanjay Gupta was re-designated from existing "Chairman and Whole Time Director" to "Chairman and Managing Director" of the Company w.e.f November 11, 2019.

**B. Remuneration to other Directors:**

(₹ in crore)

S. No	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	Shri Abhilash Lal	Shri Anil Kumar Bansal	Shri S. T. Gerela*	Ms. Neeru Abrol	Shri V.S. Jain	
	• Fee for attending Board/ Committee Meetings	0.09	0.10	0.03	0.10	0.08	0.40
	• Commission/ Others	-	-	-	-	-	-
	<b>Total (1)</b>	<b>0.09</b>	<b>0.10</b>	<b>0.03</b>	<b>0.10</b>	<b>0.08</b>	<b>0.40</b>
2	Other Non – Executive Directors	Shri Vinay Gupta		Shri Ashok Kumar Gupta			
	• Fee for attending Board / Committee Meetings	-	-	-	-	-	-
	• Commission/ Others	-	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	-	-
	<b>Total (B)= (1+2)</b>	-	-	-	-	-	-
	<b>Total Managerial Remuneration (A+B)</b>	<b>5.43</b>					
	Overall Ceiling as per the Act	₹13.07 crore (being 11% of the net profits of the Company as per Section 198 of the Companies Act, 2013.					

\* Shri S. T. Gerela had ceased to be an Director of the Company w.e.f September 28, 2019.

\* Shri Ashok Kumar Gupta was re-designated from Managing Director to Vice Chairman (Non-Executive Director) W.e.f. November 11, 2019.

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

(₹ in crore)

S. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Shri Deepak Goyal (Chief Financial Officer)	Shri Adhish Swaroop* (Company Secretary)	Shri Deepak C S* (Company Secretary)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	0.82	0.12	0.08	1.69
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	(Refer Stock Option in this table below)			
2	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
3	Stock Option	0.67	-	-	-
4	Others, please specify	-	-	-	-
	<b>Total</b>	<b>1.49</b>	<b>0.12</b>	<b>0.08</b>	<b>1.69</b>

\*Shri Adhish Swaroop (ACS 16034) had resigned as the Company Secretary & Compliance Officer of the Company w.e.f. 30.09.2019 and Shri Deepak C S (FCS No. 5060) was appointed as the Company Secretary & Compliance Officer of the Company w.e.f. 25.01.2020.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2020.

For and on behalf of Board of Directors

Sanjay Gupta

Chairman & Managing Director  
(DIN: 00233188)Place: Ghaziabad  
Date: August 13, 2020



**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	Apollo Tricoat Tubes Limited	APL Apollo Building Products Private Limited
1	Share Capital	2.71	5.90	0.02	6.08	0.01
2	Other Equity	227.58	163.67	11.34	193.47	-
3	Total Assets	408.89	387.07	11.36	456.05	0.01
4	Total Liabilities	408.89	387.07	11.36	456.05	0.01
5	Investments	-	-	-	-	-
6	Turnover	1,195.81	679.70	-	663.25	-
7	Profit Before Taxation	76.65	57.48	(0.27)	59.24	-
8	Provision of Taxation	14.37	12.26	-	16.98	-
9	Profit After Taxation	62.29	45.23	(0.27)	42.26	-
10	Proposed Dividend	-	-	-	-	-
11	% of Shareholding	100%	100%	100%	50.86%	100%

S. No.	Name of Subsidiary	APL Apollo Tubes FZE (Arab Emirates Dirham)
1	Share Capital	10,00,000
2	Other Equity	-
3	Total Assets	10,04,421
4	Total Liabilities	10,04,421
5	Investments	-
6	Turnover	-
7	Profit Before Taxation	99,484
8	Provision of Taxation	-
9	Profit After Taxation	99,484
10	Proposed Dividend	-
11	% of Shareholding	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

Place: Ghaziabad  
Date: August 13, 2020Sanjay Gupta  
Chairman & Managing Director  
(DIN: 00233188)

**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 for the financial year 2019-20: The ratio of the remuneration of Shri Sanjay Gupta, Chairman to the median remuneration of the employees of the Company is 130:1 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 2019-20: Shri Sanjay Gupta, Chairman, Nil, Shri Deepak Kumar, Chief Financial Officer, 35%, Shri Adhish Swaroop, Company Secretary, 8%.
- (3) The percentage decrease in the median remuneration of employees for the financial year 2019-20 is 23%
- (4) The number of permanent employees on the rolls of the company as on March 31, 2020 is 1324.
- (5) The average increase in the managerial remuneration for the FY 2019-20 is 35% and the average increase in the salary of employees other than managerial personnel for the FY 2019-20 is 8.5%. Managerial Personnel includes Chairman, Managing Director, Executive Director, Chief Financial Officer and Company Secretary. Higher increase in managerial remuneration is based on performance appraisal and due to exercise of stock options.
- (6) We affirm that the remuneration paid in the financial year 2019-20 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 & Managing Director

(DIN: 00233188)

Place: Ghaziabad

Date: August 13, 2020

**FORM NO. MR-3****SECRETARIAL AUDIT REPORT**

For The Financial Year Ended March 31, 2020

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,  
The Members,  
**APL APOLLO TUBES LIMITED**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by APL Apollo Tubes Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information to the extent provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by The Ministry of Corporate Affairs and The Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2020, generally 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:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2020 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 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;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (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; (Not applicable to the Company during the audit period)
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company namely:-
  - (a) Indian Explosives Act, 1884
  - (b) Environment (Protection) Act, 1986
  - (c) The Water (Prevention & Control of Pollution) Act, 1974
  - (d) Hazardous Wastes (Management, Handling & Transboundary Movement) Amendment Rules, 2013

- (e) Air (Prevention & Control Pollution) Act, 1981
- (f) Industrial Employment (Standing Orders) Act, 1946
- (g) Industries (Development & Regulation) Act, 1951

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above. The Company has spent an amount of ₹0.13 crore against the amount of ₹2.85 crore to be spent during the year towards Corporate Social Responsibility.

**We 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, 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.

Decisions at the Board Meetings were taken unanimously.

We further report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines etc.

We further report that during the audit period the following events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

1. The Company had allotted 4,00,000 equity shares of ₹10/- each at a price of ₹1,800 per equity share amounting to ₹72 crore through preferential issue of shares and 5,00,000 fully convertible warrants which were subsequently converted into equity shares.
2. Commercial papers amounting to ₹565 crore were issued during the year and the same were redeemed on the maturity date.
3. 3200 Non- Convertible Debentures amounting to ₹320 crore were redeemed at par.
4. The Company had allotted 1,18,634 equity shares on ESOP basis pursuant to the APL Apollo Employees Stock Option Scheme- 2015.

**For Parikh & Associates**  
Company Secretaries

**Sarvari Shah**  
Partner

FCS No: 9697 CP No: 11717  
UDIN: F009697B000575812

Place: Mumbai  
Date: August 13, 2020

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

**'Annexure A'**

To,  
The Members  
**APL APOLLO TUBES LIMITED**

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we 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. Our 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 Parikh & Associates**  
Company Secretaries

**Sarvari Shah**  
Partner

FCS No: 9697 CP No: 11717  
UDIN: F009697B000575812

Place: Mumbai  
Date: August 13, 2020

## ANNUAL REPORT ON THE CSR ACTIVITIES UNDERTAKEN BY THE COMPANY DURING THE FINANCIAL YEAR ENDED MARCH 31, 2020

{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, 2020, 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	Shri Anil Kumar Bansal (Chairman)	Independent Non-Executive
2	Shri Virendra Singh Jain (Member)	Independent Non-Executive
3	Shri Ashok Kumar Gupta (Member)	Non-Executive Director

### 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. 2018-19, 2017-18 and 2016-17) calculated in accordance with Section 135 of the Companies Act, 2013 is ₹142.48 crore

### 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹2.85 crore

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

- Total amount to be spent for the financial year: ₹2.85 crore
- Amount unspent, if any: ₹2.72 crore
- Manner in which the amount spent during the financial year is detailed below.

During the financial year, the Company has made contribution of ₹0.13 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 endeavours to utilize allocable CSR budget for the benefit of the society. CSR initiatives are on the focus areas approved by the Board benefitting the community. The CSR Committee and the Board have laid adequate emphasis on identifying more avenues in and around the vicinity of Company's operational units where the activities can be undertaken on a sustainable basis.

The Company, not only plans to engage in CSR activities on its own but also is in discussions with charitable organisations and NGOs so as to identify the rightful beneficiaries and areas where the resources can be effectively deployed. The Company is committed to spending more on CSR activities in the coming years and fulfilling its social commitment. Some of the plans that it had proposed to implement towards the close of the financial year had to be put on hold in view of the nationwide lock down resulting from the outbreak of COVID-19 pandemic. Further, this situation forced the Company to revisit some of its earlier decisions with regard to CSR spending in order to realign its resources with the larger corporate objectives in the stressed times. Subsequent to the close of the financial year, the Company has so far contributed ₹27.60 lakh for various CSR activities including ₹20 lakh to PM CARES Fund.

The CSR activities are scalable with a few new initiatives that may be considered in future.

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

Date: August 13, 2020

**Anil Kumar Bansal**  
(Chairman of CSR Committee)

**Ashok Kumar Gupta**  
(Director)

## 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:
- 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.
  - 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 3 rooftop solar panel units of 2.6 MW, 1.1 MW and 1.3 MW at Unit-IV (Raipur), Unit-I (Sikandrabad) and Unit-III (Murbad) Plant respectively.
    - 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.
  - 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
- (ii) The capital investment on energy conservation equipments: The capital investment on energy conservation equipments for 2.6 MW of Solar panel at Unit-IV plant of Raipur was ₹10.21 crore, for 1.1 MW solar panel at Unit-I plant at Sikandarabad was ₹4.21 crore and for 1.3 MW solar panel at Unit III plant at Murbad was ₹5 crore.

### II. TECHNOLOGY ABSORPTION

- The efforts made towards technology absorption:** The Company has made continuous efforts towards technology absorption by commissioning Direct Forming Technology (DFT) Mills at almost all the plants, where we can produce 80x80 mm to 200x200mm sections (thickness upto 10mm) based on DFT technology.
- 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.

### III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in crore)

Particulars	FY 2019-20
Foreign exchange earnings	277.88
Foreign exchange outgo	90.68



# 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.

The Company strives to adopt all such corporate practices that are based on transparency and proper disclosures and ensure accountability of the persons in key positions thereby ensuring that the interest of all stakeholders is balanced.

The Company has laid down desirable codes and policies such as Code of Conduct for Board Members and Senior Management Personnel, Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy, Web Archival Policy, Policy on preservation of documents, Policy on Dividend Distribution, Policy for determining the Materiality of Events, Policy on Materiality of Related Party Transactions and dealings with Related Party Transactions, Policy for determining Material Subsidiaries etc.

The internal control systems and their adequacy is overseen by the Audit Committee so as to bring transparency in decision making.

## 2.1 BOARD OF DIRECTORS:

As on March 31, 2020, the Board of Directors consisted of eight directors of which two are Executive Directors and six are Non-executive Directors. Out of six Non-executive Directors, four are Independent Directors. Details are as given hereunder:

Name of Director	Category	No. of Board Meetings attended during FY 2019-20	Attendance in last AGM held on September 28, 2019	No. of shares held	No. of other Directorships and Committee Memberships / Chairmanships		
					Other Directorships <sup>5</sup>	Other Member-ships**	Other Chairmanships**
Shri Sanjay Gupta (DIN: 00233188)	CMD	5	No	35,000	5	-	-
Shri Ashok Kumar Gupta (DIN: 01722395)	NE	5	Yes	-	1	2	-
Shri Vinay Gupta (DIN: 00005149)	NE	5	Yes	-	4	-	-
^Shri Abhilash Lal (DIN: 03203177)	ID	5	No	-	2	-	-
^Shri Anil Kumar Bansal (DIN: 06752578)	ID	5	Yes	1,000	1	2	1
^Ms. Neeru Abrol (DIN: 01279485)	ID	5	Yes	-	5	4	2
^Shri Virendra Singh Jain (DIN: 00253196)	ID	5	No	50	1	2	2
Shri Romi Sehgal (DIN: 03320454)	E	2	No	12,442	4	-	-
^@Shri S. T. Gerela (DIN: 01565534)	ID	3	No	1,790	4	-	-



CMD=Chairman and Managing Director, NE=Non-Executive Director, ID= Independent Director and E= Executive Director

<sup>5</sup> 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.

@Shri S.T. Gerela ceased to be Director with effect from September 28, 2019.

^ 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.

Shri Vinay Gupta, Director is brother of Shri 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
Shri Sanjay Gupta	Apollo Pipes Limited	Chairman
Shri Ashok K. Gupta	Shalimar Paints Limited	Managing Director
Shri Romi Sehgal	Apollo TriCoat Tubes Limited	Whole Time Director
Shri Anil Kumar Bansal	Apollo TriCoat Tubes Limited	Independent Director
Shri V.S. Jain	Dalmia Bharat Limited	Independent Director
Ms. Neeru Abrol	Apollo Pipes Limited TCNS Clothing Co. Limited Apollo Tricoat Tubes Limited	Independent Director
Shri Abhilash Lal	Apollo Pipes Limited Ganesha Ecosphere Limited	Independent Director

Note: Shri Vinay Gupta, Director does 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 2019-20 i.e., on April 12, 2019, May 18, 2019, August 10, 2019, November 9, 2019 and January 25, 2020. The maximum time gap between any two consecutive meetings was not more than one hundred and twenty days.

## 3. INDEPENDENT DIRECTORS

Independent Directors of the Company are required to comply with the requirements of the "Code of Conduct for the Board members and Senior Management Personnel", "Code of Conduct to Regulate,

Monitor and Report Trading by Insiders". The Independent Director shall always act in accordance with the Memorandum & Articles of Association of the Company and in furtherance of objects of the Company.

All the Independent Directors have affirmed that they meet the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, in the opinion of the board, the independent directors fulfill the conditions specified in these regulations and are independent of the management.

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 January 25, 2020. Shri Virendra Singh Jain was unanimously elected as Chairman of the meeting and all the Independent Directors of the Company were present at the said Meeting.

## 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.aplapollo.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 or other disciplines.

Names of directors having the above skills, expertise and competence:

Skill/expertise/competence	Names(s) of directors having the respective skill/ expertise/ competence
Finance	Shri Sanjay Gupta, Ms. Neeru Abrol
Law	Shri Abhilash Lal
Sales & Marketing	Shri Sanjay Gupta, Shri Ashok Gupta, Shri Romi Sehgal
Operations	Shri Sanjay Gupta, Shri Vinay Gupta, Shri Ashok Gupta, Shri Romi Sehgal
Research	Shri V S Jain, Shri Ashok Gupta
Corporate Governance	Shri V S Jain, Shri Anil Kumar Bansal, Shri Abhilash Lal, Ms. Neeru Abrol
Education	Shri Ashok Gupta, Shri Abhilash Lal
Community Service	Shri Ashok Gupta, Shri Vinay Gupta

## 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 and reasonable care, skill and diligence, etc. Further the independent directors evaluated the performance of all non-independent directors.

After such evaluation, the Board expressed its satisfaction over the performance of its committees and the Directors.

## 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, 2020, Audit Committee comprises of four Non-Executive Directors and out of which three are Independent Director. The Chairperson of the committee is an Independent Director. All the Members of the committee have good financial and accounting knowledge. The Auditors, Managing Director and Chief Financial Officer (CFO), are invitees to the meetings and the Company Secretary acts as a Secretary of the Committee. The minutes of the Audit Committee meetings are placed before the Board at its Meeting for noting.

During the year, four meetings of the Audit Committee of the Board were held i.e., on May 18, 2019, August 10, 2019, November 9, 2019 and January 25, 2020. The composition of the Audit Committee as on March 31, 2020 and the meetings attended by its members are as under:

S. No.	Name of Director	Status	No. of meetings attended
1	Shri Anil Kumar Bansal	Chairperson	4
2	Shri Abhilash Lal	Member	4
3	Shri Vinay Gupta	Member	4
4	Ms. Neeru Abrol	Member	4

All the recommendation of the Audit Committee were 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, four meetings of the Nomination and Remuneration Committee were held i.e., on April 12, 2019, August 10, 2019, November 9, 2019 and January 25, 2020 which were duly attended by all the committee members. The composition of the Nomination and Remuneration Committee as on March 31, 2020 and the particulars of attendance of members are as under:

S. No.	Name of Director	Status	No. of meetings attended
1	Shri S.T Gerela*	Chairperson	2
2	Ms. Neeru Abrol**	Chairperson	4
3	Shri Vinay Gupta	Member	4
4	Shri Virendra Singh Jain**	Member	2

\*Ceased to be member with effect from August 10, 2019 pursuant to cessation of Directorship.

\*\* Committee Membership with effect from August 10, 2019

### 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 balanced mix of executive and non-executive directors to maintain the Independence of the Board, and separate the functions of governance and management. As at March 31, 2020, the Board of Directors comprised of eight 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 four, including one woman Independent 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 the Nomination and Remuneration 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;

- ii. relationship between remuneration and performance is clear and meets appropriate performance benchmarks; and
- iii. 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.aplpollo.com/policies/>

## 8.2 REMUNERATION TO THE DIRECTORS

### Executive Director:

During the year ended March 31, 2020 Shri Sanjay Gupta, Chairman and Shri Ashok Kumar Gupta, Managing Director (till November 11, 2019 when he was redesignated as non-executive Vice Chairman) was paid a salary of ₹3.50 crore and ₹1.53 crore respectively and no other benefits or payment was made to any other Director(s). None of the Executive Directors is 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.

The Company has allotted 8400 equity shares @ ₹452.60 to Shri Romi Sehgal, pursuant to exercise of 8400 options granted to him under APL Apollo Employee Stock Option Scheme- 2015 ("ESOS-2015).

### Non- Executive Directors:

The Company has paid sitting fees aggregating to ₹40 Lakh to all Non-Executive Directors for attending the meetings of the Board and/or committees of Directors, during the financial year 2019-20. The criteria of payment of remuneration is mentioned in the Nomination and Remuneration Policy of the Company, copy of which is available 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 director.

### Service contracts, notice period, severance fee

The Chairman & Managing Director and other whole-time Directors are generally appointed for a period of five/three years. There is no severance fee or notice period for whole-time directors.

## 9. STAKEHOLDERS RELATIONSHIP COMMITTEE

Stakeholders' Relationship Committee, inter alia, looks into shareholders' grievances and other matters as specified in Regulation 20 of LODR and Section 178 of Companies Act, 2013.

During the year, one meeting of the Stakeholders Relationship committee was held i.e., on January 25, 2020. Minutes of the meetings of the Committee are placed before the Board for noting.

The composition of the Stakeholders Relationship Committee as on March 31, 2020 is as under:

S. No.	Name of Director	Status	No. of meetings attended
1	Ms. Neeru Abrol*	Chairperson	NA
2	Shri S. T. Gerela*	Member	NA
3	Shri Vinay Gupta	Member	NA
4	Shri Anil Kumar Bansal#	Chairperson	1
5	Shri Abhilash Lal**	Member	1
6	Shri. Ashok Kumar Gupta**	Member	1

Shri Deepak C S, Company Secretary is the Compliance Officer.

\* Ceased to be member with effect from August 10, 2019.

\*\* Committee Membership with effect from August 10, 2019

# Committee Chairperson with effect from August 10, 2019

All shareholders' complaints received during the year have been redressed to the satisfaction of the shareholders. A total of eight complaints were received from the shareholders' during the year under review, all of which were redressed to the satisfaction of the respective complainants. As on March 31, 2020, no investor grievance was pending to be resolved.

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 January 25, 2020. The composition and the attendance of Directors at the meeting is as under:

S. No.	Name of Director	Status	No. of meetings attended
1	Shri Abhilash Lal*	Chairperson	NA
2	Shri Anil Kumar Bansal	Chairperson	1
3	Shri Ashok Kumar Gupta	Member	1
4	Shri Virendra Singh Jain**	Member	1

\* Ceased to be member with effect from August 10, 2019.

\*\* Committee Membership with effect from August 10, 2019

## 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
2018-19	JP Hotel & Resorts, 6B, IP Extension, Patparganj, Near Max Hospital, Delhi-110092	September 28, 2019 11:00 A.M	<ol style="list-style-type: none"> <li>1) To adopt new set of articles of association of the company containing regulations in conformity with the companies act, 2013.</li> <li>2) To adopt new set of memorandum of association of the company in conformity with the companies act, 2013.</li> <li>3) To re-appoint Shri Abhilash Lal as an Independent Director for a second term of 5 years.</li> <li>4) To re-appoint Shri Anil Kumar Bansal as an Independent Director for a second term of 5 years</li> </ol>
2017-18	JP Hotel & Resorts, 6B, IP Extension, Patparganj, Near Max Hospital, Delhi-110092	September 29, 2018 11:00 A.M	<ol style="list-style-type: none"> <li>1) To approve the revised remuneration payable to Shri Sanjay Gupta, Chairman (under whole time director category) of the Company</li> <li>2) To approve the revised remuneration payable to Shri Ashok Kumar Gupta, Managing Director of the Company.</li> <li>3) To approve the scheme of loan for Managing Director and Whole- Time Director of the Company.</li> <li>4) To approve the appointment of Shri. S.T. Gerela, Independent Director aged 80 years.</li> </ol>
2016-17	JP Hotel & Resorts, 6B, IP Extension, Patparganj, Near Max Hospital, Delhi-110092	September 29, 2017 11:00 A.M	<ol style="list-style-type: none"> <li>1) To Reappoint and approve the terms of remuneration of Shri Sanjay Gupta, Chairman (Under Whole Time Director Category) of the Company for a period of five years with effect from April 1, 2017.</li> <li>2) To Reappoint and approve terms of remuneration of Shri Ashok Kumar Gupta, Managing Director of the Company for a period of three years with effect from May 1, 2017.</li> </ol>

In accordance with the law, voting (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.

### B. Special Resolution passed through Postal Ballot during Financial Year 2019-20

Description (Nature of Resolution)	Date of Notice	Date of Dispatch of Postal Ballot Forms to Members	Last date for receiving the Postal Ballot forms including e-voting	Date of passing resolution
1.1) Issuance of 4,00,000 Equity Shares on Preferential Basis to an Entity Belonging to Promoter Category.	February 25, 2019	March 5, 2019	April 4, 2019	April 4, 2019
1.2) Issuance of 5,00,000 Warrants on Preferential Basis to an Entity Belonging to Promoter Category.				
2.1) Approval of APL Apollo Tubes Limited Stock Appreciation Rights Scheme – 2019	December 26, 2019	December 27, 2019	January 27, 2020	January 27, 2020
2.2) Approval of grant of SAR units and extending the benefits of APL Apollo Tubes Limited Stock Appreciation Rights Scheme – 2019 to the employees of Subsidiary Company (ies)				
2.3) Repricing of options granted under APL Apollo Employees Stock Option Scheme – 2015				
2.4) Re-designation of Shri Sanjay Gupta from existing 'Chairman and Whole-time Director' to 'Chairman and Managing Director'				

As on date, no Special resolution is proposed to be passed by the Company through Postal Ballot.

- i. In compliance with Regulation 44 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, and in compliance with the provisions of Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, Members were provided with the facility to cast their vote electronically through the e-voting services provided by CDSL on all resolutions set forth in the Notice. Members were also given an option to vote by Postal Ballot.
- ii. The Company had appointed Mr. Deepak Kumar Lath proprietor of M/s Lath Deepak & Associates, Practicing Company Secretary as scrutinizer to conduct the above instances of Postal Ballot/e-voting process in fair and transparent manner.

## 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. 41 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 2019-20 (b) The internal auditor reports directly to the Audit

Committee of the Board. (c) Provision of office for non-executive Chairman is not applicable since the Chairman of the Company is executive.

### 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 Internal Complaints Committee at its work place(s) to redress the complaints of women employees

The no. of complaints received during financial year 2019-20 under the said Act, is available in Business Responsibility Report which forms part of this report (No complaints were received during the year under report).

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

The Risk Management Committee has been constituted by the Board of Directors of the Company pursuant to the provisions of Regulation 21 of Listing Regulations.

During the year two meeting of the Risk Management Committee were held on August 28, 2019 and February 24, 2020. The composition and the attendance of Directors at the meetings are as under:-

S. No.	Name of Director	Status	No. of meetings attended
1	Shri Virendra Singh Jain	Chairperson	2
2	Shri Abhilash Lal	Member	2
3	Shri Anil Kumar Bansal	Member	2
4	Shri Ashok Kumar Gupta	Member	2
5	Ms. Neeru Abrol	Member	2

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 chairman of 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.aplapollo.com/policies/>

Apollo Metalix Private Limited and Shri Lakshmi Metal Udyog Limited are two material unlisted subsidiaries of the Company.

**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 2019-20.

**13. SHARE TRANSFER SYSTEM**

The transmission of shares in physical form is normally processed and completed within 15 days from the date of receipt thereof. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants. Pursuant to SEBI notification dt. November 30, 2018 read with regulation 40 of Listing Regulations, w.e.f. April 1, 2019 except in case of transmission or transposition of securities, requests for effecting transfer of shares shall not be processed unless the shares are held in the dematerialised form with a depository.

**14. LIST OF ALL CREDIT RATINGS OBTAINED BY THE COMPANY ALONG WITH ANY REVISIONS THERETO DURING THE FINANCIAL YEAR ENDED MARCH 31, 2020:**

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/ half yearly/ nine monthly and annual financial results are normally published in Economic Times, Nav Bharat Times etc. 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](http://www.aplapollo.com).

**ii. Press release:**

To provide information to investors, quarterly production figures and other press releases are sent to the stock exchanges as well as are 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 2019-20. 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 29, 2020 at 11.00 A.M (Tuesday).  
Venue: Through OAVM platform as per MCA Notification dated May 5, 2020.  
Book closure: September 23, 2020 to September 29, 2020 (both days inclusive)

**ii. Financial calendar (tentative and subject to change):**

Period	Board Meetings
Unaudited results for first quarter ended June 30, 2020	Held on August 13, 2020
Unaudited results for second quarter/ half year ended September 30, 2020	On or before November 14, 2020*
Unaudited results for third quarter/ nine months ended December 31, 2020	On or before February 14, 2021*
Audited results for the financial year 2020-21	On or before May 30, 2021*

\*subject to extension, if any, that may be granted by the regulator.

Dividend payout: No dividend has been recommended by the Board for the FY 2019-20.

**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 2020-21.

ISIN Code for the Company's Equity Shares: INE702C01019

iv. Distribution schedule as at March 31, 2020

Nos. of equity shares held	Shareholders		Shares held	
	Number	%	Number	%
Upto 2,500	24,628	90.39	1,367,277	5.50
2,501-5,000	1,284	4.71	462,088	1.86
5,001-10,000	626	2.30	460,008	1.84
10,001-20,000	328	1.20	472,697	1.90
20,001-30,000	125	0.46	308,166	1.24
30,001-40,000	65	0.24	228,403	0.92
40,001-50,000	26	0.10	118,203	0.48
50,001-1,00,000	66	0.24	491,828	1.98
1,00,001 & Above	97	0.36	20,960,345	84.28
<b>Total</b>	<b>27,245</b>	<b>100</b>	<b>24,869,015</b>	<b>100</b>

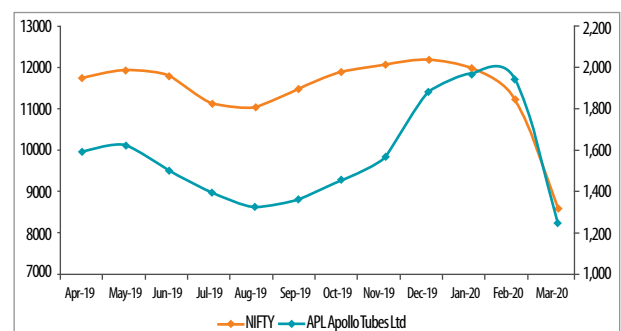
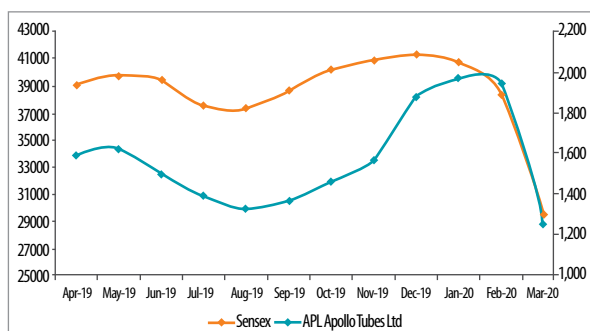
v. Shareholding pattern as on March 31, 2020

Category	No. of shares held	Percentage of shareholding
Indian Promoters	9,550,187	38.40
FII/Foreign Investors/NRIs	7,125,027	28.65
Mutual funds/ Financial Institutions/Banks	2,452,004	9.86
Individuals/Trusts/Employee Trust	3,511,011	14.12
Clearing Members/ Hindu Undivided Families	296,139	1.19
Domestic Bodies Corporate	980,236	3.94
Alternative Investment Funds/ Pension Funds/Provident Fund/	954,411	3.84
<b>Total</b>	<b>24,869,015</b>	<b>100</b>

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, 2019	1,614.00	1,411.20	35,004	39,487.45	38,460.25	1,614.00	1,403.60	770,465	11,856.15	11,549.10
May, 2019	1,678.00	1,393.10	30,171	40,124.96	36,956.10	1,687.95	1,396.05	618,221	12,041.15	11,108.30
June, 2019	1,622.85	1,490.40	15,731	40,312.07	38,870.96	1,625.00	1,488.30	779,487	12,103.05	11,625.10
July, 2019	1,682.65	1,302.40	47,996	40,032.41	37,128.26	1,684.00	1,302.50	572,750	11,981.75	10,999.40
August, 2019	1,400.00	1,194.00	38,755	37,807.55	36,102.35	1,438.00	1,190.00	523,254	11,181.45	10,637.15
September, 2019	1,479.80	1,267.80	30,603	39,441.12	35,987.80	1,570.00	1,270.00	408,049	11,694.85	10,670.25
October, 2019	1,518.40	1,301.00	140,383	40,392.22	37,415.83	1,520.00	1,300.00	510,467	11,945.00	11,090.15
November, 2019	1,600.00	1,418.30	18,043	41,163.79	40,014.23	1,595.00	1,415.20	573,615	12,158.80	11,802.65
December, 2019	1,892.90	1,525.95	26,514	41,809.96	40,135.37	1,892.90	1,525.05	640,515	12,293.90	11,832.30
January, 2020	2,216.95	1,755.05	143,205	42,273.87	40,476.55	2,219.00	1,750.20	1,041,954	12,430.50	11,929.60
February, 2020	2,168.55	1,900.00	400,424	41,709.30	38,219.97	2,165.55	1,898.20	788,063	12,246.70	11,175.05
March, 2020	2,054.00	1,025.00	87,414	39,083.17	25,638.90	2,005.95	1,030.00	1,354,236	11,433.00	7,511.10

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



**vii. Share transfer system**

Share transfer/demat/remat 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. Physical share transfers have been discontinued by SEBI w.e.f. April 1, 2019.

Valid requests for demat/remat etc. are give effect to within the stipulated period.

Unpaid dividend that are due for transfer to IEPF are as follows:

Financial year	Dividend Per Share (₹)	Unclaimed Dividend amount as on March 31, 2020 (₹)	Date of Declaration	Due date for transfer to IEPF
2012-2013 (Final Dividend)	5.00	2,92,655	August 30, 2013	October 6, 2020
2013-2014 (Final Dividend)	5.00	2,84,590	September 30, 2014	November 6, 2021
2014-2015 (Final Dividend)	6.00	4,29,084	August 28, 2015	October 4, 2022
2015-2016 (Final Dividend)	10.00	10,63,990	September 24, 2016	October 31, 2023
2016-2017 (Final Dividend)	12.00	4,10,580	September 29, 2017	November 4, 2024
2017-2018 (Final Dividend)	14.00	15,69,904	September 29, 2018	November 4, 2025
2018-2019 (Final Dividend)	14.00	13,40,164	September 28, 2019	November 3, 2026

**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, 2020 99.99999% of the Company's total Equity Shares representing 24,869,015 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, 2020.

**xi. Warrants and other convertible instruments:**

There were no warrants outstanding for conversion as on March 31, 2020.

**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 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 ₹1,800/- per share and ₹2,000/-

**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 amount is mandatorily required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

per warrant respectively. The said 5,00,000 fully convertible warrants were converted into equity shares in August 2019. The said fund has been fully utilised during the financial year ended March 31, 2020, for the purposes as mentioned in the offer letter.

xiv. As required by Clause 10 (i) of Part C under Schedule V of the Listing Regulations, the Company has received a certificate from Anjali Yadav & Associates, Practicing Company Secretary certifying that none of its Directors has 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, 2020, the Company and its two wholly owned subsidiaries namely Shri Lakshmi Metal Udyog Limited and Apollo Metalex Private Limited have paid total fees for various services including statutory audit, amounting to ₹1.61 crore, including taxes, to the Statutory Auditor, namely M/s. Deloitte Haskins & Sells LLP, Chartered Accountants. Further, no fees other than above 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. Bulandshahar, Uttar Pradesh-203205

**Unit –2**

No. 332-338, Alur Village, Perandapalli, Hosur,  
Tamil Nadu-635109.

**Unit-3**

Plot No. M-1, Additional MIDC Area, Murbad, Thane  
Maharashtra – 421401

**Unit-4**

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

**Unit-5**

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

**xvi. Subsidiaries' Plant Locations:****Apollo Metalex Private Limited**

CIN: U27104DL2006PTC146579  
Unit-I: A-25 Industrial Area, Sikandrabad, Distt. Bulandshahar,  
Uttar Pradesh-203205

Unit-I: 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

**Apollo Tricoat Tubes Limited**

CIN: L74900DL1983PLC014972  
Unit-I: Plot No. 53, Part-1,4th Phase, Industrial Area, Sy. No.  
28-33, Kurandhalli Village, Kasaba Hobli, Malur, Taluk, Distt.  
Kolar-563130, Karnataka.  
Unit-II: Village Bisnoli, Khasra No. 527 To 530 & 569, Dujana  
Road, Tehsil Dadri, Gautam Budh Nagar, Uttar Pradesh -203207

**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

**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.aplapollo.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:**

Shri Sanjay Gupta, Chairman and Managing Director and Shri Deepak 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

**Sanjay Gupta**

Chairman & Managing Director  
(DIN: 00233188)

Place: Ghaziabad

Date: August 13, 2020

## 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, 2020 as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

For the purpose of this declaration, senior management personnel means key managerial the members of the Management one level below the Managing Director of the Company as on March 31, 2020.

For APL Apollo Tubes Limited

**Sanjay Gupta**

Chairman & Managing Director  
(DIN: 00233188)

Place: Ghaziabad

Date: August 13, 2020

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of APL Apollo Tubes Limited having CIN: L74899DL1986PLC023443 and having registered office at 37, Hargobind Enclave, Vikas Marg, Delhi- 110092(hereinafter referred to as 'the Company'), produced before us 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 our opinion and to the best of our 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 us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2020 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 Ashok Kumar Gupta	01722395	19/10/2011
6.	Shri Abhilash Lal	03203177	12/02/2014
7.	Shri Romi Sehgal	03320454	13/08/2016
8.	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 Anjali Yadav & Associates**  
Company Secretaries

**Anjali Yadav**  
Proprietor  
FCS No.: 6628  
C P No.: 7257  
PR: 629/2019

Date: August 13, 2020  
Place: New Delhi  
UDIN: F006628B000575350

### NOTE:

The adverse impact of global pandemic COVID-19 has resulted into restricted movement. Therefore, our basis of examination for issuance of the Non-Disqualification Certificate for the financial year 2019-20 is based on the information/documents provided by the company in electronic/digital mode.

## 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, 2020 as stipulated in regulation 17 to 27, clause (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

### 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 examination is limited to the review of 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, 2020.

### 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 and after considering the relaxations granted in compliance timelines by the Ministry of Corporate Affairs and Securities and Exchange Board of India due to spread of the COVID-19 pandemic, 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**  
Company Secretaries

**Anjali Yadav**  
Proprietor  
FCS No.: 6628  
C P No.: 7257  
PR: 629/2019

Date: August 13, 2020  
Place: New Delhi  
UDIN: F006628B000575231

### NOTE:

In view of COVID 19 pandemic, physical verification of the documents could not be done due to the complete lockdown situation. Therefore, the certificate is based on the information/ documents received from the company in electronic form.



# INDEPENDENT AUDITORS' 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 Ind AS financial statements of **APL Apollo Tubes Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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, 2020, 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.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Accounting for business combination (Refer Note 1(ii)(c) and 46 of standalone financial statements)</b></p> <p>The acquisition accounting requires the management to identify and value acquired assets (including intangible assets) and liabilities at the acquisition date. Significant judgement has been applied by the management in such identification.</p> <p>The fair valuation of the assets was done based on sales comparison method under market approach and depreciated replacement cost method under cost approach, which involved usage of significant estimates. The management had engaged an external professional services firm in this regard.</p>	<p><b>Principal audit procedures performed:</b></p> <p>We performed the testing of design and operating effectiveness of internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>Evaluated the design and tested the operating effectiveness of the management's internal control processes around application of the principles of Ind AS 103 "Business combinations" and compliance thereto;</li> <li>Read minutes of board meetings approving the acquisition;</li> <li>With the assistance of our internal valuation specialists, we evaluated ;                             <ul style="list-style-type: none"> <li>the approach of the external expert engaged by the management with respect to the identification of assets and liabilities acquired considering the requirement of Ind AS 103.</li> <li>the appropriateness of valuation approach followed by the management's expert.</li> </ul> </li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
	Due to the complexity involved in the accounting for the transaction in accordance with Ind AS 103 and considering the assumptions and estimates required to be made by the management as part of purchase price allocation, the accounting for business combination was considered as a key audit matter.	<ul style="list-style-type: none"> <li>- reasonableness of inputs used for sales comparison method under market approach and depreciated replacement cost method under cost approach.</li> <li>• We also evaluated the objectivity, competence and independence of the management expert, an external professional services firm.</li> </ul> <p>We further assessed the adequacy of the disclosures made in the standalone financial statements for the year ended March 31, 2020.</p>

### 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 Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the standalone financial statements and our auditor's report thereon. The Board's report including annexures to Board's report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Board's report including annexures to Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

### MANAGEMENT'S RESPONSIBILITY FOR THE 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.

Those 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 skepticism 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.

#### OTHER MATTERS

On account of the COVID-19 related lock-down restrictions, management performed the year end physical verification of inventories, subsequent to end of the year at all plants. We were not able to physically observe the verification of inventory that was carried out by the Management. Consequently, we have performed alternate procedures to audit the existence of Inventory as per the guidance provided by in SA 501 "Audit Evidence – Specific Considerations for Selected Items" and have obtained sufficient audit evidence to issue our unmodified opinion on these financial statements. Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

#### 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 as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 38(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 38(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 38(c) 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)

Place: New Delhi  
Date: June 30, 2020

(Membership No. 95540)  
(UDIN: 20095540AAAAAS2886)

# ANNEXURE "A"

## TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **APL Apollo Tubes Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITOR'S RESPONSIBILITY

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

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

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

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

### OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on "the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

**(RASHIM TANDON)**

(Partner)

(Membership No. 95540)

(UDIN: 20095540AAAAAS2886)

Place: New Delhi

Date: June 30, 2020



# ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S 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 fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation 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 Right of use asset 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, 2020 (₹ in crore)	Net Block as at March 31, 2020 (₹ in crore)	Remarks
Leasehold land and building located at Murbad, Maharashtra admeasuring 37,800 Sq ft	1.47	1.19	The conveyance deed is in the name of Lloyd 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 Honourable National Company Law Tribunal, Principal bench, New Delhi

- ii. As explained to us, the inventories (other than inventories 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 receipts.
- iii. According to the information and explanations given to us, the Company has granted unsecured loan to a company 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 and interest have been regular as per stipulations.
- 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, 2020 for a period of more than six months from the date they became payable. Also refer to the note 38(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, Service tax, Value added tax and Excise Duty which have not been deposited as on March 31, 2020 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	2.30	0.25
	Value Added Tax	Commercial Tax Tribunal, Ghaziabad	2012-2013	1.13	0.16
	Value Added Tax	Commercial Tax Tribunal, Ghaziabad	2013-2014	1.87	-
	Value Added Tax	Additional Commissioner (Appeals), Commercial Tax	2014-2015	0.03	0.28
	Value Added Tax	Additional Commissioner (Appeals), Commercial Tax	2016-2017	0.40	0.06
	Value Added Tax	Additional Commissioner (Appeals), Commercial Tax	2015-2016	1.08	0.23
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	Tribunal, Mumbai	2006-07 and 2007-18	4.55	0.17
	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	2004-2005 and 2010-2011	0.71	-
	Service Tax	CESTAT, Mumbai	2010-2011 and 2011-2012	0.02	-
	Service Tax	CESTAT, Mumbai	2005-2006	0.21	-
Income Tax Act, 1961	Income Tax	Commissioner of Income tax (Appeals)	2016-2017	-	0.92

We have been informed that there are no other dues of Goods and Services Tax and Custom Duty which have not been deposited as on March 31, 2020 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 taken any loan or borrowings from government or financial institution.
- ix. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of CARO 2016 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 Company has made preferential allotment of shares during the year under review. In respect of the above issue, we further report that :
- the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
  - the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised.
- 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 him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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

**(RASHIM TANDON)**

(Partner)

(Membership No. 95540)

(UDIN: 20095540AAAAAS2886)

Place: New Delhi  
Date: June 30, 2020

## STANDALONE BALANCE SHEET AS AT MARCH 31, 2020

(₹ in crore)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>I. ASSETS</b>			
(1) <b>Non-current assets</b>			
(a) Property, plant and equipment	2(a)	936.25	799.19
(b) Capital work-in-progress		6.24	22.49
(c) Right of use assets	47	18.46	-
(d) Intangible assets	2(c)	2.39	2.85
(e) Investment in subsidiaries	3(a)	394.07	391.12
(f) Financial assets			
(i) Investments	3(b & c)	1.52	1.17
(ii) Loans	4	75.00	0.50
(iii) Other financial assets	5	19.78	18.64
(g) Non-current tax assets (net)	6	10.19	-
(h) Other non-current assets	7	45.85	70.09
<b>Total non-current assets</b>		<b>1,509.75</b>	<b>1,306.05</b>
(2) <b>Current assets</b>			
(a) Inventories	8	590.27	680.25
(b) Financial assets			
(i) Trade receivables	9	306.94	421.61
(ii) Cash and cash equivalents	10	38.85	24.28
(iii) Bank balance other than (ii) above	11	1.07	0.50
(iv) Loans	12	1.04	0.79
(v) Other financial assets	13	28.20	5.13
(c) Other current assets	14	96.63	128.41
		<b>1,063.00</b>	<b>1,260.97</b>
Assets classified as held for sale	2(b)	1.65	10.43
<b>Total current assets</b>		<b>1,064.65</b>	<b>1,271.40</b>
<b>Total Assets</b>		<b>2,574.40</b>	<b>2,577.45</b>
<b>II. EQUITY AND LIABILITIES</b>			
(1) <b>Equity</b>			
(a) Equity share capital	15(a)	24.87	23.85
(b) Other equity	15(b)	1,250.37	983.93
<b>Total equity</b>		<b>1,275.24</b>	<b>1,007.78</b>
(2) <b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	245.29	139.93
(ii) Lease liabilities	47	0.08	-
(iii) Other financial liabilities	17	0.72	0.65
(b) Provisions	18	12.73	8.03
(c) Deferred tax liabilities (net)	19	72.16	94.98
(d) Other non-current liabilities	20	44.77	44.82
<b>Total non-current liabilities</b>		<b>375.75</b>	<b>288.41</b>
(3) <b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	244.61	451.89
(ii) Lease liabilities	47	0.52	-
(iii) Trade payables	22	-	-
- total outstanding dues of micro and small enterprises		0.85	-
- total outstanding dues of creditors other than micro and small enterprises		586.65	624.17
(iv) Other financial liabilities	23	78.33	169.24
(b) Other current liabilities	24	11.94	27.65
(c) Provisions	25	0.51	0.61
(d) Current tax liabilities (net)	26	-	7.70
<b>Total current liabilities</b>		<b>923.41</b>	<b>1,281.26</b>
<b>Total Equity and Liabilities</b>		<b>2,574.40</b>	<b>2,577.45</b>

See accompanying notes to the standalone financial statements

1-48

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 & Managing Director

DIN : 00233188

**ROMI SEHGAL**

Director

DIN : 03320454

**VINAY GUPTA**

Director

DIN : 00005149

**DEEPAK GOYAL**

Chief Financial Officer

**DEEPAK C S**

Company Secretary

ICSI Membership No. : F5060

Place : New Delhi

Date : June 30, 2020

Place : Ghaziabad

Date : June 30, 2020

## STATEMENT OF STANDALONE PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in crore)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>I</b> Revenue from operations	27	5,930.81	5,868.47
<b>II</b> Other income	28	27.23	42.49
<b>III Total income (I +II)</b>		<b>5,958.04</b>	<b>5,910.96</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	29	4,709.18	4,896.66
(b) Purchase of stock-in-trade (traded goods)		601.20	427.73
(c) Changes in inventories of finished goods, work-in-progress, rejection and scrap	30	(73.60)	(78.91)
(d) Employee benefits expense	31	92.63	78.53
(e) Finance costs	32	82.14	101.35
(f) Depreciation and amortisation expense	33	68.91	53.13
(g) Other expenses	34	363.79	257.12
<b>Total expenses</b>		<b>5,844.25</b>	<b>5,735.61</b>
<b>V Profit before tax (III - IV)</b>		<b>113.79</b>	<b>175.35</b>
<b>VI Tax expense:</b>			
(a) Current tax (net)		26.35	38.30
(b) Deferred tax (credit) / charge (net)	19	(26.01)	10.66
(c) Income tax (credit) of earlier year		(1.56)	-
<b>Total tax (credit) / expense</b>	<b>42</b>	<b>(1.22)</b>	<b>48.96</b>
<b>VII Profit for the year (V-VI)</b>		<b>115.01</b>	<b>126.39</b>
<b>VIII Other comprehensive income</b>			
<b>Add : (less) items that will not be reclassified to profit or loss</b>			
(a) Remeasurements of post employment benefit obligation		(1.52)	(0.21)
(b) Income tax relating to above item		0.38	0.07
Other comprehensive (loss) for the year		(1.14)	(0.14)
<b>IX Total comprehensive income for the year (VII+VIII)</b>		<b>113.87</b>	<b>126.25</b>
<b>X Earnings per equity share of ₹10 each</b>			
(a) Basic (in ₹)	37	46.96	53.25
(b) Diluted (in ₹)	37	46.55	52.65
See accompanying notes to the standalone financial statements	1-48		

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 : New Delhi

Date : June 30, 2020

For and on behalf of the Board of Directors of

**APL APOLLO TUBES LIMITED**

**SANJAY GUPTA**

Chairman & Managing Director

DIN : 00233188

**DEEPAK GOYAL**

Chief Financial Officer

Place : Ghaziabad

Date : June 30, 2020

**ROMI SEHGAL**

Director

DIN : 03320454

**DEEPAK C S**

Company Secretary

ICSI Membership No. : F5060

**VINAY GUPTA**

Director

DIN : 00005149

## STATEMENT OF CHANGES IN STANDALONE EQUITY FOR THE YEAR ENDED MARCH 31, 2020

### a) Equity share capital

(₹ in crore)

Particulars	Amount
Opening balance as at April 1, 2018	23.73
Changes during the year ended March 31, 2019	0.12
<b>Balance as at March 31, 2019</b>	<b>23.85</b>
Changes during the year ended March 31, 2020	1.02
<b>Balance as at March 31, 2020</b>	<b>24.87</b>

### b) Other equity

(₹ in crore)

Particulars	Reserves and surplus						Total
	Debenture redemption reserve	Securities premium	General Reserve	Capital Reserve	Surplus in Statement of profit and loss	Share option outstanding account	
<b>Opening balance as at April 1, 2018</b>	<b>50.00</b>	<b>205.12</b>	<b>25.52</b>	-	<b>595.18</b>	<b>6.04</b>	<b>881.86</b>
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)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>126.25</b>	-	<b>126.25</b>
<b>Allocations/Appropriations:</b>							
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	-	-	-	-	5.54
Transfer to Debenture Redemption Reserve	30.00	-	-	-	(30.00)	-	-
	<b>30.00</b>	<b>7.47</b>	-	-	<b>(63.26)</b>	<b>1.61</b>	<b>(24.18)</b>
<b>Balance as at March 31, 2019</b>	<b>80.00</b>	<b>212.59</b>	<b>25.52</b>	-	<b>658.17</b>	<b>7.65</b>	<b>983.93</b>
Profit for the year ended March 31, 2020	-	-	-	-	115.01	-	115.01
Other comprehensive (loss) for the year, net of tax	-	-	-	-	(1.14)	-	(1.14)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>113.87</b>	-	<b>113.87</b>
<b>Allocations/Appropriations:</b>							
Dividend paid	-	-	-	-	(33.95)	-	(33.95)
Dividend distribution tax	-	-	-	-	(6.98)	-	(6.98)
Share option outstanding account	-	-	-	-	-	3.68	3.68
Transfer to Securities premium	-	2.19	-	-	-	(2.19)	-
Transfer to Capital Reserve (see note 46)	-	-	-	13.38	-	-	13.38
Securities premium on issue of shares	-	176.44	-	-	-	-	176.44
Transfer from Debenture Redemption Reserve	(80.00)	-	-	-	80.00	-	-
	<b>(80.00)</b>	<b>178.63</b>	-	<b>13.38</b>	<b>39.07</b>	<b>1.49</b>	<b>152.57</b>
<b>Balance as at March 31, 2020</b>	-	<b>391.22</b>	<b>25.52</b>	<b>13.38</b>	<b>811.11</b>	<b>9.14</b>	<b>1,250.37</b>
See accompanying notes to the standalone financial statements	1-48						

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 & Managing Director

DIN : 00233188

**ROMI SEHGAL**

Director

DIN : 03320454

**VINAY GUPTA**

Director

DIN : 00005149

**DEEPAK GOYAL**

Chief Financial Officer

**DEEPAK C S**

Company Secretary

ICSI Membership No. : F5060

Place : New Delhi

Date : June 30, 2020

Place : Ghaziabad

Date : June 30, 2020

## STATEMENT OF STANDALONE CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. Cash flow from operating activities</b>		
Profit before tax	113.79	175.35
<b>Adjustments for:</b>		
Depreciation and amortisation expense	68.91	53.13
Loss / (gain) on sale of property, plant and equipment (net)	0.19	(0.81)
(Gain) on sale of assets classified as held for sale	(1.46)	(0.07)
Finance costs	82.14	101.35
Interest income on fixed deposits	(0.83)	(0.02)
Interest income on others	(11.55)	(1.70)
Dividend income	-	(33.01)
Share based expenses	3.68	3.55
Provision for slow moving inventory of spares & consumables	0.22	0.20
Bad debts written off	0.02	0.20
Allowance for doubtful trade receivables (expected credit loss allowance)	2.30	0.50
Derivatives measured at fair value through profit & loss account	(2.22)	0.16
Net unrealized foreign exchange (gain)	(2.00)	(3.66)
Government grant income	(7.04)	(6.25)
<b>Operating profit before working capital changes</b>	<b>246.15</b>	<b>288.92</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Inventories	89.75	(176.76)
Trade receivables	114.35	(83.62)
Current loans and other financial assets	(19.79)	(1.90)
Non-current loans and other financial assets	(75.64)	(1.24)
Other current assets	31.42	(45.97)
Other non-current assets	3.18	1.30
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade payables	(36.65)	275.30
Other current liabilities	(11.02)	20.19
Other current financial liabilities	(0.86)	(0.25)
Other non current liabilities	-	16.49
Other non current financial liabilities	0.07	0.06
Provisions (current & non-current)	3.07	1.66
<b>Cash generated from operations</b>	<b>344.03</b>	<b>294.18</b>
Income tax (paid)	(39.10)	(26.63)
<b>Net cash flow from operating activities (A)</b>	<b>304.93</b>	<b>267.55</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on property, plant and equipment (including capital advances)	(182.38)	(162.25)
Proceeds from sale of property, plant and equipment	5.93	5.27
Proceeds from sale of assets classified as held for sale	5.42	0.33
Investment in other companies	(0.36)	(0.06)
Proceeds from sale of equity shares	0.01	-
Investment in subsidiaries	(2.94)	(0.40)

## STATEMENT OF STANDALONE CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Investment in margin money	(0.46)	(0.05)
Dividend income	-	33.01
Interest received		
- fixed deposits	0.83	0.02
- others	10.25	1.01
<b>Net cash flow (used in) investing activities (B)</b>	<b>(163.70)</b>	<b>(123.12)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from non-current borrowings	279.05	107.51
Proceeds from current borrowings	-	102.23
Repayment of non-current borrowings	(239.78)	-
Repayment of current borrowings	(207.28)	(215.65)
Payment of dividends	(34.05)	(33.49)
Payments of dividend distribution tax	(6.98)	(0.04)
Proceeds from issue of equity share capital	177.47	5.65
Payment on account of lease liabilities	(0.56)	-
Finance costs	(94.53)	(87.35)
<b>Net cash flow (used in) financing activities (C)</b>	<b>(126.66)</b>	<b>(121.14)</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>	<b>14.57</b>	<b>23.29</b>
Cash and cash equivalents at the beginning of the year	24.28	0.99
<b>Cash and cash equivalents at the end of the year</b>	<b>10 38.85</b>	<b>24.28</b>
See accompanying notes to the standalone financial statements	1-48	

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 : New Delhi

Date : June 30, 2020

For and on behalf of the Board of Directors of

**APL APOLLO TUBES LIMITED**

**SANJAY GUPTA**

Chairman & Managing Director

DIN : 00233188

**DEEPAK GOYAL**

Chief Financial Officer

Place : Ghaziabad

Date : June 30, 2020

**ROMI SEHGAL**

Director

DIN : 03320454

**DEEPAK C S**

Company Secretary

ICSI Membership No. : F5060

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 1(i) COMPANY BACKGROUND

APL Apollo Tubes Limited ("the Company") is a public limited Company incorporated in India on 24 February 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 five manufacturing units one each at a) Sikanderabad, Uttar Pradesh, b) Hosur, Tamilnadu, c) Raipur, Chhattisgarh, d) Murbad, Maharashtra and e) Chegunta, Telangana.

The standalone financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on June 30, 2020.

### 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 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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

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

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

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

#### (c) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.



## NOTES TO STANDALONE FINANCIAL STATEMENTS

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### (d) Use of estimates and critical accounting judgements

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

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

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

### Deferred income tax assets and liabilities

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

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

### Income Taxes

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

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

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

### Defined benefit plans

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

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

The fair value of financial instruments, that are not traded in an active market, is determined by using valuation techniques. This involves significant judgements in selection

## NOTES TO STANDALONE FINANCIAL STATEMENTS

of a method in making assumptions that are mainly based on market conditions existing at the Balance Sheet date and in identifying the most appropriate estimate of fair value when a wide range of fair value measurements are possible.

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

The Company had closed all its manufacturing plants and offices with effect from March 24, 2020 following countrywide lockdown due to Covid-19. Subsequent to the year end, the Company had resumed its operations at its Raipur plant with effect from April 22, 2020. All the remaining plants and office of the Company have resumed operations gradually over a period of time adhering to the safety norms prescribed by the Government of India.

The Company has assessed the impact of Covid-19 pandemic on its business operations and has considered relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of property, plant and equipment, inventories, and trade receivables. Based on current estimates, the Company expects the carrying amount of these assets will be recovered. Further, the management believes that there may not be significant impact of Covid-19 pandemic on the financial position and performance of the Company, in the long-term. The Company will continue to closely monitor any material changes to future economic conditions.

### (e) 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.

### (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

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

#### (i) Sale of goods

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

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.

#### (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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

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 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 substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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

Deferred tax assets include Minimum Alternate Tax (MAT) paid 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

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

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

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

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

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### (k) 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.

### (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 value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

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

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

### (m) Inventories

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

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

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

#### Rejection and scrap

Rejection and scrap are valued at net realisable value.

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

### (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 and impairment if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Projects under which 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.

Property, plant and equipment acquired in business combination are recognised at fair value at the acquisition date. Subsequent costs are included in the assets carrying value or recognised as a separate assets as appropriate only when it is possible that future economic benefit associated with the item will flow to the Company.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### Capital work-in-progress

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

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

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

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

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

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

### (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 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.

### (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 40.

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, 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.

### (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 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.

### (s) Contingent liabilities

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

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

### (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 Company, is classified as investment property. Investment

## NOTES TO STANDALONE FINANCIAL STATEMENTS

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.

### (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 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 fund, 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, as reduced by fair value of plan assets (being the funded portion).

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund..

### (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 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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### (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 Company classifies its financial assets in the following measurement categories:

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

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

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

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

##### (a) Debt instruments

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

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

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

##### (b) Equity instruments

The equity instruments can be classified as:

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

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

##### (ii) Measurement

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

#### Debt instruments

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

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

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

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

#### Investment in equity shares

The Company subsequently measures all equity

## NOTES TO STANDALONE FINANCIAL STATEMENTS

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 43.

### (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 44 details how the Company determines whether there has been a significant increase in credit risk.

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

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

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

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

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

Individual receivables which are known to be uncollectible are written off by reducing the carrying

amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

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

### (iv) Derecognition of financial assets

A financial asset is derecognised only when:

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

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

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

## B. Financial Liabilities

### (i) Classification

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

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

### (ii) Measurement

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

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

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

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

#### Financial liabilities measured at Amortized Cost :

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



## NOTES TO STANDALONE FINANCIAL STATEMENTS

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 Company or the counterparty.

### (z) 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.

### (aa) 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 DEVELOPMENTS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 2(A) : PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

	As at March 31, 2020	As at March 31, 2019
<b>Carrying amounts of :</b>		
Freehold land	99.77	15.56
Building	198.16	174.24
Plant and machinery	624.22	595.74
Office equipments	1.53	1.53
Vehicles	6.31	5.20
Furniture and fixtures	5.20	5.74
Computers	1.06	1.18
	<b>936.25</b>	<b>799.19</b>

	Freehold Land	Building	Plant and machinery	Office equipments	Vehicles	Furniture and fixtures	Computers	Total
<b>Gross carrying value</b>								
<b>Opening balance as at April 1, 2018</b>	<b>12.81</b>	<b>163.11</b>	<b>591.42</b>	<b>2.64</b>	<b>6.92</b>	<b>6.43</b>	<b>1.57</b>	<b>784.90</b>
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)
<b>Balance at March 31, 2019</b>	<b>15.56</b>	<b>189.72</b>	<b>704.36</b>	<b>3.43</b>	<b>7.49</b>	<b>7.83</b>	<b>2.29</b>	<b>930.68</b>
Additions	60.96	10.84	50.87	0.54	1.55	0.06	0.36	125.18
Assets acquired on business combination (see note 46)	23.25	23.27	35.37	0.10	0.82	0.53	0.02	83.36
Sales / transfer during the year	-	(2.01)	(4.56)	-	(0.23)	-	-	(6.80)
<b>Balance at March 31, 2020</b>	<b>99.77</b>	<b>221.82</b>	<b>786.04</b>	<b>4.07</b>	<b>9.63</b>	<b>8.42</b>	<b>2.67</b>	<b>1,132.42</b>
<b>Accumulated depreciation</b>								
<b>Opening balance as at April 1, 2018</b>	<b>-</b>	<b>9.65</b>	<b>68.06</b>	<b>1.42</b>	<b>1.36</b>	<b>1.10</b>	<b>0.69</b>	<b>82.28</b>
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
<b>Balance at March 31, 2019</b>	<b>-</b>	<b>15.48</b>	<b>108.62</b>	<b>1.90</b>	<b>2.29</b>	<b>2.09</b>	<b>1.11</b>	<b>131.49</b>
Elimination on disposal of assets	-	(0.36)	(1.85)	-	(0.14)	-	-	(2.35)
Depreciation expense	-	8.54	55.05	0.64	1.17	1.13	0.50	67.03
<b>Balance at March 31, 2020</b>	<b>-</b>	<b>23.66</b>	<b>161.82</b>	<b>2.54</b>	<b>3.32</b>	<b>3.22</b>	<b>1.61</b>	<b>196.17</b>
<b>Net carrying value</b>								
<b>Opening balance as at April 1, 2018</b>	<b>12.81</b>	<b>153.46</b>	<b>523.36</b>	<b>1.22</b>	<b>5.56</b>	<b>5.33</b>	<b>0.88</b>	<b>702.62</b>
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)
<b>Balance at March 31, 2019</b>	<b>15.56</b>	<b>174.24</b>	<b>595.74</b>	<b>1.53</b>	<b>5.20</b>	<b>5.74</b>	<b>1.18</b>	<b>799.19</b>
Additions	60.96	10.84	50.87	0.54	1.55	0.06	0.36	125.18
Assets acquired on business combination (see note 46)	23.25	23.27	35.37	0.10	0.82	0.53	0.02	83.36
Sales / transfer during the year	-	(1.65)	(2.71)	-	(0.09)	-	-	(4.45)
Depreciation expense	-	(8.54)	(55.05)	(0.64)	(1.17)	(1.13)	(0.50)	(67.03)
<b>Balance at March 31, 2020</b>	<b>99.77</b>	<b>198.16</b>	<b>624.22</b>	<b>1.53</b>	<b>6.31</b>	<b>5.20</b>	<b>1.06</b>	<b>936.25</b>

#### Notes :-

(1) Property, plant and equipment as detailed in note 2(a) have been pledged as security for term loan taken as at March 31, 2020. see note 16 & 21 for loans taken against which these assets are pledged.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 2(B) : INVESTMENT PROPERTY

(₹ in crore)

	Investment Property
<b>Gross carrying value</b>	
<b>Opening balance as at April 1, 2018</b>	<b>11.21</b>
Sales during the year	(0.26)
Assets classified as held for sale (see notes below)	(10.95)
Balance at March 31, 2019	-
Addition during the year	-
Sale / transfer during the year	-
<b>Balance at March 31, 2020</b>	<b>-</b>
<b>Accumulated depreciation</b>	
<b>Opening balance as at April 1, 2018</b>	<b>0.30</b>
Depreciation expense	0.22
Assets classified as held for sale (see notes below)	(0.52)
Balance at March 31, 2019	-
Depreciation expense	-
Sale / transfer during the year	-
<b>Balance at March 31, 2020</b>	<b>-</b>
<b>Net carrying value</b>	
<b>Opening balance as at April 1, 2018</b>	<b>10.91</b>
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	-
Addition during the year	-
Depreciation expense	-
<b>Balance at March 31, 2020</b>	<b>-</b>

#### Notes :

- (i) The Company's investment properties consisted of commercial shops and an plot of land in Ghaziabad, India. During the year ended March 31, 2019, the Company had received ₹4.83 crore as advance against sale of commercial shops (see note 24 (c)) and planned to complete the sale of the investment properties in next 12 months. Accordingly, the investment properties were classified as assets held for sale.
- During the year ended March 31, 2020, the Company has received balance consideration of ₹5.42 crore against sale of commercial shops and the possession of these commercial shops has also been handed over to the buyer. Accordingly, the Company has recognised ₹1.46 crore as profit on sale of assets classified as held for sale (see note 28 (d)). The plot of land continues to be classified as held for sale as the Company plans to complete its sale soon. The plot of land is situated at Prakash Industrial Estate Pipe Market, Village Karkar Moadan, Tahsil Loni District Ghaziabad, Uttar Pradesh. Further, the directors of the Company expect that the fair value of plot of land (based on fair valuation report - see note (ii) below) less cost to sell to be higher than the carrying amount.
- (ii) As at March 31, 2020, fair value of assets held for sale (plot of land) is ₹2.20 crore. As at March 31, 2019, fair value of assets held for sale (shops and plot of land) was ₹12.09 crore. 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 assets for held for sale/ investment properties and there is no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 2(C) : INTANGIBLE ASSETS

(₹ in crore)

	Computer Softwares
<b>Gross carrying value</b>	
<b>Opening balance as at April 1, 2018</b>	<b>4.64</b>
Additions	0.41
Balance at March 31, 2019	5.05
Additions	0.48
<b>Balance at March 31, 2020</b>	<b>5.53</b>
<b>Accumulated depreciation</b>	
<b>Opening balance as at April 1, 2018</b>	<b>1.40</b>
Depreciation expense	0.80
Balance at March 31, 2019	2.20
Depreciation expense	0.94
<b>Balance at March 31, 2020</b>	<b>3.14</b>
<b>Net carrying value</b>	
<b>Opening balance as at April 1, 2018</b>	<b>3.24</b>
Additions	0.41
Depreciation expense	(0.80)
Balance at March 31, 2019	2.85
Additions	0.48
Depreciation expense	(0.94)
<b>Balance at March 31, 2020</b>	<b>2.39</b>

### 3. INVESTMENT (NON-CURRENT)

#### 3(A) : INVESTMENT IN SUBSIDIARIES - (UNQUOTED, FULLY PAID)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) 2,711,100 (March 31, 2019: 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, 2019: 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) 15,000 (March 31, 2019: 14,400) equity shares of ₹10 each fully paid up in Blue Ocean Projects Private Limited - at cost (see note (ii) below)	35.97	34.93
(iv) 1.00 (March 31, 2019 : Nil) equity share of AED 1,000,000 each fully paid up in APL Apollo Tubes FZE - at cost (see note (iii) below)	1.90	-
(v) 10,000 (March 31, 2019: Nil) equity shares of ₹10 each fully paid up in APL Apollo Building Products Private Limited - at cost (see note (iv) below)	0.01	-
<b>Total</b>	<b>394.07</b>	<b>391.12</b>

#### 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 ₹1.04 crore in Blue Ocean Projects Private Limited by subscribing to 600 equity shares of ₹10 each at a premium of ₹17,290 each.
- (iii) The Company has during the year invested ₹1.90 crore in APL Apollo Tubes FZE by subscribing to 1 equity share of AED 1,000,000 each considering 1 AED equivalent to ₹19 each.
- (iv) The Company has during the year invested ₹0.01 crore in APL Apollo Building Products Private Limited by subscribing to 10,000 equity shares of ₹10 each. The Company was incorporated on December 19, 2019.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 3(B) : INVESTMENTS IN EQUITY INSTRUMENTS CARRIED AT FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME - (UNQUOTED, FULLY PAID) :

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) 1,371,400 (March 31, 2019: 1,158,400) equity shares of ₹10 each fully paid up in Clover Energy Private Limited (see note (i) below)	1.37	1.16
(ii) Nil (March 31, 2019: 2,850) equity shares of ₹10 each fully paid up in Superguard Steels Private Limited (see note (ii) below)	-	0.01
<b>Total</b>	<b>1.37</b>	<b>1.17</b>

### 3(C) : INVESTMENTS IN MUTUAL FUNDS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT - (QUOTED, FULLY PAID) :

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Investment in mutual fund of Union Midcap fund - regular plan growth	0.15	-
<b>Total</b>	<b>0.15</b>	<b>-</b>

#### Notes :

- (i) The Company holds 4.93% (March 31, 2019: 4.01%) equity shares of Clover Energy Private Limited, a Company engaged in the business of providing solar energy to its customers.
- (ii) The Company holds Nil% (March 31, 2019 : 19%) equity shares of Superguard Steels Private Limited, a Company engaged in the business of manufacturing of steel sheets.

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Aggregate carrying value of unquoted investment	395.44	392.29
Aggregate carrying value of quoted investment	0.15	-
Market value of quoted investment	0.15	-

### 4. LOANS (NON-CURRENT) (Unsecured, considered good)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Loans to others (see note (i) below)	-	0.50
(b) Loans to subsidiary company (see note (ii) below)	75.00	-
<b>Total</b>	<b>75.00</b>	<b>0.50</b>

#### Notes :

- (i) In Previous year, the Company had given a loan amounting to ₹0.50 crore carrying interest 10% p.a. to a Company i.e. Superguard Steels Private Limited, for the purpose of meeting its operational requirements. The Loan has been repaid during the Financial Year 2019-20. The maximum amount outstanding during the year was ₹ 0.50 crore (March 31, 2019 : ₹0.50 crore). Closing balance as at March 31, 2020 is ₹ Nil crore (March 31, 2019 : ₹0.50 crore)
- (ii) During the year, the Company has given a loan amounting to ₹75.00 crore (March 31, 2019 : ₹ Nil) carrying interest 10% p.a. to a wholly owned subsidiary Company i.e. Shri Lakshmi Metal Udyog Limited, for the purpose of meeting its operational requirements. The Loan is repayable upto 5 years in tranches as and when funds are available with Shri Lakshmi Metal Udyog Limited. The maximum amount outstanding during the year was ₹ 75.00 crore (March 31, 2019 : ₹ Nil). Closing balance as at March 31, 2020 is ₹75.00 crore (March 31, 2019 : ₹ Nil)

### 5. OTHER FINANCIAL ASSETS (NON-CURRENT) (Unsecured, considered good)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Claim receivable	2.36	0.71
(b) Value added tax (VAT) credit receivable	-	0.84
(d) Security deposit	17.42	17.09
<b>Total</b>	<b>19.78</b>	<b>18.64</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 6. NON-CURRENT TAX ASSETS (NET)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Advance income tax (net of provision as at March 31, 2020 : ₹85.41 crore)	10.19	-
<b>Total</b>	<b>10.19</b>	<b>-</b>

### 7. OTHER NON-CURRENT ASSETS (Unsecured, considered good)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Capital advances	39.66	42.88
(b) Prepaid expenses	3.99	4.57
(c) Prepaid lease payments (see note 47)	-	17.83
(d) Payment under protest		
(i) Safe guard duty	0.05	3.95
(ii) Excise duty	0.25	0.36
(iii) Service tax	-	0.02
(iv) Income tax	0.92	-
(v) Value added tax	0.98	0.48
<b>Total</b>	<b>45.85</b>	<b>70.09</b>

### 8. INVENTORIES

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Raw material (including stock-in-transit)	172.51	338.28
(b) Finished goods (including stock-in-transit)	305.03	318.80
(c) Work in progress	88.80	-
(d) Stores and spares	17.81	15.62
(e) Rejection and scrap (including stock-in-transit)	6.12	7.55
<b>Total</b>	<b>590.27</b>	<b>680.25</b>

#### Notes :

(i) Cost of inventory recognised as expense during the year amounted to ₹5,282.30 crore (March 31, 2019 : ₹5,280.20 crore).

#### (ii) Details of stock-in-transit

Particulars	As at March 31, 2020	As at March 31, 2019
Raw material	-	58.00
Finished goods	6.54	35.62
Rejection and Scrap	-	0.03

(iii) The mode of valuation of inventories has been stated in note 1(ii)(m) of significant accounting policies.

### 9. TRADE RECEIVABLES (CURRENT) (Unsecured)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Considered good		
(i) Related parties	0.33	-
(ii) Other than related parties	306.61	421.61
Sub total	306.94	421.61
(b) Considered doubtful	7.48	5.18
Less: Allowance for trade receivables (expected credit loss allowance)	(7.48)	(5.18)
Sub total	-	-
<b>Total</b>	<b>306.94</b>	<b>421.61</b>

## NOTES TO STANDALONE 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 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.

**(1) Movements in expected credit losses allowance of receivables are as below :**

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Balance at the beginning of the year</b>	<b>5.18</b>	<b>4.68</b>
Charge in statement of profit and loss	2.32	0.70
Utilised during the year	(0.02)	(0.20)
<b>Balance at the end of the year</b>	<b>7.48</b>	<b>5.18</b>

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

(₹ in crore)

Particulars	As at March 31, 2020		
	Gross credit risk	Credit losses allowance	Net credit risk
Amounts not yet due	261.91	0.63	261.28
0-90 days overdue	43.36	0.41	42.95
91-180 days overdue	3.47	0.76	2.71
181-270 days overdue	0.31	0.31	-
271-365 days overdue	1.67	1.67	-
More than 365 days overdue	3.70	3.70	-
	<b>314.42</b>	<b>7.48</b>	<b>306.94</b>

(₹ in crore)

Particulars	As at March 31, 2019		
	Gross credit risk	Credit losses allowance	Net credit risk
Amounts not yet due	310.74	0.85	309.89
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	-
	<b>426.79</b>	<b>5.69</b>	<b>421.11</b>

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**

Particulars	As at March 31, 2020	As at March 31, 2019
Amounts not yet due	0.00% to 0.24%	0.00% to 0.11%
0-90 days overdue	0.25% to 0.93%	0.12% to 0.40%
91-180 days overdue	0.94% to 21.99%	0.41% to 19.52%
181-270 days overdue	100.00%	19.53% to 49.25%
271-365 days overdue	100.00%	100.00%
More than 365 days overdue	100.00%	100.00%

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 10. CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Cash on hand	0.10	0.11
(b) Balances with banks - in current accounts	36.00	6.80
(c) Balances with banks - in cash credit accounts (see note 21)	2.75	17.37
<b>Total</b>	<b>38.85</b>	<b>24.28</b>

### 11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) <b>In earmarked accounts</b>		
(i) unpaid dividend account	0.54	0.43
(ii) In margin money with maturity less than 12 months at inception	0.53	0.07
<b>Total</b>	<b>1.07</b>	<b>0.50</b>

### 12. LOANS (CURRENT) (Unsecured, considered good)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Loans to employees	1.04	0.79
<b>Total</b>	<b>1.04</b>	<b>0.79</b>

### 13. OTHER FINANCIAL ASSETS (CURRENT) (Unsecured, considered good)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Government grants		
(i) Licences	0.44	0.38
(b) Interest accrued	2.10	0.79
(c) Derivative assets	2.22	-
(d) Claim receivables	23.44	3.96
<b>Total</b>	<b>28.20</b>	<b>5.13</b>

### 14. OTHER CURRENT ASSETS (Unsecured, considered good)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Prepaid expenses	2.35	1.92
(b) Prepaid lease payments	-	0.36
(c) Balances with government authorities		
(i) Goods and services tax (GST) credit receivable / Cenvat credit receivable	61.21	22.30
(ii) Service tax credit receivable	-	0.20
(iii) Advance goods and service tax credit on import of goods	0.11	8.43
(d) Government grants		
(i) Export incentives	4.82	2.41
(e) Payment under protest		
(i) Income tax	-	0.50
(f) Value added tax (VAT) credit receivable	0.66	0.66
(g) Advance to suppliers	22.20	48.03
(h) Advance to Related parties (see notes below)	5.16	41.84
(i) GST Refund Receivable	-	1.76
(j) Gold coins in hand	0.12	-
<b>Total</b>	<b>96.63</b>	<b>128.41</b>



## NOTES TO STANDALONE FINANCIAL STATEMENTS

### Notes :

- (i) In previous year, the Company had given an advance amounting to ₹0.75 crore carrying interest 10% p.a. to a wholly owned subsidiary viz. Blue Ocean Projects Private Limited, for meeting its operational requirements. The Advance has been received back during the current year. The maximum amount outstanding during the year is ₹0.75 crore (March 31, 2019 : ₹0.75 crore). Closing balance as at March 31, 2020 is ₹ Nil (March 31, 2019 : ₹0.75 crore)
- (ii) In previous year, the Company had given an advance towards purchase of raw materials amounting to ₹160.00 crore carrying interest 10% p.a. to a wholly owned subsidiary viz. Shri Lakshmi Metal Udyog Limited. The Advance outstanding as on March 31, 2019 has been settled in Financial year 2019-20. The maximum amount outstanding during the year is ₹160.00 crore (March 31, 2019 : ₹119.54 crore). Closing balance as at March 31, 2020 is ₹ Nil (March 31, 2019 : ₹41.09 crore)
- (iii) During the year, the Company has given an advance towards purchase of raw materials amounting to ₹5.16 crore (March 31, 2019 : ₹ Nil crore) to a wholly owned subsidiary viz. Apollo Metalex Private Limited and the material has been received subsequently. The maximum amount outstanding during the year is ₹5.16 crore (March 31, 2019 : ₹ Nil). Closing balance as at March 31, 2020 is ₹5.16 crore (March 31, 2019 : ₹ Nil)

### 15. EQUITY

#### 15(A) : EQUITY SHARE CAPITAL

(₹ in crore, except otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	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
	<b>4,50,00,000</b>	<b>45.00</b>	<b>4,50,00,000</b>	<b>45.00</b>
(ii) Issued capital				
Equity shares of ₹10 each with voting rights	2,48,69,015	24.87	2,38,50,381	23.85
	<b>2,48,69,015</b>	<b>24.87</b>	<b>2,38,50,381</b>	<b>23.85</b>
(iii) Subscribed and fully paid up capital				
Equity shares of ₹10 each with voting rights	2,48,69,015	24.87	2,38,50,381	23.85
	<b>2,48,69,015</b>	<b>24.87</b>	<b>2,38,50,381</b>	<b>23.85</b>

#### (1) Reconciliation of the number of shares and amount outstanding as at March 31, 2020 and March 31, 2019 :

Particulars	Number of shares		Amount	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020 (₹ in crore)	As at March 31, 2019 (₹ in crore)
<b>Equity share capital</b>				
<b>Outstanding at the beginning of the year</b>	<b>2,38,50,381</b>	<b>2,37,29,805</b>	<b>23.85</b>	<b>23.73</b>
Add: Issued of shares under Company's employee stock option plan (see note 40(d))	1,18,634	1,20,576	0.12	0.12
Add: Issued of shares under Preferential allotment (see note below)	4,00,000	-	0.40	-
Add: Issued of shares by conversion of share warrants (see note below)	5,00,000	-	0.50	-
<b>Outstanding at the end of the year</b>	<b>2,48,69,015</b>	<b>2,38,50,381</b>	<b>24.87</b>	<b>23.85</b>

### Note :

During the year, the shareholders of the Company through postal ballot on April 4, 2019 approved the issuance of 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. Subsequently, the Board of Directors of the Company in its meeting held on April 12, 2019, allotted the said equity shares and warrants. On October 28, 2019, the finance committee of the Board of Directors allotted 500,000 equity shares on conversion of said warrants.

#### (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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### (3) Details of shares held by each shareholder holding more than 5% shares:

(₹ in crore, except otherwise stated)

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding	Number of shares held	% holding
<b>Equity shares with voting rights</b>				
APL Infrastructure Private Limited	89,25,187	35.89%	80,25,187	33.65%
Kitara PIIN 1001	30,00,000	12.06%	30,00,000	12.58%

### (4) Share options granted under the Company's employee share options plans

As at March 31, 2020, executives and senior employees held options over 216,748 equity shares of the Company. As at March 31, 2019, executives and senior employees held options over 273,123 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 40.

### 15(B) : OTHER EQUITY

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium	391.22	212.59
Debenture redemption reserve	-	80.00
General reserve	25.52	25.52
Capital Reserve	13.38	-
Surplus in Statement of profit and loss	811.11	658.17
Share option outstanding account	9.14	7.65
<b>Total</b>	<b>1,250.37</b>	<b>983.93</b>
<b>1) Securities premium</b>		
Balance at the beginning of the year	212.59	205.12
Add: Issued of shares by conversion of share warrants	99.50	-
Add: Issued of shares under Preferential allotment	71.60	-
Add: Issued of shares under Company's employee stock option plan	7.53	7.47
<b>Balance at the end of the year</b>	<b>391.22</b>	<b>212.59</b>
<b>2) Debenture redemption reserve</b>		
Balance at the beginning of the year	80.00	50.00
Add: Transferred (to) / from surplus in statement of profit and loss	(80.00)	30.00
<b>Balance at the end of the year</b>	<b>-</b>	<b>80.00</b>
<b>3) General reserve</b>		
Balance at the beginning of the year	25.52	25.52
<b>Balance at the end of the year</b>	<b>25.52</b>	<b>25.52</b>
<b>4) Capital reserve</b>		
Balance at the beginning of the year	-	-
Add: Relating to business combination (see note 46)	13.38	-
<b>Balance at the end of the year</b>	<b>13.38</b>	<b>-</b>
<b>5) Surplus in Statement of profit and loss</b>		
Balance at the beginning of the year	658.17	595.19
Add: Total comprehensive income for the year	113.87	126.25
Less: Final dividend	33.95	33.22
Less: Tax on final dividend	6.98	0.04
Add : Transfer from / (to) debenture redemption reserve	80.00	(30.00)
<b>Balance at the end of the year</b>	<b>811.11</b>	<b>658.17</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

Particulars	As at March 31, 2020	As at March 31, 2019
<b>6) Share option outstanding account</b>		
Balance at the beginning of the year	7.65	6.04
Add : Addition during the year	3.68	3.55
Less : Transfer to Securities premium reserve	2.19	1.94
<b>Balance at the end of the year</b>	<b>9.14</b>	<b>7.65</b>

### Nature and purpose of reserves :-

- (i) **Securities premium** : Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Indian Companies Act, 2013 ("the Companies Act").
- (ii) **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. Amount has been transferred to Surplus in Statement of profit and loss on redemption of debentures during the year.
- (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) **Capital reserve** : The excess of fair value of net assets acquired over consideration paid in a business combination is recognised as capital reserve. The reserve is not available for distribution.
- (v) **Surplus in Statement of profit and loss** : It represents unallocated/un-distributed profits of the Company. The same is available for distribution.
- (vi) **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 40)
- (vii) **Items of other comprehensive income** : It represents profits / (loss) of the Company which will not be reclassified to statement of profit or loss.
- (viii) 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.

### 16. BORROWINGS (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(a) Debentures:</b>		
11.50% Secured, listed, Nil (March 31, 2019 : 950) Non-Convertible redeemable debentures of ₹0.10 crore each (see note (i) below)	-	95.00
<b>(b) Term Loan:</b>		
- From bank		
(i) Secured (see note (ii) below)	245.29	44.93
<b>Total</b>	<b>245.29</b>	<b>139.93</b>

#### (i) Details of debentures issued by the Company

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 carried interest rate of 8.68 % p.a. were redeemable at face value in one single installment on July 5, 2021. During the current financial year 2019-20, debentures have been fully repaid.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

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

(₹ in crore)

	As at March 31, 2020		As at March 31, 2019	
	Non current borrowings	Current Maturities of non- current borrowings	Non current borrowings	Current Maturities of non- current borrowings
Term Loan facilities are secured by first pari passu 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term Loan facilities of the Company from banks are further secured by first pari passu charge on 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term loan facilities are further secured by second charge on the entire present and future current assets of the Company. Credit facilities are further secured by personel guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta. The loan outstanding is repayable in 18 quarterly instalments commencing from July 2020 and ending in October 2024. Applicable rate of interest is 8.65%.	41.67	8.33	-	-
Term Loan facilities are secured by first pari passu 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term Loan facilities of APL Apollo Tubes Limited from banks are further secured by first pari passu charge on 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term loan facilities are further secured by second charge on the entire present and future current assets of the Company. Credit facilities are further secured by personel guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta. The loan outstanding is repayable in 18 quarterly instalments commencing from June 2020 & July 2020 and ending in September 2024 & October 2024. Applicable rate of interest is 8.45% - 8.95%.	122.22	27.78	-	-
Term Loan facilities are secured by first pari passu 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term Loan facilities of the Company from banks are further secured by first pari passu charge on 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term loan facilities are further secured by second charge on the entire present and future current assets of the Company. Credit facilities are further secured by personel guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta. The loan outstanding is repayable in 15 quarterly instalments commencing from June 2020 and ending in December 2023. Applicable rate of interest is 4.15%. Closing balance of loan as on March 31, 2020 is USD 9,863,576 equivalent to ₹74.35 crore.	51.56	22.79	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS

	As at March 31, 2020		As at March 31, 2019	
	Non current borrowings	Current Maturities of non- current borrowings	Non current borrowings	Current Maturities of non- current borrowings
Term Loan facilities are secured by first pari passu 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term Loan facilities of the Company from banks are further secured by first pari passu charge on 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term loan facilities are further secured by second charge on the entire present and future current assets of the Company. Credit facilities are further secured by personel guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta. The loan outstanding is repayable in 6 to 13 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% .	29.84	15.10	44.93	15.09
As at March 31, 2019, 11.50%, Secured, listed, 750 Non-Convertible redeemable debentures of ₹0.10 crore each.	-	-	-	75.00
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.  These debentures were redeemable at face value in one single installment on September 28, 2019. During the current financial year 2019-20, debentures have been fully repaid.	-	-	-	50.00
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.  These debentures were redeemable at face value in one single installment on February 28, 2020. During the current financial year 2019-20, debentures have been fully repaid.	-	-	-	50.00
<b>Total</b>	<b>245.29</b>	<b>74.00</b>	<b>44.93</b>	<b>140.09</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 17. OTHER FINANCIAL LIABILITIES (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Deferred payment (see note below)	0.72	0.65
<b>Total</b>	<b>0.72</b>	<b>0.65</b>

#### Note :

The Company 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, 2020	As at March 31, 2019
(a) Provision for compensated absences	3.55	2.30
(b) Provision for gratuity (see note 39)	9.18	5.73
<b>Total</b>	<b>12.73</b>	<b>8.03</b>

### 19. DEFERRED TAX LIABILITIES (NET)

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

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(i) Deferred Tax Liabilities on account of</b>		
- Property, plant and equipments and other intangible assets	73.84	100.25
- Acquired on business combination (see note 46)	3.58	-
- Financial Assets (Transaction cost on loans)	0.07	0.14
<b>Total deferred tax liabilities (A)</b>	<b>77.48</b>	<b>100.39</b>
<b>(ii) Deferred Tax Assets on account of</b>		
- Provision for doubtful trade receivables	1.88	1.98
- Provision for employee benefit expenses	3.33	3.02
- Financial Assets (carried at fair value through profit & loss)	-	0.29
- Others	0.11	0.12
<b>Total deferred tax assets (B)</b>	<b>5.32</b>	<b>5.41</b>
<b>Disclosed as Deferred Tax Liabilities (Net - A-B)</b>	<b>72.16</b>	<b>94.98</b>

#### (b) Movement in deferred tax liabilities / asset

	As at March 31, 2018	Recognised in profit & loss	Recognised in other comprehensive income	Transfer to Capital Reserve	MAT credit Utilised not recognised in profit & loss	As at March 31, 2019
<b>Deferred Tax Liabilities (A)</b>						
Property, plant and equipments and other intangible assets	89.23	11.02	-	-	-	100.25
Financial Assets (carried at fair value through profit & loss)	-	-	-	-	-	-
Fair Valuation of transaction cost	0.19	(0.05)	-	-	-	0.14
<b>Total</b>	<b>89.42</b>	<b>10.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100.39</b>
<b>Deferred Tax Assets (B)</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
<b>Total</b>	<b>11.87</b>	<b>0.31</b>	<b>0.07</b>	<b>-</b>	<b>(6.84)</b>	<b>5.41</b>
<b>Deferred tax liabilities (Net - A-B)</b>	<b>77.55</b>	<b>10.66</b>	<b>(0.07)</b>	<b>-</b>	<b>6.84</b>	<b>94.98</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### Movement in deferred tax liabilities / asset

	As at March 31, 2019	Recognised in profit & loss	Recognised in other comprehensive income	Transfer to Capital Reserve	MAT credit Utilised not recognised in profit & loss	As at March 31, 2020
<b>Deferred Tax Liabilities (A)</b>						
Property, plant and equipments and other intangible assets	100.25	(26.41)	-	-	-	73.84
Acquired on business combination (see note 46)	-	-	-	3.58	-	3.58
Fair Valuation of transaction cost	0.14	(0.07)	-	-	-	0.07
<b>Total</b>	<b>100.39</b>	<b>(26.48)</b>	<b>-</b>	<b>3.58</b>	<b>-</b>	<b>77.48</b>
<b>Deferred Tax Assets (B)</b>						
Provision for employee benefit expenses	3.02	(0.07)	0.38	-	-	3.33
Provision for doubtful trade receivables	1.98	(0.10)	-	-	-	1.88
Fair Valuation of financial assets	0.29	(0.29)	-	-	-	-
Others	0.12	(0.01)	-	-	-	0.11
<b>Total</b>	<b>5.41</b>	<b>(0.47)</b>	<b>0.38</b>	<b>-</b>	<b>-</b>	<b>5.32</b>
<b>Deferred tax liabilities (Net - A-B)</b>	<b>94.98</b>	<b>(26.01)</b>	<b>(0.38)</b>	<b>3.58</b>	<b>-</b>	<b>72.16</b>

### 20. OTHER NON-CURRENT LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Deferred income (see note below)	44.77	44.82
<b>Total</b>	<b>44.77</b>	<b>44.82</b>

#### Note :

Deferred income arises in respect of import of capital goods without payment of custom duty under Export Promotion Capital Goods Scheme (see note 38(b)(3)).

### 21. BORROWINGS (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(a) Loan repayable on demand</b>		
- From banks (Secured)		
(i) Working capital facilities (see note (i) below)	244.61	332.88
<b>(b) Others</b>		
- From banks (Secured)		
(i) Buyer's credit		
- working capital (see note (i) below)	-	19.01
(ii) Secured, listed, Non-Convertible redeemable debentures (see note (ii) below)	-	100.00
<b>Total</b>	<b>244.61</b>	<b>451.89</b>

#### Nature of security:

- (i) Working capital facilities of the Company from banks are secured by first pari passu charge on entire present and future current assets and second charge on 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255.

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

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 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Credit facilities are further secured by personnel guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta.

### (ii) Details of debentures issued by the Company:

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured, listed, Nil (March 31, 2019 : 1000) Non-Convertible redeemable debentures of ₹0.10 crore each	-	100.00

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 carried interest rate of 8.65 % p.a. were redeemable at face value in one single instalment on 5 July, 2021. During the current financial year 2019-20, debentures have been fully repaid.

### 22. TRADE PAYABLES (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Outstanding dues of Micro and small enterprises	0.85	-
(b) Outstanding dues of creditors other than micro enterprises and small enterprises	586.65	624.17
<b>Total</b>	<b>587.50</b>	<b>624.17</b>

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

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) The principal amount remaining unpaid to supplier as at the end of the year	0.85	-
(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, 2020	As at March 31, 2019
(a) Security deposits	0.94	1.10
(b) Current maturities of non-current borrowings (see note 16) (net of unamortised prepaid processing fees)	74.00	140.09
(c) Payable on purchase of property, plant and equipment	0.51	5.51
(d) Retention money payable	0.33	2.30
(e) Unclaimed dividends	0.54	0.43
(f) Derivative liabilities	-	0.83
(g) Interest accrued but not due on borrowings	2.01	18.98
<b>Total</b>	<b>78.33</b>	<b>169.24</b>



## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 24. OTHER CURRENT LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Statutory remittances	1.63	12.45
(b) Advance from customers	7.62	7.82
(c) Advance against sale of investment property (see note 2(b))	-	4.83
(d) Deferred income (see note below)	2.69	2.55
<b>Total</b>	<b>11.94</b>	<b>27.65</b>

**Note :**

Deferred income arises in respect of import of capital goods without payment of custom duty under Export Promotion Capital Goods Scheme. (see note 38(b)(3))

### 25. PROVISIONS (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for compensated absences	0.34	0.28
(b) Provision for gratuity (see note 39)	0.17	0.33
<b>Total</b>	<b>0.51</b>	<b>0.61</b>

### 26. CURRENT TAX LIABILITIES (NET)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for tax (net of advance tax ₹79.95 crore as at March 31, 2019)	-	7.70
<b>Total</b>	<b>-</b>	<b>7.70</b>

### 27. REVENUE FROM OPERATIONS

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Sale of products (see note (i) below)	5,704.40	5,661.82
(b) Other operating revenue (see note (ii) below)	226.41	206.65
<b>Total</b>	<b>5,930.81</b>	<b>5,868.47</b>

**Notes :**

**(i) Reconciliation of revenue recognised with contract price :**

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contract price	5,877.54	5,772.70
Adjustments for:		
Discount & incentives	(173.14)	(110.88)
<b>Revenue from operations</b>	<b>5,704.40</b>	<b>5,661.82</b>

**(ii) Other operating revenue comprises**

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of scrap	217.62	200.74
Export incentives	8.67	5.91
Job work	0.12	-
	<b>226.41</b>	<b>206.65</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 28. OTHER INCOME

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Interest income on fixed deposit	0.83	0.02
(b) Interest income on others (see note 41)	11.55	1.70
(c) Profit on sale of property, plant and equipment (net)	-	0.81
(d) Profit on sale of investment property	-	0.07
(e) Profit on sale of assets held for sale	1.46	-
(f) Gain on foreign currency transactions (net)	1.21	-
(g) Derivatives measured at fair value through profit & loss account	2.22	-
(h) Dividend income from a subsidiary Company	-	33.01
(i) Miscellaneous income	9.96	6.88
<b>Total</b>	<b>27.23</b>	<b>42.49</b>

### 29. COST OF MATERIALS CONSUMED

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventories of raw material as at the beginning of the year	338.28	246.24
Add: Purchases during the year	4,543.41	4,988.70
Less: Inventories of raw material as at the end of the year	172.51	338.28
<b>Total</b>	<b>4,709.18</b>	<b>4,896.66</b>

### 30. CHANGE IN INVENTORIES

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Inventories at the end of the year:</b>		
(a) Finished goods	305.03	318.80
(b) Work in progress	88.80	-
(c) Rejection and scrap	6.12	7.55
	<b>399.95</b>	<b>326.35</b>
<b>Inventories at the beginning of the year:</b>		
(a) Finished goods	318.80	241.41
(b) Rejection and scrap	7.55	6.03
	<b>326.35</b>	<b>247.44</b>
<b>Total</b>	<b>(73.60)</b>	<b>(78.91)</b>

### 31. EMPLOYEE BENEFITS EXPENSE

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Salaries and wages	89.16	74.21
(b) Contribution to provident fund	3.02	2.20
(c) Gratuity expense (see note 39)	1.98	1.27
(d) Share-based payments to employees (see note 36(a) & 40)	3.68	3.55
(e) Staff welfare expenses	2.23	2.32
	<b>100.07</b>	<b>83.55</b>
(f) Less: Allocation of common employee benefits expenses (see note 36(b))	7.44	5.02
<b>Total</b>	<b>92.63</b>	<b>78.53</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

During the year, the Company recognised an amount of ₹6.72 crore (Year ended March 31, 2019 ₹8.60 crore) as remuneration to key managerial personnel. The details of such remuneration is as below :-

	Year ended March 31, 2020	Year ended March 31, 2019
(i) Short term employee benefits	6.59	8.09
(ii) Post employment benefits	0.07	0.29
(iii) Other long term employee benefits	0.06	0.22
	<b>6.72</b>	<b>8.60</b>

### 32. FINANCE COSTS

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Interest expense :</b>		
(i) working capital facilities	47.86	63.73
(ii) term loan	14.23	5.80
(iii) debentures	16.05	27.97
(iv) delayed payment of income tax	-	1.02
(v) on leases	0.01	-
	<b>78.15</b>	<b>98.52</b>
<b>(b) Other borrowing cost</b>	3.99	2.83
<b>Total</b>	<b>82.14</b>	<b>101.35</b>

### 33. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Depreciation on property, plant and equipment (see note 2(a))	67.03	52.11
(b) Depreciation on investment property (see note 2(b))	-	0.22
(c) Amortisation on intangible assets (see note 2(c))	0.94	0.80
(d) Depreciation on right of use assets (see note 47)	0.90	-
(e) Depreciation on capital work in progress	0.04	-
<b>Total</b>	<b>68.91</b>	<b>53.13</b>

### 34. OTHER EXPENSES

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Freight outward	188.48	134.81
(b) Power and fuel	45.20	40.56
(c) Consumption of stores and spare parts	45.52	34.72
(d) Derivatives measured at fair value through profit & loss account	-	5.04
(e) Advertisement and sales promotion	49.00	8.52
(f) Loss on foreign currency transactions (net)	-	(2.38)
(g) Furnace oil	11.07	7.25
(h) Rent	5.00	8.09
(i) Travelling and conveyance	5.96	7.00
(j) Legal and professional charges (see note (i) below)	6.17	6.02
(k) Job work charges	0.38	0.36
(l) Repair and maintenance:		
(i) Building	0.09	0.10

## NOTES TO STANDALONE FINANCIAL STATEMENTS

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(ii) Plant and machinery	4.04	3.55
(iii) Others	1.39	0.64
(m) Rates and taxes	3.79	1.33
(n) Security services	1.59	1.22
(o) Allowance for doubtful trade receivables (expected credit loss allowance)	2.30	0.50
(p) Bad debts written off	0.02	0.20
(q) Loss on sale of property, plant and equipment (net)	0.19	-
(r) Corporate social responsibility (see note 35)	0.13	0.08
(s) Provision for slow moving inventory of spares & consumables	0.22	0.20
(t) Insurance	1.23	1.03
(u) Management support services	1.84	-
(v) Miscellaneous expenses	6.45	4.09
	<b>380.06</b>	<b>262.93</b>
(w) Less: Allocation of common expenses (see note 36(b))	16.27	5.81
<b>Total</b>	<b>363.79</b>	<b>257.12</b>

### Note :-

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

(₹ in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
(a) To statutory auditors		
For audit (including quarterly limited reviews)	1.09	0.90
For other services	0.12	0.31
Reimbursement of expenses	0.10	0.10
<b>Total</b>	<b>1.31</b>	<b>1.31</b>
(b) To cost auditors for cost audit	0.02	0.02
<b>Total</b>	<b>0.02</b>	<b>0.02</b>

### 35. 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, 2020	Year ended March 31, 2019
Gross amount required to be spent by the Company during the year ended	2.85	2.20
Amount spent during the year on purposes other than construction / acquisition of any asset	0.13	0.08
Amount spent for acquisition / construction of assets	-	-

### 36. ALLOCATION OF COMMON EXPENSES

(a) The Company has charged back the "Share based expenses" to employees (included under "Employee benefits expense" in note 31) 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 the Company by employees of the respective companies.

(b) The Company has charged back the common expenses (included under "Employee benefits expense" in note 31 & "Other expenses" in note 34) 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 latest financial statements / results.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 37. 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, 2020	Year ended March 31, 2019
Profit for the year attributable to the equity holders of the Company used in calculating basic and diluted earnings per share	115.01	126.39
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,44,89,487	2,37,32,445
Adjustments for calculation of diluted earnings per share (Employee stock option)(Number)	2,16,748	2,73,123
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	2,47,06,235	2,40,05,568
(a) Basic earnings per share in ₹	46.96	53.25
(b) Diluted earnings per share in ₹	46.55	52.65

### 38. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

#### (a) Contingent liabilities (for pending litigations)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(1) Disputed claims/levies in respect of sales tax:</b>		
- Reversal of input tax credit	7.44	9.22
- Provisional Assessment	1.77	0.46
	<b>9.21</b>	<b>9.68</b>
<b>(2) Disputed claims/levies in respect of excise duty:</b>		
- Availability of input credit	-	0.63
- Reversal of input tax credit	-	1.64
- Excise demand on excess / shortages	6.34	6.66
	<b>6.34</b>	<b>8.93</b>
<b>(3) Disputed claims/levies in respect of service tax:</b>		
- Availability of input credit	0.94	1.33
<b>(4) Disputed claims/levies in respect of income tax</b>	<b>0.84</b>	<b>3.70</b>
<b>(5) Contribution to provident fund under the Employees Provident Fund &amp; Miscellaneous provisions Act, 1952 (see note (ii) below)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>17.33</b>	<b>23.64</b>

- (i) During the year, the Company has discounted the sales bill from the banks for ₹0.28 crore (March 31, 2019 ₹13.99 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. Pending issuance of guidelines by the regulatory authorities on the application of this ruling, the impact on the Company, if any, can not be ascertained.
- (iii) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its standalone financial statements. The Company does not expect the outcome of these proceedings to have a materially effect on its standalone financial statements.

#### (b) Commitments

- (1) Estimated amount of contracts remaining to be executed on capital account and not provided for

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Property, plant and equipments	169.06	43.19

## NOTES TO STANDALONE FINANCIAL STATEMENTS

- (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 ₹ Nil crore (March 31, 2019 ₹17.86 crore) against which the Company has saved a duty of ₹ Nil crore (March 31, 2019 ₹2.07 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 ₹174.73 crore (March 31, 2019 ₹126.76 crore) against which the Company has saved a duty of ₹29.12 crore (March 31, 2019 ₹21.13 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 Lacs KWH for a period of 5 years having estimated power purchase price of ₹3.08 crore (March 31, 2019 : ₹3.08 crore).

- (5) The Company has given corporate guarantees on behalf of its three subsidiaries i.e. Apollo Metalex Private Limited, Shri Lakshmi Metal Udyog Limited and Apollo Tricoat Tubes Limited for loans and credit facilities taken by them from banks and financial institutions. The loan outstanding as at March 31, 2020 of Apollo Metalex Private Limited is ₹90.01 crore (March 31, 2019 ₹109.88 crore), Shri Lakshmi Metal Udyog Limited is ₹67.28 crore (March 31, 2019 ₹16.33 crore) and Apollo Tricoat Tubes Limited is ₹112.56 crore (March 31, 2019 ₹ Nil).

- (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) There has been no delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

### 39. EMPLOYEE BENEFIT OBLIGATIONS

(₹ in crore)

Particulars	As at March 31, 2020		
	Current	Non-current	Total
<b>Gratuity</b>			
Present value of obligation	0.17	9.18	9.35
<b>Total employee benefit obligations</b>	<b>0.17</b>	<b>9.18</b>	<b>9.35</b>

Particulars	As at March 31, 2019		
	Current	Non-current	Total
<b>Gratuity</b>			
Present value of obligation	0.33	5.73	6.06
<b>Total employee benefit obligations</b>	<b>0.33</b>	<b>5.73</b>	<b>6.06</b>

#### (a) Defined benefit plans

- a) Gratuity : 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, 2019 ₹0.20 crore). Vesting occurs upon completion of 5 years of service.

During the year, the Company has made contribution to APL Apollo Tubes Limited Employees Group Gratuity Trust which has made further contribution to Kotak Mahindra Life Insurance Co. Ltd.

#### (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 ₹3.02 crore (Year ended March 31, 2019 ₹2.20 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 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
<b>Opening balance as at April 1, 2018</b>	<b>5.04</b>
Current service cost	0.88
Interest expense	0.39
<b>Total amount recognised in profit or loss</b>	<b>1.27</b>
<b>Remeasurements</b>	
effect of change in financial assumptions	-
effect of experience adjustments	0.21
<b>Total amount recognised in other comprehensive income</b>	<b>0.21</b>
Employer contributions : Benefit payments	(0.46)
<b>Balance as at March 31, 2019</b>	<b>6.06</b>
<b>Balance as at March 31, 2019</b>	<b>6.06</b>
Current service cost	1.51
Interest expense/(income)	0.47
<b>Total amount recognised in profit or loss</b>	<b>1.98</b>
Add : Acquisition on business combination (see note below)	0.68
<b>Remeasurements</b>	
effect of change in financial assumptions	1.35
effect of change in demographic assumptions	0.01
effect of experience adjustments	0.17
changes in asset ceiling	(0.01)
<b>Total amount recognised in other comprehensive income</b>	<b>1.52</b>
Employer contributions : Benefit payments	(0.20)
<b>Balance as at March 31, 2020</b>	<b>10.04</b>

#### Note :

The Company completed the acquisition of a production unit (located at Chegunta, Hyderabad of M/s Taurus Value Steel & Pipes Private Limited ("Taurus") on May 27, 2019 along with its employees (see note 46). The Company has carried out actuarial valuation of such employees. Further Taurus has transferred gratuity fund of such employees to the APL Apollo Tubes Limited Employee Group Gratuity Trust and accordingly gratuity liability in the Company has been recognised.

### (d) Movement of Plan Assets

(₹ in crore)

Particulars	Gratuity
<b>Balance as at March 31, 2019</b>	<b>-</b>
Contribution by the employer (see note above)	0.68
Actuarial Gains/Loss	0.01
Benefits paid	-
<b>Balance as at March 31, 2020</b>	<b>0.69</b>

### (e) Net asset / (liability) recognised in the Balance Sheet

(₹ in crore)

Particulars	Gratuity
Present value of defined benefit obligation	10.04
Fair value of plan assets	0.69
Funded status- Surplus/ (Deficit)	(9.35)
Unrecognised past service costs	-
<b>Net liability recognised in the Balance Sheet</b>	<b>(9.35)</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### (f) Category of assets

Particulars	Gratuity
Funds managed by Insurer	100.00%

### (g) Post-Employment benefits

The significant actuarial assumptions were as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	6.77%	7.82%
Salary growth rate	8.00%	8.00%
Expected Return on Assets	-	-
Retirement age	60 Years	60 Years
Mortality	Indian Assured Lives Mortality 2012-14	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 :

- (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.

### (h) Sensitivity analysis

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

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Gratuity</b>		
Discount rate (increase by 1%)	(1.30)	(0.70)
Salary growth rate (increase by 1%)	1.52	0.83

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Gratuity</b>		
Discount rate (decrease by 1%)	1.56	0.84
Salary growth rate (decrease by 1%)	(1.29)	(0.70)

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.

### (i) 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



## NOTES TO STANDALONE FINANCIAL STATEMENTS

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.

**Investment risk :** The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

### (j) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 17.65 years (March 31, 2019 : 17.44 years). The expected maturity analysis of undiscounted gratuity is as follows: (₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Less than a year	0.18	0.33
Between 1 - 1 years	0.37	0.14
Between 2 - 3 years	0.42	0.40
Between 3 - 4 years	0.57	0.31
Between 4 - 5 years	0.71	0.51
Beyond 5 years	6.48	5.21
<b>Total</b>	<b>8.71</b>	<b>6.90</b>

## 40. 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.

(v) During the financial year 2019-20, the Nomination and Remuneration Committee in its meeting held on November 9, 2019 has granted 95,000 options under the ESOS to eligible employees of the Company and its subsidiaries (whether in India or abroad). 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 5 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 ₹1,438.55 per share.

(vi) During the financial year 2019-20, the Nomination and Remuneration Committee in its meeting held on November 9, 2019 also recommended reduction in exercise price of options granted on September 9, 2017 and February 5, 2018 to reflect the fall in Company's share prices. The same was approved by shareholders of the Company on January 27, 2020 through postal ballot. The revised 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 reduction in exercise price. The revised exercise price has been determined at ₹1,438.55 per share.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

(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 (see note below) (₹)	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	1,438.55	602.36
70,000	February 5, 2018	August 6, 2022	1,438.55	751.34
95,000	November 9, 2019	May 9, 2024	1,438.55	466.08

i) The earlier exercise price of the Options granted on September 9, 2017 and February 5, 2018 were ₹1,633.05 and ₹2,124.10 respectively. The exercise price of these options has been reduced in current year (See note (a) (vi) above).

(c) Fair value option granted/ modified

i) The weighted average fair value of the share options granted during the current financial year is ₹466.08 (March 31, 2019 : ₹ Nil). Options were priced using Black Scholes Model. No option granted during the year. Option granted during current year are as follows :

	Grant on November 9, 2019
Grant date share price	1,438.55
Exercise Price	1,438.55
Expected volatility	33.33%-34.97%
Option Life	3-4.5
Dividend yield	0.80%
Risk-free Interest Rate	6.07%-6.37%

ii) The incremental fair value of the options granted on September 9, 2017 and February 5, 2018 as on the modification has been determined at ₹131.46 and ₹372.36 respectively which will be recognised as expense over the period from the modification date to the end of vesting period. The expense of original option grant will continue to be recognised as if the terms had not been modified.

The incremental fair value of the options has been determined using the Black Scholes Model with the following model inputs :

	Original Grant on September 9, 2017	Original Grant on February 5, 2018
Modification date share price	1,438.55	1,438.55
Revised Exercise Price	1,438.55	1,438.55
Expected volatility	33.49%-34.96%	33.28%-33.96%
Option remaining Life	1.31-2.12	1.51-2.53
Dividend yield	0.80%	0.80%
Risk-free Interest Rate	5.45%-5.70%	5.70%-6.23%

(d) Movement in share option during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Balance at the beginning of the year	2,73,123#	1,207.72	447,250#	987.05
Granted during the year	95,000	1,438.55	-	-
Vested during the year	1,48,197\$	671.20	161,949\$	799.23
Lapsed during the year	32,741	-	53,551	-
Forfeited during the year	-	-	-	-
Exercised during the year	1,18,634	461.10	120,576	469.33
Expired during the year	-	-	-	-
Options outstanding at the end of the year	2,16,748\$	1,417.28	273,123#	1,207.72
Options available for grant	2,873	-	65,132	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS

<sup>#</sup>As at March 31, 2019, 42,123 options were vested but not exercised in previous year. During the current year, out of these 42,123 options, 8,719 options were lapsed, 2,125 options were exercised and remaining 31,279 options are still not exercised.

<sup>§</sup>As at March 31, 2020, 62,967 (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	1,16,884	December 4, 2019	1,572.90
Granted on January 28, 2017	1,750	March 30, 2020	1,224.35

### (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 ₹3.68 crore (net of amount cross charged to subsidiaries) (March 31, 2019 ₹3.55 crore).

(g) No option expired during the year.

### 41. 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
	APL Apollo Building Products Private Limited
	APL Apollo Tubes FZE
(ii) Intermediary subsidiary	Apollo Tricoat Tubes Limited (w.e.f. June 17, 2019)
(iii) Key Management Personnel (KMP) (with whom transactions have taken place during the year)	Mr. Sanjay Gupta (Chairman) & (Managing Director w.e.f. November 11, 2019)
	Mr. Ashok Kumar Gupta (Managing Director till November 11, 2019)
	Mr. Romi Sehgal (Whole Time Director till July 1, 2018)
	Mr. Deepak Goyal (Chief Financial Officer)
	Mr. Adhish Swaroop (Company Secretary till September 30, 2019)
	Mr. Deepak C S (Company Secretary w.e.f. January 25, 2020)
(iv) 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)
(v) 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 (till June 16, 2019)

(₹ in crore)

Particulars	Subsidiaries	Intermediary subsidiary	Key Management Personnel (KMP)	Relatives of KMP	Enterprises significantly influenced by KMP and their relatives	Total
<b>b) Transactions during the year</b>						
<b>Sale of goods (net of discounts)</b>						
Apollo Metalex Private Limited	62.79	-	-	-	-	62.79
	(46.03)	(-)	(-)	(-)	(-)	(46.03)
Shri Lakshmi Metal Udyog Limited	35.21	-	-	-	-	35.21
	(34.75)	(-)	(-)	(-)	(-)	(34.75)

## NOTES TO STANDALONE FINANCIAL STATEMENTS

Particulars	Subsidiaries	Intermediary subsidiary	Key Management Personnel (KMP)	Relatives of KMP	Enterprises significantly influenced by KMP and their relatives	Total
Apollo Pipes Limited	-	-	-	-	0.95	0.95
	(-)	(-)	(-)	(-)	(0.80)	(0.80)
Apollo Tricoat Tubes Limited	-	14.34	-	-	2.57	16.91
	(-)	(-)	(-)	(-)	(10.82)	(10.82)
	<b>98.00</b>	<b>14.34</b>	-	-	<b>3.52</b>	<b>115.86</b>
	<b>(80.78)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(11.62)</b>	<b>(92.40)</b>
<b>Sale of scrap (other operating revenue)</b>						
Apollo Metalex Private Limited	0.72	-	-	-	-	0.72
	(0.12)	(-)	(-)	(-)	(-)	(0.12)
Shri Lakshmi Metal Udyog Limited	-	-	-	-	-	-
	(0.06)	(-)	(-)	(-)	(-)	(0.06)
Apollo Tricoat Tubes Limited	-	0.52	-	-	0.39	0.91
	(-)	(-)	(-)	(-)	(0.16)	(0.16)
Apollo Pipes Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
	<b>0.72</b>	<b>0.52</b>	-	-	<b>0.39</b>	<b>1.63</b>
	<b>(0.18)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(0.16)</b>	<b>(0.34)</b>
<b>Sale of property, plant and equipments</b>						
Apollo Metalex Private Limited	0.84	-	-	-	-	0.84
	(0.14)	(-)	(-)	(-)	(-)	(0.14)
Shri Lakshmi Metal Udyog Limited	-	-	-	-	-	-
	(0.07)	(-)	(-)	(-)	(-)	(0.07)
Apollo Tricoat Tubes Limited	-	1.46	-	-	0.66	2.12
	(-)	(-)	(-)	(-)	(5.20)	(5.20)
	<b>0.84</b>	<b>1.46</b>	-	-	<b>0.66</b>	<b>2.96</b>
	<b>(0.21)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(5.20)</b>	<b>(5.41)</b>
<b>Sale of licenses</b>						
Apollo Tricoat Tubes Limited	-	0.20	-	-	-	0.20
	(-)	(-)	(-)	(-)	(-)	
Apollo Pipes Limited	-	-	-	-	0.41	0.41
	(-)	(-)	(-)	(-)	(0.73)	(0.73)
	-	<b>0.20</b>	-	-	<b>0.41</b>	<b>0.61</b>
	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(0.73)</b>	<b>(0.73)</b>
<b>Purchase of property, plant and equipments</b>						
Apollo Metalex Private Limited	-	-	-	-	-	-
	(0.49)	(-)	(-)	(-)	(-)	(0.49)
Apollo Tricoat Tubes Limited	-	0.05	-	-	-	0.05
	(-)	(-)	(-)	(-)	(-)	(-)
Shri Lakshmi Metal Udyog Limited	-	-	-	-	-	-
	(0.02)	(-)	(-)	(-)	(-)	(0.02)
	-	<b>0.05</b>	-	-	-	<b>0.05</b>
	<b>(0.51)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(0.51)</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

Particulars	Subsidiaries	Intermediary subsidiary	Key Management Personnel (KMP)	Relatives of KMP	Enterprises significantly influenced by KMP and their relatives	Total
<b>Purchase of stock-in-trade (net of discounts)</b>						
Apollo Metalex Private Limited	286.70	-	-	-	-	286.70
	(255.52)	(-)	(-)	(-)	(-)	(255.52)
Shri Lakshmi Metal Udyog Limited	15.51	-	-	-	-	15.51
	(43.87)	(-)	(-)	(-)	(-)	(43.87)
Apollo Tricoat Tubes Limited	-	99.79	-	-	13.87	113.66
	(-)	(-)	(-)	(-)	(2.52)	(2.52)
	<b>302.21</b>	<b>99.79</b>	-	-	<b>13.87</b>	<b>415.87</b>
	<b>(299.39)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(2.52)</b>	<b>(301.91)</b>
<b>Purchase of raw material (net of discounts)</b>						
Apollo Metalex Private Limited	36.29	-	-	-	-	36.29
	(50.41)	(-)	(-)	(-)	(-)	(50.41)
Shri Lakshmi Metal Udyog Limited	35.46	-	-	-	-	35.46
	(270.84)	(-)	(-)	(-)	(-)	(270.84)
Apollo Tricoat Tubes Limited	-	24.65	-	-	-	24.65
	(-)	(-)	(-)	(-)	(-)	(-)
Apollo Pipes Limited	-	-	-	-	3.68	3.68
	(-)	(-)	(-)	(-)	(2.86)	(2.86)
	<b>71.75</b>	<b>24.65</b>	-	-	<b>3.68</b>	<b>100.08</b>
	<b>(321.25)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(2.86)</b>	<b>(324.11)</b>
<b>Purchase of scrap</b>						
Apollo Metalex Private Limited	12.85	-	-	-	-	12.85
	(13.24)	(-)	(-)	(-)	(-)	(13.24)
Shri Lakshmi Metal Udyog Limited	3.16	-	-	-	-	3.16
	(4.39)	(-)	(-)	(-)	(-)	(4.39)
Apollo Tricoat Tubes Limited	-	6.15	-	-	2.61	8.76
	(-)	(-)	(-)	(-)	(0.31)	(0.31)
	<b>16.01</b>	<b>6.15</b>	-	-	<b>2.61</b>	<b>24.77</b>
	<b>(17.63)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(0.31)</b>	<b>(17.94)</b>
<b>Rent paid</b>						
APL Infrastructure Private Limited	-	-	-	-	0.06	0.06
	(-)	(-)	(-)	(-)	(0.13)	(0.13)
Apollo Tricoat Tubes Limited	-	0.10	-	-	0.01	0.11
	(-)	(-)	(-)	(-)	(2.16)	(2.16)
Apollo Metalex Private Limited	0.17	-	-	-	-	0.17
	(-)	(-)	(-)	(-)	(-)	(-)
Mrs. Neera Gupta	-	-	-	0.02	-	0.02
	(-)	(-)	(-)	(0.02)	(-)	(0.02)
Mrs. Vandana Gupta	-	-	-	0.02	-	0.02
	(-)	(-)	(-)	(0.02)	(-)	(0.02)
	<b>0.17</b>	<b>0.10</b>	-	<b>0.04</b>	<b>0.07</b>	<b>0.38</b>
	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(0.04)</b>	<b>(2.29)</b>	<b>(2.33)</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

Particulars	Subsidiaries	Intermediary subsidiary	Key Management Personnel (KMP)	Relatives of KMP	Enterprises significantly influenced by KMP and their relatives	Total
<b>Interest income</b>						
Apollo Metalex Private Limited	0.23	-	-	-	-	0.23
	(-)	(-)	(-)	(-)	(-)	(-)
Apollo Tricoat Tubes Limited	-	1.73	-	-	-	1.73
	(-)	(0.68)	(-)	(-)	(-)	(0.68)
Shri Lakshmi Metal Udyog Limited	8.42	-	-	-	-	8.42
	(-)	(-)	(-)	(-)	(-)	(-)
Blue Ocean Projects Private Limited	0.09	-	-	-	-	0.09
	(0.03)	(-)	(-)	(-)	(-)	(0.03)
	<b>8.74</b>	<b>1.73</b>	-	-	-	<b>10.47</b>
	<b>(0.03)</b>	<b>(0.68)</b>	(-)	(-)	(-)	<b>(0.71)</b>
<b>Allocation of common expenses</b>						
<b>(a) Employee benefit expenses:</b>						
Apollo Metalex Private Limited	3.65	-	-	-	-	3.65
	(2.93)	(-)	(-)	(-)	(-)	(2.93)
Apollo Tricoat Tubes Limited	-	1.76	-	-	-	1.76
	(-)	(-)	(-)	(-)	(-)	-
Shri Lakshmi Metal Udyog Limited	2.03	-	-	-	-	2.03
	(1.70)	(-)	(-)	(-)	(-)	(1.70)
	<b>5.68</b>	<b>1.76</b>	-	-	-	<b>7.44</b>
	<b>(4.63)</b>	(-)	(-)	(-)	(-)	<b>(4.63)</b>
<b>(b) Expenses incurred by Company on behalf of</b>						
Apollo Metalex Private Limited	8.44	-	-	-	-	8.44
	(3.36)	(-)	(-)	(-)	(-)	(3.36)
Apollo Tricoat Tubes Limited	-	2.96	-	-	-	2.96
	(-)	(-)	(-)	(-)	(-)	-
Shri Lakshmi Metal Udyog Limited	4.71	-	-	-	-	4.71
	(2.45)	(-)	(-)	(-)	(-)	(2.45)
	<b>13.15</b>	<b>2.96</b>	-	-	-	<b>16.11</b>
	<b>(5.81)</b>	(-)	(-)	(-)	(-)	<b>(5.81)</b>
<b>(c) Share based expense incurred by Company on behalf of</b>						
Apollo Metalex Private Limited	-	-	-	-	-	-
	(0.27)	(-)	(-)	(-)	(-)	(0.27)
Shri Lakshmi Metal Udyog Limited	0.07	-	-	-	-	0.07
	(0.12)	(-)	(-)	(-)	(-)	(0.12)
	<b>0.07</b>	-	-	-	-	<b>0.07</b>
	<b>(0.39)</b>	(-)	(-)	(-)	(-)	<b>(0.39)</b>
<b>(d) Share based income incurred by Company on behalf of</b>						
Apollo Metalex Private Limited	0.07	-	-	-	-	0.07
	(-)	(-)	(-)	(-)	(-)	-
	<b>0.07</b>	-	-	-	-	<b>0.07</b>
	(-)	(-)	(-)	(-)	(-)	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS

Particulars	Subsidiaries	Intermediary subsidiary	Key Management Personnel (KMP)	Relatives of KMP	Enterprises significantly influenced by KMP and their relatives	Total
<b>Salary</b>						
Mr. Sanjay Gupta	-	-	3.50	-	-	3.50
	(-)	(-)	(3.50)	(-)	(-)	(3.50)
Mr. Ashok Kumar Gupta	-	-	1.53	-	-	1.53
	(-)	(-)	(3.54)	(-)	(-)	(3.54)
Mr. Romi Sehgal	-	-	-	-	-	-
	(-)	(-)	(0.17)	(-)	(-)	(0.17)
Mr. Deepak Goyal	-	-	1.49	-	-	1.49
	(-)	(-)	(1.10)	(-)	(-)	(1.10)
Mr. Adhish Swaroop	-	-	0.12	-	-	0.12
	(-)	(-)	(0.29)	(-)	(-)	(0.29)
Mr. Deepak C S	-	-	0.08	-	-	0.08
	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Rahul Gupta	-	-	-	-	-	-
	(-)	(-)	(-)	(0.02)	(-)	(0.02)
	-	-	6.72	-	-	6.72
	(-)	(-)	(8.60)	(0.02)	(-)	(8.62)
<b>Dividend received</b>						
Shri Lakshmi Metal Udyog Limited	-	-	-	-	-	-
	(33.01)	(-)	(-)	(-)	(-)	(33.01)
	-	-	-	-	-	-
	(33.01)	(-)	(-)	(-)	(-)	(33.01)
<b>Dividend paid</b>						
APL Infrastructure Private Limited	-	-	-	-	11.80	11.80
	(-)	(-)	(-)	(-)	(11.24)	(11.24)
Mr. Romi Sehgal	-	-	0.02	-	-	0.02
	(-)	(-)	(0.02)	(-)	(-)	(0.02)
Mr. Adhish Swaroop	-	-	-	-	-	-
	(-)	(-)	(0.01)	(-)	(-)	(0.01)
Mr. Deepak Goyal	-	-	0.01	-	-	0.01
	(-)	(-)	(0.01)	(-)	(-)	(0.01)
Mrs. Veera Gupta	-	-	0.83	-	-	0.83
	(-)	(-)	(-)	(1.05)	(-)	(1.05)
Mr. Ashok Kumar Gupta	-	-	-	-	-	-
	(-)	(-)	(0.09)	(-)	(-)	(0.09)
	-	-	0.86	-	11.80	12.66
	(-)	(-)	(0.12)	(1.05)	(11.24)	(12.41)
<b>Loans given</b>						
Shri Lakshmi Metal Udyog Limited	150.00	-	-	-	-	150.00
	(-)	(-)	(-)	(-)	(-)	(-)

## NOTES TO STANDALONE FINANCIAL STATEMENTS

Particulars	Subsidiaries	Intermediary subsidiary	Key Management Personnel (KMP)	Relatives of KMP	Enterprises significantly influenced by KMP and their relatives	Total
Apollo Tricoat Tubes Limited	-	200.00	-	-	-	200.00
	(-)	(-)	(-)	(-)	(-)	(-)
	<b>150.00</b>	<b>200.00</b>	-	-	-	<b>350.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Loans received back</b>						
Shri Lakshmi Metal Udyog Limited	75.00	-	-	-	-	75.00
	(-)	(-)	(-)	(-)	(-)	(-)
Apollo Tricoat Tubes Limited	-	200.00	-	-	-	200.00
	(-)	(-)	(-)	(-)	(-)	(-)
	<b>75.00</b>	<b>200.00</b>	-	-	-	<b>275.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Advance given for purchase of raw material and traded goods</b>						
Shri Lakshmi Metal Udyog Limited	-	-	-	-	-	-
	(160.00)	(-)	(-)	(-)	(-)	(160.00)
Blue Ocean Projects Private Limited	-	-	-	-	-	-
	(0.75)	(-)	(-)	(-)	(-)	(0.75)
	-	-	-	-	-	-
	<b>(160.75)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(160.75)</b>
<b>Advance recovered / received back</b>						
Shri Lakshmi Metal Udyog Limited	-	-	-	-	-	-
	(118.91)	(-)	(-)	(-)	(-)	(118.91)
	-	-	-	-	-	-
	<b>(118.91)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(118.91)</b>
<b>Advances received for supply of raw materials</b>						
APL Apollo Tubes FZE	1.41	-	-	-	-	1.41
	(-)	(-)	(-)	(-)	(-)	(-)
APL Infrastructure Private Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
	<b>1.41</b>	-	-	-	-	<b>1.41</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Issue of equity share capital (including securities premium)</b>						
APL Infrastructure Private Limited	-	-	-	-	172.00	172.00
	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	-	-	<b>172.00</b>	<b>172.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Investment in equity share capital</b>						
APL Apollo Tubes FZE	1.90	-	-	-	-	1.90
	(-)	(-)	(-)	(-)	(-)	(-)
Blue Ocean Projects Private Limited	1.04	-	-	-	-	1.04
	(0.40)	(-)	(-)	(-)	(-)	(0.40)
	<b>2.94</b>	-	-	-	-	<b>2.94</b>
	<b>(0.40)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(0.40)</b>



## NOTES TO STANDALONE FINANCIAL STATEMENTS

Particulars	Subsidiaries	Intermediary subsidiary	Key Management Personnel (KMP)	Relatives of KMP	Enterprises significantly influenced by KMP and their relatives	Total
<b>c) Balances outstanding at the end of the year</b>						
<b>Trade receivables</b>						
Apollo Pipes Limited	-	-	-	-	0.33	0.33
	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	-	-	<b>0.33</b>	<b>0.33</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Claim Receivable</b>						
Apollo Metalex Private Limited	13.77	-	-	-	-	13.77
	(2.33)	(-)	(-)	(-)	(-)	(2.33)
Apollo Tricoat Tubes Limited	-	8.42	-	-	-	8.42
	(-)	(-)	(-)	(-)	(-)	(-)
Shri Lakshmi Metal Udyog Limited	1.06	-	-	-	-	1.06
	(1.63)	(-)	(-)	(-)	(-)	(1.63)
	<b>14.83</b>	<b>8.42</b>	-	-	-	<b>23.25</b>
	<b>(3.96)</b>	(-)	(-)	(-)	(-)	<b>(3.96)</b>
<b>Expenses payable</b>						
Apollo Metalex Private Limited	1.25	-	-	-	-	1.25
	(-)	(-)	(-)	(-)	(-)	(-)
Apollo Tricoat Tubes Limited	-	0.33	-	-	-	0.33
	(-)	(-)	(-)	(-)	(-)	(-)
Shri Lakshmi Metal Udyog Private Limited	3.37	-	-	-	-	3.37
	(-)	(-)	(-)	(-)	(-)	(-)
	<b>4.62</b>	<b>0.33</b>	-	-	-	<b>4.95</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Security deposits given</b>						
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
	(-)	(-)	(-)	(-)	(5.00)	(5.00)
	-	-	-	<b>6.00</b>	<b>5.00</b>	<b>11.00</b>
	(-)	(-)	(-)	<b>(6.00)</b>	<b>(5.00)</b>	<b>(11.00)</b>
<b>Interest receivable</b>						
Shri Lakshmi Metal Udyog Limited	1.65	-	-	-	-	1.65
	(0.68)	(-)	(-)	(-)	(-)	(0.68)
Apollo Tricoat Tubes Limited	-	0.28	-	-	-	0.28
	(-)	(-)	(-)	(-)	(-)	(-)

## NOTES TO STANDALONE FINANCIAL STATEMENTS

Particulars	Subsidiaries	Intermediary subsidiary	Key Management Personnel (KMP)	Relatives of KMP	Enterprises significantly influenced by KMP and their relatives	Total
Blue Ocean Projects Private Limited	0.03	-	-	-	-	0.03
	(0.01)	(-)	(-)	(-)	(-)	(0.01)
	<b>1.68</b>	<b>0.28</b>	-	-	-	<b>1.96</b>
	<b>(0.69)</b>	(-)	(-)	(-)	(-)	<b>(0.69)</b>
<b>Advance recoverable</b>						
Apollo Metalex Private Limited	5.16	-	-	-	-	5.16
	(-)	(-)	(-)	(-)	(-)	(-)
Shri Lakshmi Metal Udyog Limited	-	-	-	-	-	-
	(41.09)	(-)	(-)	(-)	(-)	(41.09)
Blue Ocean Projects Private Limited	-	-	-	-	-	-
	(0.75)	(-)	(-)	(-)	(-)	(0.75)
	<b>5.16</b>	-	-	-	-	<b>5.16</b>
	<b>(41.84)</b>	(-)	(-)	(-)	(-)	<b>(41.84)</b>
<b>Loans given</b>						
Shri Lakshmi Metal Udyog Limited	75.00	-	-	-	-	75.00
	(-)	(-)	(-)	(-)	(-)	(-)
	<b>75.00</b>	-	-	-	-	<b>75.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Trade payables</b>						
Apollo Metalex Private Limited	-	-	-	-	-	-
	(48.38)	(-)	(-)	(-)	(-)	(48.38)
Shri Lakshmi Metal Udyog Limited	9.23	-	-	-	-	9.23
	(-)	(-)	(-)	(-)	(-)	(-)
Apollo Pipes Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(0.16)	(0.16)
Apollo Tricoat Tubes Limited	-	1.17	-	-	-	1.17
	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Ashok Kumar Gupta (net of advances recoverable)	-	-	-	-	-	-
	(-)	(-)	(1.13)	(-)	(-)	(1.13)
Mr. Sanjay Gupta	-	-	0.19	-	-	0.19
	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Deepak Goyal (net of advances recoverable)	-	-	0.02	-	-	0.02
	(-)	(-)	(0.01)	(-)	(-)	(0.01)
Mr. Deepak C S (net of advances recoverable)	-	-	0.01	-	-	0.01
	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Adhish Swaroop (net of advances recoverable)	-	-	-	-	-	-
	(-)	(-)	(0.01)	(-)	(-)	(0.01)
	<b>9.23</b>	<b>1.17</b>	<b>0.22</b>	-	-	<b>10.62</b>
	<b>(48.38)</b>	(-)	<b>(1.15)</b>	(-)	<b>(0.16)</b>	<b>(49.69)</b>

### Notes :

- Figures in the bracket relates to previous year ended March 31, 2019.
- Amount of expense of gratuity and compensated absences is taken on actuarial basis.
- 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.
- The Company has given corporate guarantees on behalf of its three subsidiaries i.e. Apollo Metalex Private Limited, Shri Lakshmi Metal Udyog Limited and Apollo Tricoat Tubes Limited for loans and credit facilities taken by them from banks and financial institutions. The loan outstanding as at March 31, 2020 of Apollo Metalex Private Limited is ₹90.01 crore (March 31, 2019 ₹109.88 crore), Shri Lakshmi Metal Udyog Limited is ₹67.28 crore (March 31, 2019 ₹16.33 crore) and Apollo Tricoat Tubes Limited is ₹112.56 crore (March 31, 2019 ₹ Nil).

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 42. INCOME TAX EXPENSE

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

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Profit before tax as per standalone statement of profit and loss</b>	<b>113.79</b>	<b>175.35</b>
Income tax expenses calculated as per tax rates of Income tax act of 25.168% (March 31, 2019 : 34.944%)	28.64	61.27
(i) Income exempt from tax / items not deductible	(1.73)	(12.31)
(ii) Reversal of deferred tax liabilities as at March 31, 2019 (see note below)	(26.57)	-
(iii) Income Tax of earlier year	(1.56)	-
<b>Tax expense as reported</b>	<b>(1.22)</b>	<b>48.96</b>

#### Note :

The Company has during the year elected to be assessed at lower tax rate of 25.168% (inclusive of surcharge and cess) under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. The impact of this change is included in deferred tax credit for year ended March 31, 2020. This change has resulted in reversal of deferred tax expense of ₹26.57 crore on account of remeasurement of deferred tax liability as at March 31, 2019.

### 43. 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, 2020 and March 31, 2019 :

(₹ in crore)

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets - Non Current</b>						
Investments						
- Other investments	0.15	1.37	-	-	1.17	-
Loans to others	-	-	75.00	-	-	0.50
Security deposit	-	-	17.42	-	-	17.09
Claim receivable	-	-	2.36	-	-	0.71
Others	-	-	-	-	-	0.84
<b>Financial assets - Current</b>						
Loans to employees	-	-	1.04	-	-	0.79
Claim receivable	-	-	23.44	-	-	3.96
Government grants	-	-	0.44	-	-	0.38
Derivative assets	2.22	-	-	-	-	-
Trade receivables	-	-	306.94	-	-	421.61
Cash and cash equivalents	-	-	38.85	-	-	24.28
Bank balances other than cash and cash equivalents	-	-	1.07	-	-	0.50
Others	-	-	2.10	-	-	0.79
<b>Total financial assets</b>	<b>2.37</b>	<b>1.37</b>	<b>468.65</b>	<b>-</b>	<b>1.17</b>	<b>471.45</b>
<b>Financial liabilities - Non Current</b>						
Borrowings	-	-	245.29	-	-	139.93
Lease liabilities	-	-	0.08	-	-	-
Deferred payment	-	-	0.72	-	-	0.65
<b>Financial liabilities - Current</b>						
Borrowings	-	-	318.61	-	-	591.98
Lease liabilities	-	-	0.52	-	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Interest accrued but not due on borrowings	-	-	2.01	-	-	18.98
Security deposit	-	-	0.94	-	-	1.10
Derivative liabilities	-	-	-	0.83	-	-
Trade payables	-	-	588.34	-	-	631.98
Others	-	-	0.54	-	-	0.43
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,157.05</b>	<b>0.83</b>	<b>-</b>	<b>1,385.05</b>

### (a) Financial assets and liabilities measured at fair value - recurring fair value measurements :

Particulars	As at March 31, 2020		As at March 31, 2019
	Level 1	Level 2	Level 2
<b>Financial Assets</b>			
- Assets for foreign currency forward contracts	-	2.22	-
- Investment in mutual fund of Union Midcap fund - regular plan growth	0.15	-	-
<b>Total financial assets</b>	<b>0.15</b>	<b>2.22</b>	<b>-</b>
<b>Financial Liabilities</b>			
- Liability for foreign currency forward contracts	-	-	0.83
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>0.83</b>

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, 2020	March 31, 2019
Assets classified as held for sale	2.20	12.09

(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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 44. 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.

#### (i) Foreign currency risk

The Company's functional currency is Indian Rupees (INR). The Company undertakes transactions denominated in the foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's 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 :-

#### (a) Option Outstanding

	Buy/Sell	As at March 31, 2020	As at March 31, 2019
In USD	Buy	98,63,576	-
Equivalent amount in ₹ in crore		74.62	
In USD	Sell	98,63,576	-
Equivalent amount in ₹ in crore		74.62	-

#### (b) Forward contract outstanding

	Buy/Sell	As at March 31, 2020	As at March 31, 2019
In USD	Sell	1,00,00,000	53,88,113
Equivalent amount in ₹ in crore	Sell	75.65	37.26
In EURO	Sell	-	10,65,000
Equivalent amount in ₹ in crore	Sell	-	8.26

(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, 2020	As at March 31, 2019
<b>Payables:</b>		
USD	-	1,85,97,357
Equivalent amount in ₹ in crore	-	128.60
EURO	37,803	3,82,821
Equivalent amount in ₹ in crore	0.31	2.97

## NOTES TO STANDALONE FINANCIAL STATEMENTS

Currency	As at March 31, 2020	As at March 31, 2019
<b>Advance paid to vendors:</b>		
USD	35,38,720	-
Equivalent amount in ₹ in crore	26.68	-
EURO	85,630	5,29,904
Equivalent amount in ₹ in crore	0.71	4.11
<b>Advance Received from Customers:</b>		
USD	3,48,019	1,37,173
Equivalent amount in ₹ in crore	2.62	0.95
EURO	6,277	57,033
Equivalent amount in ₹ in crore	0.05	0.44

### 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, 2020	Year ended March 31, 2019
<b>EURO sensitivity</b>		
INR/EURO Increases by 2.5% (March 31, 2019 - 2.5%)	0.01	0.05
INR/EURO Decreases by 2.5% (March 31, 2019 - 2.5%)	(0.01)	(0.05)
<b>USD sensitivity</b>		
INR/USD Increases by 2.5% (March 31, 2019 - 2.5%)	-	2.09
INR/USD Decreases by 2.5% (March 31, 2019 - 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 Rupees 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.

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate borrowings	489.55	351.89
Fixed rate borrowings	74.35	380.02
<b>Total borrowings</b>	<b>563.90</b>	<b>731.91</b>

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

Particulars	Balance	% of total loans
<b>As at March 31, 2020</b>		
Bank overdrafts, bank loans, Cash Credit	489.55	87%
<b>As at March 31, 2019</b>		
Bank overdrafts, bank loans, Cash Credit	351.89	48%

### Sensitivity

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

(₹ in crore)

Particulars	Impact on profit after tax	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest rates – increase by 50 basis points (50 bps)	(1.83)	(1.14)
Interest rates – decrease by 50 basis points (50 bps)	1.83	1.14

### (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)

Particulars	Amount
Opening balance as at April 1, 2018	4.68
Charge in statement of profit and loss	0.70
Utilised during the year	(0.20)
<b>Allowance for credit loss on March 31, 2019</b>	<b>5.18</b>
Charge in statement of profit and loss	2.32
Utilised during the year	(0.02)
<b>Allowance for credit loss on March 31, 2020</b>	<b>7.48</b>

Included in revenues arising from direct sales of goods of ₹5,704.40 crore (March 31, 2019: ₹5,661.82 crore) (see note 27(a)) are revenues of approximately of ₹828.11 crore (March 31, 2019: Ruppees 277.56 crore) which arose from sales to the Company's largest customer. No other single customers contributed 10% or more to the Company's revenue for both 2019-20 and 2018-19.

### (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, 2020	As at March 31, 2019
Floating rate	630.39	523.11
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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### Contractual maturities of financial liabilities :-

(₹ in crore)

Particulars	Not later than 1 year	Between 1 and 5 years	Later than 5 years	Total
<b>Non-derivatives</b>				
<b>As at March 31, 2020</b>				
Borrowings	318.61	245.29	-	563.90
Lease liabilities	0.08	0.52	-	0.60
Interest accrued but not due on borrowings	2.01	-	-	2.01
Trade Payables	588.34	-	-	588.34
Security Deposits	0.94	-	-	0.94
Deferred payment	-	-	0.72	0.72
Others	0.54	-	-	0.54
<b>Total non-derivative liabilities</b>	<b>910.52</b>	<b>245.81</b>	<b>0.72</b>	<b>1,157.05</b>

<b>Non-derivatives</b>				
<b>As at March 31, 2019</b>				
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
<b>Total non-derivative liabilities</b>	<b>1,244.48</b>	<b>139.93</b>	<b>0.65</b>	<b>1,385.05</b>

### 45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crore)

Particulars	Opening balance as at April 1, 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
<b>Total liabilities from financing activities</b>	<b>737.81</b>	<b>(4.56)</b>	<b>(1.33)</b>	<b>731.91</b>

(₹ in crore)

Particulars	As at March 31, 2019	Net Cash flows	Non-cash changes-foreign exchange movement	As at March 31, 2020
Non-current borrowings	139.93	110.22	(4.86)	245.29
Current borrowings	451.89	(208.61)	1.33	244.61
Current maturities of non-current borrowings	140.09	(66.09)	-	74.00
<b>Total liabilities from financing activities</b>	<b>731.91</b>	<b>(164.48)</b>	<b>(3.53)</b>	<b>563.90</b>



## NOTES TO STANDALONE FINANCIAL STATEMENTS

### 46. ACQUISITION OF BUSINESS

The Company completed the acquisition of a production unit (located at Chegunta, Hyderabad), of M/s Taurus Value Steel & Pipes Private Limited, a subsidiary of M/s Shankara Building Products Limited, Bangalore. The acquisition was approved by the Board of Directors of the Company in their meeting held on April 12, 2019 and completed on May 27, 2019. The acquisition of above unit (assets) has been accounted for under 'Ind-AS 103 : Business Combination' whereby assets acquired have been fair valued. Details of purchase consideration, fair value of net assets acquired and resultant capital reserve is as under :-

(₹ in crore)

Particulars	Fair value as on acquisition date
Property, plant and equipment	83.36
Capital work-in-progress	3.60
<b>Fair Value of identifiable net assets (A)</b>	<b>86.96</b>
Consideration paid (B)	70.00
Capital Reserve (C=A-B)	16.96
Less : Deferred tax liability recognised on fair valuation gain (D)	3.58
<b>Net Capital Reserve recognised (C-D)</b>	<b>13.38</b>

#### Note :

Acquisition-related costs amounting to ₹2.36 crore have been excluded from the consideration transferred and have been recognised as an expense in the standalone statement of profit and loss within other expenses.

### 47. TRANSITION TO IND AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹18.46 crore and a lease liability of ₹0.60 crore. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 6.60 %

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

(₹ in crore)

Particulars	Category of ROU Asset		Total
	Land	Building	
<b>Balance as at April 1, 2019</b>	-	-	-
Reclassified on adoption of Ind AS 116	18.19	1.17	19.36
Additions	-	-	-
Deletions	-	-	-
Depreciation	(0.36)	(0.54)	(0.90)
<b>Balance as at March 31, 2020</b>	<b>17.83</b>	<b>0.63</b>	<b>18.46</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

Above ROU assets have been pledged as security for term loan taken as at March 31, 2020. see note 16 & 21 for loans taken against which these assets are pledged.

Leasehold land located at Murbad, Maharashtra having value of ₹1.19 crore as at March 31, 2020, is in the name of Lloyd Line Pipe Limited which was merged with the Company in earlier year under section 230 and section 232 of the Companies Act, 2013 in terms of approval of Honorable National Company Law Tribunal, Principal bench, New Delhi.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

The following is the break-up of current and non-current lease liabilities as at March 31, 2020:

(₹ in crore)

Particulars	As at March 31, 2020
Current lease liability	0.52
Non-current lease liability	0.08
<b>Total</b>	<b>0.60</b>

The following is the movement in lease liabilities during the year ended March 31, 2020:

(₹ in crore)

Particulars	Year ended March 31, 2020
<b>Balance at the beginning</b>	-
Additions	1.17
Finance cost accrued during the period	0.01
Deletions	-
Payment of lease liabilities	(0.58)
<b>Balance at the end</b>	<b>0.60</b>

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis :

(₹ in crore)

Particulars	As at March 31, 2020
Less than one year	0.58
One to five years	0.10
More than five years	-
<b>Total</b>	<b>0.68</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases is ₹5.00 crore for the year ended March 31, 2020.

### 48. 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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

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, 2020	As at March 31, 2019
Non current borrowings	245.29	139.93
Current maturities of non current borrowings	74.00	140.09
Current borrowings	244.61	451.89
Less: Cash and cash equivalents	(38.85)	(24.28)
Less: Bank balances other than cash and cash equivalents	(1.07)	(0.50)
<b>Total Debts</b>	<b>523.98</b>	<b>707.13</b>
<b>Total equity</b>	<b>1,275.24</b>	<b>1,007.78</b>
<b>Gearing Ratio</b>	<b>0.41</b>	<b>0.70</b>

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

## (b) Dividends

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Final dividend for the year ended March 31, 2020 of ₹ Nil (March 31, 2019 – ₹14) (excluding dividend distribution tax)	-	33.95
Dividends not recognised at the end of the reporting period	-	33.95
Dividend distribution tax	-	6.98

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

**SANJAY GUPTA**

Chairman & Managing Director  
DIN : 00233188

**ROMI SEHGAL**

Director  
DIN : 03320454

**VINAY GUPTA**

Director  
DIN : 00005149

**DEEPAK GOYAL**

Chief Financial Officer

**DEEPAK C S**

Company Secretary  
ICSI Membership No. : F5060

Place : Ghaziabad  
Date : June 30, 2020



# INDEPENDENT AUDITORS' 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 Ind AS financial statements of **APL Apollo Tubes Limited** ("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, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of 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 reports of the other auditors on separate financial statements of the subsidiaries 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'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, 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 auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of 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.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Accounting for business combination (Refer Note 1(ii)(d) and 46 of consolidated financial statements)</b></p> <p>The acquisition accounting requires the management to identify and value acquired assets (including intangible assets) and liabilities at the acquisition date. Significant judgement has been applied by the management in such identification.</p>	<p><b>Principal audit procedures performed:</b></p> <p>We performed testing of design and operating effectiveness of internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>Evaluated the design and tested the operating effectiveness of the management's internal control processes around application of the principles of Ind AS 103 "Business combinations" and compliance thereto;</li> <li>Read minutes of board meetings approving the acquisition;</li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
	<p>The fair valuation of the assets was done based on sales comparison method under market approach and depreciated replacement cost method under cost approach, which involved usage of significant estimates. The management had engaged an external professional services firm in this regard.</p> <p>Due to the complexity involved in the accounting for the transaction in accordance with Ind AS 103 and considering the assumptions and estimates required to be made by the management as part of purchase price allocation, the accounting for business combination was considered as a key audit matter</p>	<ul style="list-style-type: none"> <li>• With the assistance of our internal valuation specialists, we evaluated :               <ul style="list-style-type: none"> <li>- the approach of the external expert engaged by the management with respect to the identification of assets and liabilities acquired considering the requirement of Ind AS 103.</li> <li>- the appropriateness of valuation approach followed by the management's expert.</li> <li>- Reasonableness of inputs used for sales comparison method under market approach and depreciated replacement cost method under cost approach.</li> </ul> </li> <li>• We also evaluated the objectivity, competence and independence of the management expert, an external professional services firm.</li> </ul> <p>We further assessed the adequacy of the disclosures made in the consolidated financial statements for the year ended March 31, 2020.</p>

### 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 Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the consolidated financial statements and our auditor's report thereon. The Board's report including annexures to Board's report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and will 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 identified above when it becomes available, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors 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 subsidiaries, is traced from their financial statements audited by the other auditors.

When we read the Board's report including annexures to Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED 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 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 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 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 entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits 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

- (a) We did not audit the financial statements of three subsidiaries whose financial statements reflect total assets of Rupees 467.42 crore as at March 31, 2020 and total revenues of Rupees 663.25 crore and net cash inflow amounting to Rupees 4.68 crore for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have 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 these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rupees 2.06 crore as at March 31, 2020, total revenues of Rupees Nil and net cash inflows amounting to Rupees 0.15 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have 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 is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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 reports of the other auditors and the financial statements certified by the Management.

- (c) On account of the COVID-19 related lock-down restrictions, management performed the year end physical verification of inventories, subsequent to end of the year at all plants. We were not able to physically observe the verification of inventory that was carried out by the Management. Consequently, we have performed alternate procedures to audit the existence of Inventory as per the guidance provided by in SA 501 "Audit Evidence – Specific Considerations for Selected Items" and have obtained sufficient audit evidence to issue our unmodified opinion on these financial statements. Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

#### 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 reports of the other auditors on the separate financial statements of the subsidiaries 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 auditors.

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of 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, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 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 no 37(a) of the consolidated financial statements).
  - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts (Refer Note no 37(b)(6) of the 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 no 37(c) of the consolidated financial statements).

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

**(RASHIM TANDON)**  
(Partner)

(Membership No. 95540)  
(UDIN: 2009540AAAAAT8382)

Place: New Delhi  
Date: June 30, 2020

# 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 the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **APL Apollo Tubes Limited** (hereinafter referred to as "the Holding Company") and its subsidiary companies (the Holding Company and its subsidiaries together referred to "the Group"), which are companies incorporated in India, as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls 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 (ICAI)". 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India, 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 other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the 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 reports of the other auditors referred to in the Other Matters 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, 2020, based on "the criteria for internal financial control over financial reporting 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, which is company incorporated in India, is based solely on the corresponding reports of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

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

**(RASHIM TANDON)**  
(Partner)

Place: New Delhi  
Date: June 30, 2020

(Membership No. 95540)  
(UDIN: 20095540AAAAAT8382)



## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

(₹ in crore)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>I. ASSETS</b>			
(1) <b>Non-current assets</b>			
(a) Property, plant and equipment	2(a)	1,471.08	1,007.77
(b) Capital work-in-progress		10.09	27.46
(c) Right of use assets	47	97.06	-
(d) Goodwill	48	137.50	23.00
(e) Other intangible assets	2(c)	2.73	2.86
(f) <b>Financial Assets</b>			
(i) Investments	3(a) & 3(c)	1.52	49.38
(ii) Loans	4	-	0.50
(iii) Other financial assets	5	25.33	40.39
(g) Non-current tax assets (net)	6	11.50	0.66
(h) Other non-current assets	7	59.20	132.88
<b>Total non-current assets</b>		<b>1,816.01</b>	<b>1,284.90</b>
(2) <b>Current assets</b>			
(a) Inventories	8	784.18	783.50
(b) <b>Financial assets</b>			
(i) Trade receivables	9	476.36	543.31
(ii) Cash and cash equivalents	10	44.39	47.30
(iii) Bank balance other than (ii) above	11	1.22	0.50
(iv) Loans	12	1.29	1.32
(v) Other financial assets	13	2.72	2.10
(c) Other current assets	14	138.21	100.52
		<b>1,448.37</b>	<b>1,478.55</b>
<b>Assets classified as held for sale</b>	2(b)	<b>1.65</b>	<b>10.43</b>
<b>Total current assets</b>		<b>1,450.02</b>	<b>1,488.98</b>
<b>Total Assets</b>		<b>3,266.03</b>	<b>2,773.88</b>
<b>II. EQUITY AND LIABILITIES</b>			
(1) <b>Equity</b>			
(a) Equity share capital	15(a)	24.87	23.85
(b) Other equity	15(b)	1,331.28	940.21
<b>Equity attributable to the owners of the Company</b>		<b>1,356.15</b>	<b>964.06</b>
Non-controlling interests	15(c)	95.42	-
<b>Total equity</b>		<b>1,451.57</b>	<b>964.06</b>
(2) <b>Non-current liabilities</b>			
(a) <b>Financial liabilities</b>			
(i) Borrowings	16	404.32	174.52
(ii) Lease liabilities	47	0.12	-
(iii) Other financial liabilities	17	0.72	0.65
(b) Provisions	18	16.16	9.94
(c) Deferred tax liabilities (net)	19	101.16	119.97
(d) Other non-current liabilities	20	67.24	47.76
<b>Total non-current liabilities</b>		<b>589.72</b>	<b>352.84</b>
(3) <b>Current liabilities</b>			
(a) <b>Financial liabilities</b>			
(i) Borrowings	21	322.85	535.59
(ii) Lease liabilities	47	0.58	-
(iii) Trade payables	22	-	-
- total outstanding dues of micro enterprises and small enterprises		1.08	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		763.33	698.92
(iv) Other financial liabilities	23	114.41	183.18
(b) Other current liabilities	24	17.25	30.65
(c) Provisions	25	1.13	0.84
(d) Current tax liabilities (net)	26	4.11	7.80
<b>Total current liabilities</b>		<b>1,224.74</b>	<b>1,456.98</b>
<b>Total Equity and Liabilities</b>		<b>3,266.03</b>	<b>2,773.88</b>

See accompanying notes to the consolidated financial statements

1-49

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 & Managing Director

DIN : 00233188

**ROMI SEHGAL**

Director

DIN : 03320454

**VINAY GUPTA**

Director

DIN : 00005149

**DEEPAK GOYAL**

Chief Financial Officer

**DEEPAK C S**

Company Secretary

ICSI Membership No. : F5060

Place : New Delhi

Date : June 30, 2020

Place : Ghaziabad

Date : June 30, 2020

## STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in crore)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
I Revenue from operations	27	7,723.23	7,152.32
II Other income	28	22.18	11.71
III Total income (I + II)		7,745.41	7,164.03
IV Expenses			
(a) Cost of materials consumed	29	6,597.65	6,288.78
(b) Purchase of stock-in-trade (traded goods)		116.57	107.20
(c) Changes in inventories of finished goods, work-in-progress, rejection and scrap	30	(135.67)	(88.30)
(d) Employee benefits expense	31	142.19	107.94
(e) Finance costs	32	107.27	113.35
(f) Depreciation and amortisation expense	33	95.91	64.26
(g) Other expenses	34	525.15	343.86
Total expenses		7,449.07	6,937.09
V Profit before tax (III - IV)		296.34	226.94
VI Tax expense:			
(a) Current tax (net)		66.94	64.81
(b) Deferred tax (credit) / charge (net)	19	(25.31)	13.77
(c) Income tax (credit) / expense of earlier year	41	(1.29)	0.11
Total tax expense	41	40.34	78.69
VII Profit for the year (V-VI)		256.00	148.25
VIII Other comprehensive income			
Add : (less) items that will not be reclassified to profit or loss			
(a) Equity instruments through other comprehensive income		2.20	8.90
(b) Remeasurement of post employment benefit obligation		(2.13)	(0.23)
(c) Income tax relating to (b) above		0.53	0.07
Other comprehensive income for the year		0.60	8.74
IX Total comprehensive income for the year (VII+VIII)		256.60	156.99
X Profit for the year attributable to :			
- Owner of the Company		237.97	148.25
- Non-controlling interests		18.03	-
		256.00	148.25
XI Other comprehensive income for the year attributable to :			
- Owner of the Company		0.61	8.74
- Non-controlling interests		(0.01)	-
		0.60	8.74
XII Total other comprehensive income for the year attributable to :			
- Owner of the Company		238.58	156.99
- Non-controlling interests		18.02	-
		256.60	156.99
XIII Earnings per equity share of ₹10 each			
(a) Basic (in ₹)	36	97.17	62.47
(b) Diluted (in ₹)	36	96.32	61.76
See accompanying notes to the consolidated financial statements	1-49		

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 & Managing Director

DIN : 00233188

**ROMI SEHGAL**

Director

DIN : 03320454

**VINAY GUPTA**

Director

DIN : 00005149

**DEEPAK GOYAL**

Chief Financial Officer

**DEEPAK C S**

Company Secretary

ICSI Membership No. : F5060

Place : New Delhi

Date : June 30, 2020

Place : Ghaziabad

Date : June 30, 2020

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY FOR THE YEAR ENDED MARCH 31, 2020

### a) Equity share capital

(₹ in crore)

Particulars	Amount
Opening balance as at April 1, 2018	23.73
Changes during the year ended March 31, 2019	0.12
Balance as at March 31, 2019	23.85
Changes during the year ended March 31, 2020	1.02
Balance as at March 31, 2020	24.87

### b) Other equity

(₹ in crore)

Particulars	Reserves and surplus						Items of other comprehensive income Equity instruments through other comprehensive income (see note 3(b)(ii))	Attributable to owners of the Parent	Non-controlling interests	Total
	Debt redemption reserve	Securities premium	General reserve	Capital Reserve	Share option outstanding account	Surplus in Statement of profit and loss				
Opening balance as at April 1, 2018	50.00	205.12	28.87	-	6.04	524.09	-	814.12	-	814.12
Profit for the year ended March 31, 2019	-	-	-	-	-	148.25	-	148.25	-	148.25
Other comprehensive income for the year, net of tax	-	-	-	-	-	(0.16)	8.90	8.74	-	8.74
Total comprehensive income for the year	-	-	-	-	-	148.08	8.90	156.99	-	156.99
<b>Allocations/Appropriations:</b>										
Dividend paid	-	-	-	-	-	(33.22)	-	(33.22)	-	(33.22)
Dividend distribution tax	-	-	-	-	-	(6.76)	-	(6.76)	-	(6.76)
Share option outstanding account	-	-	-	-	3.55	-	-	3.55	-	3.55
Security premium on issue of shares	-	5.53	-	-	-	-	-	5.53	-	5.53
Transfer to Securities premium	-	1.94	-	-	(1.94)	-	-	-	-	-
Transfer to Debt Redemption Reserve	30.00	-	-	-	-	(30.00)	-	-	-	-
Balance as at March 31, 2019	80.00	212.59	28.87	-	7.65	602.20	8.90	940.21	-	940.21
Profit for the year ended March 31, 2020	-	-	-	-	-	237.97	-	237.97	18.03	256.00
Other comprehensive income for the year, net of tax	-	-	-	-	-	(1.59)	2.20	0.61	(0.01)	0.60
Total comprehensive income for the year	-	-	-	-	-	236.38	2.20	238.58	18.02	256.60
<b>Allocations/Appropriations:</b>										
Dividend paid	-	-	-	-	-	(33.96)	-	(33.96)	-	(33.96)
Dividend distribution tax	-	-	-	-	-	(7.05)	-	(7.05)	-	(7.05)
Non-controlling interests acquired on business combination (see note 46(b))	-	-	-	-	-	-	-	-	82.00	82.00
Adjustment for changes in ownership interests	-	-	-	-	-	-	-	-	(4.60)	(4.60)
Share option outstanding account	-	-	-	-	3.68	-	-	3.68	-	3.68
Transfer to Securities premium	-	2.19	-	-	(2.19)	-	-	-	-	-
Transferred (to)/from General Reserve	-	-	11.10	-	-	-	(11.10)	-	-	-
Transfer to Capital Reserve (see note 46(a))	-	-	-	13.38	-	-	-	13.38	-	13.38
Security premium on issue of shares	-	176.44	-	-	-	-	-	176.44	-	176.44
Transfer from Debt Redemption Reserve	(80.00)	-	-	-	-	80.00	-	-	-	-
Balance as at March 31, 2020	(80.00)	178.63	11.10	13.38	1.49	38.99	(11.10)	152.49	77.40	229.89
Balance as at March 31, 2020	-	391.22	39.97	13.38	9.14	877.57	-	1,331.28	95.42	1,426.70

See accompanying notes to the consolidated financial statements

1-49

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 & Managing Director

DIN : 00233188

**ROMI SEHGAL**

Director

DIN : 03320454

**VINAY GUPTA**

Director

DIN : 00005149

**DEEPAK GOYAL**

Chief Financial Officer

**DEEPAK C S**

Company Secretary

ICSI Membership No. : F5060

Place : New Delhi

Date : June 30, 2020

Place : Ghaziabad

Date : June 30, 2020

## STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	(See note below)	
<b>A. Cash flow from operating activities</b>	<b>296.34</b>	<b>226.94</b>
<b>Profit before tax</b>		
<b>Adjustments for:</b>		
Depreciation and amortisation expense	95.91	64.26
(Gain) on sale of property, plant and equipment (net)	(0.22)	(0.12)
Finance costs	107.27	113.35
Interest income on fixed deposits	(0.93)	(0.79)
Interest income on others	(1.56)	(2.06)
(Gain) on sale of assets classified as held for sale	(1.46)	(0.07)
Provision for slow moving inventory of spares & consumables	0.24	0.22
Government grant income	(8.47)	(6.24)
Derivatives measured at fair value through profit & loss account	(0.89)	(0.02)
Bad debts written off	0.02	0.20
Net unrealised foreign exchange (gain)	(2.83)	(3.66)
Allowance for doubtful trade receivables (expected credit loss allowance)	2.36	0.63
Share based expenses	3.68	3.55
<b>Operating profit before working capital changes</b>	<b>489.46</b>	<b>396.19</b>
<b>Changes in working capital:</b>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	28.40	(192.24)
Trade receivables	84.73	(112.34)
Current loans and other financial assets	6.11	18.23
Non-current loans and other financial assets	(1.59)	(20.89)
Other current assets	(23.09)	(12.57)
Other non-current assets	3.29	(14.35)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	25.68	323.64
Other current liabilities	(26.20)	18.14
Other current financial liabilities	(10.63)	(0.19)
Other non current financial liabilities	0.07	0.06
Other non current liabilities	10.60	18.76
Provisions (current & non-current)	4.29	2.46
<b>Cash generated from operations</b>	<b>591.12</b>	<b>424.90</b>
Net income tax (paid)	(81.57)	(67.26)
<b>Net cash flow from operating activities (A)</b>	<b>509.55</b>	<b>357.64</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on property, plant and equipment (including capital advances)	(309.24)	(236.93)
Proceeds from sale of property, plant and equipment	7.80	10.84
Proceeds from sale of assets classified as held for sale	5.42	0.33
Investment in margin money	(0.62)	(0.05)
Investment in equity shares	(142.33)	(39.37)
Proceeds from sale of equity shares	0.01	-
Interest received	4.05	1.25
<b>Net cash flow (used in) investing activities (B)</b>	<b>(434.92)</b>	<b>(263.93)</b>

## STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>C. Cash flow from financing activities</b>		
Proceeds from non-current borrowings	383.05	150.01
Repayment of non-current borrowings	(250.68)	(105.16)
Proceeds from current borrowings	-	156.06
Repayment of current borrowings	(227.23)	(117.90)
Payment of dividends	(34.05)	(33.49)
Payment of dividend distribution tax	(7.05)	(6.76)
Proceeds from issue of equity share capital	177.46	5.64
Payment on account of lease liabilities	(0.60)	-
Finance costs	(118.73)	(101.43)
<b>Net cash flow (used in) financing activities (C)</b>	<b>(77.83)</b>	<b>(53.03)</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>	<b>(3.20)</b>	<b>40.68</b>
Add : Cash acquired on business combination (see note 46(b))	0.29	-
Cash and cash equivalents at the beginning of the year	47.30	6.62
<b>Cash and cash equivalents at the end of the year</b>	<b>10</b>	<b>47.30</b>

**Note :**

Cash flow for the year ended March 31, 2020 includes effect of acquisition of Apollo Tricoat Tubes Limited (see note 46(b)).

See accompanying notes to the standalone financial statements 1-49

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 & Managing Director

DIN : 00233188

**ROMI SEHGAL**

Director

DIN : 03320454

**VINAY GUPTA**

Director

DIN : 00005149

**DEEPAK GOYAL**

Chief Financial Officer

**DEEPAK C S**

Company Secretary

ICSI Membership No. : F5060

Place : New Delhi

Date : June 30, 2020

Place : Ghaziabad

Date : June 30, 2020

## NOTES TO 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 four wholly owned subsidiaries in India, one wholly owned subsidiary in Dubai, United Arab Emirates and one subsidiary company in India (the Company and its subsidiaries constitute " the Group"). The Group has ten manufacturing units, a) three at Sikanderabad, Uttar Pradesh, b) one at Dujana, Uttar Pradesh, c) one at Hosur, Tamilnadu, d) one at Raipur, Chhattisgarh, e) one at Murbad, Maharashtra, f) one at Bengaluru, Karnataka, g) one at Malur, Karnataka and h) one at Chegunta, Hyderabad.

The consolidated financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on June 30, 2020.

### 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 Company consolidates all entities which are controlled by it. The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity. Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

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, 2020.
- 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. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying value of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interests having a deficit balance.
- e. Goodwill arising on consolidation is not amortised but tested for impairment.
- f. Following Indian subsidiaries have been considered in the preparation of consolidated financial statements:
  - Apollo Metalex Private Limited (a wholly owned subsidiary)
  - Shri Lakshmi Metal Udyog Limited (a wholly owned subsidiary)
  - Blue Ocean Projects Private Limited (a wholly owned subsidiary)
  - APL Apollo Building Products Private Limited (a wholly owned subsidiary)
  - Apollo Tricoat Tubes Limited (a subsidiary) (see note 46(b))
- g. Following foreign subsidiary has been considered in the preparation of consolidated financial statements:
  - APL Apollo Tubes FZE

#### (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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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

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

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

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

### (d) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively."

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value

with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### (e) 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.

#### Income Taxes

Deferred tax assets are recognized 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.

#### 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.

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

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

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

The Group had closed all its manufacturing plants and offices with effect from March 24, 2020 following countrywide lockdown due to Covid-19. Subsequent to the year end, APL Apollo Tubes Limited had resumed its operations at its Raipur plant with effect from April 22, 2020. All the remaining plants and office of the Group have resumed operations gradually over a period of time adhering to the safety norms prescribed by the Government of India.

The Group has assessed the impact of Covid-19 pandemic on its business operations and has considered relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of property, plant and equipment, goodwill, inventories, and trade receivables. Based on current estimates, the Group expects the carrying amount of these assets will be recovered. Further, the management believes that there may not be significant impact of Covid-19 pandemic on the financial position and performance of the Group, in the long-term. The Group will continue to closely monitor any material changes to future economic conditions.

### (f) 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 CONSOLIDATED FINANCIAL STATEMENTS

### (g) 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).

### (h) Revenue recognition

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

#### (i) Sale of goods

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

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

#### (ii) Interest Income

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

#### (iii) Commission Income

Commission income is recognised when the services are rendered.

#### (iv) Dividend Income

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

### (i) 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 the Statement of 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 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.

### (j) 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 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

asset is realised or the deferred income tax liability is settled.

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

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

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

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

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

### (k) Leases

#### As a lessee

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

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

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises

the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

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

### (l) 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.

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

For the purpose of presentation in the Statement of Cash Flows,

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 Group are segregated based on the available information.

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

### (n) Inventories

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

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

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

#### Rejection and scrap

Rejection and scrap are valued at net realisable value.

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

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

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

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

Subsequent costs are included in the asset's carrying amount

or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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.

Property, plant and equipment acquired in business combination are recognised at fair value at the acquisition date. Subsequent costs are included in the assets carrying value or recognised as a separate assets as appropriate only when it is possible that future economic benefit associated with the item will flow to the Group.

#### Capital work-in-progress

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

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

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

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

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

The residual values, useful lives and method of depreciation

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

of Property, plant & equipment is reviewed at the end of each financial year and adjusted prospectively if appropriate.

### (p) 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.

### (q) 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.

### (r) Earnings per share

Basic earnings per share is computed by dividing the net profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing net 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.

### (s) 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.

### (t) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the 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 recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

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

### (u) 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 determined based on technical evaluation performed by the management's expert.

### (v) 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:

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (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 fund, 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, as reduced by fair value of scheme assets.

### (w) 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 the financial statements for issue, not to demand payment as a consequence of the breach.

### (x) 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.

### (y) 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 recognizes 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 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 recognized in the Statement of Profit and Loss.

##### **Financial liabilities measured at Amortized Cost :**

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

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

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

### **(z) 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.

### **(aa) 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.

### **(ab) 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 Developments**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 2(A) : PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

	As at March 31, 2020	As at March 31, 2019
<b>Carrying amounts of :</b>		
Freehold land	125.87	23.46
Building	323.87	230.29
Plant and machinery	1,002.87	738.57
Office equipments	3.06	1.71
Vehicles	7.89	6.48
Furniture and fixtures	6.25	5.92
Computers	1.27	1.34
	<b>1,471.08</b>	<b>1,007.77</b>

	Freehold land	Building	Plant and machinery	Office equipments	Vehicles	Vehicles under finance lease	Furniture and fixtures	Computers	Total
<b>Gross carrying value</b>									
<b>Opening Balance as at April 1, 2018</b>	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)
<b>Balance at March 31, 2019</b>	<b>23.46</b>	<b>248.04</b>	<b>867.75</b>	<b>3.56</b>	<b>9.42</b>	-	<b>8.04</b>	<b>2.33</b>	<b>1,162.60</b>
Additions	60.96	65.99	212.06	1.73	1.98	-	0.74	0.49	343.95
Assets acquired on business combination (see note 46(b))	24.16	17.85	98.67	0.38	0.15	0.12	0.27	-	141.60
Assets acquired on business combination (see note 46(a))	23.25	23.27	35.37	0.10	0.82	-	0.53	0.02	83.36
Sales / transfer during the year	(5.96)	(2.08)	(7.11)	-	(0.23)	(0.12)	-	-	(15.50)
<b>Balance at March 31, 2020</b>	<b>125.87</b>	<b>353.07</b>	<b>1,206.74</b>	<b>5.77</b>	<b>12.14</b>	-	<b>9.58</b>	<b>2.84</b>	<b>1,716.01</b>
<b>Accumulated depreciation</b>									
<b>Opening Balance as at April 1, 2018</b>	-	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
<b>Balance at March 31, 2019</b>	-	<b>17.75</b>	<b>129.18</b>	<b>1.85</b>	<b>2.94</b>	-	<b>2.12</b>	<b>0.99</b>	<b>154.83</b>
Elimination on disposal / transfer of assets	-	(0.36)	(2.33)	-	(0.14)	-	-	-	(2.83)
Depreciation expense	-	11.81	77.02	0.86	1.45	-	1.21	0.58	92.93
<b>Balance at March 31, 2020</b>	-	<b>29.20</b>	<b>203.87</b>	<b>2.71</b>	<b>4.25</b>	-	<b>3.33</b>	<b>1.57</b>	<b>244.94</b>
<b>Net carrying value</b>									
<b>Opening Balance as at April 1, 2018</b>	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)	-	(0.00)	-	-	(0.01)	(11.45)
Depreciation expense	-	(7.46)	(52.55)	(0.53)	(1.23)	-	(1.01)	(0.46)	(63.24)
<b>Balance at March 31, 2019</b>	<b>23.46</b>	<b>230.29</b>	<b>738.57</b>	<b>1.71</b>	<b>6.48</b>	-	<b>5.92</b>	<b>1.34</b>	<b>1,007.77</b>
Additions	60.96	65.99	212.06	1.73	1.98	-	0.74	0.49	343.95
Assets acquired on business combination (see note 46(b))	24.16	17.85	98.67	0.38	0.15	0.12	0.27	-	141.60
Assets acquired on business combination (see note 46(a))	23.25	23.27	35.37	0.10	0.82	-	0.53	0.02	83.36
Sales / transfer during the year	(5.96)	(1.72)	(4.78)	-	(0.09)	(0.12)	-	-	(12.67)
Depreciation expense	-	(11.81)	(77.02)	(0.86)	(1.45)	-	(1.21)	(0.58)	(92.93)
<b>Balance at March 31, 2020</b>	<b>125.87</b>	<b>323.87</b>	<b>1,002.87</b>	<b>3.06</b>	<b>7.89</b>	-	<b>6.25</b>	<b>1.27</b>	<b>1,471.08</b>

#### Notes :-

(1) Property, plant and equipment as detailed in 2(a) have been pledged as security for term loans taken as at March 31, 2020. See note 16 & 21 for loans taken against which these assets are pledged.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 2(B) : INVESTMENT PROPERTY

(₹ in crore)

	Investment Property
<b>Gross carrying value</b>	
<b>Opening balance as at April 1, 2018</b>	<b>11.21</b>
Sales during the year	(0.26)
Assets classified as held for sale (see notes below)	(10.95)
Balance at March 31, 2019	-
Addition during the year	-
Sale / transfer during the year	-
<b>Balance at March 31, 2020</b>	<b>-</b>
<b>Accumulated depreciation</b>	
<b>Opening balance as at April 1, 2018</b>	<b>0.30</b>
Depreciation expenses	0.22
Assets classified as held for sale (see notes below)	(0.52)
Balance at March 31, 2019	-
Depreciation expenses	-
Sale / transfer during the year	-
<b>Balance at March 31, 2020</b>	<b>-</b>
<b>Net carrying value</b>	
<b>Opening balance as at April 1, 2018</b>	<b>10.91</b>
Sales during the year	(0.26)
Depreciation expenses	(0.22)
Assets classified as held for sale (see notes below)	(10.43)
Balance at March 31, 2019	-
Addition during the year	-
Depreciation expenses	-
Sale / transfer during the year	-
<b>Balance at March 31, 2020</b>	<b>-</b>

#### Notes :

- (i) The Company's investment properties consisted of commercial shops and a plot of land in Ghaziabad, India. During the year ended March 31, 2019, the Company had received ₹4.83 crore as advance against sale of commercial shops (see note 24 (c)) and planned to complete the sale of the investment properties in next 12 months. Accordingly, the investment properties were classified as assets held for sale.

During the year ended March 31, 2020, the Company has received balance consideration of ₹5.42 crore against sale of commercial shops and the possession of these commercial shops has also been handed over to the buyer. Accordingly, the Company has recognised ₹1.46 crore as profit on sale of assets classified as held for sale (see note 28 (d)). The plot of land continues to be classified as held for sale as the Company plans to complete its sale soon. The plot of land is situated at Prakash Industrial Estate Pipe Market, Village Karkar Moadan, Tahsil Loni District Ghaziabad, Uttar Pradesh. Further, the directors of the Company expect that the fair value of plot of land (based on fair valuation report - see note (ii) below) less cost to sell to be higher than the carrying amount.

- (ii) As at March 31, 2020, fair value of assets held for sale (plot of land) is ₹2.20 crore. As at March 31, 2019, fair value of assets held for sale (shops and plot of land) was ₹12.09 crore. 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 assets for held for sale/ investment properties and there is no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 2(C) : INTANGIBLE ASSETS

(₹ in crore)

	Computer Softwares
<b>Gross carrying value</b>	
Opening balance as at April 1, 2018	4.63
Additions	0.41
<b>Balance at March 31, 2019</b>	<b>5.04</b>
Additions	0.66
Assets acquired on business combination (see note 46(b))	0.30
<b>Balance at March 31, 2020</b>	<b>6.00</b>
<b>Accumulated depreciation</b>	
Opening balance as at April 1, 2018	1.38
Depreciation expense	0.80
<b>Balance at March 31, 2019</b>	<b>2.18</b>
Acquired on business combination (see note 46(b))	0.04
Depreciation expense	1.05
<b>Balance at March 31, 2020</b>	<b>3.27</b>
<b>Net carrying value</b>	
Opening balance as at April 1, 2018	3.25
Additions	0.41
Depreciation expense	(0.80)
<b>Balance at March 31, 2019</b>	<b>2.86</b>
Additions	0.66
Assets acquired on business combination (see note 46(b))	0.26
Depreciation expense	(1.05)
<b>Balance at March 31, 2020</b>	<b>2.73</b>

### 3. INVESTMENT (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(a) Investments in equity instruments carried at fair value through the other comprehensive income - (unquoted, fully paid) :</b>		
(i) 1,371,400 (March 31, 2019: 1,158,400) equity shares of ₹10 each fully paid up in Clover Energy Private Limited (see note (i) below)	1.37	1.16
(ii) Nil (March 31, 2019: 2,850) equity shares of ₹10 each fully paid up in Superguard Steels Private Limited - at fair value (see note (ii) below)	-	0.01
	<b>1.37</b>	<b>1.17</b>
<b>(b) Investments in equity instruments carried at fair value through the other comprehensive income - (quoted, fully paid) :</b>		
(i) 15,460,000 (March 31, 2019: 2,861,208) equity shares of ₹10 each fully paid up in Apollo Tricoat Tubes Limited (see note (iii) below)	-	48.21
	-	<b>48.21</b>
<b>(c) Investments in equity instruments carried at fair value through profit and loss account - (quoted, fully paid) :</b>		
(i) Investment in mutual fund of Union Midcap fund - regular plan growth	0.15	-
	<b>0.15</b>	-
<b>Total</b>	<b>1.52</b>	<b>49.38</b>
<b>Aggregate carrying value of unquoted investment</b>	<b>1.37</b>	<b>1.17</b>
<b>Aggregate carrying value of quoted investment</b>	<b>0.15</b>	<b>48.21</b>
<b>Market value of quoted investment</b>	<b>0.15</b>	<b>48.21</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Notes :

- (i) The Company holds 4.93 % (March 31, 2019 : 4.01 %) equity shares of Clover Energy Private Limited, a Company engaged in the business of providing solar energy to its customers.
- (ii) The Company holds Nil (March 31, 2019 : 19.00 %) equity shares of Superguard Steels Private Limited, a Company engaged in the business of manufacturing of steel sheets.
- (iii) The Company through its subsidiary Shri Lakshmi Metal Udyog Limited, holds 50.86 % (March 31, 2019 : 10.33 %) equity shares of Apollo Tricoat Tubes Limited, a Company engaged in the business of manufacturing of steel pipes.

During the quarter ended December 31, 2018, the Board of Directors of APL Apollo Tubes Limited 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').

Pursuant to the said Agreement, SLMUL made an open offer, which got completed on February 1, 2019. During the offer period, SLMUL acquired 1,325,000 Equity Shares from open market and 1,536,209 Equity Shares were tendered under open offer, aggregating to 2,861,209 Equity Shares, representing 10.33 % of the paid up share capital of Apollo Tricoat Tubes Limited as on March 31, 2019.

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

Subsequently, SLMU further acquired 268,761 equity shares during the year and as at year end, SLMUL, holds 15,460,000 equity shares representing 50.86% of paid up share capital of Apollo Tricoat Tubes Limited as on March 31, 2020.

#### 4. LOANS (NON-CURRENT) (Unsecured, considered good)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Loans to others (see note (i) below)	-	0.50
<b>Total</b>	<b>-</b>	<b>0.50</b>

### Notes :

- (i) In Previous year, the Company had given a loan amounting to ₹0.50 crore carrying interest 10% p.a. to a Company i.e. Superguard Steels Private Limited, for the purpose of meeting its operational requirements. The Loan has been repaid during the Financial Year 2019-20. The maximum amount outstanding during the year was ₹0.50 crore (March 31, 2019 : ₹0.50 crore). Closing balance as at March 31, 2020 is ₹ Nil crore (March 31, 2019 : ₹0.50 crore).
- (ii) There are no outstanding debts due from directors or other officers of the Company.

#### 5. OTHER FINANCIAL ASSETS (NON-CURRENT) (Unsecured, considered good)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Claim receivable	2.36	0.82
(b) Value added tax (VAT) credit receivable	-	1.02
(c) Security deposit	22.64	20.55
(d) Advance against purchase of equity shares	-	18.00
(e) In margin money with maturity more than 12 months at inception	0.33	-
<b>Total</b>	<b>25.33</b>	<b>40.39</b>

#### 6. NON-CURRENT TAX ASSETS (NET)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Advance income tax (net of provision of ₹118.37 crore, March 31, 2020 : ₹50.95 crore)	11.50	0.66
<b>Total</b>	<b>11.50</b>	<b>0.66</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 7. OTHER NON-CURRENT ASSETS (unsecured, considered good)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Capital advances	52.20	47.34
(b) Prepaid expenses	4.03	61.96
(c) Prepaid lease payments (see note 47)	-	17.83
(d) Payment under protest		
(i) Safe guard duty	0.05	3.95
(ii) Excise duty	0.28	0.57
(iii) Service tax	-	0.02
(iv) Value added tax	1.43	1.21
(v) Income Tax	1.22	-
<b>Total</b>	<b>59.20</b>	<b>132.88</b>

### 8. INVENTORIES

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Raw material (including stock-in-transit)	247.94	398.58
(b) Work in progress (including stock-in-transit)	134.17	13.01
(c) Finished goods (including stock-in-transit)	361.44	343.05
(d) Stores and spares	30.97	19.66
(e) Rejection and scrap (including stock-in-transit)	9.66	9.20
<b>Total</b>	<b>784.18</b>	<b>783.50</b>
(i) Cost of inventory recognised as expense during the year amounted to ₹6,650.08 crore (March 31, 2019 : ₹6,358.00 crore).		
(ii) <b>Details of stock-in-transit</b>		
Raw material	-	58.81
Work in progress	5.06	-
Finished goods	10.62	51.03
Rejection and Scrap	0.33	0.29

(iii) The mode of valuation of inventories has been stated in note 1(ii)(n) of significant accounting policies.

### 9. TRADE RECEIVABLES (CURRENT) (Unsecured)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) <b>Considered good</b>		
(i) Related parties	0.33	-
(ii) Other than related parties	476.03	543.31
<b>Sub total</b>	<b>476.36</b>	<b>543.31</b>
(b) <b>Considered doubtful</b>	7.67	5.31
Less: Allowance for doubtful debts (expected credit loss allowance)	(7.67)	(5.31)
<b>Sub total</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>476.36</b>	<b>543.31</b>

## NOTES TO 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	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	5.31	4.68
Charge in statement of profit and loss	2.38	0.83
Utilised during the year	(0.02)	(0.20)
<b>Balance at the end of the year</b>	<b>7.67</b>	<b>5.31</b>

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

(₹ in crore)

Particulars	As at March 31, 2020		
	Gross credit risk	Allowance for credit losses	Net credit risk
Amounts not yet due	393.00	0.63	392.37
0-90 days overdue	81.62	0.41	81.21
91-180 days overdue	3.48	0.76	2.72
181-270 days overdue	0.32	0.31	0.01
271-365 days overdue	1.72	1.67	0.05
More than 365 days overdue	3.89	3.89	-
	<b>484.03</b>	<b>7.67</b>	<b>476.36</b>

(₹ 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	-
	<b>548.62</b>	<b>5.31</b>	<b>543.31</b>

### (3) Ageing wise % of expected credit loss

Particulars	As at March 31, 2020	As at March 31, 2019
Amounts not yet due	0.00% to 0.16%	0.00% to 0.09%
0-90 days overdue	0.17% to 0.50%	0.10% to 0.28%
91-180 days overdue	0.51% to 21.94%	0.29% to 8.51%
181-270 days overdue	21.95% to 96.16%	8.51% to 49.25%
271-365 days overdue	97.17% to 97.01%	49.25% to 61.43%
More than 365 days overdue	100.00 %	100.00%

#### Note :

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 10. CASH AND CASH EQUIVALENT

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Cash on hand	0.19	0.19
(b) Balances with banks - in current accounts	36.82	29.74
(c) Balances with banks - in cash credit accounts (see note 21)	7.38	17.37
<b>Total</b>	<b>44.39</b>	<b>47.30</b>

### 11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) <b>In earmarked accounts</b>		
(i) unpaid dividend account	0.53	0.43
(ii) In margin money with maturity less than 12 months at inception	0.69	0.07
<b>Total</b>	<b>1.22</b>	<b>0.50</b>

### 12. LOANS (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Loans to employees	1.18	1.05
(b) Loans to director (see note below)	0.11	0.27
	<b>1.29</b>	<b>1.32</b>

**Note :**

In previous year, a subsidiary had given a loan towards personal requirements amounting to ₹0.33 crore free of interest to one of its Directors. During the year, ₹0.14 crore has been repaid. The maximum amount outstanding during the year is ₹0.27 crore. Closing balance as at March 31, 2020 is ₹0.11 crore (March 31, 2019 : ₹0.27 crore).

### 13. OTHER FINANCIAL ASSETS (CURRENT) (Unsecured, considered good)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Government grants		
(i) Licences in hand	0.44	0.38
(b) Interest accrued	0.16	1.71
(c) Claim receivables	1.23	0.01
(d) Derivative assets	0.89	-
<b>Total</b>	<b>2.72</b>	<b>2.10</b>

### 14. OTHER CURRENT ASSETS (Unsecured, considered good)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Prepaid expenses	3.06	2.58
(b) Prepaid lease payments (see note 47)	-	0.78
(c) Balances with government authorities		
(i) Goods and services tax (GST) credit receivable / Cenvat credit receivable	92.50	22.33
(ii) Service tax credit receivable	-	0.20
(iii) Advance Goods and service tax credit on import of goods	0.11	8.43
(d) Value added tax (VAT) credit receivable	1.13	0.85
(e) Payment under protest		
(i) Sales Tax Appeal	0.13	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2020	As at March 31, 2019
(ii) Income tax	-	0.50
(f) Government grant:		
(i) Export incentives	7.39	3.03
(g) Advance to suppliers	33.67	51.70
(h) Advance to Employees	0.03	-
(i) GST refund receivable	0.07	10.12
(j) Gold coins in hand	0.12	-
<b>Total</b>	<b>138.21</b>	<b>100.52</b>

### 15. EQUITY

#### 15(A) : EQUITY SHARE CAPITAL

(₹ in crore, except otherwise stated)

S. No.	Particulars	As at March 31, 2020		As at March 31, 2019	
		Number of Shares	Amount	Number of Shares	Amount
(i)	<b>Authorised capital</b>				
	Equity shares of ₹10 each with voting rights	4,50,00,000	45.00	4,50,00,000	45.00
		<b>4,50,00,000</b>	<b>45.00</b>	<b>4,50,00,000</b>	<b>45.00</b>
(ii)	<b>Issued capital</b>				
	Equity shares of ₹10 each with voting rights	2,48,69,015	24.87	2,38,50,381	23.85
		<b>2,48,69,015</b>	<b>24.87</b>	<b>2,38,50,381</b>	<b>23.85</b>
(iii)	<b>Subscribed and fully paid up capital</b>				
	Equity shares of ₹10 each with voting rights	2,48,69,015	24.87	2,38,50,381	23.85
		<b>2,48,69,015</b>	<b>24.87</b>	<b>2,38,50,381</b>	<b>23.85</b>

#### (1) Reconciliation of the number of shares and amount outstanding at the March 31, 2020 and March 31, 2019 :

Particulars	Number of shares		Amount	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020 (₹ in crore)	As at March 31, 2019 (₹ in crore)
<b>Equity share capital</b>				
<b>Outstanding at the beginning of the year</b>	<b>2,38,50,381</b>	<b>2,37,29,805</b>	<b>23.85</b>	<b>23.73</b>
Add: Issued of shares under Company's employee stock option plan (see note 39(d))	1,18,634	1,20,576	0.12	0.12
Add: Issued of shares under Preferential allotment (see note below)	4,00,000	-	0.40	-
Add: Issued of shares by conversion of share warrants (see note below)	5,00,000	-	0.50	-
<b>Outstanding at the end of the year</b>	<b>2,48,69,015</b>	<b>2,38,50,381</b>	<b>24.87</b>	<b>23.85</b>

#### Note :

During the year, the shareholders of the Company through postal ballot on April 4, 2019 approved the issuance 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 ₹1,800 per share and ₹2,000 per warrant respectively. Subsequently, the Board of Directors of the Company in its meeting held on April 12, 2019, allotted the said equity shares and warrants. On October 28, 2019, the finance committee of the Board of Directors allotted 5,00,000 equity shares on conversion of said warrants.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (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, 2020		As at March 31, 2019	
	Number of shares held	% holding	Number of shares held	% holding
<b>Equity shares with voting rights</b>				
APL Infrastructure Private Limited	89,25,187	35.89%	80,25,187	33.65%
Kitara PIIN 1001	30,00,000	12.06%	30,00,000	12.58%

### (4) Share options granted under the Company's employee share options plans

As at March 31, 2020, executives and senior employees held options over 216,748 equity shares of the Company. As at March 31, 2019, executives and senior employees held options over 2,73,123 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.

### 15(B) : OTHER EQUITY

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium	391.22	212.59
Debenture redemption reserve	-	80.00
General reserve	39.97	28.87
Capital Reserve	13.38	-
Surplus in Statement of profit and loss	877.57	602.20
Share option outstanding account	9.14	7.65
Items of other comprehensive income	-	8.90
<b>Total</b>	<b>1,331.28</b>	<b>940.21</b>

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(1) Securities premium</b>		
Balance at the beginning of the year	212.59	205.12
Add: Issued of shares by conversion of share warrants	99.50	-
Add: Issued of shares under Preferential allotment	71.60	-
Add: Issued of shares under Company's employee stock option plan	7.53	7.47
<b>Balance at the end of the year</b>	<b>391.22</b>	<b>212.59</b>
<b>(2) Debenture redemption reserve</b>		
Balance at the beginning of the year	80.00	50.00
Add: Transferred from surplus in statement of profit and loss	(80.00)	30.00
<b>Balance at the end of the year</b>	<b>-</b>	<b>80.00</b>
<b>(3) General reserve</b>		
Balance at the beginning of the year	28.87	28.87
Add: Transferred from items of other comprehensive income	11.10	-
<b>Balance at the end of the year</b>	<b>39.97</b>	<b>28.87</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(4) Capital reserve</b>		
Balance at the beginning of the year	-	-
Add: Relating to business combination (see note 46(a))	13.38	-
<b>Balance at the end of the year</b>	<b>13.38</b>	<b>-</b>
<b>(5) Surplus in Statement of profit and loss</b>		
Balance at the beginning of the year	602.20	524.09
Add: Total comprehensive income for the year	236.38	148.09
Less: Final dividend	33.96	33.22
Less: Tax on final dividend	7.05	6.76
Add: Transfer from / (to) debenture redemption reserve	80.00	(30.00)
<b>Balance at the end of the year</b>	<b>877.57</b>	<b>602.20</b>
<b>(6) Share option outstanding account</b>		
Balance at the beginning of the year	7.65	6.04
Add : Addition during the year	3.68	3.55
Less : Deletion during the year	2.19	1.94
<b>Balance at the end of the year</b>	<b>9.14</b>	<b>7.65</b>
<b>(7) Items of other comprehensive income</b>		
Balance at the beginning of the year	8.90	-
Add: Equity instruments through other comprehensive income	2.20	8.90
Less: Transfer to general reserve	(11.10)	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>8.90</b>

### Nature and purpose of Reserves :-

- (i) **Securities premium** : Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Indian Companies Act, 2013 ("the Companies Act").
- (ii) **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. Amount has been transferred to Surplus in Statement of profit and loss on redemption of debentures during the year. Amount has been transferred to Surplus in Statement of profit and loss on redemption of debentures during the year.
- (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) **Capital reserve** : The excess of fair value of net assets acquired over consideration paid in a business combination is recognised as capital reserve. The reserve is not available for distribution.
- (v) **Surplus in Statement of profit and loss** : It represents unallocated/un-distributed profits of the Company. The same is available for distribution.
- (vi) **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)
- (vii) **Items of other comprehensive income** : It represents profits / (loss) of the Group which will not be reclassified to statement of profit or loss. This also represents gain on fair valuation of investments in Apollo Tricoat Tubes Limited ('ATTL') which are carried at fair value through the other comprehensive income. During the year SLMU has acquired 50.86% stake in ATTL and on completion of acquisition, the balance has been transferred to general reserve.
- (viii) 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 15(C) : NON-CONTROLLING INTERESTS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Non-controlling interests</b>		
Balance at the beginning of the year	-	-
Add: Non-controlling interests arising on business combination (see note 46(b))	82.00	-
Less : Adjustment for changes in ownership interests	(4.60)	-
Add: Share of profit for the year	18.02	-
<b>Balance at the end of the year</b>	<b>95.42</b>	<b>-</b>

### 16. BORROWINGS (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(a) Debentures:</b>		
11.50% Secured, listed, Nil (March 31, 2019 : 950) Non-Convertible redeemable debentures of ₹0.10 crore each (see note (i) below)	-	95.00
<b>(b) Term Loan:</b>		
- From bank		
(i) Secured (see note (ii) below)	364.32	79.52
- From others		
(i) Secured (see note (ii) below)	40.00	-
<b>Total</b>	<b>404.32</b>	<b>174.52</b>

#### (i) Details of debentures issued by the Company

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 carried interest rate of 8.68% p.a. were redeemable at face value in one single installment upto July 5, 2021. During the current financial year 2019-20, debentures have been fully repaid.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

₹ in crore)

	As at March 31, 2020		As at March 31, 2019	
	Non current borrowings	Current Maturities of non- current borrowings	Non current borrowings	Current Maturities of non- current borrowings
<b>In case of Holding Company :</b>				
Term Loan facilities are secured by first pari passu 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term Loan facilities of APL Apollo Tubes Limited from banks are further secured by first pari passu charge on 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term loan facilities are further secured by second charge on the entire present and future current assets of the company. Credit facilities are further secured by personel guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta. The loan outstanding is repayable in 18 quarterly instalments commencing from July 2020 and ending in October 2024. Applicable rate of interest is 8.65%.	41.67	8.33	-	-
Term Loan facilities are secured by first pari passu 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term Loan facilities of APL Apollo Tubes Limited from banks are further secured by first pari passu charge on 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term loan facilities are further secured by second charge on the entire present and future current assets of the Company. Credit facilities are further secured by personel guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta. The loan outstanding is repayable in 18 quarterly instalments commencing from June 2020 & July 2020 and ending in September 2024 & October 2024. Applicable rate of interest is 8.45% - 8.95%.	122.22	27.78	-	-
Term Loan facilities are secured by first pari passu 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term Loan facilities of APL Apollo Tubes Limited from banks are further secured by first pari passu charge on 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term loan facilities are further secured by second charge on the entire present and future current assets of the Company. Credit facilities are further secured by personel guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta. The loan outstanding is repayable in 15 quarterly instalments commencing from June 2020 and ending in December 2023. Applicable rate of interest is 4.15%. Closing balance of loan as on March 31, 2020 is USD 9,863,576 equivalent to ₹74.35 crore.	51.56	22.79	-	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2020		As at March 31, 2019	
	Non current borrowings	Current Maturities of non- current borrowings	Non current borrowings	Current Maturities of non- current borrowings
<p>Term Loan facilities are secured by first pari passu 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term Loan facilities of the Company from banks are further secured by first pari passu charge on 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Term loan facilities are further secured by second charge on the entire present and future current assets of the Company. Credit facilities are further secured by personel guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta. The loan outstanding is repayable in 6 to 13 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>	29.84	15.10	44.93	15.09
<p>As at March 31, 2019, 11.50 %, Secured ,listed, Non-Convertible redeemable debentures of ₹10 Lacs 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 &amp; Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu &amp; 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 &amp; 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.</p> <p>These debentures were redeemable at face value in one single installment upto September 28, 2019. During the current financial year 2019-20, debentures have been fully repaid.</p>	-	-	-	75.00
<p>As at March 31, 2019, 8.20 %, Secured ,listed, Non-Convertible redeemable debentures of ₹10 Lacs 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 &amp; Plot No. 332 to 338, Alur Village, Perandapalli, Hosur, Tamilnadu &amp; 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 &amp; 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.</p> <p>These debentures were redeemable at face value in one single installment upto February 28, 2020. During the current financial year 2019-20, debentures have been fully repaid.</p>	-	-	-	50.00

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2020		As at March 31, 2019	
	Non current borrowings	Current Maturities of non- current borrowings	Non current borrowings	Current Maturities of non- current borrowings
<b>In case of Shri Lakshmi Metal Udyog Limited :</b>				
Term Loan facilities are secured by first pari passu charge on entire present and future movable and immovable fixed assets of the Company situated at KIADB Industrial Area, Plot No. 9-11, Balaganahalli Village, Attibele, Anekal Taluk, Bangalore and second charge on the entire present and future current assets of the Company. Credit facilities are further secured by personal guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta and corporate guarantee of APL Apollo Tubes Limited. The loan outstanding is repayable in 20 quarterly instalments commencing from May 2020 and ending in February 2025. Applicable rate of interest is 9.50%.	40.00	10.00	-	-
<b>In case of Apollo Metalex Private Limited :</b>				
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, Bulandshahr, UP and second pari passu charge on entire (present and future) current assets of the Company. Credit facilities are further secured by personal guarantee of Sh. Sanjay Gupta & Sh. Vinay Gupta and corporate guarantee of APL Apollo Tubes Limited. The Loan outstanding as at balance sheet date is repayable in 18 quarterly instalments commencing from July 2019 and ending in October 2023 of ₹9,727,000 each. Applicable rate of interest is 9.00 %.	-	-	14.59	2.93
Term Loan facilities are secured by first pari passu 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 and Plot No. 22, Industrial Area, Sikandarabad. Credit facilities are further secured by second charge on the entire present and future current assets of the Company. Credit facilities are further secured by personal guarantees of the Mr. Sanjay Gupta and Mr. Vinay Gupta and corporate guarantee of APL Apollo Tubes Limited. The Loan outstanding as at balance sheet date is repayable in 9 quarterly instalments commencing from April 2020 and ending in October 2021 of ₹19,444,444 each. Applicable rate of interest is 8.00% - 9.00 %.	5.83	7.78	-	-
Term Loan facilities are secured by first pari passu 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 and Plot No. 22, Industrial Area, Sikandarabad. Credit facilities are further secured by second charge on the entire present and future current assets of the Company. Credit facilities are further secured by personal guarantees of the Mr. Sanjay Gupta and Mr. Vinay Gupta and corporate guarantee of APL Apollo Tubes Limited. The Loan outstanding as at balance sheet date is repayable in 20 quarterly instalments commencing from June, 2020 and ending in May 2024 of ₹12,500,000 each. Applicable rate of interest is 9.05% - 9.25 %.	15.00	5.00	20.00	5.00
<b>In case of Apollo Tricoat Tubes Limited :</b>				
Term loan facilities are secured by first charge through equitable mortgage of the Company land and building situated at Dujana, Dadri, Gautam Budhha Nagar, Uttar Pradesh and second charge through equitable mortgage of the Company land and building situated at Malur, Kolar, Karnataka. Term Loan facilities are further secured by way of first charge on entire present and future movable fixed assets of the Company situated at Dujana, Dadri, Gautam Budhha Nagar, Uttar Pradesh and Malur, Kolar, Karnataka. Credit facilities are further secured by second charge on the entire present and future current assets of the Company, by personal guarantees of Mr. Sanjay Gupta and corporate guarantee of APL Apollo Tubes Limited. The loan outstanding is repayable in 12 unequal half yearly installments commencing from May 2020 and ending in May 2025. Applicable rate of interest is 9.35%.	50.70	7.30	-	-
Term loan facilities are secured by first charge through equitable mortgage of the Company land and building situated at Dujana, Dadri, Gautam Budhha Nagar, Uttar Pradesh and second charge through equitable mortgage of the Company land and building situated at Malur, Kolar, Karnataka. Term Loan facilities are further secured by way of first charge on entire present and future movable fixed assets of the Company situated at Dujana, Dadri, Gautam Budhha Nagar, Uttar Pradesh and Malur, Kolar, Karnataka. Credit facilities are further secured by second charge on the entire present and future current assets of the Company, by personal guarantees of Mr. Sanjay Gupta and corporate guarantee of APL Apollo Tubes Limited. The loan outstanding is repayable in 20 quarterly installments commencing from March 2021 and ending in December 2025. Applicable rate of interest is 9.35%.	47.50	2.50	-	-
<b>Total</b>	<b>404.32</b>	<b>106.58</b>	<b>79.52</b>	<b>148.02</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 17. OTHER FINANCIAL LIABILITIES (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Deferred payment (see note (i) below)	0.72	0.65
<b>Total</b>	<b>0.72</b>	<b>0.65</b>

**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, 2020	As at March 31, 2019
(a) Provision for compensated absences	4.65	2.96
(b) Provision for gratuity (see note 38)	11.51	6.98
<b>Total</b>	<b>16.16</b>	<b>9.94</b>

### 19. DEFERRED TAX LIABILITIES (NET)

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

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(i) Deferred Tax Liabilities on account of</b>		
- Property, plant and equipments and other intangible assets	101.55	125.34
- Right of use assets	1.77	-
- Financial Assets (carried at fair value through profit & loss)	0.51	0.51
- Arising on business combination (see note 46(a))	3.58	-
- Others	0.07	0.07
- Financial Assets (Transaction cost on loans)	0.16	0.23
<b>Total deferred tax liabilities (A)</b>	<b>107.64</b>	<b>126.15</b>
<b>(ii) Deferred Tax Assets on account of</b>		
- Provision for doubtful trade receivables	1.95	2.00
- Provision for employee benefit expenses	4.44	3.76
- Others	0.09	0.40
<b>Total deferred tax assets (B)</b>	<b>6.48</b>	<b>6.16</b>
<b>Minimum alternate tax credit (MAT) (C)</b>	<b>-</b>	<b>0.02</b>
<b>Disclosed as Deferred Tax Liabilities (Net - A-B-C)</b>	<b>101.16</b>	<b>119.97</b>

(b) Movement in deferred tax liabilities / asset

	As at March 31, 2018	Acquired on business combination (see note 46(b))	Recognised in profit & loss	Recognised in other comprehensive income	Transfer to Capital Reserve (see note 46(a))	MAT credit Utilised not recognised in profit & loss	As at March 31, 2019
<b>Deferred Tax Liabilities (A)</b>							
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
<b>Total</b>	<b>110.76</b>		<b>15.39</b>	<b>-</b>		<b>-</b>	<b>126.15</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2018	Acquired on business combination (see note 46(b))	Recognised in profit & loss	Recognised in other comprehensive income	Transfer to Capital Reserve (see note 46(a))	MAT credit Utilised not recognised in profit & loss	As at March 31, 2019
<b>Deferred Tax Assets (B)</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
<b>Total</b>	<b>11.35</b>	<b>-</b>	<b>1.62</b>	<b>0.07</b>	<b>-</b>	<b>(6.84)</b>	<b>6.18</b>
<b>Deferred tax liabilities (Net - A-B)</b>	<b>99.41</b>	<b>-</b>	<b>13.77</b>	<b>(0.07)</b>	<b>-</b>	<b>6.84</b>	<b>119.97</b>

### Movement in deferred tax liabilities / asset

	As at March 31, 2019	Acquired on business combination (see note 46(b))	Recognised in profit & loss	Recognised in other comprehensive income	Transfer to Capital Reserve (see note 46(a))	MAT credit written off during the year in profit & loss	As at March 31, 2020
<b>Deferred Tax Liabilities (A)</b>							
Property, plant and equipments and other intangible assets	125.34	2.32	(26.11)	-	-	-	101.55
Right of use assets	-	1.77	-	-	-	-	1.77
Financial Assets (carried at fair value through profit & loss)	0.51	-	-	-	-	-	0.51
Arising on business combination (see note 46(a))	-	-	-	-	3.58	-	3.58
Others	0.07	-	-	-	-	-	0.07
Fair Valuation of transaction cost	0.23	-	(0.07)	-	-	-	0.16
<b>Total</b>	<b>126.15</b>	<b>4.09</b>	<b>(26.18)</b>	<b>-</b>	<b>3.58</b>	<b>-</b>	<b>107.64</b>
<b>Deferred Tax Assets (B)</b>							
Provision for employee benefit expenses	3.76	-	0.15	0.53	-	-	4.44
Provision for doubtful trade receivables	2.00	-	(0.05)	-	-	-	1.95
Minimum alternate tax credit	0.02	0.64	(0.02)	-	-	(0.64)	-
Others	0.40	-	(0.31)	-	-	-	0.09
	<b>6.18</b>	<b>0.64</b>	<b>(0.23)</b>	<b>0.53</b>	<b>-</b>	<b>(0.64)</b>	<b>6.48</b>
<b>Deferred tax liabilities (Net - A-B)</b>	<b>119.97</b>	<b>3.45</b>	<b>(25.95)</b>	<b>(0.53)</b>	<b>3.58</b>	<b>0.64</b>	<b>101.16</b>

## 20. OTHER NON-CURRENT LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Deferred income (see note below)	67.24	47.76
<b>Total</b>	<b>67.24</b>	<b>47.76</b>

### 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)).



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 21. BORROWINGS (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(a) Loan repayable on demand</b>		
- From banks (Secured)		
(i) Working capital facilities (see note (i) below)	322.85	416.58
<b>(b) Others</b>		
- From banks (Secured)		
(i) Buyer's credit		
- working capital (see note (i) below)	-	19.01
(ii) 8.20% Secured, listed, Non-Convertible redeemable debentures (see note (iii) below)	-	100.00
<b>Total</b>	<b>322.85</b>	<b>535.59</b>

#### Nature of security:

##### (i) In case of holding Company

Working capital facilities from banks are secured by first pari passu charge on entire present and future current assets and second charge on 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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255.

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 and 443,444,538,539 Wadiaram village Chegunta (Mandal) Medak district Telangana 502255. Credit facilities are further secured by personal guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta.

##### In case of Apollo Metalex Private Limited

Working capital facilities from banks are secured by first pari passu charge on entire present and future current assets and second pari passu charge on entire present and future movable and immovable property, plant and equipment of the Company situated at A-2, Industrial Area, Sikandarabad, UP and A-25, Industrial Area, Sikandarabad, UP. Credit facilities are further secured by personal guarantees of the Mr. Sanjay Gupta and Mr. Vinay Gupta and corporate guarantee of APL Apollo Tubes Limited (the Holding Company).

##### In case of Shri Lakshmi Metal Limited

Working capital facilities 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 KIADB Industrial Area, Plot No. 9-11, Balagaranahalli Village, Attibele, Anekal Taluk, Bangalore. Credit facilities are further secured by personal guarantee of the Mr. Sanjay Gupta and Mr. Vinay Gupta and corporate guarantee of APL Apollo Tubes Limited (the Holding Company).

##### In case of Apollo Tricoat Tubes Limited

Working capital facilities from banks are secured by first pari passu charge on entire present and future current assets and second pari passu charge on entire present and future movable and immovable property, plant and equipment of the Company situated at Mallur and Dujana. Credit facilities are further secured by personal guarantees of the Mr. Sanjay Gupta and corporate guarantee of APL Apollo Tubes Limited.

##### (ii) Details of debentures issued by the Company:

	As at March 31, 2020	As at March 31, 2019
Secured, listed, Nil (March 31, 2019 : 1000) Non-Convertible redeemable debentures of ₹0.10 crore each	-	100.00

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 carried interest rate of 8.65% p.a. were redeemable at face value in one single instalment on July 5, 2021. During the current financial year 2019-20, debentures have been fully repaid.

### 22. TRADE PAYABLES (CURRENT)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Total outstanding dues of micro enterprises and small enterprises	1.08	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	763.33	698.92
<b>Total</b>	<b>764.41</b>	<b>698.92</b>

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

Particulars	As at March 31, 2020	As at March 31, 2019
(i) The principal amount remaining unpaid to supplier as at the end of the year	1.08	-
(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)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Security deposit	0.94	1.10
(b) Current maturities of non-current debt (see note 16) (net of unamortised prepaid processing fees)	106.58	148.02
(c) Payable on purchase of property, plant and equipment	2.97	9.24
(d) Retention money payable	0.94	3.80
(e) Unclaimed dividends	0.54	0.43
(f) Derivative liabilities	-	0.83
(g) Interest accrued but not due on borrowings	2.44	19.76
<b>Total</b>	<b>114.41</b>	<b>183.18</b>

### 24. OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Statutory remittances	6.27	13.89
(b) Advance from customers	7.04	9.22
(c) Advance against sale of investment property (see note 2(b))	-	4.83
(d) Deferred income	3.94	2.71
<b>Total</b>	<b>17.25</b>	<b>30.65</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 25. PROVISIONS (CURRENT)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for compensated absences	0.64	0.42
(b) Provision for gratuity (see note 38)	0.49	0.42
<b>Total</b>	<b>1.13</b>	<b>0.84</b>

### 26. CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for tax (net of advance tax ₹58.24 crore, March 31, 2019 : ₹141.29 crore)	4.11	7.80
	<b>4.11</b>	<b>7.80</b>

### 27. REVENUE FROM OPERATIONS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Sale of products (see note (i) below)	7,426.52	6,894.64
(b) Other operating revenue (see note (ii) below)	296.71	257.68
<b>Total</b>	<b>7,723.23</b>	<b>7,152.32</b>

#### Notes :

#### (i) Reconciliation of revenue recognised with contract price :

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contract price	7,679.73	7,032.54
Adjustments for:		
Discount & incentives	(253.21)	(137.90)
<b>Revenue from operations</b>	<b>7,426.52</b>	<b>6,894.64</b>

#### (ii) Other operating revenue comprises

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of scrap	284.65	249.93
Export incentives	11.94	7.75
Job work	0.12	0.00
	<b>296.71</b>	<b>257.68</b>

### 28. OTHER INCOME

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Interest income on fixed deposit	0.93	0.79
(b) Interest income on others	1.56	2.06
(c) Profit on sale of property, plant and equipment (net)	0.22	0.12
(d) Profit on sale of assets held for sale	1.46	-
(e) Profit on sale of investment property	-	0.07
(f) Gain on foreign currency transactions (net)	3.85	-
(g) Derivatives measured at fair value through profit & loss account	0.89	-
(h) Miscellaneous income	13.27	8.67
<b>Total</b>	<b>22.18</b>	<b>11.71</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 29. COST OF MATERIALS CONSUMED

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventories of raw material as at the beginning of the year	398.58	301.37
Add: Stock of raw material acquired on business combination (see note 46(b))	23.48	-
Add: Purchases during the year	6,423.53	6,385.99
Less: Inventories of raw material as at the end of the year	247.94	398.58
<b>Total</b>	<b>6,597.65</b>	<b>6,288.78</b>

### 30. CHANGE IN INVENTORIES

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Inventories at the end of the year:</b>		
(a) Finished goods	361.44	343.05
(b) Work in progress	134.17	13.01
(c) Rejection and scrap	9.66	9.20
	<b>505.27</b>	<b>365.26</b>
<b>Inventories at the beginning of the year:</b>		
(a) Finished goods	343.05	269.64
(b) Work in progress	13.01	-
(b) Rejection and scrap	9.20	7.32
	<b>365.26</b>	<b>276.96</b>
<b>Inventories acquired on business combination (see note 46(b))</b>		
(a) Finished goods	4.27	-
(b) Rejection and scrap	0.07	-
	<b>4.34</b>	<b>-</b>
<b>Total</b>	<b>(135.67)</b>	<b>(88.30)</b>

### 31. EMPLOYEE BENEFITS EXPENSE

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Salaries and wages	128.14	96.59
(b) Contribution to provident fund and other funds	4.68	3.04
(c) Gratuity expense (see note 38)	2.73	1.66
(d) Share-based payments to employees (see note 39)	3.68	3.55
(e) Staff welfare expenses	2.97	3.10
<b>Total</b>	<b>142.19</b>	<b>107.94</b>

During the year, the Group recognised an amount of ₹10.83 crore (March 31, 2019 ₹12.42 crore) as remuneration to key managerial personnel. The details of such remuneration is as below :

(i) Short term employee benefits	10.30	11.75
(ii) Post employment benefits	0.36	0.37
(iii) Other long term employee benefits	0.17	0.30
	<b>10.83</b>	<b>12.42</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 32. FINANCE COSTS

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Interest expense :</b>		
(i) working capital facilities	52.00	73.53
(ii) term loan	32.87	6.62
(iii) vehicle loan	0.01	0.01
(iv) debentures	16.05	27.97
(v) on account of leases	0.03	-
(vi) delayed payment of income tax	0.23	1.65
	<b>101.19</b>	<b>109.78</b>
<b>(b) Other borrowing cost</b>	<b>6.08</b>	<b>3.57</b>
<b>Total</b>	<b>107.27</b>	<b>113.35</b>

### 33. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Depreciation on property, plant and equipment (see note 2(a))	92.93	63.24
(b) Depreciation on investment property (see note 2(b))	-	0.22
(c) Amortisation on intangible assets (see note 2(c))	1.05	0.80
(d) Depreciation on right of use assets (see note 47)	1.88	-
(e) Depreciation on capital work in progress	0.05	-
<b>Total</b>	<b>95.91</b>	<b>64.26</b>

### 34. OTHER EXPENSES

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Freight outward	250.38	161.27
(b) Power and fuel	80.86	60.01
(c) Consumption of stores and spare parts	71.53	50.32
(d) Derivatives measured at fair value through profit and loss	-	6.59
(e) Advertisement and sales promotion	49.71	8.99
(f) Loss on foreign currency transactions (net)	-	(4.17)
(g) Furnace oil	22.98	18.07
(h) Rent expense	4.88	8.66
(i) Travelling and conveyance	7.58	7.95
(j) Legal and professional charges (see note (i) below)	8.12	6.97
(k) Job work charges	0.64	2.09
(l) Repair and maintenance:		
(i) Building	0.43	0.38
(ii) Plant and machinery	5.58	4.58
(iii) Others	1.53	0.70
(m) Rates and taxes	4.38	1.72
(n) Security services	2.56	1.86
(o) Allowance for doubtful trade receivables (expected credit loss allowance)	2.36	0.63
(p) Bad debts written off	0.02	0.20
(q) Loss on sale of property, plant and equipment (net)	0.19	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(r) Corporate social responsibility (see note 35)	0.13	0.53
(s) Insurance	1.36	1.13
(t) Provision for slow moving inventory of spares & consumables	0.24	0.22
(u) Miscellaneous expenses	9.69	5.16
<b>Total</b>	<b>525.15</b>	<b>343.86</b>

### Note :-

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

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) To statutory auditors		
For audit (including quarterly limited reviews)	1.47	1.20
For taxation matters	0.01	-
For other services	0.16	0.34
Reimbursement of expenses	0.10	0.10
<b>Total</b>	<b>1.74</b>	<b>1.64</b>
(b) To cost auditors for cost audit	0.04	0.04
<b>Total</b>	<b>0.04</b>	<b>0.04</b>

### 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 :

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gross amount required to be spent by the Group during the year	5.02	4.19
Amount spent during the year on purposes other than construction / acquisition of any asset	0.13	0.53
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.

(₹ in crore, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year attributable to the equity holders of the Company used in calculating basic and diluted earnings per share	237.97	148.25
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,44,89,487	2,37,32,445
Adjustments for calculation of diluted earnings per share (Employee stock option)(Number)	2,16,748	2,73,123
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	2,47,06,235	2,40,05,568
(a) Basic earnings per share in ₹	97.17	62.47
(b) Diluted earnings per share in ₹	96.32	61.76

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 37. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

#### (a) Contingent liabilities (for pending litigations)

Particulars	As at March 31, 2020	As at March 31, 2019
(1) Disputed claims/levies in respect of sales tax:		
- Reversal of input tax credit	8.07	12.42
- Classification of goods	0.36	0.36
- Provisional Assessment	2.40	1.12
	<b>10.83</b>	<b>13.90</b>
(2) Disputed claims/levies in respect of excise duty:		
- Availability of input credit	10.28	11.34
- Reversal of input tax credit	-	1.64
- Excise demand on excess / shortages	6.72	6.82
	<b>17.00</b>	<b>19.80</b>
(3) Disputed claims/levies in respect of service tax:		
- Availability of input credit	0.94	1.33
(4) Disputed claims/levies in respect of Income Tax	2.35	3.70
(5) Contribution to provident fund under the Employees Provident Fund & Miscellaneous provisions Act, 1952 (see note (ii) below)	-	-
<b>Total</b>	<b>31.12</b>	<b>38.73</b>

- (i) During the year, the Group has discounted the sales bill from the banks for ₹0.28 crore (March 31, 2019 ₹14.64 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. Pending issuance of guidelines by the regulatory authorities on the application of this ruling, the impact on the Group if any, can not be ascertained.
- (iii) The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially effect on its consolidated financial statements.

#### (b) Commitments

- (1) Estimated amount of contracts remaining to be executed on capital account and not provided for

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Property, plant and equipments	196.19	63.75

- (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 ₹ Nil crore (March 31, 2019 ₹17.86 crore) against which the Group has saved a duty of ₹ Nil crore (March 31, 2019 ₹2.07 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 ₹298.50 crore (March 31, 2019 ₹144.93 crore) against which the Group has saved a duty of ₹49.85 crore (March 31, 2019 ₹24.16 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 Lacs KWH for a period of 5 years having estimated power purchase price of ₹3.08 crore (March 31, 2019 : ₹3.08 crore)
- (5) The Holding Company has given corporate guarantees on behalf of its three subsidiaries i.e. Apollo Metalex Private Limited, Shri Lakshmi Metal Udyog Limited and Apollo Tricoat Tubes Limited for loans and credit facilities taken by them from banks and financial institutions. The loan

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

outstanding as at March 31, 2020 of Apollo Metalex Private Limited is ₹90.01 crore (March 31, 2019 ₹109.88 crore), Shri Lakshmi Metal Udyog Limited is ₹67.28 crore (March 31, 2019 ₹16.33 crore) and Apollo Tricoat Tubes Limited is ₹112.56 crore (March 31, 2019 ₹ Nil 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) 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, 2020		
	Current	Non-current	Total
<b>Gratuity</b>			
Present value of obligation	0.49	11.51	12.00
<b>Total employee benefit obligations</b>	<b>0.49</b>	<b>11.51</b>	<b>12.00</b>

Particulars	As at March 31, 2019		
	Current	Non-current	Total
<b>Gratuity</b>			
Present value of obligation	0.42	6.98	7.40
<b>Total employee benefit obligations</b>	<b>0.42</b>	<b>6.98</b>	<b>7.40</b>

#### (a) Defined benefit plans

##### Gratuity

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.

During the year, the Company has made contribution to APL Apollo Tubes Limited Employees Group Gratuity Trust which has made further contribution to Kotak Mahindra Life Insurance Co. Ltd.

#### (b) Defined contribution plans

The Group 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 Group recognised 14.68 crore (Year ended March 31, 2019 13.04 crore) for Provident Fund contributions in the statement of profit and loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

#### (c) Movement of defined benefit obligation:

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

Particulars	Gratuity
<b>Opening balance as at April 1, 2018</b>	<b>6.02</b>
Current service cost	1.18
Interest expense/(income)	0.48
<b>Total amount recognised in profit or loss</b>	<b>1.66</b>
<b>Remeasurements</b>	
effect of change in financial assumptions	0.24
effect of experience adjustments	(0.01)
<b>Total amount recognised in other comprehensive income</b>	<b>0.23</b>
Employer contributions: Benefit payments	(0.51)
<b>Balance as at March 31, 2019</b>	<b>7.40</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Gratuity
<b>Balance as at March 31, 2019</b>	<b>7.40</b>
Current service cost	2.15
Interest expense/(income)	0.58
<b>Total amount recognised in profit or loss</b>	<b>2.73</b>
Add : Acquisition on business combination (see note 46(b))	0.03
Add : Acquisition on business combination (see note below)	0.68
<b>Remeasurements</b>	
effect of change in financial assumptions	1.72
effect of change in demographic assumptions	0.01
effect of experience adjustments	0.41
changes in asset ceiling	(0.01)
<b>Total amount recognised in other comprehensive income</b>	<b>2.13</b>
Employer contributions: Benefit payments	(0.28)
<b>Balance as at March 31, 2020</b>	<b>12.69</b>

### Note :

The Company completed the acquisition of a production unit (located at Chegunta, Hyderabad of M/s Taurus Value Steel & Pipes Private Limited ("Taurus") on May 27, 2019 along with its employees (see note 46(a)). The Company has carried out actuarial valuation of such employees. Further Taurus has transferred gratuity fund of such employees to the APL Apollo Tubes Limited Employee Group Gratuity Trust and accordingly gratuity liability in the Company has been recognised.

### (d) Movement of Plan Assets

(₹ in crore)

Particulars	Gratuity
<b>Balance as at March 31, 2019</b>	<b>-</b>
Contribution by the employer (see note above)	0.68
Actuarial gains / loss	0.01
Benefits paid	-
<b>Balance as at March 31, 2020</b>	<b>0.69</b>

### (e) Net asset / (liability) recognised in the Balance Sheet

Particulars	Gratuity
Present value of defined benefit obligation	12.69
Fair value of plan assets	0.69
Funded status- Surplus/ (Deficit)	(12.00)
Unrecognised past service costs	-
<b>Net liability recognised in the Balance Sheet</b>	<b>(12.00)</b>

### (f) Category of assets

Particulars	Gratuity
Funds managed by Insurer	100.00%

### (g) Post-Employment benefits

The significant actuarial assumptions were as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	6.77%	7.86%
Salary growth rate	8.00%	8.00%
Expected Return on Assets	-	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Mortality	Indian Assured Lives Mortality 2012-14	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.

### (h) Sensitivity analysis

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

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Gratuity</b>		
Discount rate (increase by 1%)	(1.56)	(0.88)
Salary growth rate (increase by 1%)	1.85	1.05

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Gratuity</b>		
Discount rate (decrease by 1%)	1.89	1.06
Salary growth rate (decrease by 1%)	(1.56)	(0.89)

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.

### (i) 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.

### (j) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 17.20 to 19.77 years. (March 31, 2019 : 17.44 to 19.68 years)

The expected maturity analysis of undiscounted gratuity is as follows:

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Less than a year	0.50	0.41
Between 1 - 1 years	0.41	0.16
Between 2 - 3 years	0.48	0.43

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Between 3 - 4 years	0.71	0.37
Between 4 - 5 years	0.96	0.65
Beyond 5 years	8.24	6.31
<b>Total</b>	<b>11.30</b>	<b>8.33</b>

### 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 of APL Apollo Tubes Limited 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.
- (v) During the financial year 2019-20, the Nomination and Remuneration Committee in its meeting held on November 9, 2019 has granted 95,000 options under the ESOS to eligible employees of the Company and its subsidiaries (whether in India or abroad). 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 5 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 ₹1,438.55 per share.
- (vi) During the financial year 2019-20, the Nomination and Remuneration Committee in its meeting held on November 9, 2019 also recommended reduction in exercise price of options granted on September 9, 2017 and February 5, 2018 to reflect the fall in Company's share prices. The same was approved by shareholders of the Company on January 27, 2020 through postal ballot. The revised 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 reduction in exercise price. The revised exercise price has been determined at ₹1,438.55 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 (see note below)	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	1,438.55	602.36
70,000	February 5, 2018	August 6, 2022	1,438.55	751.34
95,000	November 9, 2019	May 9, 2024	1,438.55	466.08

- (i) The earlier exercise price of the Options granted on September 9, 2017 and February 5, 2018 were ₹1,633.05 and ₹2,124.10 respectively. The exercise price of these options has been reduced in current year. (See note (a) (vi) above).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (c) Fair value option granted/ modified

(i) The weighted average fair value of the share options granted during the current financial year is ₹466.08 (March 31, 2019 : ₹ Nil). Options were priced using Black Scholes Model. No option granted during the year. Option granted during current year are as follows :

	Grant on November 9, 2019
Grant date share price	1,438.55
Exercise Price	1,438.55
Expected volatility	33.33%-34.97%
Option Life	3-4.5
Dividend yield	0.80%
Risk-free Interest Rate	6.07%-6.37%

(ii) The incremental fair value of the options granted on September 9, 2017 and February 5, 2018 as on the modification has been determined at Rupees 131.46 and Rupees 372.36 respectively which will be recognised as expense over the period from the modification date to the end of vesting period. The expense of original option grant will continue to be recognised as if the terms had not been modified.

The incremental fair value of the options has been determined using the Black Scholes Model with the following model inputs :

	Original Grant on September 9, 2017	Original Grant on February 5, 2018
Modification date share price	1,438.55	1,438.55
Revised Exercise Price	1,438.55	1,438.55
Expected volatility	33.49%-34.96%	33.28%-33.96%
Option remaining Life	1.31-2.12	1.51-2.53
Dividend yield	0.80%	0.80%
Risk-free Interest Rate	5.45%-5.70%	5.70%-6.23%

### (d) Movement in share option during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Balance at the beginning of the year	2,73,123#	1,207.72	447,250#	987.05
Granted during the year	95,000	1,438.55	-	-
Vested during the year	1,48,197§	671.20	161,949§	799.23
Lapsed during the year	32,741	-	53,551	-
Forfeited during the year	-	-	-	-
Exercised during the year	1,18,634	461.10	120,576	469.33
Expired during the year	-	-	-	-
Options outstanding at the end of the year	2,16,748§	1,417.28	273,123#	1,207.72
Options available for grant	2,873	-	65,132	-

\*As at March 31, 2019, 42,123 options were vested but not exercised in previous year. During the current year, out of these 42,123 options, 8,719 options were lapsed, 2,125 options were exercised and remaining 31,279 options are still not exercised.

§As at March 31, 2020, 62,967 (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	1,16,884	December 4, 2019	1,572.90
Granted on January 28, 2017	1,750	March 30, 2020	1,224.35

### (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 ₹3.68 crore (net of amount cross charged to subsidiaries) (March 31, 2019 ₹3.55 crore).

(g) No option expired during the year.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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
	APL Apollo Building Products Private Limited
	APL Apollo Tubes FZE
(ii) Intermediary subsidiary	Apollo Tricoat Tubes Limited (w.e.f. June 17, 2019)
(iii) Key Management Personnel (KMP) (with whom transactions have taken place during the year)	Mr. Sanjay Gupta (Chairman) & (Managing Director w.e.f. November 11, 2019)
	Mr. Ashok Kumar Gupta (Managing Director till November 11, 2019)
	Mr. Romi Sehgal (Whole Time Director till July 1, 2018)
	Mr. Deepak Goyal (Chief Financial Officer)
	Mr. Adhish Swaroop (Company Secretary till September 30, 2019)
(iv) Relative of KMP (with whom transactions have taken place during the year)	Mr. Deepak C S (Company Secretary w.e.f January 25, 2020)
	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)
(v) Enterprises significantly influenced by KMP and their relatives (with whom transactions have taken place during the year)	Mrs. Veera Gupta (Wife of Mr. Ashok Kumar Gupta)
	APL Infrastructure Private Limited
	Apollo Pipes Limited
	Apollo Tricoat Tubes Limited (till June 16, 2019)

(₹ in crore)

Particulars	Key Management Personnel (KMP)	Relatives of KMP	Enterprises significantly influenced by KMP and their relatives	Total
<b>b) Transactions during the year</b>				
<b>Sale of goods (net of discounts)</b>				
Apollo Pipes Limited	-	-	0.95	0.95
	(-)	(-)	(0.81)	(0.81)
Apollo Tricoat Tubes Limited	-	-	24.09	24.09
	(-)	(-)	(18.05)	(18.05)
	-	-	<b>25.04</b>	<b>25.04</b>
	(-)	(-)	<b>(18.86)</b>	<b>(18.86)</b>
<b>Sale of scrap (other operating revenue)</b>				
Apollo Tricoat Tubes Limited	-	-	0.39	0.39
	(-)	(-)	(0.16)	(0.16)
Apollo Pipes Limited	-	-	0.01	0.01
	(-)	(-)	(-)	(-)
	-	-	<b>0.40</b>	<b>0.40</b>
	(-)	(-)	<b>(0.16)</b>	<b>(0.16)</b>
<b>Sale of property, plant and equipments</b>				
Apollo Tricoat Tubes Limited	-	-	0.66	0.66
	(-)	(-)	(15.00)	(15.00)
	-	-	<b>0.66</b>	<b>0.66</b>
	(-)	(-)	<b>(15.00)</b>	<b>(15.00)</b>

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Particulars	Key Management Personnel (KMP)	Relatives of KMP	Enterprises significantly influenced by KMP and their relatives	Total
<b>Sale of licenses</b>				
Apollo Pipes Limited	-	-	0.41	0.41
	(-)	(-)	(0.82)	(0.82)
	-	-	<b>0.41</b>	<b>0.41</b>
	(-)	(-)	<b>(0.82)</b>	<b>(0.82)</b>
<b>Purchase of stores and consumables</b>				
Apollo Pipes Limited	-	-	-	-
	(-)	(-)	(-)	(-)
	-	-	-	-
	(-)	(-)	(-)	(-)
<b>Purchase of property, plant and equipment</b>				
Apollo Pipes Limited	-	-	-	-
	(-)	(-)	(0.02)	(0.02)
	-	-	-	-
	(-)	(-)	<b>(0.02)</b>	<b>(0.02)</b>
<b>Purchase of stock-in-trade (net of discounts)</b>				
Apollo Tricoat Tubes Limited	-	-	13.87	13.87
	(-)	(-)	(2.52)	(2.52)
	-	-	<b>13.87</b>	<b>13.87</b>
	(-)	(-)	<b>(2.52)</b>	<b>(2.52)</b>
<b>Purchase of raw material (net of discounts)</b>				
Apollo Tricoat Tubes Limited	-	-	3.27	3.27
	(-)	(-)	(0.04)	(0.04)
Apollo Pipes Limited	-	-	5.51	5.51
	(-)	(-)	(4.44)	(4.44)
	-	-	<b>8.78</b>	<b>8.78</b>
	(-)	(-)	<b>(4.48)</b>	<b>(4.48)</b>
<b>Purchase of scrap</b>				
Apollo Tricoat Tubes Limited	-	-	2.61	2.61
	(-)	(-)	(0.31)	(0.31)
	-	-	<b>2.61</b>	<b>2.61</b>
	(-)	(-)	<b>(0.31)</b>	<b>(0.31)</b>
<b>Interest income</b>				
Apollo Tricoat Tubes Limited	-	-	0.17	0.17
	(-)	(-)	(1.04)	(1.04)
	-	-	<b>0.17</b>	<b>0.17</b>
	(-)	(-)	<b>(1.04)</b>	<b>(1.04)</b>
<b>Rent paid</b>				
APL Infrastructure Private Limited	-	-	0.06	0.06
	(-)	(-)	(0.13)	(0.13)
Apollo Tricoat Tubes Limited	-	-	0.01	0.01
	(-)	(-)	(2.16)	(2.16)
Mrs. Neera Gupta	-	0.02	-	0.02
	(-)	(0.02)	(-)	(0.02)

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Particulars	Key Management Personnel (KMP)	Relatives of KMP	Enterprises significantly influenced by KMP and their relatives	Total
Mrs. Saroj Rani Gupta	-	0.02	-	0.02
	(-)	(0.02)	(-)	(-)
Mrs. Vandana Gupta	-	0.02	-	0.02
	(-)	(0.02)	(-)	(0.02)
	-	0.06	0.07	0.13
	(-)	(0.04)	(2.29)	(2.33)
<b>Salary</b>				
Mr. Sanjay Gupta	3.50	-	-	3.50
	(3.50)	(-)	(-)	(3.50)
Mr. Ashok Kumar Gupta	1.53	-	-	1.53
	(3.54)	(-)	(-)	(3.54)
Mr. Vinay Gupta	1.80	-	-	1.80
	(1.80)	(-)	(-)	(1.80)
Mr. Rajeev Kohli	0.35	-	-	0.35
	(0.57)	(-)	(-)	(0.57)
Mr. Romi Sehgal	1.96	-	-	1.96
	(1.62)	(-)	(-)	(1.62)
Mr. Deepak Goyal	1.49	-	-	1.49
	(1.10)	(-)	(-)	(1.10)
Mr. Adhish Swaroop	0.12	-	-	0.12
	(0.29)	(-)	(-)	(0.29)
Mr. Deepak C S	0.08	-	-	0.08
	(-)	(-)	(-)	(-)
Mr. Rahul Gupta	-	1.20	-	1.20
	(-)	(0.02)	(-)	(0.02)
	10.83	1.20	-	12.03
	(12.42)	(0.02)	(-)	(12.44)
<b>Director's sitting fees</b>				
Mr. Vinay Gupta	-	-	-	-
	(0.03)	(-)	(-)	(0.03)
	-	-	-	-
	(0.03)	(-)	(-)	(0.03)
<b>Dividend paid</b>				
APL Infrastructure Private Limited	-	-	11.80	11.80
	(-)	(-)	(11.24)	(11.24)
Mr. Romi Sehgal	0.02	-	-	0.02
	(0.02)	(-)	(-)	(0.02)
Mr. Deepak Goyal	0.01	-	-	0.01
	(0.01)	(-)	(-)	(0.01)
Mr. Adhish Swaroop	-	-	-	-
	(0.01)	(-)	(-)	(0.01)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Key Management Personnel (KMP)	Relatives of KMP	Enterprises significantly influenced by KMP and their relatives	Total
Mrs. Veera Gupta	-	0.83	-	0.83
	(-)	(1.05)	(-)	(1.05)
Mr. Ashok Kumar Gupta	-	-	-	-
	(0.09)	(-)	(-)	(0.09)
	<b>0.03</b>	<b>0.83</b>	<b>11.80</b>	<b>12.66</b>
	<b>(0.13)</b>	<b>(1.05)</b>	<b>(11.24)</b>	<b>(12.41)</b>
<b>Loan given to related party</b>				
Mr. Romi Sehgal	-	-	-	-
	(0.33)	(-)	(-)	(0.33)
Apollo Tricoat Tubes Limited	-	-	-	-
	(-)	(-)	(35.52)	(35.52)
	-	-	-	-
	<b>(0.33)</b>	<b>(-)</b>	<b>(35.52)</b>	<b>(35.85)</b>
<b>Loan received back from related party</b>				
Mr. Romi Sehgal	0.14	-	-	0.14
	(0.06)	(-)	(-)	(0.06)
Apollo Tricoat Tubes Limited	-	-	-	-
	(-)	(-)	(35.52)	(35.52)
	<b>0.14</b>	<b>-</b>	<b>-</b>	<b>0.14</b>
	<b>(0.06)</b>	<b>(-)</b>	<b>(35.52)</b>	<b>(35.58)</b>
<b>Advance against purchase of equity shares</b>				
Mr. Rahul Gupta	-	-	-	-
	(-)	(18.00)	(-)	(18.00)
	-	-	-	-
	<b>(-)</b>	<b>(18.00)</b>	<b>(-)</b>	<b>(18.00)</b>
<b>c) Balances outstanding at the end of the year</b>				
<b>Trade receivables</b>				
Apollo Pipes Limited	-	-	0.33	0.33
	(-)	(-)	(-)	(-)
	-	-	<b>0.33</b>	<b>0.33</b>
	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>
<b>Advance to supplier</b>				
APL Infrastructure Private Limited	-	-	-	-
	(-)	(-)	(0.01)	(0.01)
	-	-	-	-
	<b>(-)</b>	<b>(-)</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Security deposits given</b>				
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
	(-)	(-)	(5.00)	(5.00)
	-	<b>6.00</b>	<b>5.00</b>	<b>11.00</b>
	<b>(-)</b>	<b>(6.00)</b>	<b>(5.00)</b>	<b>(11.00)</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Key Management Personnel (KMP)	Relatives of KMP	Enterprises significantly influenced by KMP and their relatives	Total
<b>Loans to employees</b>				
Mr. Romi Sehgal	0.11	-	-	0.11
	(0.27)	(-)	(-)	(0.27)
	<b>0.11</b>	-	-	<b>0.11</b>
	<b>(0.27)</b>	(-)	(-)	<b>(0.27)</b>
<b>Interest receivable</b>				
Apollo Tricoat Tubes Limited	-	-	-	-
	(-)	(-)	(1.04)	(1.04)
	-	-	-	-
	(-)	(-)	(1.04)	(1.04)
<b>Trade payables</b>				
APL Infrastructure Private Limited	-	-	-	-
	(-)	(-)	(-)	-
Apollo Pipes Limited	-	-	0.05	0.05
	(-)	(-)	(0.31)	(0.31)
Mrs. Neera Gupta	-	-	-	-
	(-)	(-)	(-)	-
Mr. Romi Sehgal	-	-	-	-
	(0.02)	(-)	(-)	(0.02)
Mr. Sanjay Gupta	0.19	-	-	0.19
	(-)	(-)	(-)	(-)
Mr. Deepak Goyal (net of advances recoverable)	0.02	-	-	0.02
	(0.01)	(-)	(-)	(0.01)
Mr. Adhish Swaroop (net of advances recoverable)	-	-	-	-
	(0.01)	(-)	(-)	(0.01)
Mr. Deepak C S (net of advances recoverable)	0.01	-	-	0.01
	(-)	(-)	(-)	(-)
Mrs. Vandana Gupta	-	-	-	-
	(-)	(-)	(-)	-
Mr. Ashok Kumar Gupta (net of advances recoverable)	-	-	-	-
	(1.13)	(-)	(-)	(1.13)
Mr. Rahul Gupta	-	-	-	-
	(-)	(-)	(-)	-
	<b>0.22</b>	-	<b>0.05</b>	<b>0.27</b>
	<b>(1.17)</b>	(-)	<b>(0.31)</b>	<b>(1.48)</b>

**Notes :**

- (1) Figures in the bracket relates to previous year ended March 31, 2019.
- (2) Amount of expense of gratuity and compensated absences is taken on actuarial basis.
- (3) 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.

## NOTES TO CONSOLIDATED 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, 2020	Year ended March 31, 2019
<b>Profit before tax as per consolidated statement of profit and loss</b>	<b>296.34</b>	<b>226.94</b>
Income tax expenses calculated as per tax rates of Income tax act of 25.168% (March 31, 2019 : 34.944%)	74.58	79.30
(i) Income exempt from tax / items not deductible	0.73	(0.72)
(ii) Tax related to previous years	(1.29)	0.11
(iii) Reversal of deferred tax liabilities as at March 31, 2019 (see note below)	(33.68)	-
<b>Tax expense as reported</b>	<b>40.34</b>	<b>78.69</b>

#### Note :

The Group has during the year elected to be assessed at lower tax rate of 25.168% (inclusive of surcharge and cess) under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. The impact of this change is included in deferred tax credit for year ended March 31, 2020. This change has resulted in reversal of deferred tax expense of ₹33.68 crore on account of remeasurement of deferred tax liability as at March 31, 2019.

### 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, 2020 and March 31, 2019.

(₹ in crore)

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets - Non Current</b>						
<b>Investments</b>						
- in equity instruments	0.15	1.37	-	-	49.38	-
Loans to employees	-	-	-	-	-	0.50
Security deposit	-	-	22.64	-	-	20.55
Advance against purchase of equity shares	-	-	-	-	-	18.00
In margin money with maturity more than 12 months at inception	-	-	0.33	-	-	-
Claim receivable	-	-	2.36	-	-	0.82
Value added tax (VAT) credit receivable	-	-	-	-	-	1.02
<b>Financial assets - Current</b>						
Loans to employees & directors	-	-	1.29	-	-	1.32
Claim receivable	-	-	1.23	-	-	0.01
Trade receivables	-	-	476.36	-	-	543.31
Cash and cash equivalents	-	-	44.39	-	-	47.30
Bank balances other than cash and cash equivalents	-	-	1.22	-	-	0.50
Export incentives	-	-	0.44	-	-	0.38
Derivative assets	0.89	-	-	-	-	-
Others	-	-	0.16	-	-	1.71
<b>Total financial assets</b>	<b>1.04</b>	<b>1.37</b>	<b>550.42</b>	<b>-</b>	<b>49.38</b>	<b>635.42</b>
<b>Financial liabilities - Non current</b>						
Borrowings	-	-	404.32	-	-	174.52
Interest accrued but not due on borrowings	-	-	-	-	-	-
Security Deposits	-	-	0.94	-	-	1.10
Deferred payment	-	-	0.72	-	-	0.65

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Unclaimed dividends	-	-	0.54	-	-	0.43
Lease liabilities			0.12			
<b>Financial liabilities - current</b>						
Borrowings	-	-	429.43	-	-	683.61
Interest accrued but not due on borrowings	-	-	2.44	-	-	19.76
Lease liabilities	-	-	0.58	-	-	
Derivative liabilities	-	-	-	0.83	-	-
Trade payables	-	-	768.32	-	-	711.96
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,607.41</b>	<b>0.83</b>	<b>-</b>	<b>1,592.03</b>

### (a) Financial assets and liabilities measured at fair value - recurring fair value measurements :

Particulars	As at March 31, 2020			As at March 31, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets - Non Current</b>						
- Assets for foreign currency forward contracts	-	0.89	-			
- Investment in mutual fund of Union Midcap fund - regular plan growth	0.15	-	-	49.38	-	-
<b>Total financial assets</b>	<b>0.15</b>	<b>0.89</b>	<b>-</b>	<b>49.38</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>						
- Liability for foreign currency forward contracts	-	-	-	-	0.83	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.83</b>	<b>-</b>

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 (Level 3)

Particulars	Fair Value as at	
	March 31, 2020	March 31, 2019
Assets classified as held for sale	2.20	12.09

(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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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 Group's risk management is carried out by a treasury department under policies approved by the Board of Directors, Group Treasury Department identifies, evaluates and hedges financial risks in close co-operation with the Group'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 Group's functional currency in Indian Rupees (INR). The Group undertakes transactions denominated in the foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Group's revenue from export markets and the costs of imports, primarily in relation to raw material. The Group 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 Group's overall debt positions in Rupee terms without the Group having incurred additional debt and favourable movements in the exchange rates will conversely result in reduction in the Group's receivable in foreign currency. In order to hedge exchange rate risk, the Group has a policy to hedge cash flows up to a specific tenure using forward exchange contracts and options. At any point in time, the Group hedges its estimated foreign currency exposure in respect of forecast sales over the following 6 months. In respect of imports and other payables, the Group 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 Group as at the end of the year are as follows :

#### (a) Option Outstanding

	Buy/Sell	As at March 31, 2020	As at March 31, 2019
In USD	Buy	98,63,576	-
Equivalent amount in ₹ in crore		74.62	
In USD	Sell	98,63,576	-
Equivalent amount in ₹ in crore		74.62	-

#### (b) Forward contract outstanding

	Buy/Sell	As at March 31, 2020	As at March 31, 2019
In USD	Sell	1,50,00,000	53,88,113
Equivalent amount in ₹ in crore	Sell	113.35	37.26
In EURO	Sell	-	10,65,000
Equivalent amount in ₹ in crore	Sell	-	8.26

(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, 2020	As at March 31, 2019
<b>Receivables:</b>		
USD	23,69,944	6,33,537
Equivalent amount in Rupees in crore	17.87	3.98
EURO	75,978	98,413
Equivalent amount in Rupees in crore	0.63	0.76
<b>Payables:</b>		
USD	39,646	1,85,97,357.16
Equivalent amount in Rupees in crore	0.30	128.60

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Currency	As at March 31, 2020	As at March 31, 2019
EURO	37,803	3,82,821.00
Equivalent amount in Rupees in crore	0.31	2.97
<b>Advance paid to vendors:</b>		
USD	44,40,591	2,75,078
Equivalent amount in Rupees in crore	32.88	1.90
EURO	3,16,536	5,62,433
Equivalent amount in Rupees in crore	2.56	4.38
<b>Advance Received from Customers:</b>		
USD	3,48,019	1,37,173
Equivalent amount in Rupees in crore	2.62	0.95
EURO	6,277	57,033
Equivalent amount in Rupees in crore	0.05	0.44

### 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 Group are given below:

Particulars	Impact on profit after tax	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>EURO sensitivity</b>		
INR/EURO Increases by 2.5% (March 31, 2019 - 2.5%)	(0.01)	0.04
INR/EURO Decreases by 2.5% (March 31, 2019 - 2.5%)	0.01	(0.04)
<b>USD sensitivity</b>		
INR/USD Increases by 2.5% (March 31, 2019 - 2.5%)	(0.33)	2.03
INR/USD Decreases by 2.5% (March 31, 2019 - 2.5%)	0.33	(2.03)

### (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 Group 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 Group are principally denominated in Rupees and US dollars with a mix of fixed and floating rates of interest. The Group hedges its US dollar interest rate risk through interest rate swaps to reduce the floating interest rate risk. The Group has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The Group 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 Group 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, 2020	As at March 31, 2019
Variable rate borrowings	759.40	435.59
Fixed rate borrowings	74.35	422.53
<b>Total borrowings</b>	<b>833.75</b>	<b>858.12</b>

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

Particulars	Balance	% of total loans
<b>As at March 31, 2020</b>		
Bank overdrafts, bank loans, Cash Credit	759.40	91%
<b>As at March 31, 2019</b>		
Bank overdrafts, bank loans, Cash Credit	435.59	51%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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, 2020	Year ended March 31, 2019
Interest rates – increase by 50 basis points (50 bps)	(2.84)	(1.42)
Interest rates – decrease by 50 basis points (50 bps)	2.84	1.42

### (b) Credit risk

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

Group'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, Group 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)
<b>Opening balance as at April 1, 2018</b>	<b>4.68</b>
Charge in statement of profit and loss	0.83
Utilised during the year	(0.20)
<b>Allowance for credit loss on March 31, 2019</b>	<b>5.31</b>
Charge in statement of profit and loss	2.38
<b>Utilised during the year</b>	<b>(0.02)</b>
<b>Allowance for credit loss on March 31, 2020</b>	<b>7.67</b>

Included in revenues arising from direct sales of goods of ₹7,426.52 crore (March 31, 2019: ₹6,894.64 crore) (see note 27(a)) are revenues of approximately of ₹1090.81 crore (March 31, 2019: ₹303.24 crore) which arose from sales to the Company's largest customer. No other single customers contributed 10% or more to the Company's revenue for both 2019-20 and 2018-19.

### Liquidity risk

The Group 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.

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

Particulars	As at March 31, 2020	As at March 31, 2019
Floating rate	892.15	644.41
Nature of facility	Working Capital	Working Capital

### Maturities of financial liabilities

The table below analyses the Group'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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Contractual maturities of financial liabilities :-

(₹ in crore)

Particulars	Not later than 1 year	Between 1 and 5 years	Later than 5 years	Total
<b>Non-derivatives</b>				
<b>As at March 31, 2020</b>				
Borrowings	429.43	404.32	-	833.75
Interest accrued but not due on borrowings	2.44	-	-	2.44
Trade payables	768.32	-	-	768.32
Security Deposits	0.94	-	-	0.94
Lease liabilities	0.58	0.12	-	0.70
Deferred payment	-	-	0.72	0.72
Unclaimed dividends	0.54	-	-	0.54
<b>Total non-derivative liabilities</b>	<b>1,202.25</b>	<b>404.44</b>	<b>0.72</b>	<b>1,607.41</b>
<b>Non-derivatives</b>				
<b>As at March 31, 2019</b>				
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
<b>Total non-derivative liabilities</b>	<b>1,408.95</b>	<b>147.86</b>	<b>35.23</b>	<b>1,592.03</b>

### 44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crore)

Particulars	Opening balance as at April 1, 2018	Acquisition on business combination (see note 46(b))	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
<b>Total liabilities from financing activities</b>	<b>775.12</b>		<b>84.34</b>	<b>(1.33)</b>	<b>858.13</b>

(₹ in crore)

Particulars	As at March 31, 2019	Acquisition on business combination (see note 46(b))	Net Cash flows	Non-cash changes-foreign exchange movement	As at March 31, 2020
Non-current borrowings	174.52	56.05	178.61	(4.86)	404.32
Current borrowings	535.59	14.50	(228.57)	1.33	322.85
Current maturities of non-current borrowings	148.02	4.04	(45.48)	-	106.58
<b>Total liabilities from financing activities</b>	<b>858.13</b>	<b>74.59</b>	<b>(95.44)</b>	<b>(3.53)</b>	<b>833.75</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 45. CAPITAL MANAGEMENT

#### a) Risk management

The Group 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 Group'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 Group 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 Group is not subject to any externally imposed capital requirements.

The Group 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 Group 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, 2020	As at March 31, 2019
Non current borrowings	404.32	174.52
Current maturities of non current borrowings	106.58	148.02
Current borrowings	322.85	535.59
Less: Cash and cash equivalents	(44.39)	(47.30)
Less: Bank balances other than cash and cash equivalents	(1.22)	(0.50)
<b>Total Debts</b>	<b>788.14</b>	<b>810.33</b>
<b>Total equity</b>	<b>1,356.15</b>	<b>964.06</b>
<b>Gearing Ratio</b>	<b>0.58</b>	<b>0.84</b>

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

#### b) Dividends

	Year ended March 31, 2020	Year ended March 31, 2019
Final dividend for the year ended March 31, 2020 of ₹ Nil (March 31, 2019 – ₹ 14) (excluding dividend distribution tax)	-	33.95
Dividends not recognised at the end of the reporting period	-	33.95
Dividend distribution tax	-	6.98

### 46. ACQUISITION OF BUSINESS & SUBSIDIARY

a) The Company completed the acquisition of a production unit (located at Chegunta, Hyderabad), of M/s Taurus Value Steel & Pipes Private Limited, a subsidiary of M/s Shankara Building Products Limited, Bangalore. The acquisition was approved by the Board of Directors of the Company in their meeting held on April 12, 2019 and completed on May 27, 2019.

Fair value of identifiable assets acquired as on date of acquisition is as below : (₹ in crore)

Particulars	Fair value as on acquisition date
Property, plant and equipment	83.36
Capital work-in-progress	3.60
<b>Fair Value of identifiable net assets (A)</b>	<b>86.96</b>
<b>Consideration paid (B)</b>	<b>70.00</b>
Capital Reserve (C=A-B)	16.96
Less : Deferred tax liability recognised on fair valuation gain (D)	3.58
<b>Net Capital Reserve recognised (C-D)</b>	<b>13.38</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note :

Acquisition-related costs amounting to ₹2.36 crore have been excluded from the consideration transferred and have been recognised as an expense in the standalone statement of profit and loss within other expenses.

b) During the quarter ended December 31, 2018, the Board of Directors of APL Apollo Tubes Limited ('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').

Pursuant to the said Agreement, SLMUL made an open offer, which got completed on February 1, 2019. During the offer period, SLMUL acquired 1,325,000 Equity Shares from open market and 1,536,209 Equity Shares were tendered under open offer, aggregating to 2,861,209 Equity Shares, representing 10.33 % of the paid up share capital of Apollo Tricoat Tubes Limited as on March 31, 2019.

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

Fair value of identifiable assets acquired and liabilities assumed as on the date of acquisition is as below :-

(₹ in crore)

Particulars	Fair value as on acquisition date
<b>Non-current assets</b>	
Property, plant and equipment	141.60
Capital work-in-progress	45.16
Other intangible assets	0.26
Financial assets	0.85
Other assets	59.08
	<b>246.95</b>
<b>Current assets</b>	
Inventories	
-Raw material	23.48
-Finished goods	4.27
-Stores and spares	1.49
-Rejection and scrap	0.07
Trade receivables	17.28
Cash and cash equivalents	0.29
Other financial assets	7.36
Other assets	16.03
	<b>70.27</b>
<b>Total Assets (A)</b>	<b>317.22</b>
<b>Non-current liabilities</b>	
Borrowings	56.05
Provisions	0.10
Deferred tax liabilities (net)	3.45
Other non-current liabilities	8.88
	<b>68.48</b>
<b>Current liabilities</b>	
Borrowings	14.50
Trade payables	39.79
Other financial liabilities	9.86

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Fair value as on acquisition date
Other current liabilities	17.63
Provisions	0.00
Current tax liabilities (net)	1.09
	<b>82.87</b>
<b>Total Liabilities (B)</b>	<b>151.35</b>
<b>Fair value of identifiable net assets (C = A-B)</b>	<b>165.87</b>
Consideration paid	198.37
Non-controlling interests	82.00
<b>Consideration paid including non-controlling interests (D)</b>	<b>280.37</b>
<b>Goodwill (D-C)</b>	<b>114.50</b>

### Note :

Acquisition-related cost amounting to Rupees 0.05 crore have been excluded from the consideration transferred and have been recognised as an expense in the consolidated statement of profit and loss within other expenses.

### 47. TRANSITION TO IND AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rupees 97.06 crore and a lease liability of Rupees 0.70 crore. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 6.60 %

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

(₹ in crore)

Particulars	Category of ROU Asset			Total
	Land	Building	Vehicle	
<b>Balance as at April 1, 2019</b>	-	-	-	-
Reclassified on adoption of Ind AS 116	97.62	1.21	0.11	98.94
Additions				-
Deletions				-
Depreciation	(1.31)	(0.56)	(0.01)	(1.88)
<b>Balance as at March 31, 2020</b>	<b>96.31</b>	<b>0.65</b>	<b>0.10</b>	<b>97.06</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

Above ROU assets have been pledged as security for term loans taken as at March 31, 2020. See note 16 & 21 for loans taken against which these assets are pledged.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Leasehold land located at Murbad, Maharashtra having value of ₹1.19 crore as at March 31, 2020, is in the name of Lloyd 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 approval of Honorable National Company Law Tribunal, Principal bench, New Delhi.

The following is the break-up of current and non-current lease liabilities as at March 31, 2020: (₹ in crore)

Particulars	As at March 31, 2020
Current lease liability	0.58
Non-current lease liability	0.12
<b>Total</b>	<b>0.70</b>

The following is the movement in lease liabilities during the year ended March 31, 2020: (₹ in crore)

Particulars	Year ended March 31, 2020
<b>Balance at the beginning</b>	<b>0.09</b>
Additions	1.21
Finance cost accrued during the period	0.03
Deletions	-
Payment of lease liabilities	(0.63)
<b>Balance at the end</b>	<b>0.70</b>

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis : (₹ in crore)

Particulars	As at March 31, 2020
Less than one year	0.64
One to five years	0.13
More than five years	-
<b>Total</b>	<b>0.77</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases is Rupees 4.88 crore for the year ended March 31, 2020.

### 48. GOODWILL ON CONSOLIDATION

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Opening balance</b>	<b>23.00</b>	<b>23.00</b>
Add : On acquisition of subsidiary during the year (see note 46(b) above)	114.50	-
<b>Closing balance</b>	<b>137.50</b>	<b>23.00</b>

#### Note :

The Holding Company evaluates goodwill for impairment annually or more frequently when an event occurs or circumstances change that indicate the carrying value may not be recoverable. The Holding Company has tested the goodwill for impairment as under :

#### a) Goodwill related to Shri Lakshmi Metal Udyog Limited

Carrying value of goodwill pertaining to Shri Lakshmi Metal Udyog Limited as at March 31, 2020 and March 31, 2019 is ₹23.00 crore. Recoverable amount is based on discounted cash flow method under income approach. An analyses of the sensitivity of the computation to a change in key parameters, based on reasonable probable assumptions, did not identify any probable scenario in which the recoverable amount of reporting unit would decrease below its carrying amount.

#### b) Goodwill related to Apollo Tricoat Tubes Limited

Carrying value of Goodwill pertaining to Apollo Tricoat Tubes Limited as at March 31, 2020 is ₹114.50 crore. Recoverable amount is based on fair value less cost of disposal calculated based on reporting unit's quoted market value.

The Holding Company has carried out required annual testing of goodwill for impairment for all reporting units as of March 31, 2020 and determined that goodwill is not impaired as the fair value of reporting units substantially exceeded their book value.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 49. DISCLOSURE OF ADDITIONAL INFORMATION AS REQUIRED BY SCHEDULE III TO THE COMPANIES ACT, 2013 :

(a) As at March 31, 2020 and for the year ended March 31, 2020

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	
<b>A. Holding Company</b>									
APL Apollo Tubes Limited	67.23%	1,275.24	44.45%	115.01	(190.00%)	(1.14)	43.90%	113.87	
<b>B. Subsidiaries</b>									
<b>a) Indian</b>									
(1) Shri Lakshmi Melatex Udyog Limited	8.94%	169.57	17.48%	45.23	325.00%	1.95	18.19%	47.18	
(2) Apollo Metalex Private Limited	12.14%	230.29	24.07%	62.29	(31.67%)	(0.19)	23.94%	62.10	
(3) Blue Ocean Private Limited	0.60%	11.35	(0.11%)	(0.28)	0.00%	-	(0.10%)	(0.28)	
(4) APL Apollo Building Products Private Limited	0.00%	0.01	0.00%	-	0.00%	-	0.00%	-	
<b>b) Foreign</b>									
(1) APL Apollo Tubes FZE	0.10%	1.85	(0.07%)	(0.19)	0.00%	-	(0.07%)	(0.19)	
<b>C. Intermediary subsidiary</b>									
<b>a) Indian</b>									
(1) Apollo Tricoat Tubes Limited (w.e.f June 17, 2019)	10.99%	208.43	14.18%	36.70	(3.33%)	(0.02)	14.14%	36.68	
<b>Total</b>	<b>100.00%</b>	<b>1,896.74</b>	<b>100.00%</b>	<b>258.76</b>	<b>100.00%</b>	<b>0.60</b>	<b>100.00%</b>	<b>259.36</b>	
Adjustment due to consolidation		(540.59)		(2.76)		-		(2.76)	
<b>Consolidated Net Assets/Profit</b>		<b>1,356.15</b>		<b>256.00</b>		<b>0.60</b>		<b>256.60</b>	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) 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	
<b>A. Holding Company</b>									
APL Apollo Tubes Limited	76.99%	1,007.78	69.61%	126.39	(1.60%)	(0.14)	66.34%	126.25	
<b>B. Subsidiaries</b>									
<b>a) Indian</b>									
(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)	-	-	(0.07%)	(0.13)	
<b>Total</b>	<b>100.00%</b>	<b>1,309.02</b>	<b>100.00%</b>	<b>181.57</b>	<b>100.00%</b>	<b>8.74</b>	<b>100.00%</b>	<b>190.31</b>	
Adjustment due to consolidation		(344.96)		(33.32)		-		(33.32)	
<b>Consolidated Net Assets/Profit</b>		<b>964.06</b>		<b>148.25</b>		<b>8.74</b>		<b>156.99</b>	

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

**SANJAY GUPTA**  
Chairman & Managing Director  
DIN : 00233188

**ROMI SEHGAL**      **VINAY GUPTA**  
Director                      Director  
DIN : 03320454          DIN : 00005149

**DEEPAK GOYAL**  
Chief Financial Officer

**DEEPAK C S**  
Company Secretary  
ICSI Membership No. : F5060

Place : Ghaziabad  
Date : June 30, 2020





**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.





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