

BOARD'S REPORT

To the Members of,
Apollo TriCoat Tubes Limited

The Board of Directors hereby presents the report of the business and operations of your Company ('the Company' or 'Apollo TriCoat') along with audited financial statements for the financial year ended March 31, 2020

1. Financial Performance

The summarized financial results of your Company are given in the table below: (₹ in lakhs)

Particulars	F.Y. 2019-20	F.Y. 2018-19
Income from Operations	66,325.06	716.79
Other income	113.97	423.50
Total revenue	66,439.03	1,140.29
Total expenses (excluding Int. and depreciation)	58,901.21	719.18
Earning before Depreciation, Int., Tax (EBIDTA)	7537.82	421.11
Depreciation	1,012.91	49.87
Profit Before Interest & Tax	6524.91	371.24
Interest	601.10	1.32
Profit before Tax	5,923.81	369.92
Taxation	1,697.49	105.06
Profit for the year	4,226.32	264.86

THE COMPANY PROPOSES TO MAKE EXPANSION AT BOTH ITS PLANTS WITH A PROJECTED CAPITAL EXPENDITURE OF ₹ 20 CRORE EACH FOR THE CURRENT FINANCIAL YEAR.

2. Dividend

In order to augment resources, the Board of Directors of the Company has not recommended any Dividend for the financial year 2019-20.

3. Performance Review

During the financial year 2019-20, the Company earned a revenue of ₹ 66,439 lakhs, making a huge

jump over the previous year. Its net profit for year under review stood at ₹4,226 lakhs.

The Company increased its production substantially and diversified into more innovative product lines during the year under review. It began commercial production at its two plants – Malur (Karnataka) and Dujana

(Uttar Pradesh) in the same period. The Malur unit has a production capacity of 1,75,000 MTPA and the Dujana facility has 75,000-MT capacity. In September 2019, it launched two products – Apollo Steel Plank and Apollo Signature – taking its major product count to five.

In June 2019, the Company became the subsidiary of Shri Lakshmi Metal Udyog Limited which is wholly owned subsidiary of APL Apollo Tubes Limited, one of India's leading branded steel tube manufacturers.

4. Impact of COVID 19:

The Covid-19 menace and the containment measures like lockdown taken up by the administration have taken a massive toll on businesses across the world. Despite an impressive run through the year, the lockdown imposed late in March hit our revenues, because this is usually a period of high dispatches for us. The Company suspended production from 25 March 2020 and partially resumed operations on 28 April 2020. The lockdown affected sale of our products as all outlets remained shut. Constraints in inter-state and intrastate movement of finished goods also hit sales.

5. Estimation of Covid-19 Impact on Operations

With the opening up of the domestic market after lockdown, we expect business to improve gradually and will move upwards from second quarter of FY20-21.

6. Projects & Expansion Plans

The Company proposes to make expansion at both its plants with a projected capital expenditure of ₹20 crore each for the current financial year. The proposed capital expansion would improve efficiency and production capacity. It is hoped that the Company will be able to sustain its improved performance in the current year despite the Covid-19 setback.

7. Management's Discussion and Analysis Report

The detailed report on the Management's Discussion and Analysis for the year under review is presented in a separate section forming part of the Annual Report.

8. Fixed Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from Public was outstanding as on date of the Balance Sheet.

9. Credit Rating

The CRISIL has assigned the rating of "AA-" for the Company's long term facilities and "A1+" for the Company's short term facilities.

10. Extract of the Annual Return

The extract of the Annual Return pursuant of Section 134 (3)(a) of the Companies Act, 2013 ("the Act") in Form no. MGT-9 is annexed hereto as Annexure-"A" and forms part of this Report.

The Annual Return of the Company as required under the Act, will be available on the website of the Company at the following link: www.apollotricoat.com.

11. Directors and Key Managerial Personnel

Mr. Rahul Gupta, Director retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the AGM Notice.

During the period under review, Mr. Romi Sehgal was appointed as Whole Time Director of the Company w.e.f. February 1, 2020 and Ms. Neeru Abrol was appointed as Independent Director w.e.f. January 20, 2020, and their appointments were subsequently approved by the members through postal ballot resolutions passed on April 21 2020.

Pursuant to the provisions of Section 149 of the Act, the Independent Directors have given the declarations that each of them meets the criteria of Independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). There has been no change in the circumstances which may affect their status as an independent director during the year.

During the year under review, the non-executive

directors of the Company had no pecuniary relationship or transaction with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company as on March 31, 2020 were: Mr Rahul Gupta, Managing Director, Shri Romi Sehgal, Whole Time Director, Ms. Surbhi Arora, Company Secretary and Mr Nandlal Bansal, Chief Financial Officer.

12. Number of meetings of the Board

The Board of directors met 4 (Four) times during the year under review. The details of the meetings of the Board are provided in the Corporate Governance Report, which is annexed hereto as **Annexure-“D”**

13. Board evaluation

The Board of Directors has made formal annual evaluation of its own performance, and as well as 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 found the performance of its committees and the Directors to be satisfactory.

14. Policy on directors' appointment and remuneration and other details

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which is a part of this report and is also available on www.apollotricoat.com.

15. Internal Financial Controls system and their adequacy

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of fraud and completeness of the accounting standards and the timely preparation of reliable financial disclosures and financial statements of the Company. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

16. Audit committee

The details pertaining to the composition of the audit committee are included in the Corporate Governance Report, which is a part of this report.

17. Auditors

Statutory Auditors & Auditors Report

Pursuant to the provisions of section 139 of the companies act, 2013 read with rules made thereunder, as amended from time to time, M/s VAPS & Co., Chartered Accountants, Delhi (FRN 003612N) were appointed as statutory Auditors of the Company to hold the office from the conclusion of the 37th Annual General Meeting held on September 28, 2019 until the conclusion of the 38th Annual General Meeting.

The Board of Directors in its meeting held on 24.08.2020 has considered the appointment of M/s Walker Chandiok and Co. LLP as Statutory Auditors of the Company to hold office from the conclusion of the 38th Annual General Meeting till the conclusion of the 43rd Annual General Meeting. The said firm has conveyed their willingness to be appointed as the Statutory Auditors and have 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 Statutory Auditors on the standalone 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.

18. Secretarial audit report

The secretarial auditor's report for the FY 2019-20 does not contain any qualifications, reservations, or adverse remarks or disclaimer. The auditor's report is annexed hereto as **Annexure-"B"**

19. Loans, Guarantees and Investments

The particulars of loans, guarantees and Investments have been disclosed in the Notes to the Financial Statements.

20. Transaction with related Parties

All the related party transactions (RPTs) entered during the financial year were on an arm's length basis and in the ordinary course of business. In compliance with applicable provisions of the Act and Listing Regulations, for the RPTs which are foreseen and repetitive in nature, omnibus approval of the Audit Committee is obtained at the beginning of the financial year, as per the RPT policy of the Company. All the RPTs undertaken during the year are disclosed in the notes to Financial Statements.

There are no materially significant RPTs made by the Company which have a potential conflict with the interest of the Company at large. Further the Company did not undertake any transaction falling within the purview of Section 188(1) of Companies

Act, 2013 and thus disclosure in Form AOC-2 is not required.

21. Corporate Social Responsibility

In compliance with the requirement of Section 135 of the Companies Act, 2013, your Company has constituted a Corporate Social Responsibility Committee. The Corporate Social Responsibility Committee comprises of Ms. Megha Gupta, Mr. Rahul Gupta and Mr. Bharat Bhushan Sahny as its members.

All the statutory disclosures with respect to the CSR Committee and Annual Report on CSR Activities form part of this Report as **Annexure "E"**.

22. Managerial Remuneration and particulars of employees

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

23. Vigil Mechanism

Your Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In line with the Apollo Tricoat Code of Conduct (ATCOC), any actual or potential violation, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees

in pointing out such violations of the ATCOC cannot be undermined.

Pursuant to Section 177(9) of the Act, a vigil mechanism was established for directors and employees to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The Vigil Mechanism provides a mechanism for employees of the Company to approach the Vigilance Officers/Chairman of the Audit Committee of the Company for redressal.

The Vigil Mechanism / Whistle Blower Policy have also been uploaded on the website of the Company and may be accessed at the link: <http://www.apollotriccoat.com/pdfs/Vigil-Mechanism-Policy.pdf>.

During the year under review, no employee was denied access to the Chairman of the Audit Committee. No complaints were received under Vigil Mechanism & Whistle Blower Policy during the financial year 2019-20.

24. Issue of shares and Warrants

On April 12, 2019, 23,00,000 warrants were converted into equal number of equity shares by Mr. Rahul Gupta, Promoter and on May 17, 2019 and September 13, 2019, 44,000 and 3,56,000 warrants respectively, were converted in to equal number of equity shares by Non-Promoter Group.

Pursuant to the said conversion of warrants into equity shares, the paid-up share capital of the Company was increased from Rs. 5.54 Crores (comprising 2,77,00,000 of Rs. 2/- Each) to Rs. 6.08 crores (comprising 3,04,00,000 of Rs. 2/- Each).

Further, on September 15, 2019, 1,00,000 warrants issued earlier to Non-Promoter Group, lapsed because of failure to deposit the balance amount due for conversion of the warrants into equity shares and thus upfront warrant subscription amount paid on subscription of these Convertible Warrants were forfeited by the Company.

25. Directors Responsibility Statement

Pursuant to Section 134(5) of the Act, the Board of

Directors, to the best of its knowledge and ability, confirm that:

- I. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- II. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- III. they have taken proper and sufficient care for the 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 fraud and other irregularities;
- IV. they have prepared the annual accounts on a going concern basis;
- V. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- VI. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

26. Conservation of energy, technology absorption, foreign exchange earnings and outgo

• Conversation of Energy

The Company continues its efforts to reduce and optimize the energy consumption at its manufacturing units including its Registered and Corporate Office.

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 use them in any other manner.

As analyzed, electricity is also the biggest cost to business and hence finding alternative and cheaper sources of power is a top priority. The Company is in the process of negotiations with vendors for installation of solar power system, which will be beneficial for the environment and the Company.

- **Technology Absorption, adaption and innovation**

The Company has made efforts towards technology absorption by commissioning Direct Forming Technology (DFT) Mills at Company's unit situated at Malur, Karnataka. These are 'State of the Art' latest technology Mills.

The Company has installed In-Line Galvanizing of Tubes; this technology will reduce zinc wastage, increase production, improve quality of zinc coating, reduce cost and moreover open a new segment of sales.

- **Research and Development**

The Company is planning to introduce steel door frames in the market. This is environment friendly product as it replaces conventional wooden door frames. Apart from being environment friendly, steel door frames are cheaper, have longer life and are easy to install.

- **Foreign Exchange Earnings and Outgo**

There is no foreign exchange earnings and outgo during the financial year 2019-20.

27. Disclosure as per Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at the work place and has adopted a policy on prevention, prohibition and redressal of sexual harassment in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal

of complaints of sexual harassment at workplace.

Internal Complaints Committee (ICC) is in place for all administrative units or offices of Apollo Tricoat to redress complaints received regarding sexual harassment.

Summary of sexual harassment issues raised, attended and dispensed during FY 2019-20:

No. of complaints received: Nil

No. of complaints disposed off: Nil

No. of cases pending for more than 90 days: Nil.

28. Committees Of The Board

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority. The following statutory Committees constituted by the Board function according to their respective roles and defined scope:

Audit Committee

Nomination and Remuneration Committee

Corporate Social Responsibility Committee

Stakeholders Relationship Committee

Details of composition, terms of reference and number of meetings held for respective committees are given in the Report on Corporate Governance, which forms a part of this Report. Further, during the year under review, all recommendations made by the Audit Committee have been accepted by the Board.

29. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company confirms compliance with the applicable requirements of the mandatory Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.

30. 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:

- a. Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b. Any remuneration or commission received by Managing Director of the Company, from any of its subsidiary.
- c. Significant or material orders passed by the Regulators or courts or Tribunal which impacts the going concern status and Company's operations in future.
- d. Transfer to Investors Education and Investors Fund.
- e. Reporting of fraud by Auditors
- f. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

g. Risk Management Policy

h. Applicability of Cost Audit and maintenance of records

31. Acknowledgements

The Directors thank the Company's employees, customers, vendors, investors and academic partners for their continuous support.

The Directors also thank the Government of India, Governments of various states in India, Governments of various countries and concerned Government departments and agencies for their co-operation. The Directors appreciate and value the contribution made by every member of the Apollo Tricoat family.

By the order of the Board

Date: August 24, 2020

Place: Ghaziabad

Rahul Gupta
Managing Director