L51

Revenue from Operations

(₹ in lakhs)

2022-23	2021-22	Variance in %
24748.08	15611.46	58.52

Revenue from Operations has increased by 58.52% to ₹24748.08 Lakhs during the Financial Year 2022-23 from ₹15611.46 Lakhs during the Financial Year 2021-22. Main reasons of increase in sales are by adopting forward integration which entails venturing into the distribution and sales channels. This enables us to capture a greater share of the value chain and establish direct connections with the customers. Our Team of experts works tirelessly to ensure that our products surpass industry standards. We look forward to cater new customers and extending our reach in the global market. Our export turnover has therefore increased by 89% from Rs 1493.63 lakhs during 2021-22 to Rs 2820.26 lakhs during 2022 -23.

(₹ in Lakhs)

Category	FY 2022-23		FY 2021-2022	
	Amount	(%)	Amount	(%)
(A) Domestic sales	21909.86	88.53	14105.54	90.35
(B) Export sales	2820.26	11.40	1493.63	9.57
(C) Others	17.96	0.07	12.29	0.08
TOTAL	**24748.08**	**100.00**	**15611.46**	**100.00**

Other Income

(₹ in lakhs)

2022-2023	2021-22	Variance in %
240.43	211.07	13.91%

During the year 2022-23 the other income of our company increased to ₹ 240.43 Lakhs from ₹211.07 Lakhs in 2021-22, representing an increase of 13.91%. This was majorly due to increase in revenue from freight on sales by Rs 84.09 lakhs and more subsidy received by Rs 28.75 lakhs. This is despite less income received as foreign exchange rate difference Rs 65.75 lakhs in 2022-23.

Total Expense

(₹ in lakhs)

2022-23	2021-22	Variance in %
20438.84	14325.81	42.67

The total expenditure for the Financial Year 2022-23 was increased to ₹ 20438.84 Lakhs from ₹ 14325.81 Lakhs in 2021-22, representing an increase of 42.67 %, primarily owing to increase in cost of materials consumed by 48% and employees cost by 53%. A further description is given as unde

Cost of material consumed

(₹ in lakhs)

expenses				
Grand Total	738.84	1259.66	1046.83	495.65

Tax Expenses

Our tax expenses comprise of current tax and deferred tax.

Particulars	September 30, 2023 consolidated	FY 2022-23 standalone	FY 2021-22 standalone	FY 2020-21 standalone
Current tax.	814.82	1325.50	433.66	77.13
Deferred tax/ (Reversal)	(15.46)	(7.18)	4.02	16.39
Total	799.36	1318.32	437.68	93.52

Any significant dependence on a single or few suppliers or customers

We majorly procure our raw materials from our top 10 suppliers and have dependence on them. For further details please refer to **"Risk Factor No. 5 "We are dependent on third parties for the supply of raw materials and such providers could fail to meet their obligations, which may have a material adverse effect on our business, results of operations and financial condition. Further our 78.76%, 78.48%, 70.07% and 78.48% of our total purchases are derived from our top 10 suppliers for the period ended September 30, 2023 and Financial Years ended on March 31, 2023, March 31, 2022 and March 31, 2021 respectively"** on page no 38.

The following is the breakup of top five and top ten customers and suppliers of our Company as on standalone basis on March 31, 2023 are as below:

(₹ in lakhs)

Particulars	Customers		Suppliers	
	Amount	% of Total Sales	Amount	% of Total Purchases
Top 5	13814.21	55.82 %	12178.82	57.98 %
Top 10	17540.09	70.87%	16486.00	78.48%

The following is the breakup of top five and top ten customers and suppliers of our Company as on standalone basis on March 31, 2022 are as below:

(₹ in lakhs)

Particulars	Customers		Suppliers	
	Amount	% of Total Sales	Amount	% of Total Purchases
Top 5	9334.00	59.79%	7277.01	52.38%
Top 10	11835.45	75.82%	9734.18	70.07%

CHANGES IN ACCOUNTING POLICIES IN LAST THREE YEARS

sales of high-quality aluminium/copper fins and copper tubes heat exchangers, water coils, condenser and evaporator coils to renowned original equipment manufacturer (OEMs) in the Heating, ventilation, Air conditioning and refrigeration (HVAC&R) industry.

(₹ in Lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)		For the Financial Years ended on March 31, (Standalone) 2023		2022		2021	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Export sales	2372.20	14.77	2820.26	11.40	1493.63	9.57	405.95	5.36
Domestic sales	13675.60	85.13	21909.86	88.53	14105.54	90.35	7176.47	94.64
Other operating revenue	16.44	0.10	17.96	0.07	12.29	0.08	0.00	0.00
Total	**16064.24**	**100%**	**24748.08**	**100.00%**	**15611.46**	**100.00%**	**7582.42**	**100.00%**

- **Other income –** The other income of our company is less than 10% of the total income of our company. Breakup of other income is set forth for the period indicated:

(₹ in lakhs)

Particulars	For the period ended September 30, 2023 (Consolidated)	For the Financial Year ended March 31, (Standalone) 2023	2022	2021
Subsidy receivable	46.69	80.86	52.11	26.47
Freight on sales	34.18	84.47	0.38	0.00
Duty draw back	0.04	15.80	12.69	3.86
Export duty income	-	-	3.47	-
Income from investment	-	-	16.45	-
Interest on FDR	20.64	35.41	30.08	15.34
Foreign Exchange Gain	109.74	21.90	87.65	50.30
Other income	9.78	0.67	7.04	2.56
Rent income	-	1.32	1.20	-
Total	**221.07**	**240.43**	**211.07**	**98.53**

Total Expenses

Our total expenses comprise of (i) Cost of materials consumed (ii) Purchase of stock-in-trade (iii) Changes in inventories of Finished Goods and Work in progress. (iv) Employee benefits expense, (v) Finance cost, (vi) Depreciation and Amortization expense and (vii) Other expenses.

- **Cost of material consumed –** The following table sets forth a breakdown of our cost of materi consumed for the periods indicated:

→ Segment Identification ✓

→ Segment Identity : Asset ✓ Liability ✓ Revenue ✓ Expenses ✓

→ Segment Report : How to make

↓

→ Reportable Segment (Important Segment)

Additional Information: WIPRO

Particulars	Three months ended March 31, 2023	December 31, 2022	March 31, 2022	Year ended March 31, 2023	March 31, 2022
	Audited	Audited	Audited	Audited	Audited
Revenue					
IT Services					
Americas 1	66,430	67,788	58,342	261,270	217,874
Americas 2	70,563	71,168	63,963	278,374	239,404
Europe	67,562	66,323	60,743	256,845	233,443
APMEA	25,889	25,278	23,560	100,989	91,103
Total of IT Services	**230,444**	**230,557**	**206,608**	**897,478**	**781,824**
IT Products	1,131	1,721	1,201	6,047	6,173
ISRE	1,318	1,403	1,868	5,823	7,295
Reconciling Items	-	-	(2)	-	(3)
Total Revenue ✓	**232,893**	**233,681**	**209,675**	**909,348**	**795,289**
Other operating income					
IT Services	-	-	7	-	2,186
Total Other operating income	**-**	**-**	**7**	**-**	**2,186**
Segment Result					
IT Services					
Americas 1	12,890	12,986	11,530	49,264	42,820
Americas 2	15,118	14,776	12,150	56,567	47,376
Europe	10,314	9,485	9,056	35,048	35,739
APMEA	2,671	2,476	1,946	8,945	10,523
Unallocated	(3,347)	(2,219)	361	(9,041)	434
Other operating income	-	-	7	-	2,186
Total of IT Services	**37,646**	**37,504**	**35,050**	**140,783**	**139,078**
IT Products	(59)	41	(22)	(176)	115
ISRE	20	102	171	441	1,173
Reconciling Items	(30)	(11)	(88)	(1,442)	(80)
Total Segment result ✓	**37,577**	**37,636**	**35,111**	**139,606**	**140,286**
Finance expenses	(2,860)	(2,902)	(1,717)	(10,077)	(5,325)
Finance and Other Income	5,463	4,992	3,946	18,185	16,257
Share of net profit/ (loss) of associates accounted for using the equity method	4	26	(16)	(57)	57
Profit before tax	**40,184**	**39,752**	**37,324**	**147,657**	**151,275**

imp — Segment Identify

1. How to do segmenting

P&S : R&R   EE : R&R

2. Identification of Primary & Secondary segment.

↓

Dominant factor

↳ "mgmt. judge"

3. Primary Segmenting.

→ Assets

→ Liability

→ Revenue

→ Expense

4. Identification of Reportable Segments.

5. Segment Report.

↓

Primary Segment: Detailed Report.

→ Segment Revenue

→ Segment Result

→ Segment Assets

→ Segment Liabilities

Secondary segment: Report

LS1

Segment Identification - 2 methods

Products & Services

Geographical Area

Haldirams : Sweets → S1
Namkeen → S2
fast food rest. → S3

↓

Risk & Rewards alag alag

↓

" Business Segmenting "

→ Jab segmenting : Product & Services ke basis pe hoti hein

↓

kyu karuga

↓

P&S : Risk & Reward that is different from other products & services (other segments)

ShehadRam's : sweets sell → ~~R&R~~ ✗

North India | East India | South India | China

↓

Geographical Area / Economic Environment

↓

" Risks & Rewards change "

↓

Geographical Segmenting

* Geographical segmenting can be done on the basis of location of customer or location of assets.

Component sell product R&R are different on the basis of economic envt.

LS2

Dominant factor	Primary Segment	Secondary Seg.
1) Product & Service : Risk & Reward =	Business seg.	Geographical seg.
2) Economic Environment : Risk & Reward =	Geographical seg	Business seg.
Both are dominant 3) Product & service : Risk & Reward + Economic Environment : Risk & Reward	Business seg.	Geographical seg.

Segment Report is 1st prepared as per primary segment.

After the 1st report a report will also be prepared for the secondary seg.

LS2

Reportable Segments

1. **Segment Revenue Criteria** : If revenue of any segment ≥ 10% of Total Revenue of all segments combined then such segment will be considered reportable segment.

Example :-

	A	B	C	D	E	Total
Segment Revenue =	550	420	330	120	40	1460
%	37.67	28.77%	22.60%	8.22%	2.74%	≥ 10%
	R	R	R	NR	NR	

Segment A, B, C are reportable segment.

2. **Segment Asset Criteria** :- If Segments Assets ≥ 10% of Total Assets of all segments combined.

	A	B	C	D	E	Total
Segment Assets	10000	8500	7000	7500	750	33750
%	29.63	25.19	20.74	22.22	2.22	
	R	R	R	R	NR	

Segment A, B, C, D are reportable segments.

3. **Segment Result Criteria** :- If segment result ≥ 10% of Total of
a) All segments in profits OR
b) All segments in losses
w.e. is more in absolute terms.

LS2

	A	B	C	D	E	Total Profit	Total Loss
Segment Result	175	110	(30)	(10)	(50)	285	90
	61.40	38.60	10.53	3.51	17.54	285 Greater	
	R	R	R	NR	R		

Segment A, B, C & E are reportable segments.

As per combined interpretation of all three tests all 5 segments are reportable segments.

LS3

Example :- Segment A and B have been identified as reportable segments as per 10% Tests.

Details of Revenue of all segments are as follows :-

	A	B	C	D	E	Total
External :						
a) Domestic	50	40	20	15	20	145
b) Export	150	130	10	40	40	370
Total External Rev.	200	170	30	55	60	515
Inter-segment	15	10	5	5	10	45
Total Segment Revenue	215	180	35	60	70	560

Calculate as per the 75% external revenue principle whether additional segments are to be identified as reportable segments.

Solution :- As per 75% Revenue Principle ;

External Revenue of Reportable segments ≥ 75% Total Enterprise (External) Revenue.

1) External Revenue of Reportable = 370

2) Enterprise Revenue = 515

3) Percentage of Enterprise Revenue = 71.84%
370/515

The entity will have to identify more segments are reportable segments until total external revenue of reportable segments is ≥ 75% of Total Enterprise Revenue.

CONTINUITY PRINCIPLE

Current financial Year → Segment A → Reportable Segment

by default ⇢

Next financial Year

Reportable Segment

LS3

10% criteria satisfy
This concept will apply.

75% Revenue Principle
This concept will not apply

even if it doesnot satisfy 10% criteria in this year.

Y1

10% satisfy $\xrightarrow{\text{default}}$

R

Y2

R

CI

10% satisfy

CII

10% not satisfy

Y3

CASE I

RS by default

CASE II

RS only if it satisfy 10% criteria or 75% R.P. in C.Y. and not by default.

REPORTABLE SEGMENT FOR 1st TIME

If a segment is identified as reportable segment for the 1st time, the company should restate and present its data relating to the preceeding period unless it is impractical to do so.

This should be done for comparative purpose.

This should be done even if the particular segment didnot satisfy 10% thresholds in the preceeding period.

CHANGE IN ACCOUNTING POLICIES RELATED TO SEGMENT REPORTING

→ Disclosure a) Nature of change
b) Financial Impact in the segment report.

→ Disclosure should be given in the segment report itself.

Example :- Identification of a new reportable segment.
Change in basis of allocation of revenue and expenses amongst the segments.

DISCLOSURES REQUIRED IN SEGMENT REPORT

1. Segment Revenue : External Revenue
Intersegment Revenue
Total Segment Revenue
* Reconcile with Enterprise Revenue

2. <u>Segment Results</u> : * Reconcile with Enterprise Results

3. <u>Segment Assets</u> : Fixed Assets
Currents Assets

* F.A. acquired during the period
* Depreciation / Amortisation during the period.

* Reconciliation with Enterprise Assets.

4. <u>Segment Liabilities</u> : NCL
CL

* Reconciliation with Enterprise Liabilities