

INDEPENDENT AUDITORS' REPORT

To
The Members of JINDAL QUALITY TUBULAR LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **JINDAL QUALITY TUBULAR LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Statement of changes in equity and the Cash Flow Statement for the period then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018 and its loss and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure 'A'** a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015;
 - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 **Annexure 'B'**.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations as on 31st March, 2018;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



iii. There is no amount payable towards investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

For N.C. Aggarwal & Co.
Chartered Accountants
Firm Registration No. 003273N


G. K. Aggarwal
Partner
M. No. 086622
Date: 24th May, 2018
Place: New Delhi



ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

(Annexure referred to in our report of even date to the members of **JINDAL QUALITY TUBULAR LIMITED** on the accounts for the period ended 31st March, 2018)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) A major portion of the fixed assets has been physically verified by the Management in accordance with a phased programmed of verification once in two years adopted by the company. In our opinion, the frequency of the verification is reasonable having regard to the size of the company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.

(c) The Company does not have any immovable property wherein reporting requirement with respect to title deed is applicable.
2. As explained to us, the management during the year has physically verified inventories. In our opinion, the frequency of verification is reasonable and no discrepancies noticed during physical verification of inventories.
3. According to the information and the explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, the provisions of clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the order are not applicable to the company and hence not commented upon.
4. The Company has not granted any loans or given any guarantee and security covered under Section 185 and 186 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iv) of the order are not applicable to the company and hence not commented upon.
5. According to the information and explanations given to us and the records examined by us, the Company has not accepted any deposits from the public during the period. Accordingly, the Paragraph 3(v) of the Order is not applicable to the Company.
6. As informed to us, Company is not required to maintain the cost records under sub-section (l) of section 148 of the Companies Act, 2013. Accordingly, the provisions of clause 3(vi) of the order are not applicable to the company.
7. (a) According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities There are no arrears as at 31st March, 2018 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, there are no material dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited with the appropriate authorities on account of any dispute.



8. In our opinion, on the basis of books and records examined by us and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions. The company does not have any dues to banks, government or debenture holders.
9. The Company has not raised any money by way of initial public offer or further public offer or debt instruments. In our opinion, and according to the information and explanation given to us, the term loans have been applied for the purposes for which they were raised, other than temporary deployment pending allocation.
10. According to the information and explanations given to us and as represented by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, we have been informed that no case of frauds has been committed on or by the Company or by its officers or employees during the period.
11. In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. The company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
13. The Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013 w.r.t. transactions with the related parties, where applicable. Details of the transactions with the related parties have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable to the Company. However, the Company has issued equity shares during the year to its holding company on right issue basis.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him as covered under Section 192 of the Companies Act, 2013. Accordingly, provisions of clause 3 (xv) of the Order are not applicable to the Company



16. According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For N.C. Aggarwal & Co.
Chartered Accountants
Firm Registration No. 003273N


G. K. Aggarwal
Partner
M. No. 086622
Date: 24th May, 2018
Place: New Delhi



ANNEXURE 'B' TO INDEPENDENT AUDITORS' REPORT

Annexure referred to in our report of even date to the members of JINDAL QUALITY TUBULAR LIMITED on the accounts for the period ended 31st March, 2018

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

We have audited the internal financial controls over financial reporting of JINDAL QUALITY TUBULAR LIMITED ("the Company") as of 31st March, 2018 in conjunction with our audit of the financial statements of the Company for the period 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 and the 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 Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 judgment, 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 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 31st March, 2018, based on the internal control over financial reporting criteria established by the Company and the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For N.C. Aggarwal & Co.

Chartered Accountants

Firm Registration No. 003273N



G. K. Aggarwal

Partner

M. No. 086622

Date: 24th May, 2018

Place: New Delhi



JINDAL QUALITY TUBULAR LIMITED
CIN U28910UP2015PLCO73321
BALANCE SHEET AS AT MARCH 31, 2018

				(Amount in Rs.)	
Particulars	Note No.	As at March 31, 2018	As at March 31, 2017		
ASSETS					
(1) Non-current assets					
(a) Property, Plant and Equipment	5	1,00,00,33,493	70,00,03,008		
(b) Capital work-in-progress		2,74,03,193	17,55,82,799		
(c) Financial Assets					
(i) Loans and advances	6	16,640			
(ii) Other financial assets	7	2,13,35,072	1,35,03,526		
(d) Deferred tax assets (net)	8	9,32,10,967	3,52,241		
(e) Other non-current assets	9	1,61,31,429	9,34,762		
(2) Current assets					
(a) Inventories	10	61,41,40,472	11,56,68,938		
(b) Financial Assets					
(i) Trade receivables	11	14,16,81,328	4,49,78,579		
(ii) Cash and cash equivalents	12	23,42,985	7,00,25,662		
(iii) Bank balances other than (ii) above	13	2,35,42,689	3,15,90,912		
(iv) Loans and advances	14	44,012			
(v) Other financial assets	15	23,76,218	1,57,783		
(c) Current tax assets (Net)	16	4,43,446	31,137		
(d) Other current assets	17	39,95,43,371	42,79,71,004		
Total Assets		<u>2,34,22,45,315</u>	<u>1,58,08,00,351</u>		
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	18	9,56,76,130	7,50,62,490		
(b) Other equity	19	6,16,41,152	13,16,76,842		
Liabilities					
(1) Non-current liabilities					
(a) Financial liabilities					
- Borrowings	20	97,74,58,059	93,08,30,444		
(b) Provisions	21	62,94,126	10,00,588		
(c) Deferred tax liabilities (Net)					
(2) Current liabilities					
(a) Financial liabilities					
(i) Borrowings	22	64,72,78,226			
(ii) Trade payables	23	49,02,17,487	42,26,64,357		
(iii) Other financial liabilities	24	1,52,39,915	37,90,553		
(b) Other current liabilities	25	4,75,93,637	1,52,90,927		
(c) Provisions	26	8,46,583	4,84,150		
Total Equity and Liabilities		<u>2,34,22,45,315</u>	<u>1,58,08,00,351</u>		
Significant accounting policies and notes to financial statements 1-49					

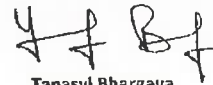
As per our report of even date attached
For **N.C. Aggarwal & Co.**
Chartered Accountants
Firm Registration No. 003273N



G. K. Aggarwal
Partner
M.No. 086622
Place : New Delhi
Dated : May 24, 2018



For and on behalf of Board of Directors of Jindal Quality Tubular Limited


Rajeev Goyal
Director
DIN : 07003755


Tapasvi Bhargava
Whole-time Director
DIN : 00011946


Akshay Agarwal
Company Secretary
M.No. ACS 41115

JINDAL QUALITY TUBULAR LIMITED

CIN U28910UP2015PLC073321

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Note No.	(Amount in Rs.)	
		Year ended March 31, 2018	Year ended March 31, 2017
I Revenue from operations	27	82,87,78,190	5,54,94,432
II Other income	28	88,99,834	6,94,274
III Total Income (I+II)		<u>83,76,78,024</u>	<u>5,61,88,706</u>
IV Expenses			
Cost of materials consumed	29	89,46,02,094	6,66,48,444
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	30	(20,22,48,163)	(1,92,69,194)
Employee benefits expense	31	9,85,68,265	7,61,521
Finance costs	32	13,60,19,189	12,97,913
Depreciation and amortization expense	33	7,76,78,293	9,20,265
Excise duty		96,38,474	25,200
Other expenses	34	15,38,75,301	66,77,864
Total expenses (IV)		<u>1,16,81,33,453</u>	<u>5,70,62,013</u>
V Profit/(loss) before exceptional items and tax (III-IV)		<u>(33,04,55,429)</u>	<u>(8,73,307)</u>
VI Exceptional Items			
VII Profit/(loss) before tax (V-VI)		<u>(33,04,55,429)</u>	<u>(8,73,307)</u>
VIII Tax expense:			
(1) Current tax			
(2) Deferred tax		<u>(9,19,36,120)</u>	<u>(2,27,062)</u>
Total Tax Expense (VIII)		<u>(9,19,36,120)</u>	<u>(2,27,062)</u>
IX Profit/(loss) for the year after Tax (VII-VIII)		<u>(23,85,19,309)</u>	<u>(6,46,245)</u>
X Other Comprehensive Income:			
A. Items that will not be reclassified to profit and loss			
(i) Re-measurement gains (losses) on defined benefit plans		(33,16,349)	
(ii) Income tax effect on above		9,22,608	
Total Other comprehensive Income		<u>(23,93,741)</u>	
XI Total Comprehensive Income for the year (IX+X) (Comprising profit and other comprehensive income for the year)		<u>(24,09,13,050)</u>	<u>(6,46,245)</u>
XII Earnings per equity share			
(1) Basic (Rs.)		(25.69)	(0.18)
(2) Diluted (Rs.)		(25.69)	(0.18)
Significant accounting policies and notes to financial statements	1-49		

As per our report of even date attached
For N.C. Aggarwal & Co.
Chartered Accountants
Firm Registration No. 003273N

G. K. Aggarwal
Partner
M.No. 086622
Place : New Delhi
Dated : May 24, 2018



For and on behalf of Board of Directors of Jindal Quality Tubular Limited

Rajeev Goyal
Director
DIN : 07003755

Tapasvi Bhargava
Whole-time Director
DIN : 00011946

Akshay Agarwal
Company Secretary
M.No. ACS 41115

JINDAL QUALITY TUBULAR LIMITED

CIN U28910UP2015PLC073321

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018

(Amount in Rs.)

PARTICULARS	Year ended March 31, 2018	Year ended March 31, 2017
A. Cash Inflow (Outflow) From The Operating Activities :		
Net Profit Before Tax And Exceptional Items	(33,04,55,429)	(8,73,307)
Adjustments for :		
Add/(Less)		
Depreciation	7,76,78,293	9,20,265
Gain on sale of fixed assets	(1,473)	-
Interest Expenses	13,16,84,330	8,52,409
Interest Income	(42,51,078)	(6,09,899)
Operating Profit Before Working Capital Changes	20,51,10,072	11,62,775
Adjustments for :	(12,53,45,357)	2,89,468
Inventories	(49,84,71,534)	(11,34,11,376)
Trade Receivables	(9,67,02,749)	(4,49,78,579)
Loans and Advances and Other Assets	1,22,29,704	(47,17,29,766)
Other Payables	4,25,41,532	1,83,34,750
Trade and Other Payables	6,75,53,130	41,70,84,703
Cash Generated From Operations Before Exceptional Items	(47,28,49,917)	(19,47,00,268)
Tax Paid	(59,81,95,274)	(19,44,10,800)
Net Cash Inflow / (Outflow) From Operating Activities	(4,12,309)	(31,137)
	(59,86,07,583)	(19,44,41,937)
B. Cash Inflow/(Outflow) From Investment Activities :		
Capital Expenditure	(22,99,52,198)	(87,50,36,594)
Sale proceeds from fixed assets	4,24,500	-
Interest Received	31,89,930	3,49,029
Net Cash Inflow/(Outflow) From Investing Activities	(22,63,37,768)	(87,46,87,565)
C. Cash Inflow/(Outflow) From Financing Activities :		
Interest Paid	(12,81,34,167)	(1,15,680)
Proceeds from Issue of Share Capital including security premium	19,14,91,000	20,74,99,920
Proceeds from Short Term Borrowings	44,03,78,226	-
Increase/(Decrease) in unsecured loan	25,35,27,615	93,08,30,444
Net Cash Inflow/(Outflow) From Financing Activities	75,72,62,674	1,13,82,14,684
Net Changes In Cash And Cash Equivalents	(6,76,82,677)	6,90,85,182
Cash and cash equivalents at beginning of the year	7,00,25,662	9,40,480
Cash and cash equivalents at end of the year	23,42,985	7,00,25,662

NOTE:

- Figures in bracket indicates cash out flow.
- The above cash flow statement has been prepared under the indirect method set out in IND AS - 7 'Statement of Cash Flows'

As per our report of even date attached

For N. C. Aggarwal & Co.
Chartered Accountants
Firm Registration No. 003273N

G. K. Aggarwal
Partner
M.No. 086622
Place : New Delhi
Dated : May 24, 2018



For and on behalf of Board of Directors of Jindal Quality Tubular Limited


Rajeev Goyal

Director
DIN : 07003755


Tapasvi Bhargava

Whole-time Director
DIN : 00011946


Akshay Agarwal
Company Secretary
M.No ACS 41115

JINDAL QUALITY TUBULAR LIMITED
 CIN U28910UP2015PLC079321
 STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2018

(Amount in Rs.)

19 A. Equity Share Capital

Balance as at March 31, 2016	Changes in equity share capital during 2016-17	Balance as at March 31, 2017	Changes in equity share capital during 2016-17	Balance as at March 31, 2018
10,00,000	7,40,62,490	7,50,62,490	2,06,13,640	9,56,76,130

B. Other Equity

(Amount in Rs.)

Particulars	Reserves and Surplus		Items of Other Comprehensive Income		Total
	Securities Premium Reserve	Retained Earnings	Items that will not be reclassified to profit and loss		
				Re-measurement of the net defined benefit Plans	
Balance as at March 31, 2016	-	(11,14,343)	-	-	(11,14,343)
Profit/(loss) for the year	-	(6,46,245)	-	-	(6,46,245)
Addition during the year	19,34,37,430	-	-	-	19,34,37,430
Balance as at March 31, 2017	19,34,37,430	(17,60,588)	-	-	13,16,76,842
Profit/(loss) for the year	-	(29,85,19,309)	-	-	(29,85,19,309)
Addition during the year	17,08,77,360	-	-	-	17,08,77,360
Other Comprehensive Income/(loss)	-	-	(23,93,741)	(23,93,741)	(23,93,741)
Balance as at March 31, 2018	30,43,14,790	(24,02,79,897)	(23,93,741)	(23,93,741)	6,16,41,152

As per our report of even date attached
 For N.C. Aggarwal & Co.
 Chartered Accountants
 Firm Registration No. 003273N

G. K. Aggarwal
 Partner
 M.No. 086622
 Place : New Delhi
 Dated : May 24, 2018



For and on behalf of Board of Directors of Jindal Quality Tubular Limited

Rajeev Goyal
 Rajeev Goyal
 Director
 DIN : 07009755

Tapasvi Bhargava
 Tapasvi Bhargava
 Whole-time Director
 DIN : 00011946

Akshay Agarwal
 Akshay Agarwal
 Company Secretary
 M.No. ACS 41115

JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

1. Corporate and General Information

Jindal Quality Tubular Limited ("the Company") is domiciled and incorporated in India. The registered office of the Company is situated at A-1, UPSIDC Industrial Area, Nandgaon Road, Kosi Kalan, Mathura, Uttar Pradesh - 281403 India.

The Company is incorporated on 15TH September, 2015 to manufacture Iron and Steel Pipes at various locations in India.

2. Basis of preparation

The financial statements have been prepared complying in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2016, as amended. The financial statements comply with IND AS notified by Ministry of Company Affairs ("MCA"). The Company has consistently applied the accounting policies used in the preparation for all periods presented. The financial statement has been prepared considering all IND AS as notified by MCA till reporting date i.e. March 31, 2018

The significant accounting policies used in preparing the financial statements are set out in Note no. 3 of the Notes to Financial Statements.

The preparation of the financial statements requires management to make estimates and assumptions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 4 on critical accounting estimates, assumptions and judgements).

3.0 Significant Accounting Policies

3.1 Basis of Measurement:

The Financial statements have been prepared on accrual basis and under the historical cost convention except following which have been measured at fair value:

- financial assets and liabilities except borrowings carried at amortised cost,
- defined benefit plans – plan assets measured at fair value,

The Financial statements are presented in Indian Rupees, which is the Company's functional and presentation currency and all amounts are rounded to the nearest decimals, except as stated otherwise.

3.2 Property, Plant and Equipment

Property, Plant and Equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the assets 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.

Assets are depreciated to the residual values on a straight line basis over the estimated useful lives based on technical estimates. Assets residual values and useful lives are reviewed at each financial year end considering the physical



condition of the assets and benchmarking analysis or whenever there are indicators for review of residual value and useful life. Estimated useful lives of the assets are as follows:

Category of Assets	Years
- Plant and Machinery	15
- Electrical Equipment	10
- Furniture & Fittings	10
- Office Equipments	5
- Computer Equipment	3

The 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 on the date of disposal or retirement.

3.3 Intangible Assets

Identifiable intangible assets are recognised a) when the Company controls the asset, b) it is probable that future economic benefits attributed to the asset will flow to the Company and c) the cost of the asset can be reliably measured.

3.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they being considered as integral part of the Company's cash management.

3.5 Inventories

Inventories are valued at the lower of cost and net realizable value except scrap, which is valued at net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their respective present location and condition. Cost is computed on the weighted average basis.



3.6 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance lease

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Assets given by lessor under finance lease are recorded as receivable at the lower of the fair value of the leased property and the present value of the minimum lease payments. Lease receipts are apportioned between the reduction of lease receivable and finance income so as to achieve a constant rate of interest on the remaining balance of the receivable for each period. The corresponding rent receivables, net of finance charges, are included in current and non-current other financial asset. The interest element of lease is accounted in the Statement of Profit and Loss over the lease period.

Assets taken on leases are capitalised at the commencement of the lease at the inception date at lower of fair value of the leased property or present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit or Loss. A leased asset is depreciated over the useful life of the asset.

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs.

b) Operating lease

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Payments/receipts under operating lease are recorded in the Statement of Profit and Loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.



3.7 Employee benefits

a) Short term employee benefits are recognized as an expense in the Statement of Profit and Loss of the year in which the related services are rendered.

b) Leave encashment being a short term benefit is accounted for using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit and loss in the period in which they arise.

c) Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

d) The cost of providing gratuity, a defined benefit plans, is determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Other Comprehensive Income in the period in which they arise. Other costs are accounted in statement of profit and loss.

3.8 Foreign currency reinstatement and translation

a) *Functional and presentation currency*

The Financial statements have been presented in Indian Rupees (Rs.), which is the Company's functional and presentation currency.

b) *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Company at rates prevailing at the date of the transaction. Subsequently monetary items are translated at closing exchange rates of balance sheet date and the resulting exchange difference recognised in profit or loss. Differences arising on settlement of monetary items are also recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. Exchange component of the gain or loss arising on fair valuation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to such exchange difference.

The Company has availed the exemption available in IND AS 101, to continue capitalisation of foreign currency fluctuation on long term foreign currency monetary liabilities outstanding on transition date.

3.9 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) Financial Assets

Financial Assets are measured at amortised cost or fair value through Other Comprehensive Income or fair value through Profit or Loss, depending on its business model for managing those financial assets and the assets contractual cash flow characteristics.

Subsequent measurements of financial assets are dependent on initial categorisation. For impairment purposes significant financial assets are tested on an individual basis, other financial assets are assessed collectively in groups that share similar credit risk characteristics.

Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of financial assets. The estimated impairment losses are recognised in a separate provision for impairment and the impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Subsequent changes in assessment of impairment are recognised in provision for impairment and the change in impairment losses are recognised in the Statement of Profit and Loss within other expenses.

For foreign currency trade receivable, impairment is assessed after reinstatement at closing rates.

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.

b) Financial liabilities

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 profit or loss.

Financial liabilities are classified in two categories; subsequent measurement of financial liabilities is depended on initial categorisation. These categories and their classification are as below:



i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date at fair value with all the changes recognized in the Statement of Profit and Loss.

ii) Financial liabilities measured at amortised cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method ("EIR") except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in fair values attributable to the risks that are hedged in effective hedging relationship.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit and Loss.

After initial recognition, interest-bearing borrowings 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 profit or loss over the period of the borrowings 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.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Trade and other payables

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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 profit or loss as other income or finance costs.



3.10 Equity share capital

Ordinary shares are classified as equity. Incremental costs net of taxes directly attributable to the issue of new equity shares are reduced from retained earnings, net of taxes.

3.11 Borrowing costs

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period.

All other borrowing costs are expensed in the period in which they occur.

3.12 Taxation

Income tax expense represents the sum of current and deferred tax (including MAT). Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income, such change could be for change in tax rate.

Current tax provision is computed for Income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws. Current tax assets and current tax liabilities are off set, and presented as net.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. Deferred tax assets and deferred tax liabilities are off set, and presented as net.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.



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Minimum Alternative Tax (MAT) is applicable to the Company. Credit of MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

3.13 Revenue recognition and other income

a) Sale of goods

Revenue is recognized at the fair value of consideration received or receivable and represents the net invoice value of goods supplied to third parties after deducting discounts, volume rebates and outgoing sales tax and are recognized either on delivery or on transfer of significant risk and rewards of ownership of the goods. Revenue is inclusive of excise duty. Material returned/ rejected is accounted for in the year of return/ rejection.

b) Other Income

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

3.14 Earnings per share

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of shares outstanding during the year. The weighted average numbers of shares also includes fixed number of equity shares that are issuable on conversion of compulsorily convertible preference shares, debentures or any other instrument, from the date consideration is receivable (generally the date of their issue) of such instruments.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholder' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.



3.15 Provisions and contingencies

a) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Gratuity and leave encashment provision

Refer Note no. 3.7 for provision relating to gratuity and leave encashment.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

3.16 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:

- a. Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b. Held primarily for the purpose of trading,
- c. Expected to be realised within twelve months after the reporting period, or
- d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when it is:

- a. Expected to be settled in normal operating cycle,



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- b. Held primarily for the purpose of trading,
- c. Due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.17 Standards issued but not yet effective

Ind AS 115 - Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs had notified Ind AS 115 (Revenue from Contracts with Customers) which would be applicable for accounting periods beginning on or after 1 April 2018. This Standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Revenue is recognised when a customer obtains control of a promised good or service. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices.

The Company is in the process of assessing the detailed potential impact of Ind AS 115, Revenue from Contracts with Customer on its financial statements and related disclosures. Presently, the Company is not able to reasonably estimate the impact that application of Ind AS 115 is expected to have on its financial statements.

Appendix B to Ind AS 21 Foreign currency transactions and advance consideration

In March, 2018, the Ministry of Corporate Affairs (MCA) has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which would be applicable for accounting periods beginning on or after 1 April 2018. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

Presently the Company is not able to reasonably estimate the impact of the application of the appendix B on the financial statements.

4. Critical accounting estimates, assumptions and judgements

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgments, which have significant effect on the amounts recognised in the financial statement:



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(a) Property, plant and equipment

External adviser or internal technical team assess the remaining useful lives and residual value of property, plant and equipment. Management believes that the assigned useful lives and residual value are reasonable, the estimates and assumptions made to determine depreciation are critical to the Company's financial position and performance.

(b) Intangibles

Internal technical or user team assess the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

(c) Income taxes

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

(d) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

(e) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(f) Insurance claims

Insurance claims are recognised when the Company have reasonable certainty of recovery. Subsequently any change in recoverability is provided for.

(g) Liquidated damages

Liquidated damages payable are estimated and recorded as per contractual terms; estimate may vary from actuals as levy by customer.



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NOTES TO FINANCIAL STATEMENTS

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
6. Non-current financial assets		
(Unsecured, considered good)		
Loans to Employees	16,640	-
Total Non-current Loans	16,640	-
7. Other non-current financial assets		
(Unsecured, considered good)		
Security Deposits	60,20,000	20,000
Bank Deposits with remaining maturity of more than 12 months *	1,49,53,272	1,33,80,439
Interest Accrued but not due on Fixed Deposit	3,61,800	1,03,087
Total Other non current financial assets	2,13,35,072	1,35,03,526
* Pledged with banks against letter of credit / bank guarantees.		
8. DEFERRED TAX ASSET (NET)		
Temporary difference		
A. Deferred Tax Liability		
(i) Difference between book & tax base related to fixed assets	5,52,79,582	1,42,58,532
(ii) Allowance under Income Tax Act	27,76,904	25,81,547
Total Deferred tax liabilities	5,80,56,486	1,68,40,079
B. Deferred tax assets		
(i) Disallowance under Income Tax Act	24,96,994	27,031
(ii) Carried Forward losses	14,87,70,459	1,71,65,289
Total Deferred tax assets	15,12,67,453	1,71,92,320
C. Net (liabilities)/Assets of temporary differences (A-B)	9,32,10,967	3,52,241
D. MAT credit entitlement		
Net Deferred Tax Assets	9,32,10,967	3,52,241
9. Other non-current assets		
Capital Advances	1,60,33,763	9,34,762
Prepaid expenses	97,666	-
Total Other non-current assets	1,61,31,429	9,34,762
10. Inventories		
Raw materials	30,07,75,870	7,60,16,029
Raw materials in transit	3,61,45,266	-
Finished goods	7,50,42,263	98,39,111
Work-in-progress	15,09,91,172	2,24,44,146
Scrap	87,97,547	29,09,732
Stores and spares	4,23,88,354	44,59,920
Total Inventories	61,41,40,472	11,56,68,938



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NOTES TO FINANCIAL STATEMENTS

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
11. Trade receivables		
Secured		
Considered good	3,66,16,125	61,81,911
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
Total Secured	<u>3,66,16,125</u>	<u>61,81,911</u>
Unsecured		
Considered good	10,50,65,203	3,87,96,668
Considered doubtful	-	-
Less: Provision for doubtful debts	-	-
Total Unsecured	<u>10,50,65,203</u>	<u>3,87,96,668</u>
Total Trade receivables	<u>14,16,81,328</u>	<u>4,49,78,579</u>
12. Cash and cash equivalents		
Cash on hand	6,720	3,964
Balances with Banks		
- On current accounts	23,36,265	7,00,21,698
Total Cash and cash equivalents	<u>23,42,985</u>	<u>7,00,25,662</u>
13. Other bank balances		
Fixed Deposits (with remaining maturity of less than 12 months and other than considered in cash and cash equivalents) *	2,35,42,689	3,15,90,912
Total Other bank balances	<u>2,35,42,689</u>	<u>3,15,90,912</u>
* Pledged against letter of credit / bank guarantees.		
14. Loans and advances		
(Unsecured, considered good)		
Loans to Employees	44,012	-
Total Loans & advances	<u>44,012</u>	<u>-</u>
15. Other current financial assets		
Security deposit given	14,16,000	-
Interest Accrued but not due on FDR's	9,60,218	1,57,783
Total other current financial assets	<u>23,76,218</u>	<u>1,57,783</u>
16. Current Tax Assets		
Current Tax Assets (Net of Provision)	4,43,446	31,137
Total Current Tax Assets	<u>4,43,446</u>	<u>31,137</u>
17. Other current assets		
Advances to vendors	2,98,69,698	21,61,25,709
Other receivables *	36,64,67,121	21,18,45,295
Prepaid expenses	32,06,552	-
Total Other current assets	<u>39,95,43,371</u>	<u>42,79,71,004</u>
* Comprise of GST and cenvat receivable		



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
18. Equity Share Capital		
Authorised:		
(i) 100,00,000 (previous year 100,00,000) Equity Shares of Rs. 10/- each	10,00,00,000	10,00,00,000
	10,00,00,000	10,00,00,000
Issued :		
(i) 95,67,613 (previous year 75,06,249) Equity Shares of Rs.10/- each	9,56,76,130	7,50,62,490
	9,56,76,130	7,50,62,490
Subscribed and fully paid-up:		
(i) 95,67,613 (previous year 75,06,249) Equity Shares of Rs.10/- each	9,56,76,130	7,50,62,490
	9,56,76,130	7,50,62,490
Total Equity Share Capital	9,56,76,130	7,50,62,490

(a) Reconciliation of the number of shares:

Equity shares

Shares outstanding as at the beginning of the year	75,06,249	1,00,000
Add : Shares issued during the year	20,61,364	74,06,249
Shares outstanding as at the end of the year	95,67,613	75,06,249

(b) Shares of the company held by its Holding company:

Jindal Saw Ltd. *	No. of shares 64,10,301	No. of shares 50,29,187
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* 30 Equity shares held by person as nominees of Jindal Saw Limited

(c) Details of Equity Shareholders holding more than 5% shares in the company:

Name of Shareholders	No. of shares	% of holding as at March 31, 2018	No. of shares	% of holding as at March 31, 2017
Jindal Saw Limited	64,10,301	67.00	50,29,187	67.00
Kuldip Bhargava	17,05,262	17.82	10,50,812	14.00
Tapasvi Bhargava	7,13,125	7.45	7,13,125	9.50
Tejasvi Bhargava	7,38,925	7.72	7,13,125	9.50
Total	95,67,613	100.00	75,06,249	100.00

(d) Terms/Rights attached to Equity Shares:

The Company has only one class of equity shares having a par value of Rs. 10/- per equity share. Each equity shareholder is entitled to one vote per share.

Nature of Reserve

- Securities Premium Reserve represents the amount received in excess of par value of securities (equity shares).
- Retained earning represent the undistributed profits /(Loss) of the company



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
20. Non-current borrowings		
a) Secured		
Vehicle Loan from banks	6,39,740	-
Loans from NBFC	97,00,18,319	72,56,30,444
Secured Non-current borrowings	<u>97,06,58,059</u>	<u>72,56,30,444</u>
<p>Vehicle Loan is secured against hypothecation of vehicles and is repayable in 2019-20.</p> <p>Loan taken from NBFC i.e. Indo Star Capital Finance of Rs. 98,00,00,000 is secured against moveable and immoveable fixed assets of the company and pledge of 51% shareholding of the company held by promoter company. The term loan is also guaranteed by Directors/Shareholder of the company. The term loan facility are payable in monthly installment of Rs. 2.38 Crore each in 42 installment as follow. FY 2019-20 of Rs. 28,57,14,286, 2020-21 of Rs. 28,57,14,286, 2021-22 of Rs. 28,57,14,286, and 2022-23 of Rs. 12,28,57,142. Loan is net of transaction cost.</p>		
b) Unsecured		
Loan from related parties (Refer Note No. 44B)	68,00,000	20,52,00,000
Unsecured Non-current borrowings	<u>68,00,000</u>	<u>20,52,00,000</u>
Total Non-current borrowings	<u>97,74,58,059</u>	<u>93,08,30,444</u>
<p>Term loan from related party are repayable in one year by the end of 2020. Loans carries interest rate 10.75% p.a.</p>		
21. Provisions		
Provision for employee benefits		
- Gratuity	44,15,497	4,53,737
- Leave Encashment	18,78,629	5,46,851
Total Non-current provisions	<u>62,94,126</u>	<u>10,00,588</u>
22. Current Borrowings		
a) Secured		
Working capital demand loans from Banks/NBFC	64,72,78,226	-
Secured borrowings	<u>64,72,78,226</u>	<u>-</u>
<p>Working Capital borrowings is secured by first charge over all current assets of the company. It also include loan taken from Aditya Birla Finance Ltd. secured by are secured against pledge of equity shares held by one of the group companies. The lender and borrower have got put/call option after one year.</p> <p>Short term borrowings are secured by hypothecation of finished goods, raw-materials, work-in-progress, stores and spares, book debts and second charge in respect of other movable fixed assets of the Company.</p>		
23. Trade payables		
Micro and small enterprises *	13,80,769	-
Trade payables (including acceptances)	48,88,36,718	42,26,64,357
Total Trade payables	<u>49,02,17,487</u>	<u>42,26,64,357</u>
<p>* There are no Micro and Small Enterprises, to whom the company owes dues as at March, 2017. This information is required to be disclosed under 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 of the company.</p>		
24. Other current financial liabilities		
Current maturities of long term debts	5,92,362	-
Interest accrued but not due	42,86,892	7,36,729
Capital creditors	3,65,805	-
Security deposit	3,00,000	-
Dues to employees	57,51,309	28,79,487
Other outstanding financial liabilities	39,43,547	1,74,337
Total other current financial liabilities	<u>1,52,39,915</u>	<u>37,90,553</u>
25. Other current liabilities		
Advance from customer	2,95,90,312	1,08,53,148
Statutory dues	1,80,03,325	44,24,859
Other liabilities	-	12,920
Total other current liabilities	<u>4,75,93,637</u>	<u>1,62,90,927</u>



JINDAL QUALITY TUBULAR LIMITED
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Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
26. Current provisions		
Provision for Employee benefits		
Gratuity	4,21,976	2,36,648
Leave Encashment	4,24,607	2,47,502
Total current provisions	8,46,583	4,84,150
27. Revenue from operations		
a) Sale of products		
Finished goods	81,68,21,534	5,54,94,432
b) Sale of Services		
Job work charges	9,72,637	-
c) Other Operating revenues		
Other Income	12,55,103	-
Export and other government incentives	46,15,840	-
Government Grant	51,13,076	-
Total Other Operation	1,09,84,019	-
Total Revenue from operations	82,87,78,190	5,54,94,432
28. Other income		
Interest income	42,51,078	6,09,899
Other non operating income	10,68,280	84,375
Profit on sale of fixed assets	1,473	-
Net foreign currency fluctuation gain	35,79,003	-
Total other income	88,99,834	6,94,274
29. Cost of materials consumed		
Raw material consumed	89,46,02,094	6,66,48,444
Total cost of materials consumed	89,46,02,094	6,66,48,444
30. Changes in inventories of finished goods, stock-in-trade and work-in-progress		
Opening Stock:		
- Finished Goods	98,39,111	36,46,730
- Work in Progress	2,24,44,146	1,13,31,099
- Scrap	29,09,732	-
	3,51,92,989	1,49,77,829
Closing Stock		
- Finished Goods	7,50,42,263	98,39,111
- Work in Progress	15,09,91,173	2,24,44,146
- Scrap	87,97,547	29,09,732
	23,48,30,983	3,51,92,989
Net (Increase)/Decrease In Stock	(19,96,37,994)	(2,02,15,160)
Excise duty on account of increase/(decrease) on stock of finished goods	(26,10,169)	9,45,966
Total (Increase)/Decrease in Stock	(20,22,48,163)	(1,92,69,194)
31. Employee benefit expenses		
Salary and Wages	9,09,92,416	3,26,217
Contribution to provident and other funds	42,29,081	4,00,157
Workmen and Staff welfare expenses	33,46,768	35,147
Total Employee benefit expenses	9,85,68,265	7,61,521



JINDAL QUALITY TUBULAR LIMITED
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Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
32. Finance Cost		
a) Interest expense		
- on Term loans	11,48,04,504	8,18,589
- on Bank borrowings	1,68,03,777	26,494
- other interest	76,049	7,326
b) Amortization of loan processing fees	25,12,875	5,444
c) Bank and finance charges	18,21,984	4,40,060
Total Finance Cost	13,60,19,189	12,97,913
33. Depreciation and amortisation		
Depreciation	7,76,78,293	9,20,265
Total Depreciation and amortisation	7,76,78,293	9,20,265
34. Other expenses		
Manufacturing expenses		
Stores and spares consumed	4,93,75,241	7,47,869
Power and fuel	3,83,80,380	-
Job work expenses	1,70,85,630	40,22,980
Other manufacturing expenses	62,13,656	3,01,730
Repairs to plant and machinery	11,93,840	3,200
Administrative, Selling and other expenses		
Rent	18,27,641	26,055
Rates and taxes	1,954	3,03,600
Insurance	8,99,373	-
Repair and maintenance-others	16,48,145	3,446
Travelling and conveyance	75,64,276	4,90,884
Vehicle upkeep and maintenance	6,53,180	-
Postage and telephones	3,68,303	18,644
Legal and professional fees	16,89,823	12,899
Auditors' remuneration	1,00,000	1,00,000
Commission on sales	4,09,297	-
Forwarding charges (net)	1,63,11,230	4,59,828
Other selling expenses	56,82,187	72,602
Liquidated damages	2,12,923	7,318
Miscellaneous expenses	42,58,222	1,06,809
Total Other expenses	15,38,75,301	66,77,864



35. Financial risk management

35.1 Financial risk factors

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company has trade and other receivables, and cash and bank balance that arise directly from its operations. The Company's activities expose it to a variety of financial risks:

i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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. This is based on the financial assets and financial liabilities held as of March 31, 2017.

ii) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

iii) Liquidity risk.

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes.

Market Risk

The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations provisions and on the non-financial assets and liabilities. The sensitivity of the relevant Statement of Profit and Loss item is the effect of the assumed changes in the respective market risks. The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.



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NOTES TO FINANCIAL STATEMENTS

(a) Foreign exchange risk and sensitivity

The Company transacts business primarily in Indian Rupee and is therefore not exposed to foreign exchange risk.

(b) Interest rate risk and sensitivity

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates, any changes in the interest rates environment may impact future cost of borrowing.

With all other variables held constant, the following table demonstrates the impact of borrowing cost on floating rate portion of loans and borrowings.

(Amount in Rs.)

Interest Rate Sensitivity	Increase/Decrease in basis points	Effect on Profit before Tax
For the year ended 31, March 2018		
INR Borrowings	+50	-49,00,000
	-50	49,00,000
For the year ended 31, March 2017		
INR Borrowings	+50	-36,75,000
	-50	36,75,000

(c) Commodity price risk and sensitivity

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations.

Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds and financial institutions and other financial instruments.

Trade Receivables

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The Company has also taken advances and security deposits from its customers & distributors, which mitigate the credit risk to an extent.

The ageing of trade receivable is as below:



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(Amount in Rs.)

Particulars	Neither Due nor impaired (including unbilled)	Past Due			Total
		Upto 6 months	6-12 months	above 12 months	
Trade Receivables					
As at 31 st March 2018					
Secured	3,56,48,220	9,67,905	-	-	3,66,16,125
Unsecured	3,28,38,703	6,98,57,901	17,42,765	6,25,834	10,50,65,203
Gross Total	6,84,86,922	7,08,25,806	17,42,765	6,25,834	14,16,81,328
Provision for doubtful debtors	-	-	-	-	-
Net Total	6,84,86,922	7,08,25,806	17,42,765	6,25,834	14,16,81,328
Trade Receivables					
As at 31 st March 2017					
Secured	61,81,911	-	-	-	61,81,911
Unsecured	1,35,35,673	2,52,55,480	5,516	-	3,87,96,668
Gross Total	1,97,17,584	2,52,55,480	5,516	-	4,49,78,579
Provision for doubtful debtors	-	-	-	-	-
Net Total	1,97,17,584	2,52,55,480	5,516	-	4,49,78,579

Financial instruments and cash deposits

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant cash and deposit balances other than those required for its day to day operations.

Liquidity risk

The Company's objective is to; at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below provides undiscounted cash flows towards non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date.

The Company is required to maintain ratios (including total debt to EBITDA / net worth, EBITDA to gross interest, debt service coverage ratio and secured coverage ratio) as mentioned in the loan agreements at specified levels. In the event of failure to meet any of these ratios these loans become callable at the option of lenders, except where exemption is provided by lender.



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

As at March 2018						(Amount in Rs.)
Particulars	Carrying Amount	On Demand	Less than 6 months	6-12 months	> 1year	Total
Interest bearing borrowings	1,63,47,17,966	-	64,72,78,226	-	98,74,39,740	1,63,47,17,966
Other Financial Liabilities	1,52,39,915	6,65,805	1,05,90,801	39,83,309	-	1,52,39,915
Trade & other payables	49,02,17,487	-	49,02,17,487	-	-	49,02,17,487
Total	2,14,01,75,368	6,65,805	1,14,80,86,514	39,83,309	98,74,39,740	2,14,01,75,368

As at March 2017						(Amount in Rs.)
Particulars	Carrying Amount	On Demand	Less than 6 months	6-12 months	> 1year	Total
Interest bearing borrowings	93,08,30,444	-	-	-	93,08,30,444	93,08,30,444
Other Financial Liabilities	37,90,553	22,24,972	9,11,066	6,54,515	-	37,90,553
Trade & other payables	42,26,64,357	5,56,95,501	36,69,68,856	-	-	42,26,64,357
Total	1,35,72,85,354	5,79,20,473	36,78,79,922	6,54,515	93,08,30,444	1,35,72,85,354

Unused lines of credit

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured	20,96,21,774	25,00,00,000
Unsecured	-	-
Total	20,96,21,774	25,00,00,000

Interest rate and currency of borrowings

The below details do not necessarily represents foreign currency or interest rate exposure to the income statement, since the Company has taken derivatives for offsetting the foreign currency and interest rate exposure.

(Amount in Rs.)

Particulars	Total Borrowings	Floating Rate borrowings	Fixed rate borrowings	Weighted average Interest rate (%)
INR	1,63,47,17,966	98,00,00,000	65,47,17,966	11.24%
Total as at 31st March, 2018	1,63,47,17,966	98,00,00,000	65,47,17,966	
INR	93,08,30,444	72,56,30,444	20,52,00,000	11.96%
Total as at 31st March, 2017	93,08,30,444	72,56,30,444	20,52,00,000	

35.2 Capital risk management

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The primary objective of the Company's capital management is to maximize the shareholder value. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern in order to support its business and provide maximum returns for



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shareholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. No changes were made in the objectives, policies or processes during the year ended March 31, 2018.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. Net debt includes, interest bearing loans and borrowings less cash and short term deposits, excluding discontinued operations.

The Company monitors capital using gearing ratio, which is net debt divided by total capital.

During the year ended March 2018 the gearing ratios at March 31, 2018 were as follows:

Particulars	(Amount in Rs.)	
	As at March 2018	As at March 2017
Loans & Borrowings	97,74,58,059	93,08,30,444
Working capital Borrowing	64,72,78,226	
Less: Cash & Cash Equivalents	23,42,985	7,00,25,662
Net Debt	1,62,23,93,300	86,08,04,782
Total Capital	15,73,17,282	20,67,39,332
Capital and Net Debt	1,77,97,10,582	1,06,75,44,114
Gearing Ratio	91%	81%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest bearing loans and borrowing for reported periods.

36. Fair value of financial assets and liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are recognised in the financial statements.

Particulars	Year Ended March 2018		Year Ended March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets designated at amortised cost				
Fixed deposits with banks	3,84,95,961	3,84,95,961	4,49,71,351	4,49,71,351
Cash & Bank balances	23,42,985	23,42,985	7,00,25,662	7,00,25,662
Trade and other receivables	14,16,81,328	14,16,81,328	4,49,78,579	4,49,78,579
Other Financial assets	88,18,670	88,18,670	2,80,870	2,80,870
Total	19,13,38,944	19,13,38,944	16,02,56,462	16,02,56,462
Financial Liabilities designated at amortised cost				
Borrowing-Fixed rate	65,47,17,966	65,47,17,966	20,52,00,000	20,52,00,000
Borrowing-Floating rate	97,00,18,319	97,00,18,319	72,56,30,444	72,56,30,444
Trade & Other payables	49,02,17,487	49,02,17,487	42,26,64,357	42,26,64,357
Other Financial liabilities	1,52,39,915	1,52,39,915	37,90,553	37,90,553
Total	2,13,01,93,687	2,13,01,93,687	1,35,72,85,354	1,35,72,85,354



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Fair valuation techniques

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount 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.

The following methods and assumptions were used to estimate the fair values:

- a. Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- b. Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Fair value of variable interest rate borrowings approximates their carrying values. For fixed interest rate borrowing fair value is determined by using the discounted cash flow (DCF) method using discount rate that reflects the issuer's borrowings rate. Risk of non-performance for the company is considered to be insignificant in valuation.

Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of Company's asset and liabilities, grouped into Level 1 to Level 3 as described below:

- Quoted prices / published NVA (unadjusted) in active markets for identical assets or liabilities (level 1). It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the balance sheet date and financial instruments like mutual funds for which net assets value(NAV) is published mutual fund operators at the balance sheet date.
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). It includes fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the company specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Fair value hierarchy

The following table provides the fair value measurement hierarchy of company asset and liabilities grouped into Level 1 to Level 2 as described below



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Assets / Liabilities for which is disclosed (only disclosed)

(Amount in Rs.)

Particulars	As at March 31, 2018		
	Level 1	Level 2	Level 3
Financial Liabilities			
Borrowings - Fixed Rate	-	65,47,17,966	-
Other Financial Liabilities	-	1,52,39,915	-

(Amount in Rs.)

Particulars	As at March 31, 2017		
	Level 1	Level 2	Level 3
Financial Liabilities			
Borrowings - Fixed Rate	-	20,52,00,000	-
Other Financial Liabilities	-	37,90,553	-

During the year ended March 31, 2018 and March 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements. There is no transaction/balance under level 3.

Following table describes the valuation techniques used and key inputs for valuation under fair value hierarchy as of March 31, 2018 and March 31, 2017, respectively:

Assets / Liabilities for which fair value is disclosed

Particulars	Fair value hierarchy	Valuation technique	Input used
Financial liabilities			
Borrowings - Fixed rate	Level 2	Discounted Cash Flow	Prevailing interest rates in market, Future payouts
Other financial liabilities	Level 2	Discounted Cash Flow	Prevailing interest rates to discount future cash flows

37. Segment information

Information about primary segment

The Company's primary segment as identified by management is Iron and Steel Pipes.

Segments have been identified taking into account nature of product and differential risk and returns of the segment.

Information about Geographical Segment – Secondary

The Company's operations are located in India. The following table provides an analysis of the Company's sales by geography in which the customer is located, irrespective of the origin of the goods –



JINDAL QUALITY TUBULAR LIMITED
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(Amount in Rs.)

Particulars	2017-18			2016-17		
	Within India	Outside India	Total	Within India	Outside India	Total
Revenue from operation	71,35,33,839	11,52,44,351	82,87,78,190	5,54,94,432	-	5,54,94,432
Non current Assets	1,04,35,68,115	-	1,04,35,68,115	87,65,20,569	-	87,65,20,569

38. Income Tax Expense

(Amount in Rs.)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax	-	-
Deferred tax		
- Relating to origination & reversal of temporary difference	-9,28,55,306	-2,40,618
- Relation to change in tax rate	-3,420	13,556
Tax expense attributable to current year's profit	-9,28,58,726	-2,27,062
Adjustment in respect of income tax of previous year		
- Current income tax	-	-
- Deferred tax	-	-
Total Tax expense	-9,28,58,726	-2,27,062

Effective Tax Rate (ETR) reconciliation

Numerical reconciliation of tax expense applicable to profit before tax at the latest statutory enacted tax rate in india to income tax expense reported is as follows:

(Amount in Rs.)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net Loss/(Income) before tax	33,04,55,429	8,73,307
Enacted tax rates	27.820%	27.553%
Computed tax Income/(expense)	9,28,55,306	2,40,618
Increase/Reduction in taxes on account of:		
- Previous year tax adjustments	-	-
- Deferred tax of previous years	-	-
- Other non deductible expenses	-	-
- Income not taxable / exempt from tax	-	-
- Tax on which no deduction is admissible	-	-
- Change in rate of tax	3,420	-13,556
Income tax expense reported	9,28,58,726	2,27,062



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

39. Deferred income tax

The analysis of deferred tax (expenses)/ income is as follows:

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
Book base and tax base of fixed assets	-4,10,21,050	-1,42,58,532
(Disallowance)/Allowance (net) under income tax	22,74,606	-25,66,876
Carried forward losses	13,16,05,170	1,70,52,470
Total	9,28,58,726	2,27,062

Component of tax accounted in OCI and Equity

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
Component of OCI		
Deferred tax Gain/ (Loss) on defined benefit	9,22,608	-
Total	9,22,608	-

40. Retirement benefit obligations

a) Expense recognised for Defined Contribution plan

Particulars	(Amount in Rs.)	
	Year Ended March 31, 2018	Year Ended March 31, 2017
Company's Contribution to Provident Fund	28,16,768	3,77,321
Company's Contribution to ESI	4,96,428	11,487
Total	33,13,196	3,88,808

Below tables sets forth the changes in the projected benefit obligation and plan assets and amounts recognised in the standalone Balance Sheet March 31, 2018, being the respective measurement dates:



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b) Movement in obligation

(Amount in Rs.)

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present Value of Obligation - March 31, 2017	6,90,385	7,94,353
Interest Cost	53,505	61,562
Current Service Cost	7,77,234	9,39,134
Benefits Paid	-	-4,81,177
Remeasurements - actuarial loss/(gain)	33,16,349	9,89,364
Present Value of Obligation - March 31, 2018	48,37,473	23,03,236

c) Movement in Plan Assets - Gratuity

(Amount in Rs.)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Employer contributions	-	-
Benefits paid	-	-
Transfer out pursuant to Composite Scheme of Arrangement	-	-
Actuarial gain / (loss)	-	-
Fair value of plan assets at end of year	-	-
Present value of obligation	-	-
Net funded status of plan	-	-
Actual return on plan assets	-	-

d) Recognised in Profit and Loss

(Amount in Rs.)

Particulars	Gratuity		Leave encashment	
	Charged to P&L	Capitalised	Charged to P&L	Capitalised
Current Service cost	7,77,234	-	9,39,134	-
Interest cost	53,505	-	61,562	-
Expected return on plan assets	-	-	-	-
Remeasurement - Actuarial loss/(gain)	-	-	9,89,364	-
For the year ended March 31, 2018	8,30,739	-	19,90,060	-
Actual return on plan assets	-	-	-	-
Current Service cost	11,349	6,79,036	13,199	7,81,154
Interest cost	-	-	-	-
Expected return on plan assets	-	-	-	-
Remeasurement - Actuarial loss/(gain)	-	-	-	-
For the year ended March 31, 2017	11,349	6,79,036	13,199	7,81,154
Actual return on plan assets	-	-	-	-



e) Recognised in other comprehensive income

(Amount in Rs.)

Particulars	Gratuity
Remeasurement - Actuarial loss /(gain)	33,16,349
For the year ended March 31, 2018	33,16,349
Remeasurement - Actuarial loss /(gain)	-
For the year ended March 31, 2017	-

f) The principal actuarial assumptions used for estimating the Company's defined benefit obligations are set out below

Weighted average actuarial assumptions	As at March 31, 2018	As at March 31, 2017
Discount rate	7.75% PA	7.50% PA
Salary Growth Rate	5% PA	5% PA
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Expected rate of return	0.00	0.00
Withdrawal rate	2% PA	2% PA

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.

g) Sensitivity analysis

For the year ended March 31, 2018

(Amount in Rs.)

Particulars	Change in Assumption	Effect on Gratuity obligation	Effect on compensated absence obligation
Discount rate	1%	44,17,747	21,00,311
	-1%	53,24,113	25,45,628
Salary growth rate	1%	53,32,666	25,49,976
	-1%	44,03,872	20,93,653
Withdrawal rate	1%	49,16,328	23,65,981
	-1%	47,44,439	22,31,093

The above sensitivity analysis is 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 (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the Balance Sheet.



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

h) History of experience adjustment is as follows

(Amount in Rs.)

Particulars	Gratuity	Compensated absence
For the year ended March 31, 2018		
Plan Liability - loss/(gain)	33,79,852	-
Plan Assets - loss/(gain)	-	-
For the year ended March 31, 2017		
Plan Liability - loss/(gain)	-	-
Plan Assets - loss/(gain)	-	-

Estimate of expected benefit payments (In absolute terms i.e. undiscounted)

(Amount in Rs.)

Particulars	Gratuity
01 April 2018 to 31 March 2019	4,95,438
01 April 2019 to 31 March 2020	1,44,866
01 April 2020 to 31 March 2021	1,51,294
01 April 2021 to 31 March 2022	1,64,414
01 April 2022 to 31 March 2023	1,79,003
01 April 2023 onwards	53,70,485

i) Statement of Employee benefit provision:

(Amount in Rs.)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Gratuity	48,37,473	6,90,385
Leave Encashment	23,03,236	7,94,353
Total	71,40,709	14,84,738

j) Current and non-current provision for gratuity, leave encashment and other benefits

The following table sets out the funded status of the plan and the amounts. Current and non-current provision for Gratuity and leave encashment recognised in the Company's balance sheet –



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

(Amount in Rs.)

Particulars	Gratuity	Leave Encashment
For the Year ended March 31, 2018:		
Current Provision	4,21,976	4,24,607
Non Current Provision	44,15,497	18,78,629
Total	48,37,473	23,03,236
For the Year ended March 31, 2017 :		
Current Provision	2,36,648	2,47,502
Non Current Provision	4,53,737	5,46,851
Total	6,90,385	7,94,353

k) Employee benefit expenses

(Amount in Rs.)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Salaries & Wages	9,09,92,416	3,26,217
Cost Defined benefit plan	8,30,739	11,349
Costs defined contribution plan	33,98,342	3,88,808
Welfare expenses	33,46,768	35,147
Total	9,85,68,265	7,61,521

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Average No. of people employed	172	56

OCI Presentation of defined benefit plan

- Gratuity is in the nature of defined benefit plan, Re-measurement gains/(losses) on defined benefit plans is shown under OCI as items that will not be reclassified to profit or loss and also the income tax effect on the same.
- Leave encashment cost is in the nature of short terms employee benefits.

Presentation in Statement of Profit & Loss and Balance Sheet

Expense for service cost, net interest on net defined benefit liability (asset) is charged to Statement of Profit & Loss.

IND AS 19 do not require segregation of provision in current and non-current, however net defined liability (Assets) is shown as current and non-current provision in balance sheet as per IND AS 1.



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

Actuarial liability for short term benefits (leave encashment cost) is shown as current and non-current provision in balance sheet.

When there is surplus in defined benefit plan, company is required to measure the net defined benefit asset at the lower of; the surplus in the defined benefit plan and the assets ceiling, determined using the discount rate specified, i.e. market yield at the end of the reporting period on government bonds, this is applicable for domestic companies, foreign company can use corporate bonds rate.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The mortality rates used are as published by one of the leading life insurance companies in India.

41. Other disclosures

Auditors' Remuneration

Particulars	(Amount in Rs.)	
	Year ended March 31, 2018	Year ended March 31, 2017
Auditors Remuneration		
- Statutory Audit Fee's	80,000	80,000
- Tax Audit Fee's	20,000	20,000

42. Contingent Liabilities

i) Guarantees

Particulars	(Amount in Rs.)	
	Year Ended March 31, 2018	Year Ended March 31, 2017
Guarantees issued by Company's bankers on behalf of the company	7,18,83,390	2,30,58,205
Liability in respect of corporate guarantee / Duty saved for availing various export based incentive schemes	2,45,066	1,19,38,439
Total	7,21,28,456	3,49,96,644

ii) Letter of Credit Outstanding

Particulars	(Amount in Rs.)	
	Year Ended March 31, 2018	Year Ended March 31, 2017
Letter of Credit Outstanding	2,66,84,573	1,46,41,260
Total	2,66,84,573	1,46,41,260



43. Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)

(Amount in Rs.)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Property Plant & Equipment	1,03,17,303	6,01,80,143
Total	1,03,17,303	6,01,80,143

44. Related party transactions

In accordance with the requirements of IND AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods, are:

A. Related parties name and relationship

1. Key Management personnel (KMP)

Sl. No.	Name of KMP	Designation
1.	Mr. Tapasvi Bhargava	Whole- time Director
2.	Mr. Akshay Agarwal	Company Secretary

2. Relatives of KMP

Name	Relationship
Mr. Kuldeep Bhargava	Father of Mr. Tapasvi Bhargava
Mr. Tejasvi Bhargava	Brother of Mr. Tapasvi Bhargava

3. Related parties

S. No.	Particulars
1	<u>Holding Company</u>
1	Jindal Saw Limited



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

II	Fellow Subsidiary
1	Jindal ITF Limited
2	IUP Jindal Metals & Alloys Limited
3	S.V. Trading Limited
4	Quality Iron and Steel Limited
5	Ralael Holdings Limited
6	Jindal Saw Holdings FZE
7	Greenray Holdings Limited
8	Jindal Saw Espana, S.L. (Upto 10.03.2017)
9	Jindal Tubular (India) Ltd.
10	JITF Shipyards Limited -(Name changes form JITF Waterways Ltd. w.e.f 5th August, 2016)
11	JITF Shipyards Limited -Upto 5th August, 2016)
12	JITF Shipping & Logistics (Singapore) Pte. Limited (Direct subsidiary w.e.f 05.08.2016)
13	Universal Tube Technology Private Ltd.- upto12.04.2016
14	Jindal Saw USA, LLC
15	Jindal Saw Italia S.P.A.
16	Jindal Saw Middle East FZC
17	Derwent Sand SARL
18	Jindal Saw Gulf L.L.C.
19	Jindal International FZE (w.e.f. 8th July, 2015)
20	Jindal Intellicom Limited
21	Icom analytics Limited (name changed wef july 29, 2015)
22	JITF Shipping & Logistics (Singapore) Pte. Limited
23	Jindal Tubular U.S.A. LLC
24	World Transload & Logistics LLC
25	5101 Boone LLP
26	Tube Technologies INC
27	Helical Anchors INC



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

28	Boone Real Property Holding LLC
29	Drill Pipe International LLC
30	JITF Coal Logistics Limited (Upto 30.06.2016)
31	Sulog Transshipment Services Ltd. (w.e.f. 29.06.2016)
32	Jindal Fittings Limited
33	JITF Infralogistics Limited (upto 05.08.2016)
34	JITF Urban Infrastructure Services Limited (upto 05.08.2016)
35	JITF Water Infrastructure Limited (upto 05.08.2016)
36	Jindal Rail Infrastructure Limited (upto 05.08.2016)
37	JITF Urban Infrastructure Limited (upto 05.08.2017)
38	JITF Water Infra (Naya Raipur) Limited (upto 05.08.2016)
39	JITF ESIPL CETP (Sitarganj) Limited (upto 05.08.2016)
40	JITF Industrial Infrastructure Development Company Limited (upto 05.08.2016)
41	JITF Urban Waste Management (Ferozepur) Limited (upto 05.08.2016)
42	JITF Urban Waste Management (Jalandhar) Limited (upto 05.08.2017)
43	JITF Urban Waste Management (Bathinda) Limited (upto 05.08.2016)
44	JITF Urban Waste Management (Vishakhapatnam) Limited (upto 05.08.2016)
45	JITF Urban Waste Management (Tirupati) Limited (upto 05.08.2016)
46	JITF Urban Waste Management (Guntur) Limited (upto 05.08.2016)
47	Timarpur- Okhla Waste Management Company Private Limited (upto 05.08.2016)

4. Entities where Key Management Personnel (KMP) of Parent and their Relatives exercise Significant Influence;

- Jindal Stainless Ltd.
- Jindal Stainless (Hisar) Ltd.
- Quality Stainless Pvt. Ltd.
- Quality Foils (India) Pvt. Ltd.
- JITF Water Infrastructure Ltd.
- Danta Enterprises Pvt. Ltd.
- JITF Commodity Tradex Ltd.
- AB Travels



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

B. Related party transaction

(Amount in Rs.)

S. No.	Particulars	Holding Company/ Fellow Subsidiary		KMP, Relatives of KMP and Entities where KMP of Parent and their Relatives exercise Significant	
		2017-18	2016-17	2017-18	2016-17
1	Share capital issued				
	Jindal Saw Limited	1,38,11,140	4,96,21,870	-	-
	Kuldip Bhargava	-	-	65,44,500	1,03,78,120
	Tapasvi Bhargava	-	-	-	70,31,250
	Tejasvi Bhargava	-	-	2,58,000	70,31,250
2	Premium on Share capital issued				
	Jindal Saw Limited	11,44,87,860	8,94,03,090	-	-
	Kuldip Bhargava	-	-	5,01,97,500	2,25,96,840
	Tapasvi Bhargava	-	-	-	1,07,18,750
	Tejasvi Bhargava	-	-	61,92,000	1,07,18,750
3	Purchase of Raw Materials/Consumables/Services				
	Jindal Saw Limited	19,30,90,230	1,02,07,83,973	-	-
	Jindal Stainless Ltd.	-	-	36,58,51,939	6,63,69,597
	JITF Water Infrastructure Ltd.	-	-	-	2,87,50,000
	JITF Commodity Tradex Ltd.	-	-	13,11,14,677	-
	Quality Stainless Pvt. Ltd.	-	-	2,78,51,650	1,76,76,989
	Quality Foils (India) Pvt. Ltd.	-	-	6,78,91,360	87,18,013
	Jindal Stainless (Hisar) Ltd.	-	-	9,50,91,824	5,81,61,903
	Icom analytical Ltd.	89,172	-	-	-
4	Loan Taken during the year				
	Danta Enterprises Pvt. Ltd.	-	-	3,98,00,000	20,52,00,000
5	Loan Repayment during the year				
	Danta Enterprises Pvt. Ltd.	-	-	23,82,00,000	-
6	Interest on Loan taken				
	Danta Enterprises Pvt. Ltd.	-	-	44,54,331	3,37,315
7	Expenses incurred by others and reimbursed by company				
	Jindal Saw Limited	6,81,06,938	1,94,21,846	-	-
	AB Travels	-	-	5,42,400	2,71,200
8	Sale of Goods/Services and Material				
	Jindal Saw Limited	14,18,360	1,74,45,340	-	-
	Jindal Saw Gulf LLC	16,66,837	-	-	-
9	Purchase of Capital Items				
	Jindal Saw Limited	31,65,009	1,44,872	-	-
10	Rent Expense				
	Jindal Saw Limited	15,31,750	1,43,750	-	-
		39,73,67,296	1,19,69,64,741	1,03,39,90,181	45,39,59,977



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

Outstanding Balances

(Amount in Rs.)

Particulars	Holding Company/ Fellow Subsidiary		KMP, Relatives of KMP and Entities where KMP of Parent and their Relatives exercise Significant Influence	
	2017-18	2016-17	2017-18	2016-17
Share Capital				
Jindal Saw Limited	6,41,03,010	5,02,91,870	-	-
Kuldip Bhargava	-	-	1,70,52,620	1,05,08,120
Tapasvi Bhargava	-	-	71,31,250	71,31,250
Tejasvi Bhargava	-	-	73,89,250	71,31,250
Security Premium				
Jindal Saw Limited	20,38,90,950	8,94,03,090	-	-
Kuldip Bhargava	-	-	7,27,94,340	2,25,96,840
Tapasvi Bhargava	-	-	1,07,18,750	1,07,18,750
Tejasvi Bhargava	-	-	1,69,10,750	1,07,18,750
Advances/Receivables				
Jindal Saw Ltd.	12,98,160	2,36,40,865	-	-
Jindal Stainless Ltd.	-	-	-	20,25,64,980
Loan Payable				
Danta Enterprises Pvt Ltd.	-	-	68,00,000	20,52,00,000
Payable				
Jindal Saw Ltd.	25,38,04,059	36,69,06,082	-	-
JITF Water Infrastructure Ltd.	-	-	-	2,62,50,000
Quality Stainless Pvt. Ltd.	-	-	-	39,82,830
Quality Foils (India) Pvt. Ltd.	-	-	47,68,829	62,06,075
Jindal Stainless (Hisar) Ltd.	-	-	25,83,881	48,17,384
Jindal Stainless Ltd.	-	-	13,36,98,670	15,50,653
JITF Commodity Tradex Ltd.	-	-	36,41,298	-
AB Travels	-	-	89,496	-
Icom analytical Ltd.	65,054	-	-	-
Interest Payable				
Danta Enterprises Pvt Ltd.	-	-	42,86,892	3,03,583



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

Key Management Personnel (KMP)

(Amount in Rs.)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Short term benefits	27,70,296	6,69,751
Total	27,70,296	6,69,751

45. Earnings per share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

(Figures in number)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Weighted average Equity Shares outstanding (A)	92,83,046	36,56,130
Total	92,83,046	36,56,130

(Amount in Rs.)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Profit & Loss after tax (B)	-23,85,19,309	-6,46,245
Basic Earning per share (B/A)	(25.69)	(0.18)

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

46. Provisions

Movement in each class of provision during the financial year are provided below:

(Amount in Rs.)		
Particulars	Gratuity	Leave Enchashment
As at March 31, 2016	-	-
Provision during the year	6,90,385	7,94,353
Reimbursement losses accounted for in OCI	-	-
Payment during the year	-	-
Interest charges	-	-
As at March 31, 2017	6,90,385	7,94,353
Provision during the year	7,77,234	19,28,498
Reimbursement losses accounted for in OCI	33,16,349	-
Payment during the year	-	-4,81,177
Interest charges	53,505	61,562
As at March 31, 2018	48,37,473	23,03,236

(Amount in Rs.)		
As at March 31, 2017	Gratuity	Leave Enchashment
Current	2,36,648	2,47,502
Non Current	4,53,737	5,46,851

(Amount in Rs.)		
As at March 31, 2018	Gratuity	Leave Enchashment
Current	4,21,976	4,24,607
Non Current	44,15,497	18,78,629

47. The company has commenced commercial production w.e.f. 25TH March, 2017. Hence previous year figures are not comparable with current year figures.

48. Previous year figures have been regrouped/rearranged, wherever considered necessary to conform to current year classification.



JINDAL QUALITY TUBULAR LIMITED
NOTES TO FINANCIAL STATEMENTS

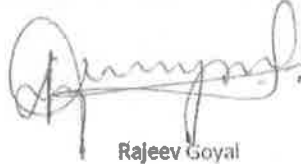
49. Notes 1 to 49 are annexed to and form an integral part of financial statements.

As per our report of even date attached
For N.C. Aggarwal & Co.
Chartered Accountants
Firm Registration No. 003273N


G. K. Aggarwal
Partner
M.No. 086622
Place : New Delhi
Dated : May 24, 2018



For and on behalf of Board of Directors of Jindal Quality Tubular Limited



Rajeev Goyal
Director
DIN : 07003755



Tapasvi Bhargava
Whole-time Director
DIN : 00011946



Akshay Agarwal
Company Secretary
M.No. ACS 41115