

**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 31<sup>st</sup> March, 2016, 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 31<sup>st</sup> March, 2016 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 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 31<sup>st</sup> March, 2016;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;




**N.C. AGGARWAL & CO.**  
**CHARTERED ACCOUNTANTS**

---

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: 27<sup>th</sup> May, 2016  
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 31<sup>st</sup> March, 2016)

1. The Company does not have any fixed assets. Accordingly, the provision of clause 3 (i) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
2. The company has purchased raw material which is lying in inventories and has been physically verified by the management at the end of the year. There are no discrepancies on physical verification of such inventory to book records. There is no other inventory owned by the company.
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 31<sup>st</sup> March, 2016 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. According to the information and explanations given to us, the Company has not taken any loan from financial institution, bank, government and debenture holder. Therefore, clause 3 (viii) of the Order with respect to default of repayment is not applicable to the Company.




**N.C. AGGARWAL & CO.**  
**CHARTERED ACCOUNTANTS**

---

9. The Company has not raised any money by way of initial public offer or further public offer or debt instruments. Also the Company does not have any term loan during the period. Accordingly, the provisions of clause 3(ix) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
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. The Company does not provide or paid any managerial remuneration as per the provisions of Section 197 read with Schedule V of the Companies Act, 2013. Accordingly, provisions of clause 3 (xi) of the Order are not applicable to the Company.
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 period. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable to the Company.
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: 27<sup>th</sup> May, 2016  
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 31<sup>st</sup> March, 2016**

**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 31<sup>st</sup> March, 2016 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 31<sup>st</sup> March, 2016, 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: 27<sup>th</sup> May, 2016  
Place: New Delhi

**Jindal Quality Tubular Limited**  
**Balance Sheet as at 31st March, 2016**  
CIN: U28910UP2015PLC073321

Particulars	Note No.	(Amount in ₹)
		As at 31st March, 2016
<b>I. ASSETS</b>		
<b>(1) Non-Current Assets</b>		
(a) Capital Work-In-Progress		14,69,478
(b) Financial Assets		
Others	5	20,000
(c) Deferred Tax Assets (Net)	6	1,25,179
<b>(2) Current Assets</b>		
(a) Inventories	7	22,57,562
(b) Financial Assets		
Cash and Cash Equivalents	8	9,40,480
(c) Other Current Assets	9	6,62,613
<b>Total</b>		<b>54,75,312</b>
<b>II. EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share Capital	10	10,00,000
(b) Other Equity		(11,14,342)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
(a) Financial Liabilities		
Trade Payables	11	55,79,654
(b) Other Current Liabilities	12	10,000
<b>Total</b>		<b>54,75,312</b>
<b>Significant Accounting Policies and Notes to Financial Statements</b>	1-24	

As per our report of even date attached

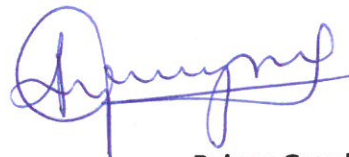
**For N.C. Aggarwal & Co.**  
Chartered Accountants  
Firm Registration No. 003273N




**G.K. Aggarwal**  
Partner  
M.No. 086622



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



**Rajeev Goyal**  
Director  
DIN : 07003755



**Tapasvi Bhargava**  
Director  
DIN : 00011946

Place : New Delhi  
Dated : 27th May, 2016

**Jindal Quality Tubular Limited**  
**Statement of Profit and Loss for the Period Ended 31st March, 2016**

Particulars	Note No.	(Amount in ₹)
		Period Ended 31st March, 2016
<b>I. Gross Revenue from Operations</b>		-
Less : Excise Duty		-
<b>Net Revenue from Operations</b>		-
<b>II. Other Income</b>		-
<b>III. Total Revenue (I+II)</b>		-
<b>IV. Expenses:</b>		
Finance Costs	13	4,008
Other Expenses	14	3,51,104
<b>Total Expenses</b>		<b>3,55,112</b>
<b>V. Loss before tax (III - IV)</b>		<b>(3,55,112)</b>
<b>VI. Tax expense:</b>		
Deferred tax		(1,25,179)
		<b>(1,25,179)</b>
<b>VII. Loss for the period after tax (V-VI)</b>		<b>(2,29,932)</b>
<b>VIII. Other comprehensive income:</b>		
A. Items that will not be reclassified to profit or loss		
(i) Re-measurement gains (losses) on defined benefit plans		-
<b>Total Other comprehensive income</b>		-
<b>IX. Total Comprehensive Income for the period (VII + VIII)</b>		<b>(2,29,932)</b>
<b>XII. Earning per equity share of face value of ₹ 10/- each.</b>		
(1) Basic		(7.02)
(2) Diluted		(7.02)

**Significant Accounting Policies and Notes to Financial Statements**

1-24

As per our report of even date attached

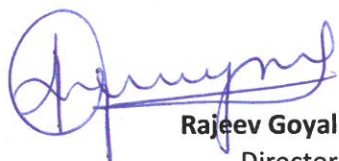
**For N.C. Aggarwal & Co.**  
Chartered Accountants  
Firm Registration No. 003273N

  
**G.K. Aggarwal**  
Partner  
M.No. 086622



Place : New Delhi  
Dated : 27th May, 2016

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

  
**Rajeev Goyal**  
Director  
DIN : 07003755

  
**Tapasvi Bhargava**  
Director  
DIN : 00011946

**Jindal Quality Tubular Limited**  
**Statement of Changes in Equity for the period ended 31st March, 2016**

**A. Equity Share Capital**

(Amount in ₹)

Balance at the beginning of the reporting period	Changes in equity share capital during the period	Balance as at 31st March, 2016
-	10,00,000	10,00,000

**B. Other Equity**

(Amount in ₹)

Particulars	Reserves and Surplus		Total
	Other Reserves	Retained Earnings	
Balance at the beginning of the reporting period	-	-	-
Total Comprehensive Income for the period	-	(2,29,932)	(2,29,932)
Equity issue expenses	-	(8,84,410)	(8,84,410)
<b>Balance at the end of the reporting period</b>	<b>-</b>	<b>(11,14,342)</b>	<b>(11,14,342)</b>

**Significant Accounting Policies and Notes to Financial Statements**

1-24

As per our report of even date attached

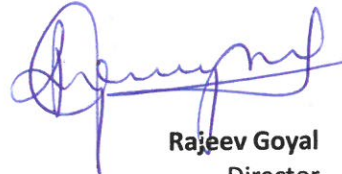
For N.C. Aggarwal & Co.  
 Chartered Accountants  
 Firm Registration No. 003273N




**G.K. Aggarwal**  
 Partner  
 M.No. 086622



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



**Rajeev Goyal**  
 Director  
 DIN : 07003755



**Tapasvi Bhargava**  
 Director  
 DIN : 00011946

Place : New Delhi  
 Dated : 27th May, 2016

# Jindal Quality Tubular Limited

## Statement of Cash Flow for the period ended 31st March, 2016

(Amount in ₹)

PARTICULARS	Period Ended March 31, 2016	
<b>A. Cash Inflow (Outflow) From The Operating Activities</b>		
Net Profit Before Tax And Exceptional Items		(3,55,112)
Adjustments for :		
Add/(Less)		
Depreciation	-	
<b>Operating Profit Before Working Capital Changes</b>		(3,55,112)
Adjustments for :		
Inventories	(22,57,562)	
Loans and Advances and Other Assets	(6,82,613)	
Trade and Other Payables	55,89,654	26,49,479
<b>Cash Generated From Operations Before Exceptional Items</b>		22,94,368
Tax Paid		-
<b>Net Cash Inflow / ( Outflow ) From Operating Activities</b>		22,94,368
<b>B. Cash Inflow/(Outflow) From Investment Activities</b>		
Capital Expenditure	(14,69,478)	
<b>Net Cash Inflow/(Outflow)From Investing Activities</b>		(14,69,478)
<b>C. Cash Inflow/(Outflow) From Financing Activities</b>		
Proceeds from Issue of Share Capital (Net of Share Issue Expense)	10,00,000	
Equity issue Expenses	(8,84,410)	
<b>Net Cash Inflow/(Outflow) From Financing Activities</b>		1,15,590
<b>Net Changes In Cash And Cash Equivalents</b>		9,40,480
Cash and cash equivalents at beginning of the period		-
<b>Cash and cash equivalents at end of the period</b>		9,40,480

**NOTE:**

1. Figures in bracket indicates cash out flow.
2. The above cash flow statement has been prepared under the indirect method set out in IND AS - 7 'Statement of Cash Flows'
3. The company is incorporated during the current period so previous period not applicable.

As per our report of even date attached

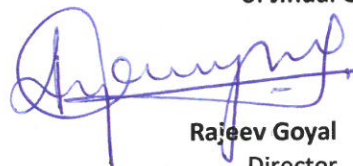
**For N.C. Aggarwal & Co.**  
Chartered Accountants  
Firm Registration No. 003273N



**G.K. Aggarwal**  
Partner  
M.No. 086622  
Place : New Delhi  
Dated : 27th May, 2016



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



**Rajeev Goyal**  
Director  
DIN : 07003755



**Tapasvi Bhargava**  
Director  
DIN : 00011946

## **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, UP - 281403 INDIA.

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

#### **2) Basis of Preparation**

The Company has elected to voluntarily adopt IND AS from the date of incorporation i.e. 15th September, 2015. These financial statements have been prepared, complying in all material aspects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014. The financial statements comply with IND AS notified by Ministry of Company Affairs ("MCA").

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

The preparation of the financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 periods (refer Note no. 4 on critical accounting estimates, assumptions and judgements).

#### **3) Significant Accounting Policies**

##### **3.1) Basis of Measurement**

The financial statements have been prepared on accrual basis and under the historical cost convention.

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 rupee thereof, except as stated otherwise.

##### **3.2) Property, Plant and Equipment**

Cost includes expenditure that is directly attributable to the acquisition of the items.

Assets are depreciated to the residual values on a straight line basis over the estimated useful lives based on technical estimates which are different from one specified in Schedule II to the Companies Act, 2013. 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. Changes in the expected useful life of assets are treated as change in accounting estimates.

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) 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.



## **Jindal Quality Tubular Limited**

### **Notes to Financial Statements**

#### **3.4) 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.

#### **3.5) 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.

##### **b) Financial Liabilities**

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

Financial liabilities are classified in two categories; subsequent measurement of financial assets is dependent 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 and loss. Financial liabilities at fair value through profit and 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 Amortized 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.



## **Jindal Quality Tubular Limited**

### **Notes to Financial Statements**

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.

### **3.6) Equity Share Capital**

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

### **3.7) 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 which cases 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 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 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.



## Jindal Quality Tubular Limited

### Notes to Financial Statements

#### 3.8) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, if any.

#### 3.9) Provisions and Contingencies

##### 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. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

##### 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.

#### 3.10) Current versus Non - Current Classification

The Company presents assets and liabilities in Balance Sheet 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:

- a) It is expected to be settled in normal operating cycle,
  - b) It is held primarily for the purpose of trading,
  - c) It is 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.



**Jindal Quality Tubular Limited**  
**Notes to Financial Statements**

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.

**4) Critical Accounting Estimates, Assumptions and Judgements**

In the process of applying the Company's accounting policies, management has made estimates, assumptions and judgements, which have significant effect on the amounts recognised in the financial statement. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.



**Jindal Quality Tubular Limited**  
**Notes To Financial Statements**

Particulars	(Amount in ₹) As At 31st March, 2016
<b>5. NON CURRENT FINANCIAL ASSETS - OTHERS</b>	
Security Deposits	
- Unsecured, considered good	20,000
<b>Total Non Current Financial Assets - Others</b>	<b>20,000</b>
<b>6. DEFERRED TAX ASSETS (NET)</b>	
<b>A. ASSETS</b>	
(i) Disallowance under Income Tax Act, 1961	12,360
(ii) Carried Forward losses	1,12,819
<b>Total Deferred Tax Assets</b>	<b>1,25,179</b>
<b>B. LIABILITY</b>	
Difference between book and tax depreciation	-
<b>Total Deferred Tax Liabilities</b>	<b>-</b>
<b>Total Deferred Tax Assets (Net) (A-B)</b>	<b>1,25,179</b>
<b>7. INVENTORIES</b>	
Raw Materials	22,57,562
<b>Total Inventories</b>	<b>22,57,562</b>
<b>8. CASH AND CASH EQUIVALENTS</b>	
<b>Balances with Banks</b>	
On current accounts	9,39,480
Cash on hand	1,000
<b>Total Cash and Cash equivalents</b>	<b>9,40,480</b>
<b>9. OTHER CURRENT ASSETS</b>	
Other Receivables*	6,62,613
<b>Total Other Current Assets</b>	<b>6,62,613</b>

\* Comprise of cenvat receivable etc.



**Jindal Quality Tubular Limited**  
**Notes To Financial Statements**

(Amount in ₹)

Particulars As At  
31st March, 2016

**10. EQUITY SHARE CAPITAL**

**(a) Authorized**

1,00,00,000 Equity Shares of ₹ 10/- each	10,00,00,000
	10,00,00,000

**(b) Issued, Subscribed and Fully Paid-Up**

1,00,000 Equity Shares of ₹ 10/- each	10,00,000
	10,00,000

**(c) Reconciliation of the number of Equity Shares:**

Shares outstanding as at the beginning of the period	-
Add: Shares issued during the period	1,00,000
<b>Shares outstanding as at the end of the period</b>	<b>1,00,000</b>

**(d) Shares of the company held by its Holding Company:**

	No of Shares
Jindal Saw Limited*	67,000

\* 30 Equity Shares held by persons as nominees of Jindal Saw Limited.

**(e) Details of shareholders holding more than 5% shares in the company:**

	As at 31st March, 2016	
Name of Shareholders	No. of Shares held	% of Holding
Jindal Saw Limited	67,000	67.00
Kuldip Bhargava	13,000	13.00
Tapasvi Bhargava	10,000	10.00
Tejasvi Bhargava	10,000	10.00
<b>Total</b>	<b>1,00,000</b>	<b>100.00</b>

**(f) Terms/Rights attached to Equity Shares**

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

**Nature of Reserve**

Retained earnings represent the undistributed profits/(loss) of the company.



**Jindal Quality Tubular Limited**  
**Notes To Financial Statements**

(Amount in ₹)

Particulars

As At

31st March, 2016

**11. TRADE PAYABLES**

Dues to Micro and Small Enterprises\*

-

Others (including acceptances)

55,79,654

**Total Trade Payables**

**55,79,654**

\* There are no Micro and Small Enterprises, to whom the Company owes dues as at March 31, 2016. This Information as 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 with the Company.

**12. OTHER CURRENT LIABILITIES**

Other liabilities

10,000

**Total Other Current Liabilities**

**10,000**



**Jindal Quality Tubular Limited**  
**Notes To Financial Statements**

Particulars	(Amount in ₹) Period Ended 31st March, 2016
-------------	---

**13. FINANCE COSTS**

Bank and Finance charges	4,008
<b>Total Finance Costs</b>	<b>4,008</b>

**14. OTHER EXPENSES**

Fees and Subscriptions	2,68,850
Rent	8,000
Travelling and Conveyance	28,618
Postage, Telegrams and Telephones	13,850
Legal and professional fees and expenses	11,000
Auditors' Remuneration	10,000
Miscellaneous Expenses	10,786
<b>Total Other Expenses</b>	<b>3,51,104</b>



**Jindal Quality Tubular Limited**  
**Notes to Financial Statements**

**15) Financial Risk Management**

**Financial Risk Factors**

The Company's principal financial liabilities comprises trade and other payables. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company has loans, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Company's activities does not expose to financial risk and its future business plan is fully leveraged.

**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 uses mix of capital infusion and borrowing from its holding company and other equity owners.

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

(Amount in ₹)

Particulars	As at 31st March, 2016					Total
	Carrying Amount	On Demand/ Overdue	< 6 months	6-12 months	> 1 year	
Trade payable	55,79,654	55,79,654	-	-	-	55,79,654
<b>Total</b>	<b>55,79,654</b>	<b>55,79,654</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,79,654</b>

The Company does not have any debt and its future capital plan / capex with debt to equity is fully leveraged.

**16) 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.

(Amount in ₹)

Particulars	As at 31st March, 2016	
	Carrying Amount	Fair Value
<b>Financial Assets designated at Amortised Costs</b>		
Cash and Bank Balances	9,40,480	9,40,480
Other Financial Assets	20,000	20,000
	<b>9,60,480</b>	<b>9,60,480</b>
<b>Financial Liabilities designated at Amortised Costs</b>		
Trade and Other Payables	55,79,654	55,79,654
	<b>55,79,654</b>	<b>55,79,654</b>

**17) Segment Information**

**Information about Primary and Secondary Segment**

The Company has not yet commenced operations. Therefore, segment information required under IND AS 108 is not applicable to the company.



**Jindal Quality Tubular Limited**  
**Notes to Financial Statements**

**18) Deferred Income Tax**

The analysis of deferred tax assets and deferred tax liabilities is as follows.

Particulars	(Amount in ₹) As at 31st March, 2016
<b>DEFERRED TAX ASSET (NET)</b>	
<b>A. Deferred Tax Liability</b>	
Difference between book & tax base related to fixed assets	-
<b>Total Deferred Tax Liabilities</b>	-
<b>B. Deferred Tax Assets</b>	
(i) Disallowance under Income Tax Act	12,360
(ii) Carried Forward losses	1,12,819
<b>Total Deferred Tax Assets</b>	<b>1,25,179</b>
<b>Total Deferred tax assets (net)</b>	<b>1,25,179</b>

There is no permanent disallowance / allowance and this is the first year of the company therefore, deferred tax reported is at the latest applicable income tax rate of 34.608%. Hence, there is no Effective Tax Reconciliation (ETR).

Deferred tax assets recognised during the period in statement of Profit and Loss 1,25,179

**19) Other Disclosures**

Auditors' Remuneration	(Amount in ₹)
Particulars	Period ended 31st March, 2016
<b>Statutory Auditors</b>	
Audit Fee	10,000
<b>Total</b>	<b>10,000</b>

**20) Contingent Liabilities**

	(Amount in ₹)
i. Guarantees	-
ii. Letter of Credit	-

**21) Related Party Disclosures**

**I. Related Parties Name and Relationship**

Name	Designation
<b>A. Key Managerial Person ( KMP )</b>	
Mr. Neeraj Kumar	Director
Mr. Tapasvi Bhargava	Director
<b>B. Relatives of KMP</b>	
Mr. Kuldip Bhargava	Father of Mr. Tapasvi Bhargava
Mr. Tejasvi Bhargava	Brother of Mr. Tejasvi Bhargava
<b>C. Holding Company</b>	
Jindal Saw Limited	



## Jindal Quality Tubular Limited

### Notes to Financial Statements

#### D. Fellow Subsidiaries

Jindal ITF Limited  
IUP Jindal Metals & Alloys Limited  
S.V. Trading Limited  
Quality Iron and Steel Limited  
Ralael Holdings Limited  
Jindal Saw Holdings FZE  
Greenray Holdings Limited  
Universal Tube Accessories Private Limited  
Jindal Saw Espana,S.L.  
JITF Urban Infrastructure Services Limited  
JITF Shipyards Limited  
JITF Infralogistics Limited  
Jindal Fittings Limited (upto March 29, 2016)  
Jindal Tubular (India) Limited (incorporated on February 2, 2015)  
Jindal Intellicom Limited  
JITF Water Infrastructure Limited  
Jindal Rail Infrastructure Limited  
JITF Waterways Limited  
JITF Urban Infrastructure Limited  
JITF Coal Logistics Limited  
iCom Analytics Limited (name changed wef July 29, 2015)  
JITF Water Infra (Naya Raipur) Limited  
JITF ESIPL CETP (Sitarganj) Limited  
JITF Industrial Infrastructure Development Company Limited  
JITF Urban Waste Management (Ferozepur) Limited  
JITF Urban Waste Management (Jalandhar) Limited  
JITF Urban Waste Management (Bathinda) Limited  
Jindal Urban Waste Management (Visakhapatnam) Limited (incorporated on December 30, 2015)  
Jindal Urban Waste Management (Guntur) Limited (incorporated on December 30, 2015)  
Jindal Urban Waste Management (Tirupati) Limited (incorporated on December 30, 2015)  
Timarpur-Okhla Waste Management Company Private Limited  
Jindal Saw Gulf L.L.C.  
JITF Shipping & Logistics (Singapore) Pte. Limited  
Jindal Tubular U.S.A. LLC  
World Transload & Logistics LLC  
5101 Boone LLP  
Tube Technologies INC  
Jindal Saw USA, LLC  
Jindal Saw Italia S.P.A.  
Jindal Saw Middle East FZC  
Derwent Sand SARL  
Helical Anchors INC  
Boone Real Property Holding LLC  
Drill Pipe International LLC  
Jindal International FZE (incorporated on July 8, 2015)

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

Jindal Stainless Limited



**Jindal Quality Tubular Limited**  
**Notes to Financial Statements**

**II. Related Party Transactions** (Amount in ₹)

Particulars	Holding Company/ Fellow Subsidiary	KMP, Relatives of KMP and Entities where KMP of Parent and their Relatives exercise Significant Influence
	Period Ended 31st March, 2016	Period Ended 31st March, 2016

**TRANSACTIONS**

**1) Shares Issued**

Jindal Saw Limited	6,70,000	-
Kuldip Bhargava	-	1,30,000
Tapasvi Bhargava	-	1,00,000
Tejasvi Bhargava	-	1,00,000

**2) Expenses reimbursed by the company**

Jindal Saw Limited	30,35,785	-
--------------------	-----------	---

**3) Purchase of Material**

Jindal Stainless Limited	-	25,22,810
--------------------------	---	-----------

**OUTSTANDING BALANCES**

**Payables**

Jindal Saw Limited	30,35,785	-
Jindal Stainless Limited	-	25,22,810

**22) Earning Per Share (EPS)**

The following is the computation of basic and diluted earnings per equity share:

(Number of shares)

Particulars	Period ended 31st March, 2016
Weighted average shares outstanding - Basic and Diluted - ( A )	32,731

Particulars	Period ended 31st March, 2016
Profit and loss after tax (Amount in ₹) - ( B )	(2,29,932)
Basic and Diluted Earnings per share ( B/A ) ( ₹ )	(7.02)

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the period.

23) The financial statement has been prepared from 15th September, 2015, being the date of incorporation to 31st March, 2016. Since, this is the first financials of the company, no comparative figures for previous financial year has been given.

24) Notes 1 to 23 are annexed to and form an integral part of Financial Statements.

**As per our report of even date attached**

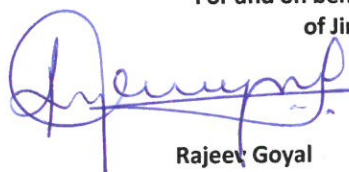
For N.C. Aggarwal & Co.  
Chartered Accountants  
Firm Registration No. 003273N



**G.K. Aggarwal**  
Partner  
M.No. 086622  
Place : New Delhi  
Dated : 27th May, 2016



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



**Rajeev Goyal**  
Director  
DIN : 07003755



**Tapasvi Bhargava**  
Director  
DIN : 00011946