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## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVANCE STEEL TUBES LIMITED

### 1. Report on the Standalone Indian Accounting Standard (Ind AS) Financial Statements

We have audited the accompanying Indian Accounting Standard Standalone Ind AS financial statements of Advance Steel Tubes Limited ("the Company"), which comprise the Balance Sheet as at 31/03/2018, the Statement of Profit and Loss (including Other Comprehensive Income), the cash flow statement and the statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### 2. 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 Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including Other Comprehensive Income), cash flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act and the rules made thereunder including 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 of Standalone Ind AS financial statement in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS financial statements.

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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 31/03/2018, and its total comprehensive income (comprising of loss and other comprehensive income), its cash flows and the change in equity for the year ended on that date.

#### 5. Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

- a) Note 29(1)(c) to the financial statements which, describes the uncertainty related to the outcome of demands raised against the Company by the VAT / Sales Tax / Excise Duty / Service Tax / Income Tax Department which stands provided for.





- b) Note 29(1)(d) in the financial statement which, describes the uncertainty related to the UPPTCL against EPC Project through PNC Infratech Limited & A2Z Maintenance & Engineering Services Ltd. has retained Rs.6,25,36,078/- from time to time payments against any forcible penalties for which extension of time has applied. The Company is expecting extension of time and no penalties are likely to be levied hence no provision has been made for the same.
- c) Note No. 29(5.1) to the financial statement which describes Account Confirmation in respect of certain accounts of Debtors have not been received and they are subject to confirmations. The management is of the opinion that adjustment, if any arising out of such reconciliation would not have material effect on the financial statement of the current year.
- d) Note No. 29(5.2) to the financial statement which describes Advance include Rs.1,00,00,000/- to Mr. Vikas Gulgotia to purchase land at Gurgaon could not materialize hence refund have delayed, the party have assured to refund and expected to receive soon.
- e) Note No. 29(5.3) to the financial statement which describes Advance include Rs.30,00,000/- to M/s Yamuna Industries to purchase RCC Cement Poles & Slab factory in Yamuna Nagar hence the business could not be operationalized thus stands closed. The amount is recoverable only on disposal of Assets.
- f) Note No. 29(5.4) to the financial statement which describes Advance include Rs.17,35,498/- being claim from United Insurance Company Ltd. On theft of Zinc in transit, further required document has been submitted for disposal of claim and is expected to receive in coming here.

Our opinion is not modified in respect of these matters.





6. Other Matters

The financial statements and the other financial information include the Company's proportionate share in jointly controlled assets of Rs.721.54 Lakhs, liabilities of Rs. 513.90 Lakhs, expenditure of Rs.404.24 Lakhs and income of Rs. 471.12 Lakhs in regards to Pir Panchal Construction (P) Ltd. – JV and assets of Rs.287.52 Lakhs, liabilities of Rs.268.77 Lakhs & expenditure of Rs.0.55 Lakhs and income of Rs.0.05 Lakhs in regards to Advance Stimul Consortium and the elements making up the Cash Flow Statement and related disclosures in respect of an Unincorporated Joint Venture which is based on statement from the respective operators and certified by the management.

Our opinion is not modified in respect of these matters.

7. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013. We give the statements on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable as under.
  - i. In respect of its fixed assets:
    - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
    - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
    - c) According to the information and explanations given to us and on the basis of our examinations of records available to us, the title deed of all immovable properties are held in the name of company.
  - ii. In respect of its inventories:
    - a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.





- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventories. As per the information and explanation given to us, no material discrepancies were noticed on physical verification.
- iii. In respect of the loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013:
- a) The Company has provided any secured or unsecured loan to any Company, firm or other parties covered in the register maintained 189 of the Companies Act, 2013.
- b) The term and conditions of grant of such loan is not prejudicial to the company.
- iv. In our opinion, and according to the information and explanation given to us, the company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of Loans and investments made, and guarantees and security provided by it.
- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and Rules framed there under to the extent notified.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1)(d) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. In respect of statutory dues:
- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Service Tax with effect from July 1<sup>st</sup>, 2017 and other material statutory dues have been generally regularly deposited





with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2018 for a period of more than six months from the date of becoming payable.

- b) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, duty of Customs, Duty of Excise, Value Added Tax, Cess which have not been deposited as on March 31, 2018 on account of disputes are given below:

Sl. No.	Name of Statute	Nature of Dues	Amount (in Lakh)	Period to which the amount relates (FY)	Forum where Dispute is pending	Remarks
1.	Service Tax Act	Service Tax	11.36	2012 – 13	Additional Commissioner, Ghaziabad	The demand of Rs. 11.36 Lakhs has been provided & Rs.4.00 Lakhs has been deposited.
2.	Entry Tax Act	Entry Tax	78.82	2010 – 11	Hon. High Court	The Company has provided for demand of Rs.78.82 Lakhs. Rs.56.01 Lakhs has been already paid & for the balance Bank Guarantee of Rs.26.99 Lakhs has been provided as per the interim order.
3.	Entry Tax Act	Entry Tax	14.13	2011 – 12	Hon. High Court	The Company has provided for demand of Rs.14.13 Lakhs. Rs.7.07 Lakhs has been already paid & for the balance Bank Guarantee of Rs.8.95 Lakhs has been provided as per the interim order.
4.	Income Tax Act	TDS	3.51	2010-11	Commissioner of Income Tax (ITAT)-Delhi	The company has preferred an appeal and Paid Rs. One lakh and not provided for in the view of prospect to get relief.
5.	Income Tax Act	TDS	5.88	2011-12	Commissioner of Income Tax (ITAT)-Delhi	The company has preferred an appeal and Paid Rs. One lakh and not provided for in the

						view of prospect to get relief.
6.	Income Tax Act	TDS	4.64	2012-13	Commissioner of Income Tax (ITAT)-Delhi	The company has preferred an appeal and Paid Rs. One lakh and not provided for in the view of prospect to get relief.
7.	Income Tax Act	TDS	4.24	2013-14	Commissioner of Income Tax (ITAT)-Delhi	The company has preferred an appeal and Paid Rs. One lakh and not provided for in the view of prospect to get relief.

- viii. According to the records of the company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowings to any financial institution or banks or Government. The Company has not issued any debentures.
- ix. The company has not raised any moneys by way of IPO, further public offer(including debts instruments) and term loans. The provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, and According to the information and explanation given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, notices or reported during the year, nor have we been informed of any such case by the Management.
- xi. Managerial Remuneration
- Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.





- xii. As the Company is not a Nidhi Company and Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of companies Act – 2013, the details of such transactions have been disclosed in the Standalone Ind AS financial statements as required under Indian accounting standard (IND AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the order are not applicable to the Company.
- xv. The company has not entered into any non-cash transactions with directors or persons connected with him as prescribed under section 192 of the Act, Accordingly, the provisions of Clause 3(xv) of the order are not applicable to the Company.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the order are not applicable to the Company.
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(including other comprehensive income), and the cash flow statement and the statement of Changes in Equity 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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 our separate report in "Annexure A".
- (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 has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 29(1)(B) to the financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses.
  - iii. There were no amounts which required to be transferred, to the Investors Education and Protection Funds by the Company.
  - iv. The reporting on disclosure to specified Bank notes is not applicable to the company for the year ended March 31, 2018.

Date : 30/05/2018  
Place: Delhi



For S L Taparia and Company  
Chartered Accountants  
Firm Regd. No.:000540/C

A handwritten signature in blue ink, appearing to be "Ashutosh Rathi".

(Ashutosh Rathi)  
Partner Membership No.418626:



**"Annexure A" to the Independent Auditor's Report of even date on the Financial Statements of Advance Steel Tubes Limited.**

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 Advance Steel Tubes Limited ("The Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**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 Institute of Chartered Accountants of India. 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 control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting, assessing the risk that a material





weakness exists, and operating effectiveness of internal control based on the assessed risk. The procedures selected depend upon on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 March 31, 2018, based on the internal control over financial reporting





Ashutosh Rathi  
A.C.A., B.Com

S.L. Taparia And Company  
CHARTERED ACCOUNTANTS

criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issues by the Institute of Chartered Accountants of India.

Date : 30/05/2018  
Place : Delhi



For S L Taparia and Company  
Chartered Accountants  
Firm Regd. No.:000540/C  
  
(Ashutosh Rathi)  
Partner Membership No.418626: