



# Advance Steel Tubes Ltd.

CIN : L2423IUP1978PLC004583

AN ISO 9001 : 2000 Company

Manufacturers of : 'ERW' M.S. Black & Galvanised Pipes,  
Steel Tubular Poles, Steel Structures, Metal Crash Barrier & Scaffoldings



**Sales Office :** 81, FUNCTIONAL INDUSTRIAL ESTATE, PATPARGANJ, DELHI-110092

Phones : 011-43041400 (100 Lines) Fax : 91-11-22145978

Website : [www.advance-india.com](http://www.advance-india.com), [www.advance.co.in](http://www.advance.co.in)

E-mail : [info@advance.co.in](mailto:info@advance.co.in)

## NOTICE TO THE MEMBERS

Notice is hereby given that the 43<sup>rd</sup> Annual General Meeting of the members of ADVANCE STEEL TUBES LIMITED will be held on Saturday, the 30<sup>th</sup> day of September, 2017 at 05:30 P.M. at the Registered office of the Company at 45/3, Industrial Area, Site-IV, Sahibabad to transact the following business:-

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2017 and the Profit & Loss Account for the year ended on that date, Cash Flow Statement and the Report of Directors' and Auditors' thereon.
2. To declare dividend for the year ended on 31<sup>st</sup> March 2017.
3. To appoint a Director in place of Shri Lalit Agarwal (DIN:00109920) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the Auditors S. L. Taparia & Company. (Firm Regn No. 000540-C) in place of M/s Ashok Somani & Associates, Chartered Accountants (Firm Registration No. N12171) the retiring Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of 48<sup>th</sup> Annual General Meeting and to fix their remuneration and if thought fit, to pass, with or without modification(s) the following resolution as Special resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 and pursuant to the recommendation of the Audit Committee of the Board, S. L. Taparia & Company, Chartered Accountants (Firm Regn No. 000540-C) be and are hereby appointed as auditors of the Company in place of the retiring auditors M/s Ashok Somani & Associates, Chartered Accountants (Firm Registration No. N12171, who shall hold office from the conclusion of this Annual General Meeting for a term of five consecutive years i.e. till the Conclusion of 48<sup>th</sup> Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and that the Board be and is hereby authorised to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, in addition to the reimbursement of all out-of-pocket expenses, if any may be incurred in connection with the audit of the accounts of the Company."

**SPECIAL BUSINESS:**

**5. To consider and if thought fit, to pass with or without modification (s) the following resolution as Ordinary Resolution for ratification of Remuneration of Cost Auditors of the Company for the year 2017-2018:**

**“RESOLVED THAT** pursuant to provisions of Section 148(3) of the Companies Act, 2013 read with Companies (Cost Audit and Records) Rules, 2014 (including any statutory modification (s) of re-enactment thereof) (the act) and on the recommendation of the audit committee and approval by the Board of Directors at their meeting on 02<sup>nd</sup> September, 2017 the consent of the Company be and is hereby accorded for rectification of the remuneration to the M/s Gopinathan Mohandas & Co. Cost Accountants as the Cost Auditors of the Company for the financial year 2017-2018 on the professional charge of as may be decided by the Board & service tax as applicable to conduct the audit of the cost accounting records for all the manufacturing facilities of the Company.”

**6. Borrowing money(ies) for the purpose of business of the Company:**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** in supersession of the Special resolution passed by the Members of the Company at the Annual General Meeting held on 30<sup>th</sup> September, 2014 and pursuant to the provisions of Section 180(1)© and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board), to borrow any sum or sums of money from time to time at its discretion, for the purpose of the business of the Company, from any one or more Banks, Financial Institutions and other Persons, Firms, Bodies Corporate, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may, at any time, exceed the aggregate of the paid-up share capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose), subject to such aggregate borrowings not exceeding the amount which is Rs. 76 crores (Rupees Seventy Six crores only) i.e. over and above the aggregate of the paid-up share capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may, in its absolute discretion, think fit.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

**7. Creation of security on the properties of the Company, both present and future, in favour of lenders:**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** in supersession of the Special resolution passed by the Members of the Company at the Annual General Meeting held on 30<sup>th</sup> September, 2017 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Meetings of Board and its Powers) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board) for creation of charge / mortgage / pledge / hypothecation / security in addition to existing charge / mortgage / pledge / hypothecation / security, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and / or immovable properties, tangible or intangible assets of the Company, both present and future and / or the whole or any part of the undertaking(s) of the Company, as the case may be in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowings availed / to be availed by the Company by way of loan(s) (in foreign currency and / or rupee currency) and securities (comprising fully / partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and / or secured premium notes and / or floating rate notes / bonds or other debt instruments), issued / to be issued by the Company including deferred sales tax loans availed / to be availed by various Units of the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Act together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s) / Trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s), Debenture Trust Deed(s) or any other document, entered into / to be entered into between the Company and the Lender(s) / Agent(s) / Trustee(s) / State Government(s) / Agency(ies) representing various state government and/or other agencies etc. in respect of the said loans / borrowings / debentures / securities / deferred sales tax loans and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the Lender(s) / Agent(s) / Trustee(s) / State Government(s) / Agency(ies), etc.

**RESOLVED FURTHER THAT** the securities to be created by the Company as aforesaid may rank prior / pari passu / subservient with / to the mortgages and /or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board and as may be agreed to between the concerned parties.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle, and execute such documents / deeds / writings / papers

/ agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages / charges as aforesaid.”

By order of the Board  
For Advance Steel Tubes Limited

(Deoki Nandan Agarwal)  
Managing Director  
DIN:00586794

Place: Sahibabad  
Date: 02<sup>nd</sup> September, 2017

#### NOTES

1. A member entitled to attend and vote is entitled to appoint a PROXY to attend and on Poll to vote instead of himself and such PROXY need not be a member of the company. PROXIES in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
2. Pursuant to the provisions of Section 105 of the companies Act, 2013, read with the applicable rules thereon a person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than 10 percent of the total share capital of the company carrying voting rights, may appoint a single person as proxy who shall not act as a proxy for any other member.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send the company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The register of members and Share Transfer Books will remain closed from 22<sup>nd</sup> September 2017 to 30<sup>th</sup> September 2017 (both days inclusive) for the purpose of the Annual General Meeting and for payment of Dividend.

5. Brief Resume of Directors including those proposed to be appointed/ re-appointed, nature of their expertise in specific functional areas, number of companies in which they hold directorship and memberships/ chairmanships of Board Committees, shareholding and relationship between directors inter-se stipulated under listing regulation with the stock exchanges:

Name of Director	Date of Appointment	Qualification	Directorship in other public Limited Companies	Chairman/member of the Committee in which he is a director	Shareholding of Director of the Company
Deoki Nandan Agarwal	12/03/1979	B. E	02	02	72050
Lalit Agarwal	14/11/1987	Graduation	04	01	53140
Aashish Agarwal	17/08/2015	Graduation	02	02	30450
Jay Vilas Dubey	03/11/2011	C.A.	01	02	Nil
Naresh Chand Maheshwari	03/11/2011	C.A./C.S./PH. D.	02	02	Nil
Parveen Gupta	01/08/2015	C.A.	01	Nil	Nil
Daulat Ram Agarwala	29/09/1980	Graduation	02	Nil	40000
Suyash Agarwal	26/05/2016	Graduation	0	Nil	26700

6. An explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of all the special businesses specified above is annexed hereto.
7. All documents referred to in the Notice and accompanying explanatory Statement as well as the Annual Report are open for inspection at the registered office of the company during the normal business hour upto the date of AGM.
8. Members desiring any information about accounts or otherwise, are requested to write to the company at least 10 days in advance of the Annual General Meeting to facilitate compliance thereof.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**ITEM NO 5:**

Section 148 (3) of the Companies Act, 2013 read with rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) ("the act"), requires the Board to appoint an individual, who is a Cost Accountant in practice or a firm of Cost Accountants in Practice, as Cost Auditor, on the recommendations of the Audit Committee which shall also recommend remuneration for such Cost Auditor and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the members.

The Board of Directors at their meeting held on 02<sup>nd</sup> September, 2017, on recommendation of Audit Committee approved the appointment of M/s Gopinathan Mohandas & Co. Cost Accountants, as the Cost Auditors of the Company for the financial year 2017-2018 at a fees as decided by the board plus out of pocket expenses and service tax as applicable for conducting the audit of the cost accounting records of the manufacturing facilities of the Company.

The resolution contained in Item No. 5 of the accompanying Notice, accordingly seek members' approval for ratification of remuneration of Cost Auditors of the Company for the Financial year 2017-2018.

None of the Directors/Key managerial personnel of the Company/ their relatives are, in any way, concerned or interested financially or otherwise in the ordinary resolution set out at Item No. 5 of the Notice.

The Board Commends this resolution for your approval.

**ITEM NO. 6 & 7**

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company may needs additional funds. For this purpose, the Company may require finance from various banks or financial institution and or lending institutions or Bodies corporates or individuals or such other persons as may deem fit by Company together with money already borrowed by the Company ( apart from temporary loans obtained from the Company from ordinary course of business) may exceed the aggregate of paid up capital and free reserves of the Company.


Hence it is proposed to increase the maximum borrowing limits upto Rs.76,00,00,000/- ( Rupees Seventy Six Crore only) , Pursuant to section 180(1)(c) of the Companies Act,2013 , Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a general meeting.

In order to facilitate securing the borrowing made by the Company, it would be necessary to create charge on the assets or whole of the undertaking of the Company. Section 180(1)(a) of the Companies Act, 2013 provides for the power of Board of Directors to lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the approval of members in the general meeting. The Board recommends these resolutions for the approval of the members as Special Resolutions .

Therefore, Board recommends Special Resolution for your Approval.

None of the Directors and the Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution of item No. 6 & 7.

By order of the Board  
For Advance Steel Tubes Limited



(Deoki Nandan Agarwal)  
Managing Director  
DIN:00586794

Place: Sahibabad  
Date: 02<sup>nd</sup> September, 2017



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## DIRECTORS' REPORT

### TO THE MEMBERS OF ADVANCE STEEL TUBES LIMITED.

The Directors have pleasure to present their 43<sup>rd</sup> Annual Report on the business and operations of the Company alongwith the Audited Financial Statements for the year ended 31<sup>st</sup> March 2017.

### Financial Results

	Year ended 31 <sup>st</sup> March 2017 (Rs In lacs)	Year ended 31 <sup>st</sup> March 2016 (Rs. In lacs)
Net Sales/Income from operations	1,080,708,050/-	857,119,494/-
Other income	28,768,019/-	18,561,050/-
Total Income	1,109,476,069/-	875,680,544/-
Profit Before Tax and Extraordinary Items	46,779,052/-	51,342,056/-
Less: Exceptional/Extraordinary Items- Provision for CSR	929,948/-	2,021,035
Profit after Extraordinary Items but before tax	46,779,052/-	51,342,056/-
MAT Credit Entitlement	-	1,301,185/-
Deferred Tax	1,532,014/-	4,061,553/-
Current Tax Expense relating to prior years	576,609/-	-
Net Profit After Tax	34,315,481/-	32,494,093/-
Dividends		
Interim Dividend	-	-
Final Dividend (Proposed)	1,480,000/-	1,480,000/-
Tax on Dividend	301,293/-	301,293/-
Tax on Dividend for Earlier Year	-	-
Transferred to General Reserve	33,000,000/-	31,000,000/-
Balance Carried Forward to Balance Sheet	252,128/-	717,940/-
EPS( Basic)	46	44
(Diluted)	46	44



## **DIVIDEND**

Your Directors have recommended a dividend of Rs 2/- (Rupees Two) per equity share (last year Rs. 2/- (Rupees Two) per equity share) for the financial year ended March 31, 2017, amounting to Rs. 1,480,000/- (exclusive of tax of Rs. 301,293/-). The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The dividend be will paid to members whose names appear in the Register of Members as on 30<sup>th</sup> September, 2017 as beneficial owners as on that date.

The dividend payout for the year under review has been formulated in accordance with the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

## **TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND**

In terms of Section 125 of the Companies Act, 2013, no unclaimed dividend relating to the Financial Year 2017 is due for remittance onto the Investor Education and Protection Fund established by the Central Government.

## **RESERVES**

The Board proposes to carry Rs. 33,000,000/- to General reserves.

## **OPERATING & FINANCIAL PERFORMANCE**

Revenue for financial year 2016-2017 stood at Rs. 1,080,708,050/-. Profit & Loss for the period stood at Rs. 34,315,481/-. The Market conditions in the year were challenging.

## **MEETINGS OF BOARD**

During the year under review Board met 7 times on 26/05/2016, 14/08/2016, 04/09/2016, 28/09/2016, 14/11/2016, 13/02/2017, 31/03/2017 and the maximum gap between any two meetings did not exceed 120 days as stipulated under Section 173(1) of Companies Act, 2013.

## **REMUNERATION POLICY**

The Board, on the recommendation of the Nomination & Remuneration committee has framed a policy for selection and appointment of Directors, Senior Management and to fix their remuneration. The Company's remuneration policy is available on the Company's website at [www.Advance.co.in](http://www.Advance.co.in) and forms part of Directors report as Annexure-1

**DIRECTORS' RESPONSIBILITY STATEMENT {AS PER ANNEXURE GIVEN IN THE CSR RULES, 2014 }:-**

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

- a) in the preparation of the annual accounts for financial year ended 31st March, 2017, the applicable accounting standards have been followed and there is no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and profit or loss of the Company for that year;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts for the financial year ended 31st March, 2017 on a going concern basis.
- e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

**DECLARATION BY INDEPENDENT DIRECTORS**

The Independent Directors have submitted their disclosure to the Board that they fulfill all the requirements as to qualify their appointment as an Independent Director under the provisions of Section 149 of the Companies Act, 2013 as well as Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board confirms that all the Independent Directors meets the criteria provided under Section 149 of the Companies Act, 2013 as well as Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS**

The Board of Directors declare that the Independent Directors Mr. Naresh Chand Maheshwari and Mr. Jay Vilas Dubey and Mrs. Parveen Gupta:

- a) in the opinion of the Board, are persons of integrity and possesses relevant expertise and experience.
- b) (i) are /were not a promoter of the Company or its holding, subsidiary or associate Company;  
(ii) are / were not related to promoters or directors in the company, its holding, subsidiary or associate Company;

- c) Have/had not any pecuniary relationship with its holding, subsidiary, or associate Company or their promoters or directors, during the two immediately preceding financial year or during the current financial year;
- d) None of their relatives has / had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company or their promoters, or directors, amounting to two percent or more of its gross turnover of total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e) neither themselves nor any of their relatives-
  - (i) Hold / has held the position of key managerial personnel or is/are or has been employee of the Company or its holding, subsidiary or associate Company in any or the three financial years immediately preceding the year in which he is proposed to be appointed as Independent Director;
  - (ii) Is/ are or has been an employee or propriety or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed of-
    - (A) A firm of Auditors of Company Secretaries in Practice or Cost Auditors or the Company or its holding, subsidiary or associate Company; or
    - (B) Any legal or consulting firm that has or had any transaction with the Company or its holding, subsidiary or associate Company amounting to ten percent or more of the gross turnover of such firm;
  - (iii) Holds together with their relative two percent or more of the voting power of the Company: or
  - (iv) Is/are a Chief Executive Officer or Director, by whatever name called, of any non-profit organization that receives twenty five percent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds two percent or more of the total voting power of the company; or
  - (v) Are possessing such other qualification as may be prescribed.

## **CORPORATE GOVERNANCE**

Report on Corporate Governance along with the certificate thereon as obtained thereon from M/s Ashok Somani & Associates, Chartered Accountants is separately attached as Annexure-2 and forms part of the Directors' Report.

## **PERFORMANCE EVALUTION**

The Nomination & Remuneration Committee of the Company formulated and laid down the criteria for performance evaluation of the Board including the Committee and the individual director (including Independent Directors) pursuant to provisions of Section 134, Section 149 read with code of Independent Directors (Schedule IV) and Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The manner of performance evaluation followed by the Board is provided in Corporate Governance Report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE**

The information pertaining to conservation of energy, technology absorption, foreign exchange earning and outgo, as required under Companies Act, 2013, read with Companies (Accounts) Rules, 2014 is given as per Annexure - 4" and forms part of Board's Report.

## **MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

There is no Material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report like settlement of tax liabilities, operation of patent rights, depression in market value of investments, institution of cases by or against the company, sale or purchase of capital assets or destruction of any assets etc.

- (i) There is no Disposal of substantial part of the Undertaking;
- (ii) No Change has been taken place in the Capital Structure;
- (iii) No serious breakdown has happened in the Financial Year;
- (iv) There is no Alteration in wage structure arising out of trade union negotiations;
- (v) There is no Material change occur concerning purchase of raw materials and sale of products etc.

## **SUBSIDIARY/ JOINT VENTURE/ ASSOCIATES**

The Company had no subsidiary or associate Company during the financial year. In accordance with Section 129(3) of the Companies Act, 2013, the Company is not required to prepare a consolidated financial Statement as a part of the Annual Report. In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the annual report of the Company, containing therein its standalone financial statement has been placed on the website of the Company [www. advance.co.in](http://www.advance.co.in).

## **SHARE CAPITAL**

The paid up share capital of the Company as on March 31, 2017 was Rs. 7,400,000/-. During the year under review the Company has not issued and shares or any convertible instruments.

## **STATUTORY AND LEGAL MATTERS**

There has been no significant and/or material order(s) passed by any regulators/Courts/Tribunals impacting the going concern status and the Company's Operations in future.

## **RISK MANAGEMENT POLICY IMPLEMENTATION**

In today's economic environment, risk management is a very important part of business. The main aim of risk management is to identify, monitor and take precautionary measures in respect of the events that may pose risks for the business. To our company's risk management is embedded in the business processes. Your Company has identified the following risks:-

1. **Human Resource Risk:-** Your Company's ability to deliver value is always dependent on its ability to attract, retain and nurture talent, attrition and non-availability of the required talent resource can affect

the overall performance of the Company.- mitigation plans: By continuously benchmarking of the best HR practices across the industry and carrying out necessary improvements to attract and retain the best talent.

2. **Competition Risk:-** Your Company is always exposed to Competition risk from Asian Countries. The increase in competition can create pressure on margins, market share etc., Mitigation Plans:- By continuous efforts to enhance the brand image of the Company by focusing on R&D, quality, Cost, timely delivery and customer service. By introducing new product range commensurate with demands your Company plans to mitigate the risks so involved.
3. **Compliance Risk: -** Any default can attract penal provisions., Mitigation Plans:- By regularly monitoring and reviewing of changes in regulatory framework. By monitoring of compliance Management tools and regular internal audit.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company has developed the relevant Policy for CSR Activities. The Company shall find out ways and means to spend the same in the coming months and shall submit the relevant report in the ensuing year. The Company could not spend money before finalizing this report as it could not identify suitable projects for spending the same.

The annual report on CSR (CSR activities pursuant to Section 135 is annexed to the Board's Report as **Annexure -3.**

## **DIRECTORS**

The Board consists of executive and Non-Executive Directors including Independent Directors who have wide and varied experience in different disciplines of corporate functioning.

In accordance with the provisions of the Companies Act, 2013 Mr. Lalit Agarwal, Director of the Company retires by rotation and being eligible offers himself for re-appointment.

## **KEY MANAGERIAL PERSONNEL**

Mr. Vatsal Agarwal is the CFO of the Company. Mrs. Parul Mishra is the Company Secretary and Compliance Officer and KMP under Section 203 of the Companies Act, 2013. Mr. Deoki Nandan Agarwal is the managing Director of the company.

## **EXTRACTS OF ANNUAL RETURN AND OTHER DISCLOSURES UNDER SECTION 92 (3) OF THE COMPANIES ACT, 2013 AND COMPANIES (APPOINTMENT AND REMUNERATION) RULES, 2014**

The extract of Annual Return in Form No. MGT-9 Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014 as 'Annexure- 5' and

Particulars of Contracts or arrangements with related parties referred to Sub-section (1) of Section 188 of the Companies Act, 2013 in Form No. AOC-2 Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 as 'Annexure- 6' duly certified by the Practicing Company Secretary is annexed hereto and forms part of this report.

**PARTICULARS OF EMPLOYEES EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION NOT LESS THAN RS. 60 LACS P.A. OR RS. 5 LACS P.M.**

There is no such employee in the Company who is in receipt of remuneration of more than Rs.1,02,00,000/- p.a. or Rs. 8,50,000/- per month.

**DISCLOSURE OF DIRECTORS REMUNERATION**

The disclosure as required to be given for Directors Remuneration provided under Section 197(12) read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given as following:

Name of Directors	Ratio of remuneration of each Director to the median remuneration of the employees	Percentage Increase in Remuneration of Each Director/ CFO/CE O/Secretary	Percentage Increase in the Median Remuneration of Employees in the Financial Year	The explanation on the relationship between avg. increase in remuneration and Company Performance	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof	Comparison of each remuneration of KMP against the performance of the company
Shri Deoki Nandan Agarwal	6.28	Increment in MD Salary by 247 percent approx	Nil	There was no increment since the appointment as md and is commensurate with the companys profit nad approved by shareholders and board	No Increase in Managerial Remuneration have been made during the last Financial Year	The Performance of the company is progressive and the remuneration of KMP are under the prescribed limits and feasible to the Company Performance

**AUDITORS AND THEIR REPORT**

Comments of the Auditors in their report and the notes forming part of the accounts, are self-explanatory and need no comments. During the year under review, the Auditors need not to be routed as they have not completed the tenure of three years.

Your Directors request that the appointment of M/s S.L. Taparia & Co. , Chartered Accountants, in place of ,M/s Ashok Somani & Associates, Chartered Accountants, the retiring Auditors of the Company. The Company has received a certificate from the Auditors to the effect that their ratification, if made, would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

#### **SECRETARIAL AUDIT AND THE APPOINTMENT OF SECRETARIAL AUDITORS**

The Company has appointed M/s Yashwant Gupta & Associates, Company Secretaries to hold office of the Secretarial Auditors and to conduct the Secretarial Audit and the Secretarial Audit Report is being attached with the Directors' Report and is self-explanatory and needs no comments.

#### **COST AUDITORS AND THEIR REPORT**

Comments of the Cost Auditors in their report are self-explanatory and needs no comments.

M/s Gopinathan Mohandas & Co., the Company's Cost Auditors was appointed for the year 2017-2018 and has already obtained approval of the Central Government. The Company has received a certificate from the Cost Auditors to the effect that their re-appointment is in accordance with Section 141 of the Companies Act, 2013.

#### **AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

As required by SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Auditors' Certificate on Corporate Governance is enclosed to the Board's Report.

#### **BUSINESS RESPONSIBILITY REPORT**

As stipulated under the Listing Agreement, the Business Responsibility report describing the initiatives taken by the Company from environmental, social and governance perspective is attached as part of the Annual Report.

#### **PROVISIONS FOR SEXUAL HARRASEMENT**

The provisions of the sexual harassment of the women at the work place (Prevention, Prohibition and redressal) Act, 2013 is not attracted on the Company. However the Company has a voluntary policy towards prevention of sexual harassment of Women employees of the Company and has set up a mechanism for registering an prompt disposal of complaints received from all permanent and temporary employees and staffs.

#### **CAUTIONARY NOTE**

The statements forming part of the Directors' Report may contain certain forward looking remarks within the meaning of applicable securities laws and regulations. Many factors could cause the actual results, performances, achievements that may be expressed or implied by such forward looking statements.

## GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

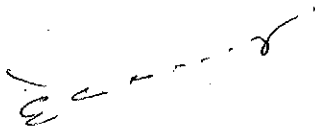
## ACKNOWLEDGEMENT


Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

**For and on Behalf of the Board**

**Place:** Sahibabad

**Date:** 02/09/2017

  
**Deoki Nandan Agarwal**  
Managing Director  
DIN: 00586794

  
**Lalit Agarwal**  
Director  
DIN: 00109920



## **ANNEXURES TO THE DIRECTORS' REPORT**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **INDUSTRY TREND AND DEVELOPMENT**

The global economy witnessed a marked slowdown emerging economies as well as developed countries showed less than anticipated growth rate. In Domestic markets macroeconomic conditions showed signs of improvements, there was marginal increase in the GDP growth, with inflation falling within satisfactory levels, improved market sentiment post elections and Rupee remaining stable throughout the year. However, the South Indian markets showed very slow sign of progress especially in the Steel Products industry. The economic scenario was quite challenging last year however the Company achieved better than expected results.

#### **OPPORTUNITIES AND THREATS**

The overall steel pipe demand is estimated to grow at the rate of 6% in 2017 the consumption growth may go beyond 6% if investment is made in the infrastructure segments, with the gradual reduction in the fiscal deficit and consumer price index. The company's continued focus on cost reduction, its trust on increasing the sale of its products and various other customer excellence initiatives should help in presenting improved performances.

#### **OUTLOOK**

The Company is operating with focused efforts on cost control, reduction in cycle times, economies of scale, improvement on operational efficiency and efficient Working Capital Management Program. This has helped the Company in controlling costs and also to be competitive. Timely delivery has reaffirmed the self-dependable image created by the Company in the market.

#### **RISK AND CONCERN**

Financial charges in the form of interest is a massive matter of concerns for our Company as we are paying a substantial part of our profit in the form of our financial cost. Company is utilizing numerous bank facilities and consequently our financial cost is on the higher side. Serious efforts are required to bring it down. The prices of raw material and its volatility always have an impact. Inflation element also affects the Company in adverse manner as it is major factor responsible for hike in cost of elements of production viz .power & fuel, employees etc.

#### **INTERNAL CONTROL SYSTEM**

The Company has proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly. The company has effective system in place for achieving efficiency in operations, optimum and affective utilization of resources, monitoring thereof and compliance with applicable laws.

#### **HUMAN RESOURCE DEVELOPMENT**

The Company continues to give priority to its human assets. The Company provides a fair and equitable work environment to all its employees. The Company is working continuously to create and nurture an atmosphere which is highly motivated and result oriented.

#### **FINANCIAL PERFORMANCE**

The financial performance of the Company for the year under review is discussed in detail in the Director's Report.

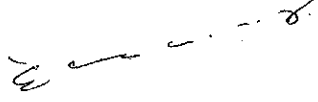
#### **CAUTIONARY STATEMENT**


Statements made in this Management Discussion and analysis describing the Company's current position and expectations for the future may be "forward looking statements" within the meaning of the applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include the downtrend in the industry global domestic or both, significant changes in political or economic environment in India.

**Place: Sahibabad**

**Date: 02/09/2017**

**For and on Behalf of the Board**

  
**Deoki Nandan Agarwal**  
Managing Director  
DIN: 00586794

  
**Lalit Agarwal**  
Director  
DIN: 00109920

Annexure-1

**NOMINATION & REMUNERATION POLICY  
OF  
ADVANCE STEEL TUBES LIMITED**

**Introduction**

The Company considers human resources as its invaluable assets. This policy on Nomination & Remuneration of Directors, Key Managerial Personnel (KMP) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and the listing agreement in order to equitable remuneration to Directors, Key Managerial Personnel (KMP) and employees of the Company and to harmonize the aspirations of human resources consistent with the goals of the Company.

**Objective**

The key objectives of the Committee would be:

- (a) To guide the board in relation to appointment and removal of Directors, Key Managerial Personnel and senior management.
- (b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- (c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and senior management.

**Definitions**

- “**Board**” means Board of Directors of the Company.
- “**Company**” means Advance Steel Tubes Limited.
- “**Independent Director**” means a director referred to in Section 149 (6) of the Companies Act, 2013.
- “**Key Managerial Personnel**” means
  - (i) CEO or the Manager or the Managing Director of the Company
  - (ii) Company Secretary
  - (iii) Whole- Time Director
  - (iv) CFO
  - (v) Such other officer as may be prescribed
- “**Nomination & Remuneration Committee**” shall mean a Committee of the Board of Directors of the company, constituted in accordance with the provision of Section 178 of the Companies Act, 2013 and the Listing Agreement.
- “**Policy or this Policy**” means Nomination & Remuneration Policy.
- “**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income- Tax Act, 1961.

- “Senior Management” mean personnel of the Company who are the members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

## **POLICY FOR APPOINTMENT OF DIRECTORS, KMPs, AND SENIOR MANAGEMENT**

### **Appointment Criteria and qualification**

1. The committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level recommend to the Board his/her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.

### **Term/Tenure**

1. Managing Director/Whole- Time Director/Manager (Managerial personnel):- The Company shall appoint or reappoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.
2. An Independent Director shall hold office for a term up to five consecutive years on the board of the Company and will be eligible for re-appointment on passing of special resolution by the Company and such appointment in the board’s Report. No independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.
3. A whole- Time KMP of the company shall not hold office in more than one Company except in its subsidiary company at the same time.

### **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and senior management at regular interval.

## **POLICY REALTING TO REMUNERATION FOR DIRECTORS, KMPs AND OTHER EMPLOYEES**

### **General**

1. The remuneration/compensation/commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration & commission paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.

## Annexure-2

### **REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE**

In accordance with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI LISTING REGULATIONS') read with the disclosure requirements relating to the corporate governance report contained in schedule V of the SEBI Listing Regulations which came into force from December 1, 2015 and clause 49 of the erstwhile Listing Agreement entered into with the Stock Exchange in India, the details of Compliance by the Company with the Norms on Corporate Governance are as under

#### **COMPANY'S PHILOSOPHY**

The Company aims at not only its own growth but also maximization of the benefits to the shareholders, employees, customers, government and also the general public at large. For this purpose the Company continuously strives to improve its level of overall efficiency through good corporate governance, which envisages transparency, professionalism and accountability in all its operations. We at Advance Steel Tubes Limited, are committed to good corporate governance and its adherence to the best practices of true spirits at all times. Our corporate governance philosophy rests on five basic tenets viz., Board's Accountability, Value Creation, Strategic Guidance' Transparency and equitable treatment to all stakeholders.

#### **ETHICS POLICY**

We strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. Therefore, we have adopted various codes and policies to carry out our duties in ethical manner. Some of these codes and policies are:

- Code of Board of Directors and Board Committees
- Code of Business Conduct and Ethics for Directors/Management Personnel
- Code of Conduct for prohibition of Insider Trading

#### **BOARD OF DIRECTORS**

##### **Composition of Board and Category of Directors**

As on 31<sup>st</sup> March, 2017 the Company's Board consists of Seven Directors having considerable professional experience in their respective fields. Out of them three are Independent Directors Four are Non-Executive Directors and the Chairman and Managing Director is promoter and Executive Director of the Company.

The Composition of Board is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations.

The attendance and number of other directorships and committee membership of each director is given below:

Name of the Director	Category	No. of outside Directorships held in Indian Public Companies	No. Of outside Committee Positions held in Audit/Stakeholders Relationship Committee		No. Of Board Meetings Financial Year 2016-2017		Attended Last AGM held on 30 <sup>th</sup> September, 2016
			Member	Chairman	Held	Attended	
Shri Deoki Nandan Agarwal	Managing Director	2	2	Nil	7	7	Yes
Shri Aashish Agarwal	Non-Executive	2	1	Nil	7	7	Yes
Shri Daulat Ram Agarwal	Non-Executive Director	2	Nil	Nil	7	7	Yes
Shri Lalit Agarwal	Non-Executive Director	4	2	1	7	7	Yes
Shri Naresh Chand Maheshwari	Non-Executive Independent Director	2	2	Nil	7	7	Yes
Shri Jay Vilas Dubey	Non-Executive Independent Director	1	2	2	7	7	Yes
Smt. Parveen Gupta	Non-Executive Independent Woman Director	1	1	0	7	4	Yes

None of the Directors on the board is a member of more than ten committees and chairman of more than five committees across all companies in which they are directors.

## **Board Meetings**

A calendar of Board and committee meetings is agreed and circulated in advance to the Directors. Additional meetings are held, when necessary. During the year ended March 31, 2017 Board met 7 times on 26/05/2016, 14/08/2016, 04/09/2016, 28/09/2016, 14/11/2016, 13/02/2017, 31/03/2017 and the maximum gap between any two meetings did not exceed 120 days as stipulated under Section 173(1) of Companies Act, 2013.

## **Board Agenda**

Agenda of the Board Meeting and notes on agendas are circulated to the Directors as far as possible well in advance of each Board Meeting. At the Board Meeting elaborate presentations are made to the Board. The Members discuss each agenda item freely in detail. Seven Board Meetings were held on 26/05/2016, 14/08/2016, 04/09/2016, 28/09/2016, 14/11/2016, 13/02/2017, 31/03/2017 during the year.

## **Information Placed before the Board**

Necessary information as required under the Companies Act, 2013 and the Listing Agreement/ SEBI Listing Regulations as applicable have been placed before and reviewed by the Board from time to time. The Board also periodically reviews compliance by the Company with the applicable laws/ statutory requirements concerning the business and affairs of the Company.

## **Separate Meeting of Independent Directors**

During the year 2016-2017, as per the requirement of Schedule IV of the Companies Act, 2013 and the Listing Agreement/ Listing Regulations, one separate meeting of Independent Directors was held on 02/09/2016 without the presence of the Non-Independent Directors and the members of the management. The meeting was conducted in an informal manner to enable the Independent Directors to discuss and review the performance of non-independent directors and the Board as a whole.

## **Codes and Policies**

The Board has adopted all applicable codes and policies as per the requirement of the Companies Act, 2013 SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Listing Regulations. The requisite codes and policies are posted on the Company's website.

The Board has laid down the code of conduct for all Board members and senior management of the company. All Board Members and senior management, that includes Company's executives who report directly to the Chairman and executive Directors, have affirmed their compliance with the said code.

## COMMITTEES AT BOARD LEVEL

The Board has constituted various Committees of Directors for smooth and efficient conduct of business. The minutes of the meetings of Committees of Directors are placed in the succeeding meeting for the Board to take note of the same.

### (A) AUDIT COMMITTEE

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Regulation with the stock exchange read with section 177 of the Companies Act, 2013.

During the year under review, five meetings of the committee were held on 26/05/2016, 14/08/2016, 04/09/2016, 14/11/2016, 13/02/2017. The Composition of Committee and attendance at its meeting is given below:

The Audit Committee of the company currently consists of three Directors headed by a Non-Executive Independent Director Shri Jay Vilas Dubey as Chairman. The details of composition, attendance, at the meetings of the Audit Committee are as follows:-

Name of the Directors	Designation	Category	No. of meetings during the tenure of the Director	
			Held	Attended
Shri Jay Vilas Dubey	Chairman	Non-Executive, Independent	5	5
Shri Naresh Chand Maheshwari	Member	Non-Executive, Independent	5	5
Shri Deeki Nandan Agarwal	Member	Executive	5	5
Smt. Parveen Gupta	Member	Non-Executive, Independent	4	4

#### The Functions of the Committee include:

1. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is sufficient and credible.
2. Review of the Company's financial and accounting policies and practices.
3. Report of the Board with such recommendations as the Audit Committee may consider appropriate.
4. Review with the management the quarterly financial statements before submission to the Board for approval.



5. To review with the management the annual financial statements before submission to the Board for approval with reference to:

- a) Matters required to be included in Directors Responsibility statement to be included in Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
- b) Change in accounting policies and practices and reasons thereof.
- c) Major accounting entries involving estimates based on exercise of judgments by management.
- d) Significant adjustments made in the financial statements arising out of audit findings.
- e) Compliances with listing and other legal requirements relating to financial statements.
- f) Disclosure of any related party transactions.
- g) Qualifications in draft audit report.

## **(B) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

### **Terms of Reference**

The investors grievance committee focuses on Shareholder's grievances and strengthening of investor relations. It looks into various investor complaints like transfer of shares, non-receipt of annual reports and other such issues.

### **Composition and Attendance**

The Investor Grievance Committee comprises of three Directors Shri Jay Vilas Dubey, Shri Naresh Chand Maheshwari and Shri Deoki Nandan Agarwal. Out of whom Shri Jay Vilas Dubey and Shri Naresh Chand Maheshwari are non-executive directors. During the year under review there was no meeting held since the company has not received any investor grievance.

## **(C) Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee has been formed in compliance with the provisions of Companies Act, 2013 for discharging the duties of the corporate towards the society in whole.

The committee held one meeting during the year under review on 03/09/2017.

The Composition and attendance of the Committee meeting is given below:

### **Composition and Attendance**

Name of the Directors	Designation	Category	No. of meetings during the tenure of the Director	
			Held	Attended
Shri Jay Vilas Dubey	Chairman	Non-Executive, Independent	1	1
Shri Naresh Chand Maheshwari	Member	Non-Executive, Independent	1	1
Shri Deoki Nandan Agarwal	Member	Executive	1	1

### (C) NOMINATION AND REMUNERATION COMMITTEE

As on 31<sup>st</sup> March, 2017 the nomination & Remuneration Committee comprised of three Directors out of which two are independent Directors.

The Committee held one meeting during the year under review on 31/07/2016.

The Composition of the Committee and attendance at its meeting is given below:

Name of the Directors	Designation	Category	No. of meetings during the tenure of the Director	
			Held	Attended
Shri Jay Vilas Dubey	Chairman	Non-Executive, Independent	1	1
Shri Naresh Chand Maheshwari	Member	Non-Executive, Independent	1	1
Shri Deoki Nandan Agarwal	Member	Executive	1	1

### GENERAL BODY MEETINGS:

Details of the last three Annual General Meetings of the Company are as under:-

Financial Year	Day & Date	Time	Venue	Special Resolutions Passed
2013-2014	Tuesday September 30, 2014	12:30 P.M.	45/3, Industrial Area, Site-IV, Sahibabad, U.P.	-
2014-2015	Wednesday, September 30, 2015	12:30 P.M.	45/3, Industrial Area, Site-IV, Sahibabad, U.P.	-
2015-2016	Friday, September 30, 2016	05:30 P.M.	45/3, Industrial Area, Site-IV, Sahibabad, U.P.	-

### SUBSIDIARY COMPANIES

The company has no subsidiary during the financial year.

## OTHER DISCLOSURES

### Related Party Transactions

- (a) The Company has adopted a policy on dealing with related party transactions and the same is disclosed at the Company's website at [www.advance.co.in](http://www.advance.co.in).

There are no significant transactions with related parties, which may have a potential conflict with the interests of the Company.

- (b) Details of non-compliance by the company, penalties and strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority, or nay matter related to capital markets, during the last three years.
- (c) During the year under review there was no cases on non-compliance by the Company and no penalties/strictures were imposed on the Company by any statutory authority on any matter.
- (d) The Company has adopted a Whistle Blower Policy and has established the necessary Vigil Mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the audit committee. The said policy has been also put up on the Website of the Company at the Companies Website.

### Accounting Treatment In Preparation Of Financial Statements

The Company followed the guidelines as laid down in the Accounting Standards, Prescribed by the Institute of Chartered Accountants of India, for the preparation of the Financial Statements and there is no deviation from it in general.

Place: Sahibabad

Date: 02/09/2017

For and on Behalf of the Board

  
Deoki Nandan Agarwal

Managing Director

DIN: 00586794

  
Lalit Agarwal

Director

DIN: 00109920

### ANNEXURE – 3

#### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES (Pursuant to Section 135 of the Companies Act, 2013)

##### BRIEF OUTLINE OF THE CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The Board of Directors adopted the CSR Policy in the previous year. The policy focus initiatives are Education, Health, Livelihoods and Rural and Urban Infrastructure. Besides, it also undertakes intervention in the areas of Disaster relief, environment and ethnicity aimed at improving the quality of life of the communities.

##### COMPOSITION OF CSR COMMITTEE OF THE BOARD

The CSR Committee of the Board comprises of Mr. Jay Vilas Dubey (Chairman), Mr. Naresh Chand Maheshwari and Shri Deoki Nandan Agarwal as members. All the members of the Committee are eminent personalities from academic and industrial field. The members with the vast experience and multi-functional expertise, provide macro policy level inputs to the CSR Committee and guide Company's approach towards CSR.

##### FINANCIAL DETAILS

Prescribed CSR Expenditure (2% of the average net profits of Last three Financial years) is Rs. 929,948/-

##### REPORT ON CSR ACTIVITIES

S.No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programs Local Area or other/ specify the State & District where Project or Program is undertaken	Amount Outlay (budget) Project or program wise	Amount spent on the projects or programs Subheads: (1) Direct Expenditure (2) Overheads (Rs)	Cumulative Expenditure upto the reporting period (Rs)	Amount Spent : Direct or through Agency (Rs)
		NIL	NIL	NIL	NIL	NIL	NIL
	Sub Total	NIL	NIL	NIL	NIL	NIL	NIL
	Overhead	NIL	NIL	NIL	NIL	NIL	NIL
	Total CSR	NIL	NIL	NIL	NIL	NIL	NIL

Since, the Company could not identify the suitable project to spend the CSR amount, therefore the provision for the budgeted amount has been maintained which may be spent soon as the project identification is finalized by the CSR Committee and the Board.

### DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

I declare that the Company has received affirmation of Compliance with the "Code of Conduct for Directors and Senior Executives" laid down by the Board of Directors, from all the Directors and senior management personnel of the Company, to whom the same is applicable, for the Financial Year ended 31<sup>st</sup> March, 2017.

Date: 02/09/2017

Place: Sahibabad

For Advance Steel Tubes Limited

(Deoki Nandan Agarwal)

Managing Director

DIN: 00586794

### CEO/CFO CERTIFICATION

We, Deoki Nandan Agarwal, Managing Director and Vatsal Agarwal, Chief Financial Officer of Advance Steel Tubes Limited to the best of our knowledge and belief certify that:

1. We have reviewed the financial statements and the cash flow statements for the financial year ended 31<sup>st</sup> March, 2017 and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct;
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and audit committee, wherever applicable;
  - i. Deficiencies in the design or operation of such internal controls, if any, which come to our notice and steps have been taken/proposed to be taken to rectify these deficiencies;
  - ii. Significant changes in internal control over financial reporting during the year;
  - iii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
  - iv. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal Control System over financial reporting.

Date: 02.09.2017

Place: Sahibabad

For Advance Steel Tubes Limited

(Deoki Nandan Agarwal)  
Managing Director)

DIN:00586794

(Vatsal Agarwal)  
CFO)

PAN: AMPPA6166N

#### Annexure- 4

**CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION & FOREIGN EXCHANGE**  
Information as required under Companies Act, 2013 is given as under:

##### A. Conservation of Energy

POWER & FUEL CONSUMPTION	CURRENT YEAR	PREVIOUS YEAR
1) Electricity (Purchased) Units	2538065	2648593
Total Amount	20,652,406.34	24,092,892
Rate Per Unit	8.14	9.43
2) Electricity (Generated) Units	-	-
3) Furnace Oil Consumed in KG	249360	264050
Total Amount	6,282,987.55	6,107,476.5
Rate Per Liter	25.20	23.13
4) HSD Consumed in KL	36100	48900
Total Amount	1,668,303.00	217,360.5
Rate Per Liter	46.21	44.45
5) Gas	-	-
Total Amount	-	-

##### B. Consumption per unit of production

It is not feasible to maintain product category-wise energy consumption data, since we manufacture a large range of formulations and having different energy requirements.

##### C. Energy Conservation Measures

- Improvisation and continuous monitoring of Power factor and replacement of weak capacitors, periodic checking of capacitors
- Alternative energy sources like Gas & steam have been used in place of electricity.
- Provision of storage tanks with electricity heaters to utilize the same instead of steam and use of DG set with smaller capacity for limited use at night or on weekly off/holiday.
- The Company has endeavored to optimize the use of energy resources and taken adequate steps to avoid wastage & use latest production technology & equipments.

##### D. Technology Absorption

Disclosure of particulars with respect to technology absorption:-

1. **Specific areas in which R&D carried out by the Company**

- a. Quality upgradation
- b. Developing wide range of products
- c. Productivity enhancement
- d. Quality control management

2. **Benefits derived as a result of the Above R&D**

- a. Increase in productivity and utilization.
- b. Repeat orders from customers due to consistency in quality

3. **Future Plan of Action**

- a. Cost- efficiency in manufacturing operations through better methods and techniques of production
- b. Increase range of products.
- c. Developing of new markets

4. **Expenditure in R&D**

Specific expenditure of recurring or capital nature is not involved.

**E. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.
- b) Information in respect of Foreign exchange earning and outgo is:

	Current Year	Previous year
Earning (in Rs.)	224,897,423	19,225,692
Outgo (in Rs.)	162,961,624	Nil

For Advance Steel Tubes Limited

Date: 02.09.2017

Place: Sahibabad

  
(Deoki Nandan Agarwal)

Managing Director

DIN:00586794

  
(Vatsal Agarwal)

CFO

PAN: AMPPA6166N

Annexure-5

FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L24231UP1978PLC004583
2.	Registration Date	23/03/1978
3.	Name of the Company	Advance Steel Tubes Limited
4.	Category/Sub-category of the Company	Company Limited by Shares/ Indian Non- Government Company
5.	Address of the Registered office & contact details	45/3,Industrial Area, Site-IV,Sahibabad, Ghaziabad, U.P. 201020 011-43041400, E-mail: ino@advance.co.in
6.	Whether listed company	Listed
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Black and GI Pipes	2431	46.83
2	Structure	2431	26.59
3	Poles	2431	26.58

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company





<b>2. Non-Institutions</b>										
a) Bodies Corp.	-	35000	35000	4.73	-	35000	35000	4.73	Nil	
i) Indian	-	-	-	-	-	-	-	-	-	
ii) Overseas	-	-	-	-	-	-	-	-	-	
b) Individuals	-	-	-	-	-	-	-	-	-	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	94650	94650	12.79	-	94650	94650	12.79	Nil	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	55750	55750	7.53	-	55750	55750	7.53	Nil	
c) Others (specify)	-	-	-	-	-	-	-	-	-	
Non Resident Indians	-	-	-	-	-	-	-	-	-	
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-	
Foreign Nationals	-	-	-	-	-	-	-	-	-	
Clearing Members	-	-	-	-	-	-	-	-	-	
Trusts	-	-	-	-	-	-	-	-	-	
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-	
<b>Sub-total (B)(2):-</b>	-	185400	185400	25.05	-	185400	185400	25.05	Nil	
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	185400	185400	25.05	-	185400	185400	25.05	Nil	
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-	
<b>Grand Total (A+B+C)</b>	554600	185400	740000	100	554600	185400	740000	100	Nil	

B) Shareholding of Promoter-

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Aashish Agarwal	30450	4.11	Nil	30450	4.11	Nil	Nil
2.	Daulat Ram Agarwal	40000	5.41	Nil	40000	5.41	Nil	Nil
3.	Lalit Agarwal	53140	7.18	Nil	53140	7.18	Nil	Nil
4.	Deoki Nandan Agarwal	72050	9.74	Nil	72050	9.74	Nil	Nil
5.	Shyama Devi Agarwal	13200	1.78	Nil	13200	1.78	Nil	Nil
6.	Lalit Agarwal (HUF)	40250	5.44	Nil	40250	5.44	Nil	Nil
7.	Suyash Agarwal	26700	3.61	Nil	26700	3.61	Nil	Nil
8.	Vatsal Agarwal	38650	5.22	Nil	38650	5.22	Nil	Nil
9.	Shalini Agarwal	5000	0.68	Nil	5000	0.68	Nil	Nil
10.	Romil Agarwal	36600	4.95	Nil	36600	4.95	Nil	Nil
11.	Laxmi Devi Agarwal	31200	4.22	Nil	31200	4.22	Nil	Nil
12.	D.N. Agarwal (HUF)	41500	5.61	Nil	41500	5.61	Nil	Nil
13.	Daulat Ram Agarwal (HUF)	32500	4.39	Nil	32500	4.39	Nil	Nil
14.	Shashi Agarwal	66550	8.99	Nil	66550	8.99	Nil	Nil
15.	Suchita Agarwal	26800	3.62	Nil	26800	3.62	Nil	Nil

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	554600	74.95	554600	74.95

	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	No Change	No Change	No Change	No Change
	At the end of the year	554600	74.95	554600	74.95

**D) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	126050	17.03	126050	17.03
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	No Change	No Change	No Change	No Change
	At the end of the year	126050	17.03	126050	17.03

**E) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	195650	26.43	195650	26.43
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	No Change	No Change	No Change	No Change
	At the end of the year	195650	26.43	195650	26.43

(V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	117,250,442	59,594,607	-	176,845,049
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>117,250,442</b>	<b>59,594,607</b>	<b>-</b>	<b>176,845,049</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	83,821,003	1,000,000	-	84,821,003
* Reduction	-	(8,027,598)	-	(8,027,598)
<b>Net Change</b>	<b>83,821,003</b>	<b>(7,027,598)</b>	<b>-</b>	<b>76,793,405</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	201,071,445	52,567,009	-	253,638,454
ii) Interest due but not paid	-	7,022,080	-	7,022,080
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>201,071,445</b>	<b>59,589,089</b>	<b>-</b>	<b>260,660,534</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Deoki Nandan Agarwal (Managing Director)	
1	Gross salary	2,127,600	2,127,600
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission- as % of profit - others, specify...	-	-
5	Others, please specify	-	-
	<b>Total (A)</b>	<b>2,127,600</b>	<b>2,127,600</b>
	Ceiling as per the Act	-	-

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	Naresh Chand Maheshwari	Jay Vilas Dubey	Parveen Gupta	
	Fee for attending board /committee meetings	-	-	-	-
	Commission	-	-		-
	Others, please specify	-	-		-
	Total (1)	-	-		-
2	Other Non-Executive Directors				
	Fee for attending board committee meetings	-	-		-
	Commission	-	-		-
	Others, please specify	-	-		-
	Total (2)	-	-		-
	Total (B)=(1+2)	-	-		-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

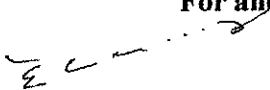
SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary	480,000	600,000	1,080,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
		-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	480,000	600,000	1,080,000

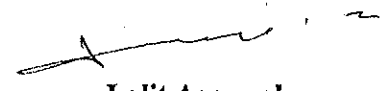
**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Place: Sahibabad  
Date: 02/09/2017

For and on Behalf of the Board

  
**Deeki Nandan Agarwal**  
Managing Director  
DIN: 00586794

  
**Lalit Agarwal**  
Director  
DIN: 00109920

**Annexure-6**  
**Form No. AOC-2**

(Pursuant to *clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014*)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis: Not Applicable as no such transactions has been taken place.**

(a) Name(s) of the related party and nature of relationship: N.A.

(b) Nature of contracts/arrangements/transactions: Nil

(c) Duration of the contracts / arrangements/transactions: N.A.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.

(e) Justification for entering into such contracts or arrangements or transactions

(f) Date(s) of approval by the Board: N.A.

(g) Amount paid as advances, if any:

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

(a) Name(s) of the related party

Company's related parties are disclosed below:

- Advance (Ispat) India Limited
- Tirupati Structurals Limited
- Advance Enterprises Private Limited
- Marda Commercial & Holdings Limited
- Sophia Exports Limited
- ADV Drilling Products PLC
  
- Pir Panchal Constructions Private Limited
- Advance Stimul Consortium



(b) Nature of contracts/arrangements/transactions: Loans & Advances

(c) Duration of the contracts / arrangements/transactions:

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

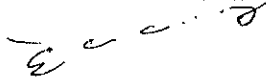
(e) Date(s) of approval by the Board, if any:

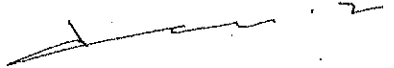
(f) Amount paid as advances, if any:

**Place:** Sahibabad

**Date:** 02/09/2017

**For and on-Behalf of the Board**

  
**Deoki Nandan Agarwal**  
Managing Director  
DIN: 00586794

  
**Lalit Agarwal**  
Director  
DIN: 00109920



Form No. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31.03.2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**ADVANCE STEEL TUBES LIMITED**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ADVANCE STEEL TUBES LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **Advance Steel Tubes Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **ADVANCE STEEL TUBES LIMITED** ("the Company") for the financial year ended on March 31, 2017, to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2003;

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) RBI guidelines prescribed to Non-Banking financial Company

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

***The Company has made provisions of CSR under Section 135(1) of the Companies Act, 2013, but company fails to spent amount allocated for CSR for 2014-15, 2015-16, and 2016-17***

I/we further report that, The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, subject to the qualification mentioned above

I further report that during the audit period the company has not undergone any event/action having a major bearing on the company's affair in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above

Place : New Delhi

Signature:



Date : 02.09.2017

Yashwant Gupta & Associates M No. 15154  
C P No.: 15119



## **INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF ADVANCE STEEL TUBES LIMITED**

### **1. Report on the Financial Statements**

We have audited the accompanying financial statements of Advance Steel Tubes Limited ("the Company"), which comprise the Balance Sheet as at 31/03/2017, the Statement of Profit and Loss, the cash flow statement 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 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.

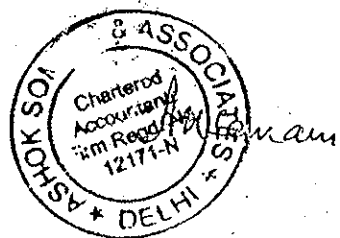
### **3. Auditor's Responsibility**

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 there under and the Order under section 143(11) of the Act.

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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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.

#### 4. Opinion

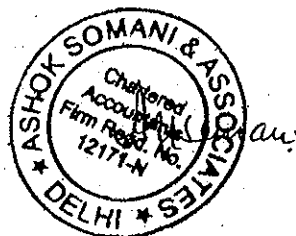
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31/03/2017, and its Profit and its cash flows 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) 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.

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.597.56 Lakhs, liabilities of Rs. 597.56 Lakhs, expenditure of Rs.290.73 Lakhs and income of Rs. 426.13 Lakhs in regards to Pir Panchal Construction (P) Ltd. – JV and assets of Rs.302.79 Lakhs, liabilities of Rs.140.81 Lakhs & expenditure of Rs.5.91 Lakhs and income of Rs. 1.94 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**

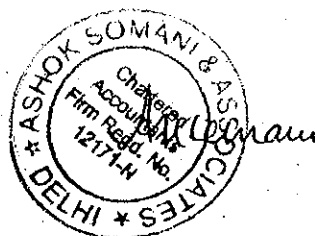
1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013. We give the statements on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable as 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) The company has all freehold / lease hold lands registered in its own name.
  - 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 not 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) As such interest and overdue is not applicable to the company.
- iv. Compliance under section 185 and 186 of The Companies Act , 2013  
While doing transaction for loans, investments, guarantees, and security provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (v) of paragraph 3 of the CARO 2016 are not applicable to the Company.
- 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 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, 2017 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, 2017 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. Supreme 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. Supreme 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.

- c) According to the records of the Company, there are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made there under.
- viii. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- ix. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks as at the balance sheet date. The company neither raised any funds from financial institutions, nor issued any debenture during the year.
- x. According to the information and explanations given to us, Company has not given guarantees for loans taken by others from banks and financial institutions.
- xi. The Company has raised no new term loan during the year. The term loans outstanding at the beginning of the year have been applied for the purposes for which they were raised.
- xii. Reporting of fraud during the year
- Based on our audit procedures and the information and explanation made available to us no such fraud noticed or reported during the year.



*Somani*





xiii. Managerial Remuneration

Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

xiv. Compliance by Nidhi Company Regarding Net Owned Fund to Deposits Ratio

As per information and records available with us the Company is not a Nidhi Company.

xv. Related party compliance with Section 177 and 188 of companies Act - 2013

Yes, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

xvi. Compliance under section 42 of Companies Act - 2013 regarding Private placement of Shares or Debentures.

The company has not raised any funds during the year.

xvii. Compliance under section 192 of Companies Act - 2013

The company has not entered into any non-cash transactions with directors or persons connected with him.

xviii. Requirement of Registration under 45-IA of Reserve Bank of India Act, 1934

The company is not required to be registered under section 45-IA of the Reserve Bank of India Act.

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, 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, 2017 taken on record by the Board of Directors, none of the directors is





**Ashok Somani & Associates**  
Chartered Accountants

C-12, Tarang Apartment  
19-Patparganj, Delhi- 110 092  
Phone : 22721001, Mobile : 9711114753  
E-mail: somaniashok@gmail.com

disqualified as on 31<sup>st</sup> March, 2017 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)(c) 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.

For Ashok Somani & Associates  
Chartered Accountants  
Firm Regd. No.: N12171

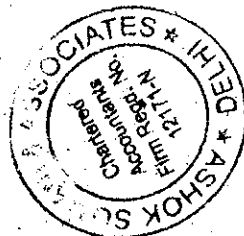
*Ashok Somani*

Ashok Kumar Somani

Partner Membership No.: 082504

Date : 30/05/2017

Place: Delhi





**"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, 2017 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, 2017, 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 issues by the Institute of Chartered Accountants of India.

For Ashok Somani & Associates  
Chartered Accountants

Firm Regd. No.: N12171

*Ashok Somani*  
Ashok Kumar Somani

Partner Membership No.: 082504

Date : 30/05/2017

Place: Delhi



# Advance Steel Tubes Limited

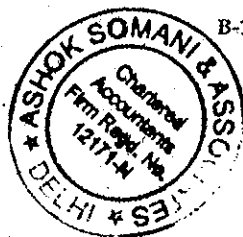
**ADVANCE**
**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2017**
**CIN : L24231UP1978PLC004583**

Particulars	Note No.	Figures as at 31.03.2017	Figures as at 31.03.2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	7,400,000	7,400,000
(b) Reserves and Surplus	4	749,200,124	714,806,188
<b>(2) Non Current Liabilities</b>			
(a) Long Term Borrowings	5	39,988,906	38,613,688
(b) Deferred Tax Liabilities (Net)	6	8,216,725	6,545,985
(c) Long-Term Provisions	7	2,494,956	2,448,380
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	8	217,790,561	132,482,139
(b) Trade Payables	9	36,309,865	30,006,686
(c) Other Current Liabilities	10	19,190,955	28,288,592
(d) Short Term Provisions	11	28,922,984	33,580,596
<b>Total</b>		<b>1,109,515,076</b>	<b>994,172,254</b>
<b>II. ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		214,429,527	222,230,812
(ii) Intangible Assets		-	-
(iii) Capital Work-in-Progress		-	-
(iv) Intangible Assets under development		-	-
(b) Non Current Investments	13	24,267,098	21,936,991
(c) Long-Term Loans and Advances	14	11,861,618	10,886,946
<b>(2) Current assets</b>			
(a) Current Investments			
(b) Inventories	15	299,901,426	219,407,043
(c) Trade Receivables	16	288,375,641	321,861,128
(d) Cash & Cash Equivalents	17	188,662,621	121,445,888
(e) Short Term Loans & Advances	18	81,036,797	76,189,971
(f) Other Current Assets	19	980,348	213,475
<b>Total</b>		<b>1,109,515,076</b>	<b>994,172,254</b>

**Significant accounting policies & notes to accounts 1, 2 & 29**

In terms of our report attached.  
For Ashok Somani & Associates  
Chartered Accountants  
Firm Regn. No. 12171-N

*Ashok Somani*  
Ashok Kumar Somani  
Partner M. No. 82504  
C-12, Tarang Apartment,  
19, Patpar Ganj, Delhi



Place: Sahibabad  
Date: 30/05/2017

For and on behalf of the Board of Directors

*D. N. Agarwal*  
D. N. Agarwal  
(Managing Director)  
DIN: 00586794

B-16, Swasthya Vihar, Delhi

*Vatsal Agarwal*  
Vatsal Agarwal  
(C.F.O.)

B-16, Swasthya Vihar, Delhi

*Parul Mishra*  
Parul Mishra  
(Company Secretary)  
M. No.: A16018  
A-725, Gaur Green Avenue,  
Opp. Pushpanjali Hospital,  
Vaishali, Ghaziabad (UP)

# Advance Steel Tubes Limited

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ADVANCE

## PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH 2017

CIN : L24231UP1978PLC004583

Particulars	Note No.	Figures Year ended 31.03.2017	Figures Year ended 31.03.2016
<b>I REVENUE</b>			
(1) Revenue from Operations (Gross)	20	1,148,971,906	950,967,363
Less: Excise Duty		68,263,856	93,847,869
Revenue from Operations (Net)		1,080,708,050	857,119,494
(2) Other income	21	28,768,019	18,561,050
<b>Total Revenue</b>		<b>1,109,476,069</b>	<b>875,680,544</b>
<b>II EXPENSES</b>			
(a) Cost of Material Consumed	22	508,775,108	593,765,494
(b) Purchases of Stock-in-Trade	23	325,827,290	3,585,357
(c) Changes in Inventories of finished goods Work-in-progress and stock-in-trade	24	(3,134,115)	(3,629,343)
(d) Employee Benefits Expenses	25	54,749,377	53,989,437
(e) Finance Costs	26	43,537,142	31,160,460
(f) Depreciation and Amortization Expenses	11	11,857,644	11,825,800
(g) Other Expenses	27	120,291,097	133,641,283
<b>Total Expenses</b>		<b>1,061,903,543</b>	<b>824,338,488</b>
III Profit before exceptional & extraordinary items and tax (I - II)		47,572,526	51,342,056
IV Exceptional/Extraordinary Items -Provision for CSR		929,948	2,021,035
V Profit before Tax (III - IV)		46,642,578	49,321,021
VI Tax Expense:			
a) Current year Tax		8,220,000	11,464,190
b) MAT Credit Entitlement / Adjustment			1,301,185
c) Current tax expense relating to prior years		576,609	
d) Deferred tax		1,670,740	4,061,553
<b>Total VI</b>		<b>10,467,349</b>	<b>16,826,928</b>
VII Profit/(Loss) for the period (V-VI)		36,175,229	32,494,093
VIII Earning per Equity Share :	28		
(i) Basic		49	44
(ii) Diluted		49	44
Significant accounting policies & Notes to A/c's	1, 2 & 29		

In terms of our report attached.  
For Ashok Somani & Associates  
Chartered Accountants  
Firm Regn. No. 12171-N

*A. Somani*  
Ashok Kumar Somani  
Partner M. No. 82504  
C-12, Tarang Apartment,  
19, Patpar Ganj, Delhi



For and on behalf of the Board of Directors

*D. N. Agarwal*  
D. N. Agarwal  
(Managing Director)  
DIN: 00586794  
B-16, Swasthya Vihar, Delhi

*Vatsal Agarwal*  
Vatsal Agarwal  
(C.F.O.)  
B-16, Swasthya Vihar, Delhi

*P. Mishra*  
Parul Mishra  
(Company Secretary)  
M. No.: A16018  
A-725, Gaur Green Avenue,  
Opp. Pushpanjali Hospital,  
Vaishali, Ghaziabad (UP)

Place : Sahibabad  
Date : 30/05/2017

# Advance Steel Tubes Limited

ITC

ADVANCE

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

CIN : L24231UP1978PLC004583

	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	46,642,578.00	49,321,021.00
Adjustments For		
Depreciation	11,857,644.00	11,825,800.00
Interest Income	(11,076,683.00)	(11,024,649.00)
Interest On Borrowing	24,952,724.00	24,661,601.00
Loss/Profit On Sale Of Assets	(4,559,153.00)	115,483.00
Provision for Gratuity & Leave	347,441.00	443,346.00
Operating Profit before working capital changes	68,164,551.00	75,342,602.00
Adjustments For		
Trade & Other Receivable	26,897,116.00	(41,710,091.00)
Investment in Joint Venture Co.	(2,330,107.00)	10,147,084.00
Inventories	(80,494,383.00)	3,084,523.00
Trade Payable & Other Liabilities	(689,090.00)	13,396,844.00
Cash Generated From Operation	11,548,087.00	60,260,962.00
Interest Paid	(24,952,724.00)	(24,661,601.00)
Direct Tax Paid	(11,765,483.00)	(5,291,983.00)
Interest Received	11,076,683.00	11,024,649.00
Cash Flow Before Extraordinary Item	(14,093,437.00)	41,332,027.00
Prior Period Adjustment	(576,609.00)	
Net Cash From Operating Activities	(14,670,046.00)	41,332,027.00
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(4,341,604.00)	(9,135,022.00)
Sale of Fixed Assets	4,844,398.00	300,000.00
Net Cash Used In Investing Activities	502,794.00	(8,835,022.00)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed From Long Term & Short Term Borrowing	(3,498,455.00)	4,906,100.00
Proceed From Cash Credits	86,313,940.00	(37,949,472.00)
Investment to Joint Venture		
Dividend Paid	(1,431,500.00)	(1,863,600.00)
Net Cash Flow From Financing Activities	81,383,985.00	(34,906,972.00)
Net Increase in Cash & Cash Equivalents	67,216,733.00	(2,409,967.00)
Cash and Cash Equivalents (Opening Balance)	121,445,888.00	123,855,855.00
Cash and Cash Equivalents (Closing Balance)	188,662,621.00	121,445,888.00

In terms of our report attached.  
For Ashok Somani & Associates  
Chartered Accountants  
Firm Regn. No. 12171-N

For and on behalf of the Board of Directors

*A. Somani*  
Ashok Kumar Somani  
Partner M. No. 82504  
C-12, Tarang Apartment,  
19, Patpar Ganj, Delhi

*D. N. Agarwal*  
D. N. Agarwal  
(Managing Director)  
DIN: 00586794  
B-16, Swasthya Vihar, Delhi

*Vatsal Agarwal*  
Vatsal Agarwal  
(C.F.O.)  
B-16, Swasthya Vihar, Delhi

*P. Mishra*  
Parul Mishra  
(Company Secretary)  
M. No.: A16018  
A-725, Gaur Green Avenue,  
Opp. Pushpanjali Hospital,  
Vaishali, Ghaziabad (UP)



Place: Sahibabad  
Date: 30/05/2017

NOTES TO FINANCIAL STATEMENTS

Particulars	Figures as at 31.03.2017	Figures as at 31.03.2016		
<b>Note No. 3: Share Capital:</b>				
(a) <u>Authorised</u> 50,00,000 Equity shares of Rs. 10/-each	50,00,000	50,00,000		
(b) Issued, subscribed and paid-up 7,40,000 Equity shares of Rs.10/-each	7,40,000	7,40,000		
	<u>7,40,000</u>	<u>7,40,000</u>		
(c) The rights/ term attached to equity shares: The Company has only one class of shares having a par value of Rs. 10/- per shares.				
(d) Reconciliation of the number of Shares outstanding:				
	<u>31.03.2017</u>	<u>31.03.2016</u>		
Equity shares outstanding at the beginning of the year	740,000	740,000		
Equity shares allotted during the year	-	-		
Equity shares outstanding at the end of the year	740,000	740,000		
(e) <u>Detail of shareholders holding more than 5% shares in the Company.</u>				
Name of Shareholders	As on 31 <sup>st</sup> March, 2017		As on 31 <sup>st</sup> March, 2016	
	% of holding	Nos. of shares	% of holding	Nos. of shares
i) Mr. Daulat Ram Agrawal	5.41	40,000	5.41	40,000
ii) Mr. Deoki Nandan Agarwal	9.74	72,050	9.74	72,050
iii) Mrs. Himani Agarwal	5.44	40,250	5.44	40,250
iv) Mr. Lalit Agarwal	7.18	53,150	7.18	53,150
v) Mr. Vatsal Agarwal	5.22	38,650	5.22	38,650
vi) Mrs. Shashi Agarwal	8.99	66,550	8.99	66,550
vii) D. N. Agarwal (HUF)	5.61	41,500	5.61	41,500
<b>Note No. 4: Reserve and Surplus:</b>				
(a) Capital Reserve:				
Balance B/F		125,000		125,000
Add : Addition during the year		-		-
Less: Deductions during the year		-		-
		<u>125,000</u>		<u>125,000</u>
(b) Share Premium A/c:				
Balance B/F		5,00,000		5,00,000
Add : Addition during the year		-		-
		<u>5,00,000</u>		<u>5,00,000</u>
(c) General Reserve:				
As per last balance sheet		708,963,248		677,963,248
Add : Trf. from P&L Accounts		34,000,000		31,000,000
		<u>742,963,248</u>		<u>708,963,248</u>
(d) Profit & loss A/c:				
Opening Balance in Profit & Loss Account		717,940		1,005,140
Add : Surplus during the year		36,175,229		32,494,093
Amount available for appropriations		<u>36,893,169</u>		<u>33,499,233</u>
Less: Appropriation				
T/F to General Reserve		34,000,000		31,000,000
Dividend on Equity Shares		1,480,000		1,480,000
Tax on Dividend		301,293		301,293
Tax on Dividend for earlier year		-		-
Surplus carried to Balance Sheet		<u>1,111,876</u>		<u>717,940</u>
Total Reserve & Surplus		<u>749,200,124</u>		<u>714,806,188</u>





Particulars	Figures as at 31.03.2017	Figures as at 31.03.2016
<b>Note No. 5: Long Term Borrowing :</b>		
From Bank (Secured):		
Term Loans:		
Long term maturities of Finance Lease obligations**		
Housing Loan from Standard Chartered Bank**	-	40,315,126
Housing Loan from ICICI Bank**	37,000,000	-
Vehicle Loan from Banks*	4,869,973	4,047,784
Less: Current Maturity of Long Term Debt [See Note -9(a)]	1,881,067	5,749,222
	<u>39,988,906</u>	<u>38,613,688</u>

**Additional Information**

\*\*Housing loan from bank secured against an exclusive charge of specified immovable properties of the company on a first charge basis. Further loan repayable with in a period 240 months as per repayment schedule of ICICI Bank Limited  
\*Term Loan from bank secured against an exclusive charge on specified vehicles of the company on a first charge basis. Further loan repayable with in a period 36 to 60 months as per repayment schedule.

**Note No. 6 : Deferred Tax Liabilities (Net)**

Deferred Tax Assets on Account of:		
(a) Provision for Doubtful Debts	7,865,015	6,026,510
(b) Disallowance u/s 43B of the Income Tax Act, 1961	3,128,400	3,582,711
	<u>10,993,415</u>	<u>9,609,221</u>
(e) Deferred Tax Liabilities on account of:		
Depreciation	19,210,140	16,155,206
	<u>19,210,140</u>	<u>16,155,206</u>
<b>Deferred Tax Liabilities (Net)</b>	<u>(8,216,725)</u>	<u>(6,545,985)</u>

**Note No. 7: Long Term Provisions :**

(a) Provision for Employee Benefits	2,494,956	2,448,380
	<u>2,494,956</u>	<u>2,448,380</u>

**Note No. 8: Short Term Borrowings**

(a) From Banks:		
Cash Credit (Secured)*	159,201,472	72,887,532
(b) Loans From related Party (Unsecured)	58,589,089	59,010,007
(c) Loan from other Parties (Unsecured)	-	554,000
	<u>217,790,561</u>	<u>132,482,139</u>

**Additional Information**

\*Cash Credit from banks secured on pari-passu basis against hypothecation of inventories and book debts & fixed assets and mortgage of specified immovable properties of the company on a second pari-passu basis.

**Note No. 9: Trade Payables**

Sundry Creditors		
- Micro & Small and Medium Enterprises	36,309,865	30,006,686
- Others	36,309,865	30,006,686

**Note No. 10: Other Current Liabilities**

(a) Current Maturity of Long Term Debt [See Note -5]	1,881,067	5,749,222
(b) Statutory Dues	2,540,852	3,077,684
(c) Security deposits Recd.	25,000	25,000
(d) Unclaimed dividend	89,500	41,000
(e) Credit balance of Customers	7,423,499	12,317,598
(f) Liability for Expenses	7,231,037	7,078,088
	<u>19,190,955</u>	<u>28,288,592</u>





NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>st</sup> MARCH, 2017

Sl. No.	Description of Assets	Gross Block					Accumulated Depreciation			Net Block	
		Balance as at 01.04.2016	Addition/ during the year	Disposals during the year	Balance as at 31.03.2017	Depreciation/ amortization as on 01.04.2016	Depreciation/ Amortization during the year	Disposed during the year	Total Depreciation upto 31.03.2017	Balance as at 31.03.2017	Balance as at 31.03.2016
I.	Tangible Assets:										
	Freehold Land										
	Leasehold Land	20,624,687		197,309	20,427,378						20,624,687
	Building	134,852,896		114,322	134,738,574			25,487	19,049,119	115,689,455	119,182,338
	Plant & Machinery	146,414,901	996,709		147,411,610	15,670,558	3,404,048		80,962,236	66,449,374	71,689,893
	Furniture & Fixtures	3,386,502	17,823		3,404,325	74,725,008	6,237,228		2,847,862	556,463	637,175
	Vehicles	21,108,821	3,194,290		24,303,111	2,749,326	98,536		13,818,326	10,484,785	9,080,272
	Office Equipments	3,367,042	70,500		3,437,542	12,028,549	1,789,777		2,877,101	560,441	702,196
	Computers	3,401,743	62,282		3,464,025	2,664,846	212,255		3,202,394	261,631	314,250
	Total	333,156,592	4,341,604	311,631	337,186,565	110,925,780	11,856,745	25,487	122,757,038	214,429,527	222,230,812
II.	Intangible Assets										
III.	Capital work in progress										
IV.	Intangible assets under developments										
	Total										
	Previous year	325,752,750	9,135,022	1,731,120	333,156,592	100,415,677	11,825,800	1,315,697	110,925,780	222,230,812	225,337,072



Particulars	Figures as at 31.03.2017	Figures as at 31.03.2016
<b>Note No. 11: Short Term Provisions :</b>		
(a) Provision for Employee Benefits	4,037,186	4,424,298
(b) Provision for Income Tax	8,220,000	11,464,190
(c) Provision for Dividend	1,480,000	1,480,000
(d) Dividend Distribution Tax	301,293	301,293
(e) Provision for Excise Duty on Finished Goods	8,610,754	8,505,664
(f) Other Provision		
-Provision for CSR	2,950,983	2,021,035
-Provision for Entry Tax	2,586,048	4,647,396
-Provision for Service Tax Liability	736,720	736,720
	<u>28,922,984</u>	<u>33,580,596</u>

**Note No. 13: Non Current Investments**

Trade Investment in Joint Venture :

(a) Investment in AOP (Pir Panchal construction-JV)	21,927,525	19,699,505
(b) Investment in AOP (Advance Stimul Consortium)	2,339,573	2,237,486
	<u>24,267,098</u>	<u>21,936,991</u>

**Additional Information**

Name of the Joint Venture	Place of incorporation	Share in Profit	Share in Profit
Pir Panchal Construction Pvt. Ltd. - JV	India	25%	25%
Advance Stimul - Consortium	India	50%	50%

**Note No. 14: Long Term Loans & Advances**

(a) Loans & Advances (Unsecured, Considered Good)		
Security Deposits	5,192,174	4,929,298
(b) Loans & Advances to related Party		
Secured, Considered Good	-	-
Unsecured, Considered Good	6,669,444	5,957,648
Doubtful	-	-
	<u>11,861,618</u>	<u>10,886,946</u>

**Note No. 15: Inventories**

(a) Raw Material*	207,688,411	130,474,775
(b) Finished Goods*	76,202,493	69,474,600
(c) Stock-in-Trade	741,645	741,645
(d) Stores & Spares*	11,786,285	11,639,653
(e) Scrap	3,482,592	7,076,370
	<u>299,901,426</u>	<u>219,407,043</u>

**Additional Information**

\* Raw Materials and Finished Goods are valued at lower of cost or market value.

\*Semi finished ,Packing materials and Stores and Spares are valued at cost.



# Advance Steel Tubes Limited

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Particulars	Figures as at 31.03.2017	Figures as at 31.03.2016
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## Note No. 16: Trade Receivables

(a) Outstanding for a period exceeding six months		
Secured, Considered Good		
Unsecured, Considered Good	101,794,061	31,219,896
Doubtful	24,241,069	18,574,541
	126,035,130	49,794,437
Less: Provision for Doubtful Debts	24,241,069	18,574,541
	101,794,061	31,219,896
(b) Outstanding for a period less than six months		
Secured, Considered Good		
Unsecured, Considered Good	186,581,580	290,641,232
Doubtful		
	186,581,580	290,641,232
<b>Total (a+b)</b>	<b>288,375,641</b>	<b>321,861,128</b>

### Additional Information

Trade receivable include those Company/Firm in which any director is a member/director	3,813,180	3,701,336
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## Note No. 17: Cash and Cash Equivalents

### Balances with Banks:

(a) - in Current Account	750,027	3,236,590
(b) - in Fixed Deposit	158,686,880	88,479,886
(c) - Deposit as Margin	29,013,605	28,491,179
(d) Cash in Hand	212,109	1,238,233
	188,662,621	121,445,888

## Note No. 18: Short Term Loans & Advances

### (a) Loans & Advances (Unsecured, Considered Good)

Secured, Considered Good		
(i) Unsecured, Considered Good	28,705,653	17,131,991
(ii) Loan to body corporate		12,500,000
(iii) Employees	1,088,777	789,081
(iv) Security/Earnest Money	1,947,818	1,093,440
(v) Other Advances*	16,772,495	8,636,715

### (b) Others:

(i) Balance with Revenue Authority	16,550,260	15,204,664
(ii) Advance Income-Tax	15,971,794	20,831,080
	81,036,797	76,189,971

\*Other advances mainly included Price Escalation, rebate on purchases of raw material.

## Note No. 19: Other Current Assets

(a) Export Incentives Receivables	838,786	
(b) Prepaid Expenses	141,562	213,475
	980,348	213,475



**NOTES TO FINANCIAL STATEMENTS**

Particulars	Figures	Figures
	Year ended 31.03.2017	Year ended 31.03.2016
<b>Note No. 20: Revenue from Operations:</b>		
(a) Sale of products	1,069,835,343	877,580,112
(b) Sale of Services	77,827,915	73,313,320
(c) Other Operating Revenues (Export Incentives)	1,308,648	73,931
	<u>1,148,971,906</u>	<u>950,967,363</u>
<b>Less:</b>		
(d) Excise Duty on Sale	68,158,766	85,342,205
Add : Excise Duty on Closing Stock of F/Goods	8,610,754	8,505,664
	<u>8,505,664</u>	<u>-</u>
Less : Excise Duty on Opening Stock of F/Goods	68,263,856	93,847,869
Total Excise Duty Paid/Provisions	<u>68,263,856</u>	<u>93,847,869</u>
<b>Total</b>	<u><u>1,080,708,050</u></u>	<u><u>857,119,494</u></u>

**Note No. 21: Other Income:**

(a) Interest Income (TDS Rs.958169/- Prev. Year Rs. 1098535/-)	11,076,683	11,024,649
(b) Net gain on foreign currency transactions (other than considered as finance cost)	-	730,042
(c) Other Non operating income comprises:		
i) Rental Income	360,000	270,000
ii) Share of Profit from Joint Venture	11,330,106	352,916
iii) Export Income (in excess of FOB ie overseas freight)	-	4,830,921
iv) Profit on Sale of assets	4,559,153	-
v) Provisions for Doubtful Debts	-	1,233,498
vi) Miscellaneous Income	953,208	119,024
vii) Excess Provision w/back	488,869	-
	<u>28,768,019</u>	<u>18,561,050</u>

**Note No. 22: Cost of Materials Consumed:**

(a) Opening Stock	123,972,971	126,409,050
(b) Add: Purchases During the Year	585,017,650	591,329,415
	<u>708,990,621</u>	<u>717,738,465</u>
(c) Less: Closing Stock	200,215,513	123,972,971
<b>Consumption</b>	<u><u>508,775,108</u></u>	<u><u>593,765,494</u></u>

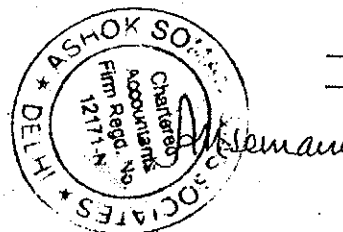
**Additional Information:**

**Product Wise Break -Up of Consumption**

H.R. Coil	317,957,661	401,445,941
Zinc	72,589,109	64,184,693
Black Pipe	12,743,247	23,877,247
Socket	6,527,485	2,600,227
Other Raw Material	98,957,606	101,657,386
	<u>508,775,108</u>	<u>593,765,494</u>

**Note No. 23: Purchase of Traded Goods:**

(a) Purchases During the Year	325,827,290	3,585,357
	<u>325,827,290</u>	<u>3,585,357</u>



# Advance Steel Tubes Limited

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Particulars	Figures Year ended 31.03.2017	Figures Year ended 31.03.2016
<b>Note No. 24: Changes in inventories of finished goods, work-in-progress and stock-in-trade:</b>		
(1) Inventories at the beginning of the year:		
(a) Work-in-Progress	-	-
(b) Finished Goods	76,550,970	73,663,272
(c) Stock-in-Trade	741,645	-
(2) Inventories at the end of the year:		
(a) Work-in-Progress	-	-
(b) Finished Goods	79,685,085	76,550,970
(c) Stock-in-Trade	741,645	741,645
<b>(Increase)/Decrease during the year</b>	<b>(3,134,115)</b>	<b>(3,629,343)</b>

## Note No. 25: Employees Benefit Expenses

(a) Salaries & Wages#	48,453,690	47,997,692
(b) Contributions to provident and other funds*	3,341,619	3,240,099
(c) Staff welfare expenses **	2,954,068	2,751,646
	<b>54,749,377</b>	<b>53,989,437</b>

### Additional Information

# Salaries and wages include: Salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service / employment.

Employee would deem to include directors, in full time or part time employment of the Company, but would exclude directors who are not under a contract of employment with the Company.

\* Contribution to provident fund and other funds would include contributions to other funds like gratuity fund, etc. Pertaining to employees. Contributions to ESIC, Labour Welfare Fund and other such funds where the benefit an employee derives is not directly linked to the contributions made on his behalf are to be grouped as part of Staff welfare expenses.

Penalties and other similar amounts paid to the statutory authorities are not in the nature of 'contribution hence not be included above.

\*\* Staff welfare expenses include accrual for post-employment medical benefits, ESIC, Labour Fund, etc.

## Note No. 26: Finance Cost

(a) Interest Expense on Borrowings			
(i) Interest on borrowings		20,147,672	19,483,816
(ii) Others interest	4,805,052		8,104,147
Less: "Interest recovered from parties" (TDS on interest Rs.Nil- PY Rs.34586/-)		4,805,052	5,177,785
		24,952,724	24,661,601
(b) Other Borrowing Costs*		18,584,418	6,498,859
		<b>43,537,142</b>	<b>31,160,460</b>

### Additional Information

\*Other borrowing costs would include commitment charges, loan processing charges, guarantee charges, loan facilitation charges, discounts / premiums on borrowings, other ancillary costs incurred in connection with borrowings or amortisation of such costs, etc.



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# Advance Steel Tubes Limited

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Particulars	Figures Year ended 31.03.2017	Figures Year ended 31.03.2016
<b>Note No. 27: Other Expenses</b>		
(a) Consumption of stores and spare parts	21,372,733	24,349,862
(b) Power & Fuel	30,174,830	32,440,830
(c) Rent	1,410,052	1,705,309
(d) Repair & Maintenance - Building	247,351	411,565
(e) Repair & Maintenance - Plant & Machinery	835,639	2,007,473
(f) Insurance Expenses	564,775	1,087,851
(g) Rates & Taxes	867,675	1,052,629
(h) <u>Other Miscellaneous Expenses</u>		
(i) Job/Erection Charges	16,757,673	18,560,923
(ii) Carriage Inward	2,636,125	3,728,513
(iii) Testing, Inspection & ISI Marking Fee	532,785	546,404
(iv) Freight Outward	2,490,297	-
(v) Commission & Brokerage	10,435,167	8,222,664
(vi) Claims & Shortage	5,506,238	11,076,649
(vii) Rebate & Discount	2,103,473	2,547,909
(viii) Packing Expenses	1,521,866	603,236
(ix) Advertisement & Publicity	21,150	74,705
(x) Sales Promotion expenses	540,480	3,642,960
(xi) Traveling Expenses	1,729,424	3,303,879
(xii) Vehicle Running, Maintenance & Conveyance Expenses	3,393,551	3,422,063
(xiii) Electricity Expenses	29,440	25,570
(xiv) Printing & Stationery	573,397	677,434
(xv) Other Repairs	1,382,346	2,047,604
(xvi) Postage & Telephones	1,242,663	1,339,530
(xvii) Auditor's Remuneration		
- Audit Fee	220,000	220,000
- Tax Audit Fees	35,000	35,000
- Certification	2,500	2,500
- Cost Audit Fees	55,000	55,000
(xviii) Legal & Professional Charges	2,625,949	4,614,535
(xix) Loss on Sale of Assets	-	115,483
(xx) Service Tax Paid	1,672,449	2,138,987
(xxi) Bad Debts	-	1,110,813
(xxii) Miscellaneous Expenses	747,291	644,454
(xxiii) Charity & Donation	6,100	201
(xxiv) Miscellaneous Balance W/off.	195,984	1,100,192
(xxv) Excess Provision of Export Income W/off	-	378,616
(xxvi) Provisions for Doubtful Debts	5,666,528	-
(xxvii) Net Loss/Gain on foreign currency transactions	2,410,020	-
(xxviii) Prior Period Expenses (Net)	285,146	350,000
	<u>120,291,097</u>	<u>133,641,283</u>
<b>Note No. 28: Earning per Equity Share</b>		
(a) Net profit as per Profit & Loss statement	36,175,229	32,494,093
(b) Weighted average number of share of Rs. 10/- each end of the year	740,000	740,000
	<u>49</u>	<u>44</u>



**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**(Annexed to forming part of the accounts for the year ended 31<sup>st</sup> March 2017)**NOTE NO. 1 - NATURE OF OPERATION**

The Company is engaged in the manufacturing of MS Steel Tubes & Pipes, Poles, Part of Transmission Line Tower & Structure and EPC Contract at its various units at Sahibabad (U.P.) Haridwar (U.K.) and Jammu (J&K).

**NOTE NO. 2 - SIGNIFICANT ACCOUNTING POLICIES****a. Accounting Convention**

The Financial Statements are prepared under the historical cost convention on accrual basis of accounting in accordance with generally accepted accounting principles, unless otherwise stated and comply with the accounting standard referred to in section 133 of the Companies Act 2013 read with rule 7 of company (Accounts) Rules 2014 to the extent applicable.

**b. Revenue recognition**

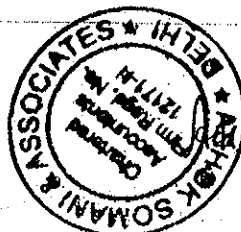
- i) Sales recorded net of returns, are recognized on dispatch and price adjustments for sales made during the year, if any are recorded upon receipt of confirmed customer order.
- ii) Export benefits / Incentives are accounted on accrual basis and grouped with sales.
- iii) Revenue from EPC contracts/projects & erection contracts are recognized on a 'Percentage of Completion Method' measured on the basis of stage of completion which is reported for contract / project under execution, where such revenue being thirty percent or more of the total value of the contract/ project. Such contract prices are either fixed or subject to price escalation clauses.
- iv) Revenues are recognized in proportion the value of work done (measured by the stage of completion) when the outcome of the contract can be estimated reliably. The estimates of contract cost and the revenue thereon are reviewed periodically by management and the cumulative effect of any changes in estimates in proportion to the cumulative revenue is recognized in the period in which such changes are determined. When the total contract cost is estimated to exceed total revenues from the contract, the loss is recognized.
- v) Other income / interest are recognized on accrual basis, however where ultimate collection of the same lacks reasonable certainty, revenue recognition is postponed to the extent of uncertainty.

**c. Fixed Assets**

Fixed Assets are stated at their original cost including freight, duties, taxes and other incidental expenses relating to acquisition and installation. However CENVAT credit / VAT credit wherever taken has been reduced from the cost of acquisition.

**d. Depreciation**

Depreciation is charged on straight-line method (SLM) at the rates prescribed under Schedule-II of the Companies Act, 2013. Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, the depreciation on such assets is calculated on a pro-





rata basis from the date of such addition or, as the case may be, up-to the date on which such asset has been sold discarded, demolished or destroyed.

e. Inventories

- i) Raw Materials and Finished Goods are valued at lower of cost or market value.
- ii) Semi-finished goods, packing materials and Stores and Spares are valued at cost.
- iii) In case of Finished Goods and semi-finished goods Cost is determined adding material, labour and related factory overheads.
- iv) Goods return and stock with consignment agent is inclusive of excise duty.
- v) Traded Goods are valued at lower of cost or market value.
- vi) Material Cost is ascertained on first in first out (FIFO) basis. (Net of CENVAT & VAT).

f. Foreign Currency Transaction

All incomes & expenditure in foreign currency are recorded at the rate of exchange notified by certain authority on the date of transaction. Assets / Liability, remaining unsettled are translated at the rate of exchange prevailing on the Balance Sheet date. The effect of exchange fluctuation is recognized to the Profit & Loss account except in case of fixed assets, which is adjusted to the carrying cost of such fixed Assets.

g. Retirement and Other Employee Benefits

I. Defined Contribution Plans

Defined Contribution plans are the provident fund scheme, Employee's State Insurance and Government Pension Fund Scheme for eligible employees. The Company's contribution to the Defined Contribution Plans is recognized in the profit & loss account in the financial year to which they relate.

II. Defined Benefit Plans

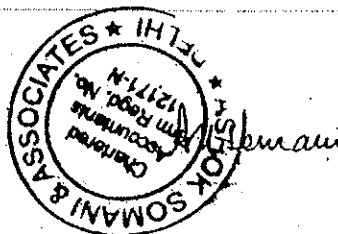
- a) Retirement benefits in the form of gratuity are provided for on the basis of actuarial valuation made by an independent Actuary as on the balance sheet date.
- b) The provision for leave is accrued and provided for, based on the actuarial valuation made by an independent Actuary as on the balance sheet date.

h. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

i. Investments

Investments are carried at the lower of cost or quoted / fair value, computed category wise. Long-term investments are stated at cost. Provision for diminution in the value of the long-term investments is made only if; such decline is other than temporary in the opinion of the management.



**j. Impairment of Assets**

At each balance sheet date, the Company assets where there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds the recoverable amount, an impairment loss is recognized in the profit and loss account to the extent the carrying amount exceeds the recoverable amount.

**k. Joint Venture**

Interest in jointly controlled entity is accounted for as an investment in accordance with Accounting Standard (AS-13), Accounting for Investments.

**l. Taxes on Income**

Current tax liability is provided based on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 after considering tax allowances and exemptions.

**m. Segment Reporting**

The company operates in a single business segment identified as "Steel Pipes and allied products". In the absence any other reportable segment, no further disclosures are required in terms of the Accounting Standard (AS - 17) on Segment Reporting issued by the Institute of Chartered Accountants of India.

**n. Use of Estimates**

In the preparation of the financial statements, the management of the company makes estimates and assumptions in conformity with the applicable accounting principles in India that affect the reported balance of assets & liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee's retirement benefit plans, income taxes, the useful lives of fixed assets and intangible assets and estimates for recognizing impairment losses.

These estimates could change from period to period and also the actual results could vary from the estimates. Appropriate changes are made to the estimates as the management becomes aware of changes in circumstances surrounding these estimates. The changes in estimates are reflected in the financial statements in the period in which changes are made and, if material their effects are disclosed in the notes to the financial statements.



## NOTE NO. 29 - OTHER INFORMATION / DISCLOSURE

## 1. Contingent Liabilities

A.	Current Year (Amount in ₹)	Previous Year (Amount in ₹)
Bank Guarantees (including BG in the matter of Entry Tax)	227,110,493	187,161,205

- B. The Company has preferred an appeal in the matter of Entry Tax liability in the Hon'ble Supreme Court. As per the interim order 50% of disputed Tax & interest liability has ordered to deposit in cash and the balance by Bank Guarantee, however Company has deposited most of the dues except the ₹2,586,048/- and ₹33,24,034/- against demand & interest respectively for which Bank Guarantee of ₹35,94,239/- & ₹37,16,450/- has been provided. The Company has account for the entire disputed liabilities and interest by that date. The said appeal has been decided against the company. However the Hon'ble Supreme Court has allowed to file the discrepancies before the Hon'ble High Court. Provision of any further interest if any will be made on the disposal of the said petition.
- C. In the matter of Sale Tax / Central Sale Tax / VAT / Central Excise / Service Tax & Income Tax where the respective disputes have created demand has been provided for and the company has preferred appeal against the said demand at the appropriate authority against the show cause company has filed the reply pending for hearing or orders. The management is of the view that there shall be no demand.
- D. The Company has taken the EPC Project of UPPTCL through PNC Infratech Limited & A2Z Maintenance & Engineering Services Limited. The land owners from where transmission line is passing are creating & hampering the work, hence there is delay in completing the project. As per the terms of agreement UPPTCL has retained ₹62,536,078/- as penalty from time to time out of running payments. The company has already applied for the extension of time and is expected to get the time extension and expect no penalties shall be finally levied because of the above. The above amount is kept as recoverable from them and considered good. Liability if any on this account will be accounted for on the final outcome.
2. Share of profit from Pir Panchal Construction Pvt. Ltd. & Advance Stimul Consortium has recognized based on provisional accounts.
- |  |             |
|--|-------------|
| a. Pir Panchal Construction Pvt. Ltd. – JV | 9,356,725/- |
| b. Advance Stimul Consortium               | 93,431/-    |
- Further share of profit increase / decrease shall account for in next year based on audited balance sheet & P&L and accordingly last year increase in share of profit of ₹1,879,950/- has been recognized during the year.
3. Information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as under based on documents available with the company: -



(Amount in ₹)  
2016-2017      2015-2016

(i)	Principal amount remaining unpaid to any supplier at the end of accounting year.	--	--
(ii)	Interest due on above	--	--
	<b>Total of (i) &amp; (ii)</b>	--	--
(iii)	Amount of interest paid by the Company to the suppliers.	--	--
(iv)	Amounts paid to the suppliers beyond the respective due date.	--	--
(v)	Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act.	--	--
(vi)	Amount of interest accrued and remaining unpaid at the end of accounting year.	--	--
(vii)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under Section 23 of this Act.	--	--
4.	Inventory lying with third party / consignees are NIL.		
5.	Confirmations 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.		

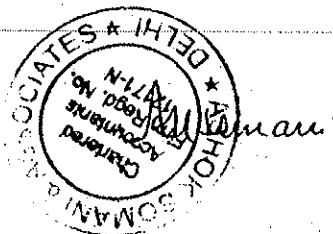
#### 6. Related Party Disclosure

Company's related parties in terms of AS- 18 are as disclosed below:-

##### 1. Relationships

(a) Related parties in Advance Steel Tubes Limited where common control exists:

- Advance Ispat (India) Limited
- Tirupati Structurals Limited
- Advance Enterprises (P) Limited
- Marda Commercial & Holding Limited
- Sophia Exports Limited
- ADV Drilling Products PLC



(b) Joint Venture

- Pir Panchal Construction Pvt. Ltd.
- Advance Stimul Consortium

(c) Key Management Personnel

- 1) Mr. D. N. Agarwal
- 2) Mr. Aashish Agarwal
- 3) Mr. Vatsal Agarwal

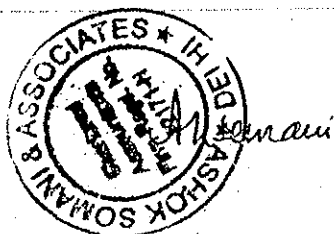
2. The following transactions were carried out with related parties in the ordinary course of business. Transactions with parties in item (a) above:

Particulars	Transaction during the Year 2016-2017						Outstanding Balance As at 31.03.2017		
	Loan Given	Loan Taken Back	Loan Taken	Loan Repaid	Sales & Service	Purchase, Services, Interest & Rent	Loan Liability	Loan Assets	Debtors/ Creditors
Marda Commercial & Holdings Ltd.	-- (--)	-- (--)	-- (37,743,236)	7473598 (22,530,435)	-- (--)	6,935,976 (74,92,484)	58,502,985 (59,040,607)	-- (--)	-- (--)
Advance Ispat (India) Limited	-- (--)	-- (--)	1,000,000 (--)	1,009,567 (--)	52,763,591 (40,273,525)	95,671 (--)	86,104 (--)	-- (--)	3,813,180 (--)
Tirupati Structural Ltd.	-- (--)	-- (--)	-- (--)	-- (--)	199570 (34,120)	6,120 (--)	-- (--)	-- (--)	-- (1,344,321)
Advance Enterprises Pvt. Ltd.	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	12,00,000 (12,00,000)	-- (--)	-- (--)	-- (--)
Advance Infra Solutions Pvt. Ltd.	105,000 (570,244)	67,422 (--)	-- (--)	-- (--)	-- (--)	674,218 (5,37,116)	-- (--)	6,669,444 (5,957,648)	-- (--)
Pir Panchal Construction Pvt. Ltd. - Joint Venture	-- (--)	-- (--)	-- (--)	-- (5,000,000)	4,799,995 (--)	-- (--)	-- (--)	-- (--)	1,237,500 (1,237,500)

3. The detail of payment to key management personnel is as under:

Managerial Remuneration u/s 198 of the Companies Act, 2013 to Directors.

Key Management Personnel		Gross Salary Current Year (₹)	Gross Salary Previous Year (₹)
D.N. Agarwal	Managing Director / (CEO)	21,27,600	12,21,600
Vatsal Agarwal	CFO	6,00,000	6,00,000
Aashish Agarwal	Whole Time Director	--	2,07,200
Parul Mishra	Company Secretary	4,80,000	4,80,000



7. Segment Reporting

The Company is operating in a single business / geographical segment and therefore no additional disclosures are required.

8. Employee Benefits:

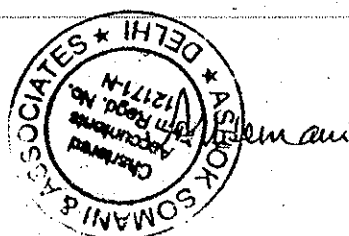
(a) Defined Contribution Plans

The Company has recognized the contribution / liability in the Profit & Loss Account for the financial year 2015-16.

9. (a) Defined Benefit Plans & other Long Term Benefits:

The following disclosures are made in accordance with AS-15 (Revised) pertaining to Defined Benefit Plans & Other Long Term Benefits:

	(Amount in ₹)			
	Gratuity (Funded Plan)		Leave Encashment (Unfunded Plan)	
	(2016-17)	(2015-16)	(2016-17)	(2015-16)
<b>1. Amount recognized in Balance Sheet</b>				
Present value of funded obligations	11,917,274	11,404,186	--	--
Fair value of plan assets	10,110,057	9,956,731	--	--
Present value of unfunded obligations	--	--	988,604	1,000,925
Unrecognized past service cost	--	--	--	--
<b>Net Liability / (Assets)</b>	<b>1,807,217</b>	<b>1,447,455</b>	<b>988,604</b>	<b>1,000,925</b>
<b>Amount in Balance Sheet</b>				
Liability	1,807,217	1,447,455	988,604	1,000,925
Assets	--	--	--	--
<b>Net Liability / (Assets)</b>	<b>1,807,217</b>	<b>1,447,455</b>	<b>988,604</b>	<b>1,000,925</b>
<b>2. Expenses recognized in the Profit &amp; Loss Account</b>				
Current service cost	874,514	830,769	144,988	139,814
Interest on defined benefit obligation	855,314	936,737	75,069	76,610
Expected return on plan assets	(821,430)	(921,397)	--	--
Net actuarial losses / (gain) recognized in the year	(239,844)	(135,594)	(145,571)	48,744
Past service cost	--	--	--	--
Losses / (gains) on "Curtailments and Settlements"	--	--	--	--
<b>Total, included in "Employee Benefit Expense"</b>	<b>668,554</b>	<b>710,515</b>	<b>73,486</b>	<b>265,168</b>
<b>3. Actual return on plan assets</b>	<b>788590</b>	<b>864,984</b>	<b>--</b>	<b>--</b>
<b>4. Reconciliation of benefit obligations and plan assets for the period.</b>				
<b>a) Change in defined benefit obligation</b>				
Opening defined benefit obligation	11,404,186	12,053,909	1,000,925	985,823
Current Service Cost	874,514	830,769	144,988	139,814
Past Service Cost	--	--	--	--



# Advance Steel Tubes Limited

CIN : L24231UP1978PLC004583



ADVANCE

Interest cost	855,314	936,737	75,069	76,610
Actuarial losses / (gains)	(192,007)	(192,007)	(146,571)	48,744
Liabilities extinguished on curtailments	--	--	--	--
Liabilities extinguished on settlements	--	--	--	--
Liabilities assumed on acquisition	--	--	--	--
Exchange difference on foreign plans	--	--	--	--
Benefits paid	(944,056)	(2,225,222)	(85,807)	(250,066)
Closing defined benefit obligation	11,917,274	11,404,186	988,604	1,000,925
<b>b) Change in fair value of assets</b>				
Opening fair value of plan assets	9,956,731	11,034,698	--	--
Expected return on plan assets	821,430	921,397	--	--
Actuarial (gain) / losses	(32,840)	(56,413)	--	--
Assets distributed on settlements	--	--	--	--
Contributions by employer	308,792	282,271	--	--
Assets acquired due to acquisition	--	--	--	--
Exchange difference on foreign plans	--	--	--	--
Benefits paid	--	--	--	--
Closing fair value of plan assets	10,110,057	9,956,731	--	--

## 5. Assets information

### Category of assets

Investment with Insurer	100%	100%	--	--
Others	--	--	--	--

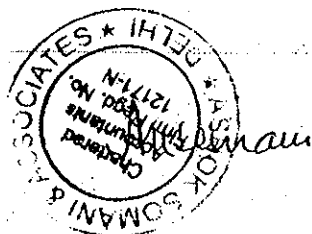
## 6. Summary of the actuarial assumptions

Discount rate	7.25%	7.50%	7.25%	7.50%
Expected rate of return on assets	8.25%	8.35%	--	--
Future salary increase	5.00%	5.00%	5.00%	5.00%

(2016-17) (2015-16) (2014-15) (2013-14) (2016-17) (2015-16)

## 7. Amount for the current & previous year are as follows.

a) Defined benefit obligation	11,917,274	11,404,186	12,053,909	11,993,517	988,604	1,000,925
b) Plan Assets	10,110,057	9,956,731	11,034,698	11,893,337	--	--
c) Surplus / (Deficit)	(1,807,217)	(1,447,455)	(1,019,211)	(100,180)	(988,604)	(1,000,925)
d) Experience adjustment on Plan Assets	--	--	--	--	--	--
e) Experience adjustment on Plan liabilities	--	--	--	--	--	--



**Note:**

- a) The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- b) The company estimates that the amount to be contributed to the Gratuity fund for the financial year 2016-17 will be ₹18 Lac.
- c) Comparative values of defined plans for the current year & previous three years instead of four financial years, as required by AS-15 (Revised), are provided, this being the year of adoption of the standard.
- d) The liability towards the earned leave for the year ended 31<sup>st</sup> March, 2017, based on actuarial valuation is amounting to ₹ 988604/- (P.Y. ₹1000925/-) Lac has been recognized in the profit & loss account.

10. Disclosure of the Company's interest in joint venture as per the Accounting Standard relating to financial reporting of interest in Joint Venture (AS 13):

- (a) Aggregate amount of each of the assets, liabilities, income and expenses related to interest in Pir Panchal Construction Pvt. Ltd. – JV and Advance Stimul Consortium - Joint Venture.

Particulars	Pir Panchal Construction (P) Ltd. - JV		Advance Stimul Consortium	
	Current Year (Provisional)	Previous Year (Audited)	Current Year (Provisional)	Previous Year (Audited)
Assets	59,755,738	65,660,296	30,279,408	30,271,413
Reserves & Surplus	21,927,525	21,570,800	2,116,106	2,022,676
Liabilities	37,828,213	44,089,496	28,163,302	28,248,737
Income	42,613,860	13,425,769	389,063	4,037,658
Expenses	29,073,014	8,962,300	295,632	4,080,839
Tax Expense	--	--	--	--
Contingent Liability - BG O/s	--	--	--	--
Capital Commitments	--	--	--	--

(b) List of Joint Ventures

Sr. No.	Name of the Joint Venture	Interest	Place of incorporation
1.	Pir Panchal Construction Pvt. Ltd. - Joint Venture	25%	India
2.	Advance Stimul – Consortium	50%	India

11. Earning in Foreign Exchange

FOB Value of Export ₹41,939,314 (P.Y. 19,225,692)

Value of Trading Export (From China) ₹182,958,109 (P.Y Nil)





12. The Company has the following un-hedged exposures in foreign currencies as at the yearend:

Sr. No.	Particulars	As at 31 <sup>st</sup> March '2017		As at 31 <sup>st</sup> March '2016	
		USD (\$)	INR (₹)	USD (\$)	INR (₹)
1.	Trade Receivables	600,170	38,915,020	85694.71	5,682,089

13. Value of import on CIF basis

Raw Material ₹ NIL (P.Y. ₹ NIL)

Trading Material ₹ 13,78,62,318/- (p.y NIL)

Capital Goods ₹ NIL (P.Y. ₹ 23,09,328.64)

Store Goods ₹ 81960/- (P.Y. ₹ NIL)

14. Expenditure in Foreign Currency ₹ 43,76,031/- (P.Y. ₹ NIL-)

15. Previous year figures have been regrouped and recast to the extent possible & wherever necessary to make them comparable with the current year's figure.

As per our report of even date attached

For Ashok Somani & Associates

Chartered Accountants

Firm Regn. No. 12171-N

*Ashok Somani*

Ashok Kumar Somani  
Partner, M. No. 82504  
C-12, Tarang Apartment,  
19, Patpar Ganj, Delhi



*D. N. Agarwal*

D. N. Agarwal  
Managing Director  
DIN: 00586794  
B-16, Swasthya Vihar, Delhi

For and on behalf of the Board of Directors

*Vatsal Agarwal*

Vatsal Agarwal  
C.F.O.  
B-16, Swasthya Vihar, Delhi

*Parul Mishra*

Parul Mishra  
Company Secretary  
M. No.: A16018  
A-725, Gaur Green Avenue,  
Opp. Pushpanjali Hospital,  
Vaishali, Ghaziabad (UP)

Place: Sahibabad

Dated: 30/05/2017