Financial Statements and Auditor's Report

JSW Industrial Gases Private Limited

(formerly known as JSW Praxair Oxygen Private Limited)

31 March 2019

Walker Chandiok & Co LLP
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Independent Auditor's Report

To the Members of JSW Industrial Gases Private Limited (formerly JSW Praxair Oxygen Private Limited)

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of JSW Industrial Gases Private Limited (formerly JSW Praxair Oxygen Private Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. 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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

4. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

5. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

6. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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8. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

10. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

11. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

12. Further to our comments in Annexure I, 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 purpose of our audit;

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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 financial statements dealt with by this report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;

f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 30 April 2019 as per Annexure II expressed unmodified opinion;

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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company, as detailed in note 2.27 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019.

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019.

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Kolkata
Date: 30 April 2019

Annexure I to the Independent Auditor's Report of even date to the members of JSW Industrial Gases Private Limited (formerly JSW Praxair Oxygen Private Limited) on the financial statements for the year ended 31 March 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

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

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties are held in the name of the Company.

(ii) In our opinion, the management has conducted a physical verification of inventory at reasonable intervals, except for except for goods in transit and liquid products stored in tanks, which have not been verified during the year. No material discrepancies between physical inventory and book records were noticed on physical verification of inventory so physically verified However, in respect of inventories which were not physically verified we are unable to comment on the discrepancies which could have arisen between physical inventory and book records.

(iii) The Company has granted unsecured loan to company covered in the register maintained under Section 189 of the Act; and with respect to the same:

a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the company's interest.

b) the schedule of repayment of principal and payment of interest has been stipulated and the receipts of the principal amount and the interest are regular;

c) there is no overdue amount in respect of loans granted to such company.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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Annexure I (Contd)

(vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Amount paid under protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income - tax Act, 1961	Income tax and interest	131	-	2010- 2012	Income tax appellate tribunal
Income - tax Act, 1961	Income tax and interest	110	-	2012- 2016	Commissioner of Income Tax (Appeals)
The Central Excise Act, 1944	Duty and penalty	262	54	1998- 2006	High court of Karnataka
	Duty, interest and penalty	623	623	2000- 2002	Supreme court of India
	Duty and penalty	64	2	2004- 2015	Custom excise and service tax appellate tribunal
The Karnataka tax of entry of goods act, 1979	Duty and penalty	9	4	2001-2003	Sales tax tribunal of Karnataka
	Duty and penalty	9	-	2008- 2009	Assistant commissioner of commercial taxes
Karnataka sales tax act, 1957	Duty and penalty	122	127	1999- 2001	Supreme court of India
Karnataka sales tax act, 1957	Duty and penalty	2	-	2001- 2003	Sales tax tribunal of Karnataka
The Karnataka tax value added tax act, 2013	Duty, interest and penalty	356	165	2005- 2006	Sales tax tribunal of Karnataka

Annexure I (Contd)

(viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Kolkata
Date: 30 April 2019

Annexure II to the Independent Auditor's Report of even date to the members of JSW Industrial Gases Private Limited (formerly JSW Praxair Oxygen Private Limited) on the financial statements for the year ended 31 March 2019

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

1. In conjunction with our audit of the financial statements of JSW Industrial Gases Private Limited (formerly JSW Praxair Oxygen Private Limited) ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on mention control criteria in accordance with Internal control framework defined in Appendix 1 to SA 315, "Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment" ('the framework'). 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 the Company's business, including adherence to the 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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. 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 IFCoFR.**Meaning of Internal Financial**

6. **Controls over Financial Reporting**

A company's IFCoFR 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 IFCoFR include 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

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Annexure II (Contd)

with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the framework.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Kolkata
Date: 30 April 2019

JSW Industrial Gases Private Limited
(Formerly known as JSW Praxair Oxygen Private Limited)

Balance Sheet as at 31 March 2019

(All amounts in ₹ lakhs, unless other wise stated)

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2.01 (A)	12,025	13,178
(b) Capital Work in Progress		267	-
(c) Investment property	2.02	4	4
(d) Other intangible assets	2.01 (B)	4	9
(e) Financial assets			
(i) Investments	2.03	3	3
(ii) Loans	2.04	173	153
(f) Non-current tax assets	2.24 (e)	431	431
(g) Other non-current assets	2.05	1,141	1,166
		14,048	**14,944**
Current assets			
(a) Inventories	2.06	396	293
(b) Financial assets			
(i) Investments	2.03	7,228	20,887
(ii) Trade receivables	2.07	2,546	2,203
(iii) Cash and cash equivalents	2.08	124	1,060
(iv) Bank balances other than (iii) above	2.09	980	2,362
(v) Loans	2.04	4,000	-
(vi) Others financial assets	2.10	16	72
(c) Other assets	2.05	126	90
		15,416	**26,967**
TOTAL ASSETS		**29,464**	**41,911**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	2.11	9,208	9,208
(b) Other equity	2.12	15,598	27,819
		24,806	**37,027**
Liabilities			
Non-current liabilities			
(a) Provisions	2.13	29	22
(b) Deferred tax liabilities, net	2.24	2,736	3,159
		2,765	**3,181**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	2.14	184	178
(ii) Other financial liabilities	2.15	551	378
(b) Provisions	2.13	14	7
(c) Current tax liabilities (net)	2.24 (f)	154	251
(d) Other current liabilities	2.16	990	889
		1,893	**1,703**
TOTAL EQUITY AND LIABILITIES		**29,464**	**41,911**
Summary of significant accounting policies.	1.04		

The accompanying notes are integral part of the financial statements.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration No: 00107N/N500013

Manish Gujral
Partner
Membership No: 105117

Kolkata
30 April 2019

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of JSW Industrial Gases Private Limited
(formerly JSW Praxair Oxygen Private Limited)

Harish Kottarath Nair
Director
DIN : 0792523
Mumbai
30 April 2019

Pawan Kumar Kedia
Director
DIN: 00020570
Mumbai
30 April 2019

Satya Srinivas
Chief Financial Officer and Company Secretary
M. No. A-15423
Mumbai
30 April 2019

JSW INDUSTRIAL GASES PVT. LTD.

JSW Industrial Gases Private Limited

(Formerly known as JSW Praxair Oxygen Private Limited)

Statement of Profit and Loss for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless other wise stated)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
INCOME			
(a) Revenue from operations	2.17	55,295	55,185
(b) Other income	2.18	1,200	1,254
TOTAL		**56,495**	**56,439**
EXPENSES			
(a) Power and fuel	2.19	48,154	46,488
(b) Excise duty on sales		-	1,795
(c) Changes in inventories of finished goods and work-in-progress	2.20	(43)	38
(d) Employee benefits expense	2.21	547	498
(e) Depreciation and amortisation expense	2.22	1,950	1,835
(f) Other expenses	2.23	1,401	861
TOTAL		**52,009**	**51,515**
Profit before tax		**4,486**	**4,924**
Tax expense:	2.24		
(a) Current tax		2,147	2,071
(b) Deferred tax credit		(424)	(415)
Profit after tax		**2,763**	**3,268**
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods:			
(a) Remeasurement of net defined benefit plans (31 March 2018 : ₹ 25,555)	2.21	4	0
(b) Income tax effect		(1)	-
Items to be reclassified to profit or loss in subsequent periods:			
(a) Remeasurement of investments in equity instruments	2.03	-	1
(b) Income tax effect (31 March 2018 : ₹ 34,610)		-	0
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**3**	**1**
Total comprehensive income for the year, net of tax		**2,766**	**3,269**
Profit for the year attributable to equity holders of the parent		**2,763**	**3,268**
Total comprehensive income for the year attributable to the parent		**2,766**	**3,269**
Earnings per share			
Basic and diluted (₹)	2.28	**3.00**	**3.55**
Summary of significant accounting policies.	1.04		

The accompanying notes are integral part of the financial statements.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration No: 00107N/N500013

Manish Gujral
Partner
Membership No: 105117

Kolkata
30 April 2019

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS *

For and on behalf of the Board of Directors of JSW Industrial Gases Private Limited
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DIN : 0792523
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30 April 2019

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DIN: 00020570
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M. No. A-15423
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30 April 2019

JSW INDUSTRIAL GASES PVT. LTD.

JSW Industrial Gases Private Limited

(Formerly known as JSW Praxair Oxygen Private Limited)

Statement of Changes in Equity for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless other wise stated)

		Other equity			Other comprehensive income		
	Equity share capital	Capital redemption reserve	Securities premium account	Retained earnings	Equity Instruments through other comprehensive income	Other items	Total
Balance as at 1 April 2017	9,208	11,377	1,281	11,905	1	(14)	33,758
Profit for the year	-	-	-	3,268	-	-	3,268
Remeasurement of investments in equity instruments	-	-	-	-	1	0	1
Balance as at 31 March 2018	9,208	11,377	1,281	15,173	2	(14)	37,027
Profit for the year	-	-	-	2,763	-	-	2,763
Dividend including dividend distribution taxes				(14,987)	-	-	(14,987)
Remeasurements of net defined benefit plans	-	-	-	-	-	3	3
Balance as at 31 March 2019	9,208	11,377	1,281	2,949	2	(11)	24,806

Summary of significant accounting policies.
The accompanying notes are integral part of the financial statements.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration No: 00107N/N500013

Manish Gujral
Partner
Membership No: 105117

Kolkata
30 April 2019

For and on behalf of the Board of Directors of JSW Industrial Gases Private Limited
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Chief Financial Officer and Company Secretary
M. No. A-15423
Mumbai
30 April 2019

JSW Industrial Gases Private Limited

(Formerly known as JSW Praxair Oxygen Private Limited)

Statement of Cash flows for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless other wise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
A. Cash flow from operating activities		
Profit before tax	**4,486**	**4,924**
Adjustments for:		
Depreciation and amortisation	1,950	1,835
Interest income	(335)	(857)
Consumption of insurance spares	8	12
Provision for slow and non-moving stock	(58)	78
Write off obsolete inventory	5	-
Unwinding of discount on security deposits	(20)	(15)
Net gain on sale of current investments	(669)	(225)
Investments measured at fair value through profit and loss	(71)	(106)
Other comprehensive income (net of tax)	-	-
Extinguishment of liabilities	-	(44)
Amortization of prepaid expenses	25	24
Operating profit before working capital changes	**5,321**	**5,626**
Adjustments for working capital changes:		
(Increase) in inventories	(45)	(115)
(Increase)/decrease in trade receivables	(445)	5,645
(Increase)/decrease in other assets	2	136
Increase/(decrease) in other financial liabilities	120	(70)
Increase in other liabilities	117	537
Increase/(decrease) in provisions	14	(27)
	5,084	**11,732**
Net income tax paid (net)	(2,244)	(2,112)
Net cash generated from operating activities (A)	**2,840**	**9,620**
B. Cash flow from investing activities		
Purchase of property plant and equipment (inclluding capital work-in -progress)	(958)	(17)
Interest received	388	1,018
Investments in mutual funds	(49,062)	(44,154)
Sale of mutual funds	63,461	23,598
Unsecured loans given	(4,000)	(200)
Proceeds from repayment of unsecured loan	-	200
Investments in fixed deposits	-	-
Proceeds from maturity of fixed deposits	1,382	5,090
Net cash (used in) / generated from investing activities (B)	**11,211**	**(14,465)**
C. Cash flow from Financing activities		
Dividend paid during the year	(12,432)	-
Dividend Distribution Tax paid during the year	(2,555)	-
Net cash (used in) financing activities (C)	**(14,987)**	**-**
Net increase (decrease) / in cash and cash equivalents (A+B+C)	**(936)**	**(4,845)**
Cash and cash equivalents at the beginning of the year	1,060	5,905
Cash and cash equivalents at the end of the year	**124**	**1,060**

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS *

JSW INDUSTRIAL GASES PVT. LTD.

JSW Industrial Gases Private Limited
(Formerly known as JSW Praxair Oxygen Private Limited)
Statement of Cash flows for the year ended 31 March 2019 (Cont'd)
(All amounts in ₹ lakhs, unless other wise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Components of cash and cash equivalents:		
Cash and bank balances	124	1,060
	124	**1,060**

Note:

The Company considers all highly liquid investments with a remaining maturity, at the date of purchase / investment, of three months or less to be cash equivalents.

Summary of significant accounting policies.
The accompanying notes are integral part of the financial statements.
As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration No: 00107N/N500013

Manish Gujral
Partner
Membership No: 105117

Kolkata
30 April 2019

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS *

For and on behalf of the Board of Directors of
JSW Industrial Gases Private Limited
(formerly JSW Praxair Oxygen Private Limited)

Harish Kottarath Nair
Director
DIN : 0792523
Mumbai
30 April 2019

Pawan Kumar Kedia
Director
DIN: 00020570
Mumbai
30 April 2019

Satya Srinivas
Chief Financial Officer and Company Secretary
M. No. A-15423
Mumbai
30 April 2019

JSW INDUSTRIAL GASES PVT. LTD. *

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless other wise stated)

1 General Information

JSW Industrial Gases Private Limited (formerly known as JSW Praxair Oxygen Private Limited) ("the Company") was incorporated on 27 September 1995 under the Companies Act, 1956 with its registered office at JSW Centre Bandra Kurla Complex, Bandra (East) Mumbai, 400051 India. The Company became a wholly-owned subsidiary of JSW Steel Limited ("the Holding Company") with effect from 16 August 2016. The Company is engaged in the business of manufacture and sale of Industrial gases. It produces gaseous oxygen, gaseous nitrogen, liquid oxygen, liquid nitrogen and liquid argon.

The financial statements for the year ended 31 March 2019 were authorized and approved for issue by the Board of Directors on 30 April 2019.

1.01 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (by Ministry of Corporate Affairs ('MCA'). The Company has uniformly applied the accounting policies during the periods presented.

1.02 Basis of preparation

The financial statements have been prepared on going concern basis under the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.03 Recent accounting pronouncements

Ind AS 116 Leases:

Ind AS 116 Leases was notified in March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset
representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company will adopt the aforesaid standrad effective from April 1, 2019. As at the date of issuance of the Company's financial statements, the Company is in the process of evaluating the requirements of the aforesaid standard and the impact on its financial statements in the period of initial application

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The Company is currently evaluating the effect of this amendment on the standalone financial statements

Amendment to Ind AS 12 – Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements

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JSW INDUSTRIAL GASES PVT. LTD.

1.03 Recent accounting pronouncements (Cont'd)

Amendment to Ind AS 19 – plan amendment, curtailment or settlement-

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.The amendments require an entity:

• to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

• to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements

1.04 Summary of significant accounting policies

The financial statements have been prepared using the accounting policies and measurement basis summarized below.

i. Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases that are in effect at 31 March 2019, as summarised below.

ii. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when:

• it is expected to realise the asset, or intends to sell or consume it, in its normal operating cycle;

• it is held the asset primarily for the purpose of trading;

• it is expected to realise the asset within twelve months after the reporting period; or

• the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

• it expects to settle the liability in its normal operating cycle;

• it holds the liability primarily for the purpose of trading;

• the liability is due to be settled within twelve months after the reporting period; or

• it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

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

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non current classification of assets and liabilities.

iii. Foreign currency

Functional and presentation currency

The financial statements are presented in Indian Rupee ('INR') which is also the functional and presentation currency of the Company.

Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

iv. Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and it can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable net of rebate and taxes. The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction as set out below.

Sale of product

Income from sale of industrial gases is recognized when control of goods and services are transferred to the customer. Revenue excludes taxes collected on behalf of government authorities and therefore has been presented net of indirect taxes such as sales tax, goods and service tax (GST), service tax etc. However, the revenue includes excise duty (until 1 June 2017).

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JSW INDUSTRIAL GASES PVT. LTD.

1.04 Summary of significant accounting policies (cont'd)

iv. Revenue recognition (cont'd)

Income from lease arrangement

The Company has entered into a Pipeline Supply Agreement (PSA) with JSW Steel Limited ('holding Company') for supply of industrial gases at predetermined rates plus variable payment in respect of power and fuel expenses. In addition, Minimum-take-or-pay ('MTOP') charges are billed in accordance with the PSA when consumption is lower than the minimum committed quantities are by the holding Company.

PSA has been assessed as to whether it contains an embedded lease which convey to the counterparty (JSW Steel Limited) a right to use of the Company's property, plant and equipment in return for future payments. The arrangement is classified as operating leases. Accordingly, the Company has recognised the lease income consistent with the recognition of sale of industrial gases, i.e. when control of goods and services are transferred to the customer, usually on delivery and bifurcates the revenues from lease arrangement between 'Income from lease rentals' and 'Income from operation and management services'.

Interest Income

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

v. Property, plant and equipment

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Spare parts, stand-by equipment and servicing equipment are recognised in accordance with Ind AS 16 when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

vi. Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. As per the Company's evaluation of the accounting prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives.

Freehold land is not depreciated. Leasehold land is amortized over the period of the lease, except where the lease is convertible to freehold land under lease agreements at future dates at no additional cost.

Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Asset category	Useful life (years)
Buildings	30 years
Office equipments	5 years
Furniture and fixtures	10 years
Plant and equipments	25 years
Computer equipments	3 years
Vehicles	8 years

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1.04 Summary of significant accounting policies (cont'd)

vii. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Asset category	Useful life (years)
Softwares	3 years

viii. Investment property

Investment properties are properties held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in Statement of Profit or Loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external Independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

viii. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any Indication that those assets have suffered an impairment loss. If any such Indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an Individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to Individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

ix. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivable which are initially measured at transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Profit and Loss are recognised immediately in Statement of Profit and Loss.

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JSW INDUSTRIAL GASES PVT. LTD.

1.04 Summary of significant accounting policies (cont'd)

ix. Financial instruments (cont'd)

a. Financial assets

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Investment non-derivative financial instruments

Financial assets carried at amortised cost:

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income:

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognised in other comprehensive income.

Financial assets at fair value through profit and loss:

A financial asset which is not classified in any of the above categories is subsequently fair values through profit and loss.

(ii) Subsequent measurement

Investment in equity instruments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

Investment in mutual funds

Investments in mutual funds are measured at fair value through profit or loss (FVTPL).

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

b. Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

Subsequent measurement

These liabilities include are borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

d. Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the weighted-average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider:
- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

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JSW INDUSTRIAL GASES PVT. LTD.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless other wise stated)

1.04 Summary of significant accounting policies (cont'd)

xii. Inventories

Inventories are valued lower of costs determined as mentioned below or net realisable value.

Raw materials, processing materials, and stores are valued at cost. (for stores in the nature of property, plant and equipment on the basis of weighted average cost per unit of measurement after taking into account the receipts at actual cost). Stores and spares older than 10 years are provided for in the financial statements.

Work-in-process and finished goods are stated at cost or net realisable value whichever is lower. Cost comprises of material, direct labour, related production expenses and excise duty wherever applicable.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

xiii. Taxation

Tax expense recognized in Statement of Profit or Loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company having reasonable certainty that it can be utilized against the normal taxes payable under the Income Tax Act 1961.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

xiv. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

Defined contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Compensated absences

The expected cost of accumulating compensated absences is determined on the full cost basis for eligible employees.

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

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1.04 Summary of significant accounting policies (cont'd)

xv. Cash and bank balances

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cash at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

xvi Provisions and contingencies

Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

xvii. Earnings/ (Loss) per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined Independently for each period presented.

xviii. Lease

As a lessee

Finance Lease - A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at fair value of the leased property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule II to the Companies Act, 2013.

Operating Lease - Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless other wise stated)

1.04 Summary of significant accounting policies (cont'd)

xix. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is engaged in the business of manufacture and sale of Industrial gases in India which is the only reportable segment.

xx. Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. 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.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Evaluation of Indicators for impairment of assets

The evaluation of applicability of Indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Classification of leases

The Company has entered into a Pipeline Supply Agreement ('PSA') to provide more than an insignificant amount of the plant output to its Holding Company in return for operating payments. The management believes that such arrangements are in the nature of operating lease.

Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Defined benefit obligation(DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Provisions and liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystalising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

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2.01 (A) Property, plant and equipment

	Land - freehold	Buildings (*)	Office equipments	Furniture and fixtures	Plant and equipments (*)	Computer equipments	Vehicles	Total
Gross block								
Balance as at 1 April 2017	8	667	33	52	64,562	64	12	65,398
Additions	-	-	-	-	17	-	-	17
Disposals (#)	-	-	-	-	20	-	-	20
Balance as at 31 March 2018	8	667	33	52	64,559	64	12	65,395
Additions	-	3		1	796	-	-	800
Disposals (#)	-	-	-	-	19	-	-	19
Balance as at 31 March 2019	8	670	33	53	65,336	64	12	66,176
Accumulated depreciation								
Balance as at 1 April 2017	-	403	33	47	49,837	63	8	50,391
Depreciation charge for the year	-	21	-	1	1,810	-	2	1,834
Disposals (#)	-	-	-	-	8	-	-	8
Balance as at 31 March 2018	-	424	33	48	51,639	63	10	52,217
Depreciation charge for the year	-	90	-	1	1,851	1	2	1,945
Disposals (#)	-	-	-	-	11	-	-	11
Balance as at 31 March 2019	-	514	33	49	53,479	64	12	54,151
Net block								
Balance as at 31 March 2018	8	243	-	4	12,920	1	2	13,178
Balance as at 31 March 2019	8	156	-	4	11,857	0	0	12,025

(i) Leased assets
(*) The Company has leased out its plant and machinery and buildings to the Holding Company under an operating lease. Refer note 2.26.

	31 March 2019	31 March 2018
Cost	66,006	65,226
Accumulated depreciation	53,993	52,063
Net carrying amount	12,013	13,163

(#) During the year, the Company has consumed the insurance spares amounting to written down value of ₹ 8 Lakhs (31st March 2018: ₹ 12 Lakhs) and has been accounted as consumption of stores and spares.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless other wise stated)

2.01 (B) Other intangible assets

	Software	Total
Gross block (at cost)		
Balance as at 1 April 2017	-	-
Additions	10	10
Disposals	-	-
Balance as at 31 March 2018	10	10
Additions	-	-
Disposals	-	-
Balance as at 31 March 2019	10	10
Accumulated depreciation		
Balance as at 1 April 2017	-	-
Depreciation charge for the year	1	1
Disposals	-	-
Balance as at 31 March 2018	1	1
Depreciation charge for the year	5	5
Disposals	-	-
Balance as at 31 March 2019	6	6
Net block		
Balance as at 31 March 2018	9	9
Balance as at 31 March 2019	4	4

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2.02 Investment property

	Land	Total
Gross block		
Balance as at 1 April 2017	4	4
Additions	-	-
Disposals	-	-
Balance as at 31 March 2018	4	4
Additions	-	-
Disposals	-	-
Balance as at 31 March 2019	4	4
Accumulated depreciation		
Balance as at 1 April 2017	-	-
Depreciation charge for the year	-	-
Disposals	-	-
Balance as at 31 March 2018	-	-
Additions	-	-
Disposals	-	-
Balance as at 31 March 2019	-	-
Net block		
Balance as at 31 March 2018	4	4
Balance as at 31 March 2019	4	4

I. Information regarding income and expenditure of Investment property	**31 March 2019**	**31 March 2018**
Rental income derived from investment properties	3	3
Direct operating expenses and taxes arising from investment properties	1	1
Profit arising from investment property before indirect expenses	2	2

II. Obligations and restrictions

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

III. Fair value measurement

The fair value of the property as on 16 August 2016 is ₹ 153 lakhs. It is based on valuations performed by external accredited independent valuer, who is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. Fair value hierarchy disclosures for investment properties have been provided in Note 2.31.

IV. Description of valuation techniques used and key inputs to valuation on investment properties:

The estimation of market value of land of the subject property is carried out by adopting 'sales comparison method' by conducting local enquiry and market survey with property dealers, brokers, owners of the property in the surrounding area. The prevalent market rate of comparable property in the vicinity of the property under valuation is considered to be the estimated market value of the subject property. The factors which have been considered are shape, size, location, frontage, access to main road, demand and supply of similar properties etc. The Company carried out the valuation of the investment property on 16 August 2016 and believes that the fair valuation of the land as at 31 March 2019 and 31 March 2018 are similar to the valuation carried on 16 August 2016.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless other wise stated)

	As at 31 March 2019	As at 31 March 2018
2.03 Investments		
Non-current		
Investments in equity instruments (refer note 2.30)		
Quoted, carried at fair value through other comprehensive income		
(i) JSW Steel Limited *(1,000 (31 March 2018: 1000) shares at par value of ₹ 1 each (31 March 2018: ₹1 each) fully paid-up)*	3	3
	3	3
Other disclosures:		
(a) Aggregate cost of quoted investments	1	1
(b) Aggregate cost of unquoted investments	-	-
(c) Aggregate market value of quoted investments	3	3
(d) Aggregate market value of unquoted investments		
(e) Investments carried at amortized cost	-	-
(f) Investments carried at fair value through profit and loss (refer note 2.310)	-	-
(g) Investments carried at fair value through other comprehensive income (refer note 2.310)	3	3
Current		
Investments in mutual funds (refer note 2.30)		
Unquoted, carried at fair value through profit and loss		
(i) Mutual funds	7,228	20,887
	7,228	20,887
Other disclosures:		
(a) Aggregate cost of quoted investments	7,051	20,781
(b) Aggregate cost of unquoted investments	-	-
(c) Aggregate market value of quoted investments	-	-
(d) Aggregate market value of unquoted investments	-	-
(e) Investments carried at amortized cost	-	-
(f) Investments carried at fair value through profit and loss (refer note 2.31)	7,228	20,887
(g) Investments carried at fair value through other comprehensive income (refer note 2.31)	-	-

2.03 (a) Investments in liquid mutual funds

Balance as on 31 March 2019:

Particulars	Units	Cost (INR lakhs)	Value (INR lakhs)
Axis Liquid Fund - Growth(CF-GP)	49,318	1,000	1,018
Aditya Birla Sun Life Savings Fund- Regular (Growth)	1,395,799	4,051	4,173
Mirae Asset Cash Management Fund - Regular (Growth)	104,434	2,000	2,037
	1,549,551	7,051	7,228

	As at 31 March 2019	As at 31 March 2018
2.04 Loans		
Non-current		
Unsecured, considered good		
Security deposits (refer note 2.30)	173	153
	173	153
Current		
Unsecured, considered good		
Loan given to ECAP equities limited	4,000	-
	4,000	-
Other disclosures:		
(a) Financial assets carried at amortized cost	-	-
(b) Financial assets carried at fair value through Profit or loss (refer note 2.31)	4,173	153

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(All amounts in ₹ lakhs, unless other wise stated)

		As at 31 March 2019	As at 31 March 2018
2.05	**Other assets**		
	Non-current		
	Unsecured, considered good		
	Advances other than capital advances:		
	Indirect taxes paid under protest (refer note 2.27)	975	975
	Balances with government authorities and others	17	17
	Prepaid expenses(*)	149	174
		1,141	1,166
	Current		
	Unsecured, considered good		
	Advance to suppliers		
	a) Capital Goods	35	-
	b) Others	20	19
	Advance to employees (₹ 28,000; 31 March 2018: ₹ 28,000)	0	0
	Balances with government authorities and others	2	2
	Prepaid expenses(*)	69	69
		126	90
		1,267	1,256

(*) Includes amounts paid to the Holding Company towards security deposit to the tune of ₹ 174 lakhs for 31 March 2019 (31 March 2018: ₹ 199 lakhs) on account of housing facilities taken for the employees of the Company for a period of 11 years. The reduction in the prepaid expense balances are on account of unwinding of the discount which is recognised as expense amounting to ₹ 25 lakhs for 31 March 2019 (31 March 2018: ₹ 24 lakhs) in the Statement of Profit and Loss (refer note 2.21 and 2.29).

		As at 31 March 2019	As at 31 March 2018
2.06	**Inventories**		
	Work-in-progress (at lower of cost or net realisable value)	3	2
	Finished goods (at lower of cost or net realisable value)	111	69
	Stores and spares (at cost)	542	540
	Less: Provision for slow and non-moving stock	(260)	(318)
		396	293
2.07	**Trade receivables**		
	Trade receivables considered good - Secured	-	-
	Trade receivables considered good - Unsecured	2,546	2,203
	Trade receivables which have significant increase in credit risk	-	-
	Trade receivables - credit impaired	-	-
		2,546	2,203
	Other disclosures:		
	Includes dues from related parties (refer note 2.29)	2,473	2,134
2.08	**Cash and cash equivalents**		
	Balances with banks:		
	In current accounts	24	60
	In deposits with maturity less than three months	100	1,000
	Cash on hand (₹ 3,899; 31 March 2018: ₹ 37,884)	0	0
		124	1,060
2.09	**Other bank balances**		
	Balances with banks:		
	Fixed deposits maturity for more than 3 months but less than 12 months	980	2,362
		980	2,362
2.10	**Other financial assets**		
	Current		
	Unsecured, considered good		
	Plan assets (refer note 2.21(b))	-	3
	Interest accrued on fixed deposits/ loans*	16	69
		16	72

(*) Includes interest receivable from inter-corporate deposit ₹ 2 lakhs (31 March 2018: Nil)

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(All amounts in ₹ lakhs, unless other wise stated)

2.11 Equity share capital

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Authorised				
Equity shares of ₹ 10 each	152,000,000	15,200	152,000,000	15,200
Redeemable preference share of ₹ 10 each	16,000,000	1,600	16,000,000	1,600
0.1% non-cumulative, non-convertible preference share of ₹ 10 each	34,700,000	3,470	34,700,000	3,470
10% non-cumulative, non-convertible preference share of ₹ 10 each	16,300,000	1,630	16,300,000	1,630
	219,000,000	**21,900**	**219,000,000**	**21,900**
Issued, subscribed and paid-up				
Equity shares of ₹ 10 each, fully paid-up	92,083,826	9,208	92,083,826	9,208
	92,083,826	**9,208**	**92,083,826**	**9,208**

2.11 (a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 each, par value				
Balances as at the beginning of the year	92,083,826	9,208	92,083,826	9,208
Add: Issued and subscribed during the	-	-	-	-
Balance at the end of the year	**92,083,826**	**9,208**	**92,083,826**	**9,208**

2.11 (b) Details of shares held by the holding company

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 each, par value				
JSW Steel Limited	92,083,826	9,208	92,083,826	9,208

2.11 (c) Details of shareholders holding more than 5 percent shares:

	As at 31 March 2019		As at 31 March 2018	
	Number	Percentage	Number	Percentage
Equity shares of ₹ 10 each, par value				
JSW Steel Limited	92,083,826	100 percent	92,083,826	100 percent
	92,083,826	**100 percent**	**92,083,826**	**100 percent**

2.11 (d) There has been no issuance of bonus shares during five years immediately preceding 31 March 2019. Aggregate number of equity shares bought back during the period of five years immediately preceding the reporting date are as follows:

Financial year ended:	Number	Amount
31 March 2019	-	-
31 March 2018	-	-
31 March 2017	-	-
31 March 2016	-	-
31 March 2015	-	-
31 March 2014	-	-
	-	-

2.11 (e) Rights, preferences and restrictions attached to shares:

Equity shares of ₹ 10 each

The Company has one class of equity shares having a par value of ₹10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

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(All amounts in ₹ lakhs, unless other wise stated)

	As at 31 March 2019	As at 31 March 2018
2.12 Other equity		
Capital redemption reserve	11,377	11,377
Securities premium account	1,281	1,281
Retained earnings:		
Balance at the beginning of the year	15,173	11,905
Add: Profit for the year	2,763	3,268
Less: Dividend including dividend distribution tax	(14,987)	-
Balance at the end of the year	2,949	15,173
Other comprehensive income		
Balance at the beginning of the year	(12)	(13)
Add: Profit for the year	3	1
Balance at the end of the year	(9)	(12)
	15,598	**27,819**

Nature and purpose of reserves

Capital redemption reserve

Amounts transferred to Capital reserve represents face value of the equity shares bought back by the Company out of its free reserves in the prior years.

Securities premium account

Securities premium reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Act.

	As at 31 March 2019	As at 31 March 2018
2.13 Provisions		
Non-current		
Provision for employee benefits:		
Gratuity (refer note 2.21)	-	-
Compensated absences	29	22
	29	**22**
Current		
Provision for employee benefits:		
Gratuity (refer note 2.21)	6	-
Compensated absences	8	7
	14	**7**

	As at 31 March 2019	As at 31 March 2018
2.14 Trade payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note 2.30)	184	178
	184	**178**

Note:

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2019 has been made in the financial statement based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the Balance sheet date.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless other wise stated)

		As at 31 March 2018	As at 31 March 2018
2.15	**Other financial liabilities**		
	Current		
	Accrued expenses(*)	365	283
	Dues to employees	70	60
	Capital creditors	59	-
	Others	57	35
		551	**378**
	Other disclosures		
	(a) Financial liabilities carried at amortized cost;	551	378
	(b) Financial liabilities carried at fair value through Profit or loss	-	-

(*) During the current year, the Company has created a provision of ₹ 82 lakhs based on the advice received from JSW Steel Limited, due to increase in the water tariff from ₹ 3,200 per mcft to ₹ 300,000 per mcft as per tariff schedule of Karnataka Government.

2.16	**Other current liabilities**		
	Statutory dues payable	990	889
		990	**889**

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless other wise stated)

		Year ended 31 March 2019	Year ended 31 March 2018
2.17	**Revenue from operations**		
	Income from lease rent (refer note 2.26)	5,823	5,956
	Income from operations and management services (refer note 2.26)	47,268	47,382
		53,091	**53,338**
	Other operating revenue:		
	Sale of products	2,202	1,842
	Scrap sales	2	5
		2,204	**1,847**
		55,295	**55,185**
2.18	**Other income**		
	Interest income on:		
	Bank deposits	333	743
	Loans (refer note 2.29)	2	114
	From financial assets carried at amortised cost (refer note 2.29)	20	15
	Net gain on sale of current investments	669	225
	Fair value gain (loss):		
	Investments measured at fair value through profit and loss	71	106
	Extinguishment of liabilities	-	44
	Insurance claims(^)	99	-
	Other miscellaneous income	6	7
		1,200	**1,254**

(^) During the current year, the Company has received an insuarance claim of ₹ 99 lakhs made in the previous year, which pertains to repairs and maintenance expenses incurred during the previous year. Since the expenses are already incurred and charged to the statement of profit and loss in the previous year, the insurance claim received during the year is accounted as other income.

		Year ended 31 March 2019	Year ended 31 March 2018
2.19	**Power and fuel**		
	Power (refer note 2.29)	47,268	45,790
	Utilities (refer note 2.29) (*)	886	698
		48,154	**46,488**

(*) During the current year the Company has netted off the excess of utility charges paid over the value of utilities consumed by the Company as per the per the revised Pipeline Supply Agreement (PSA dated 1 August 2016) amounting to ₹ 99 lakhs (31 March 2018: ₹ 54 lakhs).

		Year ended 31 March 2019	Year ended 31 March 2018
2.20	**Changes in inventories of finished goods and work-in-progress**		
	Stock at the end of the year		
	Finished goods	111	69
	Work-in-progress	3	2
		114	**71**
	Less: Stock at the beginning of the year		
	Finished goods	69	107
	Work-in-progress	2	2
		71	**109**
		(43)	**38**
2.21	**Employee benefits expense**		
	Salaries, wages and bonus^	450	406
	Contributions to provident and other funds [refer note (a)]	21	18
	Gratuity [refer note (b)]	13	6
	Leave encashment	11	15
	Staff welfare expenses*	52	53
		547	**498**

(^) Includes the stock compensation charges paid to the Holding Company amounting to ₹ 11 lakhs(31 March 2018: Nil) [refer note 2.25].

(*) Includes the prepaid expense on account of unwinding of the discount for the security deposit paid to the Holding Company which is carried at amortised cost amounting to ₹ 25 lakhs (31 March 2018: ₹ 24 lakhs) [refer note 2.05].

(All amounts in ₹ lakhs, unless other wise stated)

2.21 Employee benefits expense (cont'd)

2.21 (a) Eligible employees of the Company receive benefits under the Provident Fund which is a defined contribution plan wherein both the employee and the Company make monthly contributions equal to a specific percentage of covered employees' salary. These contributions are made to the Fund administered and managed by the Government of India and the Company has no further obligation beyond making its contribution. The Company's monthly contributions are charged to Statement of Profit and Loss in the period in which they are incurred;

	Year ended 31 March 2019	Year ended 31 March 2018
Employer's contribution to Provident fund	21	18
Employer's contribution to Superannuation fund	-	-
	21	18

2.21 (b) The Company has a defined benefit gratuity plan in India (funded). The gratuity plan is governed by the Payment of Gratuity Act, 1972 ('the Act'). The level of benefits provided depends on the member's length of service and salary at retirement age. Under the Act, an employee who has completed five years of service is entitled to the specific benefit. Liability with regard to such gratuity is determined by an independent actuarial valuation using the Projected Unit Credit method and is charged to the Statement of Profit and Loss in the year. Actuarial gains and losses are credited/ charged to the Statement of Other Comprehensive Income in the year in which such gains or losses arise.

The following table set out the status of the gratuity plan as required under Indian Accounting Standard (Ind AS) 19 - Employee benefits.

	Year ended 31 March 2019	Year ended 31 March 2018
Change in defined benefit obligations		
Obligations at the beginning of the year	49	42
Current service cost	4	4
Interest cost	4	3
Past Service Cost	9	
Benefits settled	(2)	-
Actuarial gains	(4)	0
Obligations at the end of the year	**60**	**49**
Gratuity		
Plan assets at the beginning of the year, at fair value	52	11
Expected return on plan assets (estimated)	4	1
Actuarial gains / (losses)	(0)	(0)
Contributions	0	40
Benefits settled	(2)	-
Plan assets at the end of the year, at fair value	**54**	**52**
Reconciliation of present value of obligation and the fair value of assets		
Present value of the defined benefit obligation at the end of the year	60	49
Less: Fair value of plan assets	54	52
(Asset)/liability recognised in the balance sheet	**6**	**(3)**
Components of net gratuity cost		
Current service cost	4	4
Past service cost	9	
Net Interest cost	(0)	2
Net gratuity costs charged to profit or loss	**13**	**6**
Components Remeasurement losses/(gains) in other comprehensive income		
Recognised net actuarial losses/(gains)	(4)	0
Remeasurement losses in other comprehensive income	**(4)**	**0**
Assumptions used		
Discount rate	7.79%	7.83%
Salary escalation rate (*)	6.00%	6.00%
Attrition rate	2.00%	2.00%
Retirement age	58 & 60 years	60 years

(*) Estimates of future salary increases takes into account inflation, seniority,

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2.21 Employee benefits expense (cont'd)

Experience adjustments

	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015
Present value of defined benefit obligation	60	49	42	50	41
Plan asset	54	52	11	39	38
Funded status - surplus / (deficit)	(6)	3	(31)	(11)	(3)
Experience adjustments on plan assets (31 March 2016: ₹ 33,000)	-	-	-	(0)	2
Experience adjustment on plan liabilities:(Gain) / Loss	(4)	2	23	4	1

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	31 March 2019		31 March 2018	
	1% increase	1% decrease	1% increase	1% decrease
(a) Rate of discounting				
Impact on defined benefit obligation	(4)	4	(3)	4
(b) Salary increase/decrease				
Impact on defined benefit obligation	5	(4)	4	(3)
(c) Employee turnover				
Impact on defined benefit obligation	1	(1)	-	(0)

The sensitivity analyses above have been determined based on a method that

The following are expected payments from the fund in future years:

	31 March 2019	31 March 2018
Within the next 12 months (next annual reporting period)	12	10
Between 2 and 5 years	8	5
Between 5 and 10 years	30	28
Total expected payments	**50**	**43**

	Year ended 31 March 2019	Year ended 31 March 2018
2.22 Depreciation and amortisation expense		
Depreciation of tangible assets (refer note 2.01 (A))	1,945	1,834
Amortization of intangible assets (refer note 2.01 (B))	5	1
	1,950	**1,835**

2.23 Other expenses

Consumption of stores and spares (refer note 2.01(A)) [^]	159	317
Corporate social responsibility (refer note 2.23 (a))	84	123
Donation	850	-
Directors' siting fees	18	18
Insurance	42	21
Loss on foreign currency transaction and translation, net	-	3
Professional fees (refer note 2.23 (b))	44	39
Repairs and maintenance:		
Buildings	3	-
Plant and machinery	129	201
Others	36	27
Provision for slow and non-moving stock	-	78
Rates and taxes	11	11
Security charges	12	9
Travelling and conveyance	9	10
Miscellaneous expenses	4	4
	1,401	**861**

[^] includes write off obsolete inventory ₹ 5 lakhs (31 March 2018: Nil)

2.23 (a) Details of Corporate Social Responsibility ('CSR') expenditure

Gross amount required to be spent by the Company during the year	85	123
Amount spent during the year	84	123
Shortfall/(excess) of corporate social responsibility expenditure	**1**	**-**

2.23 (b) Payment to auditors (*)

Statutory audit fees(including limited review fees)	39	23
Tax audit	2	2
Reimbursement of expenses	1	-
	42	**25**

(*) excluding applicable taxes

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless other wise stated)

2.24 Income taxes

2.24 (a) Income tax expense in the statement of profit and loss comprises:

Current taxes	2,147	2,071
Deferred taxes	(423)	(415)
Income tax expense	**1,724**	**1,656**

2.24 (b) Reconciliation of income tax provision to the amount computed by applying the statutory tax rate:

	Year ended 31 March 2019	Year ended 31 March 2018
Accounting profit before tax	**4,486**	**4,924**
Enacted tax rates in India	**34.94%**	**34.61%**
Computed expected tax expense	1,568	1,704
Effect due to non-deductible expenses	163	43
Interest on delayed payments of taxes, not allowed as an expenditure	4	8
Adjustment of tax relating to earlier periods	(11)	(100)
Others	-	1
Income tax expense	**1,724**	**1,656**

2.24 (c) The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

	As at 31 March 2019	As at 31 March 2018
Deferred tax liability:		
Fixed assets	2,842	3,279
Total deferred income tax liabilities	**2,842**	**3,279**
Deferred tax assets:		
Provisions for employee benefits	15	10
Provisions for slow and non-moving stock	91	110
Total deferred income tax assets	**106**	**120**
Deferred income tax liabilities, net	**2,736**	**3,159**

Note:

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.24 (d) The gross movement in the deferred income tax account is as follows:

	Year ended 31 March 2019	Year ended 31 March 2018
Net deferred income tax liability at the beginning of the year	3,159	3,574
Tax income during the period recognised in profit or loss on temporary differences	(455)	(415)
Adjustment of deferred tax pertaining to earlier years	31	
Tax income / (expense) during the period recognised in other comprehensive income on temporary differences	1	-
Net deferred income tax liability at the end of the year	**2,736**	**3,159**

Note:

The credit relating to temporary differences are primarily on account of property, plant and equipments, compensated absences and certain deductions under the Income Tax Act, 1961 allowed only on payment basis.

2.24 (e) Income tax assets (*)

	As at 31 March 2019	As at 31 March 2018
Non-current		
Considered good		
Advance income tax, net of provision ₹ 17,599 lakhs (31 March 2018: ₹ 15,421 lakhs)	431	431
	431	**431**
The movement is on account of following:		
Balance at the beginning of the year (net)	431	431
Balance at the end of the year (net)	**431**	**431**

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2.24 Income taxes (cont'd)

2.24 (f) Income tax liabilities (*)

Current

Provision for income tax, net of advance tax of ₹ 7,499 lakhs (31 March 2018: ₹ 7,433 lakhs)	154	251
	154	**251**
The movement is on account of following:		
Balance at the beginning of the year (net)	251	292
Provision recognised for the year	2,189	2,071
Provision recognized / (reversed) on other comprehensive income	-	-
Adjustment of advance and provision for tax pertaining to earlier years	(42)	-
Less: Advance tax paid (including self-assessment tax and taxes deducted at source)	(2,244)	(2,112)
Balance at the end of the year (net)	**154**	**251**

(*) Income tax assets and liabilities have been offset wherever they belong to the same assessment year and not on cumulative basis, and then the excess tax has been disclosed as an asset (excess payments) or liability (short payments) as the case may be. Further the excess taxes paid may not be recoverable / realisable within one year from the balance sheet, hence the same has been presented under non-current assets.

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(All amounts in ₹ lakhs, unless other wise stated)

2.25 Share based payments

The Board of Directors of JSW Steel Limited at its meeting held on 29 January 2016, formulated the JSWSL Employee Stock Ownership Plan 2016 ('ESOP Plan 2016'). ESOP Plan 2016 is the primary arrangement under which the shared plan service incentive are provided to certain specified employees of the companies and its subsidiaries in India. At the said meeting, the Board of Directors of JSW Steel Limited authorised the ESOP Commmitee for superintendence of the ESOP Plan 2016.

Three grants would be made under ESOP Plan 2016 to eligible employees on the rolls of the company as at 01 April 2016, 01 April 2017, 01 April 2018.The maximum value and share options that can be awarded to eligible employees is calculated by reference to certain percentage of individuals fixed salary compensation. 50% of the grant would vest at the end of the third year and 50% of the grant would vest at the end of the fourth year with a vesting condition that the employee is in continuous employment with the Company till the date of vesting.

The exercise price would be determined by the ESOP committee as a certain discount to the primary market price on the date of grant. These options are equity settled and are accounted for in accordance with requirement applying to equity settled share based transactions.

Option Series	Options granted	Options vested	Grant date	Vesting period from grant date	Exercise price	Fair value at grant date	Method of settlement
1st Grant 17 May 2016	1,360	680	17-May-16	17 May 2016 till 31 March 2019 (for 50% of the grant) and 17 May 2016 to 31 March 2020 (for remianing 50% of the grant)	103.65	67.48	Equity
2nd Grant 16 May 2017	-	-	16-May-17	16 May 2017 till 31 March 2020 (for 50% of the grant) and 16 May 2017 to 31 March 2021 (for remianing 50% of the grant)	161.36	104.04	Equity
3rd Grant 15 May 2018	6,108	-	15-May-19	15 May 2018 till 31 March 2021 (for 50% of the grant) and 15 May 2018 to 31 March 2022 (for remianing 50% of the grant)	253.92	167.15	Equity

Total stock compensation charges recognised in the Statement of Profit and Loss as part of employee benefit expense is as follows:

	Year ended 31 March 2019
Stock compensation charges (refer note 2.21)	11
	11

Fair-value methods and assumptions

The Company account for awards granted ESOP Plan 2016 at fair value.

i) The Company estimate the fair values for options using the Black-Scholes-option-pricing model with the following weighted average assumptions:

	Grant 3 Year ended 31 March 2019	Grant 1 Year ended 31 March 2019
Weighted average grant date fair value, per share	167.15	674.79
Weighted average assumptions used:		
Expected volatility	33.35%	39.43%
Expected lives (in years)	5.50	5.50
Risk-free interest rates	7.83%	7.40%
Expected dividend yields	2.25%	11%

Expected volatility

Calculation is based on historical stock prices. Volatility was calculated using standard deviation of daily change in stock price. The historical period considered for volatility match the expected life of the option.

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2.25 Share based payments (Cont'd)

Expected lives of options
The expected option life is assumed to be mid way between the option vesting and expiry. Since the vesting period and contractual term of each tranche is different, the expected life for each tranche will be different. The expected option life is calculated as (Year to Vesting + Contractual Option Term)/2

Risk-free interest rates
Zero coupon sovereign bond yields were utilized with maturity equal to expected term of the option.

Summarized information about stock options outstanding, is as follows:

	As at 31 March 2019	
	Number of options	**Weighted average exercise price per share**
Opening balance	1,360	103.65
Granted during the year	6,108	253.92
Exercised during the year	680	103.65
Forfeited during the year	-	-
Closing balance	6,788	
Vested and exercisable	680	

The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2019 was
Grant 1 - ₹ 1295.60
Grant 3 - ₹ 317.40

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs unless other wise stated)

2.26 Leases

2.26 (a) Operating lease commitments - Company as a lessor

(i) The Company has leased out land and other facilities under non-cancellable operating lease. Total rental income under such leases during the year amounted to ₹ 3 lakhs (31 March 2018: ₹ 3 lakhs). Future minimum lease rentals receivable expected under non-cancellable operating leases are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Not later than 1 year	3	3
Later than 1 year but not later than 5 years	10	10
Later than 5 years	29	31

(ii) The Company ('the seller') has entered into a Pipeline Supply Agreement ('PSA'), dated 1 August 2016 applicable retrospectively from 1 June 2015, with its JSW Steel Limited ('the buyer', 'holding Company') for supply of industrial gases to meet their requirements for oxygen, nitrogen and argon, considering the maximum production and demand levels as mentioned in the PSA. The agreement has a lock-in period of 3 years and would stay effective for a period of 10 years from 1 June 2015; with a deemed extension of 5 years if the seller incurs a capital expenditure to the extent of ₹ 15,000 lakhs. The Buyer is also committed to a 'minimum-take-or-pay' arrangement as set forth in the PSA to the extent of 93.616 cubic nanometer (nm3) of gaseous oxygen and 20.580 cubic nanometer (nm3) of gaseous nitrogen.

The Pipeline Supply Agreement ('PSA') entered into by the Company further conveys a right to use of asset (mainly being plant and machinery and building) to the buyer in return for a periodic payments along with clauses for minimum guaranteed intake quantities (i.e. is an embedded lease). The management estimates that the term of the agreement does not cover the significant remaining useful life of the assets as on 1 August 2016, including right to extend for a period of 5 years only if the seller incurs additional capital expenditure. Further, the PSA does not transfer ownership of the asset to the buyer at the end of the term. Accordingly, the Company has assessed the embedded lease arrangement as an operating lease and has bifurcated the billing from the sale of gases and liquid oxygen, nitrogen and argon to the buyer in note 2.15 'Revenue from Operations' between 'Income from lease rentals' and 'Income from operation and management services'.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	As at 31 March 2019	As at 31 March 2018
Not later than 1 year	-	4,551
Later than 1 year but not later than 5 years	-	1,517
Later than 5 years	-	-
	-	6,068

2.27 Contingencies and commitments

	As at 31 March 2019		As at 31 March 2018	
	Amount	Deposits	Amount	Deposits
2.27 (a) Contingent liabilities				
Claims against the Company not acknowledged as debts:				
(a) Excise duty matters	949	679	925	679
(b) Sales tax matters	480	292	480	292
(c) Entry tax matters	18	4	18	4
(d) Income tax matters	241	-	141	-
	1,688	975	1,564	975

A. Central Excise

i. The Company has received tax demands to the extent of ₹ 248 and ₹ 623 lakhs (31 March 2018: ₹ 248 and 623 lakhs) from the Central Excise authorities pertaining to period from 1 October 1998 to 31 October 2004 and April 2000 to May 2001, respectively, on denial of cenvat credit on capital goods, which is being contended before the High Court of Karnataka and Hon'ble Supreme Court of India, respectively. A deposit of ₹ 679 lakhs (31 March 2018: ₹ 679 lakhs) has been paid against demands.

ii. The Company has received demands to the extent of ₹ 14 and ₹ 40 lakhs (31 March 2018: ₹ 14 and ₹ 40 lakhs) from the Central Excise authorities pertaining to fiscal ended 31 March 2006 and to period from 1 April 2005 to 31 March 2007, respectively, on account of interest and penalty on excise duty paid on income tax reimbursements being given to the Company by its existing holding company. The same is being contended before the High Court of Karnataka and Appellate Tribunal, respectively.

iii. During the current year, the company has received demands to the extent of ₹ 24 lakhs from the Central Excise authorities pertaining to period from 1 January 2004 to 31 December 2015 on account of excise duty on rental income from infrastructural facilities being provided by the Company to its Customer, which was contended before Appellate Tribunal.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019
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B. Sale tax / VAT

i. The Company has received demands to the extent of ₹ 122 lakhs (31 March 2018: ₹ 122 lakhs) from the Sales tax authorities pertaining to fiscal ended 31 March 2000 and 31 March 2001. The demand is on account of exemption on Sales tax, to the extent of capital investment made by the Company, per the Industrial Policy of Government of Karnataka, vide Notification. No. FD 231 CSSI, 2000(2), Bangalore, dtd. 27 January 2001. The department has contended that the Company is liable to pay sales tax on minimum-take-or-pay ('MTOP') revenue and hence exemption was required to be claimed by the Company on such sales and hence the Company has claimed an excess exemption to the extent of demand in subsequent years. The same is being contended before the Hon'ble Supreme Court of India. A deposit of ₹ 127 lakhs (31 March 2018: ₹ 127 lakhs) has been paid to the authorities.

ii. The Company has received demands to the extent of ₹ 24 lakhs (31 March 2018: ₹ 24 lakhs) from the Sales Tax authorities pertaining to period ended 31 July 2005. The demand is on account of exemption on Sales Tax, to the extent of capital investment made by the Company, per the Industrial Policy of Government of Karnataka, vide Notification. No. FD 231 CSSI, 2000(2), Bangalore, dated 27 January 2001. The department has contended that the Company is liable to pay sales tax on minimum-take-or-pay ('MTOP') revenue and hence exemption was required to be claimed by the Company on such sales and hence the Company has claimed an excess exemption to the extent of demand in subsequent years. The same is being contended before the Tribunal.

iii. The Company has received sales tax demands to the extent of ₹ 2 lakhs (31 March 2018: ₹ 2 lakhs) from the authorities pertaining to fiscal ended 31 March 2002 and 31 March 2003 on account of tax rate differences, which is being contended before the Tribunal.

iv. The Company has received demands to the extent of ₹ 330 lakhs (31 March 2018: ₹ 330 lakhs) from the Sales Tax authorities pertaining to fiscal ended 31 March 2006 on account of refunds paid to the Company. The Company had an exemption from Sales Tax, to the extent of capital investments made, per the Industrial Policy of Government of Karnataka, vide Notification. No. FD 231 CSSI, 2000(2), Bangalore, dtd. 27 January 2001. The department has contended that the customer to whom sales were affected during the period of exemption was also exempted from paying sales tax on its purchases, and hence the sales tax so collected by the Company and paid to the department, should be refunded to the customer, instead of the Company. The same is being contended before the Tribunal. A deposit of ₹ 165 lakhs (31 March 2018: ₹ 165 lakhs) has been paid to the authorities.

v. The Company has received sales tax demands to the extent of ₹ 2 lakhs (31 March 2018: ₹ 2 lakhs) from the authorities pertaining to fiscal ended 31 March 2006 on account of non-submission of c-forms and disallowance of input tax credit on certain items. The same is being contended before the Tribunal. A deposit of ₹ 31,064 (31 March 2018: ₹ 31,064) has been paid to the authorities.

C. Entry tax:

The Company has received entry tax demands to the extent of ₹ 9 and ₹ 9 lakhs (31 March 2018: ₹ 9 and ₹ 9 lakhs) from the authorities pertaining to period 1 Apirl 2001 to 31 March 2003 and fiscal year ending 31 March 2009, respectively, on account of entry tax on import of certain consumable items from other states, which is being contended before the Tribunal and Assistant commissioner of commercial taxes, respectively. The department is of the view that the goods so purchased are in nature of capital items, and hence entry tax is liable to be paid on the same. A deposit of ₹ 4 lakhs (31 March 2018: ₹ 4 lakhs) has been paid to the authorities.

D. Income tax:

The Company has received Income Tax demands to the extent of ₹ 241 lakhs (31 March 2018: ₹ 141 lakhs) from the authorities pertaining to fiscal ended 31 March 2011, 31 March 2012, 31 March 2013, 31 March 2014, 31 March 2015 and 31 March 2016 on account of disallowance of additional depreciation under Section 32(1) of The Income Tax Act, 1961, which is being contended before the Commissioner of Income Tax (Appeals). The order of Commissioner of Income Tax (Appeals) dated 28 February 2018 has been pronounced in the favour of the Company for the fiscal ended 31 March 2011 and 31 March 2012. The department has filed an appeal against the order of Commissioner of Income Tax (Appeals) before the "Income tax appelate tribunal".

E. The Company is contesting the above mentioned demands and the management believes that its position will likely be upheld with respective authorities. Accordingly, no tax expense has been accrued in the financial statements for the year ended 31 March 2019, for the indirect and direct tax demands received. Considering the facts and nature of demands, the Company believes that the final outcome of the disputes should be favorable and will not have any material adverse effect on the financial position and results of operations.

		As at 31 March 2019	As at 31 March 2018
2.27 (b)	*Commitments*		
	Utility commitments	-	1,024
	Capital commitments	100	918
		100	**1,942**

		Year ended 31 March 2019	Year ended 31 March 2018
2.28	**Earnings per share:**		
	Net profit attributable to equity shareholders (in ₹ lakhs)	2,763	3,268
	Weighted average number of shares outstanding during the year for computing basic EPS (*)	92,083,826	92,083,826

(*) There have been no transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

	31 March 2019	31 March 2018
Earnings / (loss) per share (in ₹) :		
- Basic & diluted	3.00	3.55
Nominal value per share	10	10

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2.29 Related party disclosures

2.29 (a) Parties exercising control:

Holding Company	JSW Steel Limited

2.29 (b) Other related parties with whom the Company had transactions:

Significant influence by KMP	JSW Projects Limited

2.29 (c) Key management personnel:

Managing and whole-time director of the Company	Harish Kottarath Nair
Chief Financial Officer and Company secretary	Satya Srinivas

2.29 (d) Disclosure of transactions with the related parties:

Name	Holding Company/ Ultimate holding Company/Other Companies		Key management personnel	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
JSW Steels Limited				
Income from lease rent	5,823	5,956	-	-
Income from operations and management services	47,268	47,382	-	-
Unwinding of discount on security deposits	20	15		
Staff welfare expenses, including ESOP(refer note 2.21)	36	24		
Purchase of power	47,268	45,790	-	-
Purchase of utilities	886	698	-	-
Purchase of material for capital work in progress	102	-	-	-
Reimbursement of expenses	8	-		
JSW Projects Limited				
Unsecured loans given	-	20,000	-	-
Unsecured loans recovered	-	(20,000)	-	-
Interest accrued on unsecured loan	-	114	-	-
Key management personnel:				
Harish Kottarath Nair *	-	-	71	59
Satya Srinivas	-	-	58	55

(*) The above figures do not include provision for compensated absences, gratuity payable, as the same are actuarially determined for the Company as a whole. The remuneration paid to Mr. Harish Kottarath Nair includes amount pertaining to JSW Steel Limited Employee Stock Plan 2016.

2.29 (e) Disclosure of balances with related parties:

Particulars	Holding Company/ Ultimate holding Company/Other Companies		Key management personnel	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade receivables				
JSW Steel Limited	2,473	2,134	-	-
Investments made:				
JSW Steel Limited	3	3	-	-
Prepaid expenses				
JSW Steel Limited	174	199	-	-
Security deposit				
JSW Steel Limited	173	153	-	-

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2.29 Related party disclosures (cont'd)

(i) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(ii) Commitments with related parties

The Company ('the seller') has entered into a Pipeline Supply Agreement ('PSA'), dated 1 August 2016 applicable retrospectively from 1 June 2015, with its JSW Steel Limited ('the buyer', 'holding Company') for supply of industrial gases to meet their requirements for oxygen, nitrogen and argon, considering the maximum production and demand levels as mentioned in the PSA. The agreement has a lock-in period of 3 years and would stay effective for a period of 10 years from 1 June 2015; with a deemed extension of 5 years if the seller incurs a capital expenditure to the extent of ₹ 15,000 lakhs.

Now, the buyer has agreed to supply the seller with certain utilities such as water, LPG etc. at a fixed monthly minimum price commitment of ₹ 66 lakhs (31 March 2018: ₹ 66 lakhs). Accordingly, if the seller consumes more than the monthly minimum price committment, then the same shall be paid based on actual consumption in respective months.

(iii) Dividend

During the current year, the Company has declared and paid final dividend at the rate of ₹ 13.5 (135%) per equity share for the financial year ended 31 March 2018.

2.30 Segment information

Based on guiding principles in Ind AS 108 - "Segment Reporting," the primary business segment of the Company is "industrial gases/liquid". As the Company operates in a single primary business segment, disclosure requirements are not applicable. The Company caters to the domestic market and accordingly there is no reportable geographical segment.

The Board of Directors ("the Board") and the Managing Director ("the MD") of the Company review the performance of the Company at the enterprise level. The Board and the MD rely primarily on the results at the enterprise level for assessing performance and making decisions about resource allocation and hence, management believes that there are no reportable segments.

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(All amounts in ₹ lakhs unless other wise stated)

2.31 Fair value measurements

2.31 (a) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2019 were as follows:

Particulars	Cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total carrying value	Total fair value
Assets:					
Investments (refer note 2.03)	7,052	177	2	7,231	7,231
Investment property (refer note 2.02)	4	-	-	4	153
Cash and cash equivalents (refer note 2.08)	124	-	-	124	124
Other bank balances (refer note 2.09)	980	-	-	980	980
Trade receivable (refer note 2.07)	2,546	-	-	2,546	2,546
Loans (refer note 2.04)	4,173	-	-	4,173	4,173
Others financial assets (refer note 2.10)	16	-	-	16	16
Total	**14,895**	**177**	**2**	**15,074**	**15,223**
Liabilities:					
Trade payable (refer note 2.14)	184	-	-	184	184
Other financial liabilities (refer note 2.15)	551	-	-	551	551
Total	**735**	**-**	**-**	**735**	**735**

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows:

Particulars	Cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total carrying value	Total fair value
Assets:					
Investments (refer note 2.03)	20,782	106	2	20,890	20,890
Investment property (refer note 2.02)	4	-	-	4	153
Cash and cash equivalents (refer note 2.08)	1,060	-	-	1,060	1,060
Other bank balances (refer note 2.09)	2,362	-	-	2,362	2,362
Trade receivable (refer note 2.07)	2,203	-	-	2,203	2,203
Loans (refer note 2.04)	153	-	-	153	153
Others financial assets (refer note 2.10)	72	-	-	72	72
Total	**26,636**	**106**	**2**	**26,744**	**26,893**
Liabilities:					
Trade payable (refer note 2.14)	178	-	-	178	178
Other financial liabilities (refer note 2.15)	378	-	-	378	378
Total	**556**	**-**	**-**	**556**	**556**

Note:

The management assessed that the fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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2.31 Fair value measurements (cont'd)

2.31 (b) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

a) Assets and liabilities measured at amortised cost for which fair values are disclosed

The management assessed that for amortised cost instruments, carrying value represents the best estimate of fair value.

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents (refer note 2.08)	-	-	124	124
Other bank balances (refer note 2.09)	-	-	980	980
Trade receivable (refer note 2.07)	-	-	2,546	2,546
Loans (refer note 2.04)	-	-	4,173	4,173
Investment property (refer note 2.02) *	-	-	4	153
	-	-	7,827	7,976

As at 31 March 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents (refer note 2.08)	-	-	1,060	1,060
Other bank balances (refer note 2.09)	-	-	2,362	2,362
Trade receivable (refer note 2.07)	-	-	2,203	2,203
Loans (refer note 2.04)	-	-	153	153
Investment property (refer note 2.02) *	-	-	4	153
	-	-	5,782	5,931

* Investment property is carried at cost and the fair value is disclosed (refer note 2.02)

b) Assets and liabilities measured at fair values:

The management assessed that for amortised cost instruments, carrying value represents the best estimate of fair value.

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Investments (refer note 2.03)	7,231	-	-	7,231
	7,231	-	-	7,231

As at 31 March 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Investments (refer note 2.03)	20,890	-	-	20,890
	20,890	-	-	20,890

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2.32 Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalent, other bank balances, trade receivables, financial assets measured at amortised cost.	Rolling cash flow forecasts	Availability of committed credit lines
Liquidity risk	Cash and cash equivalent, other bank balances, trade receivables, financial assets measured at amortised cost and other financial liabilities.	Ageing analysis	Bank deposits, diversification of asset base and credit limits.
Market risk – Security prices	Investment in equity instruments, investments in mutual funds	Sensitivity analysis	Portfolio diversifications

The Company's risk management is carried out by a central treasury department (of the group) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk and investment of excess liquidity.

2.32 (a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivable

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

As the Company does not hold any collateral, the maximum expense to credit risk for each class of financial instrument is the carrying amount of that class of financial instrument presented on the statement of financial position.

Financial instruments and cash balances

The Company manages its exposures in cash and cash equivalents, other bank balances, investments in equity securities and mutual funds. The credit risk is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Credit risk exposure

The Company is exposed to a concentration of credit risk with respect to its trade receivable balances from its Holding Company. At the reporting date, trade receivable balances from Holding Company represents 97 percent (31 March 2018: 97 percent) of the total trade receivable balances, respectively.

The gross carrying amount of financial assets, net of any impairment losses recognised represents the maximum credit exposure. The maximum exposure to credit risk as at the year end is as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Loans (refer note 2.04)	4,173	153
Trade receivable (refer note 2.07)	2,546	2,203
Cash and cash equivalents (refer note 2.08)	124	1,060
Other bank balances (refer note 2.09)	980	2,362
Other assets (refer note 2.05)	1,267	1,256
Total	9,090	7,034

2.32 (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Maturities of financial assets and liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all current financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is insignificant.

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2.32 Financial risk management (cont'd)

2.32 (b) Liquidity risk (cont'd)

As at 31 March 2019	Carrying amount	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables (refer note 2.14)	184	184		-	-	184
Other financial liabilities (refer note 2.15)	551	551	-	-	-	551
Total	735	735	-	-	-	735

As at 31 March 2018	Carrying amount	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables (refer note 2.14)	178	178	-	-	-	178
Other financial liabilities (refer note 2.15)	378	378	-	-	-	378
Total	556	556	-	-	-	556

2.32 (c) Market risk

Market risk is the risk of potential adverse change in the Company's income and the value of Company net worth arising from movement in foreign exchange rates, interest rates or other market prices. The Company recognises that the effective management of market risk is essential to the maintenance of stable earnings and preservation of shareholder value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Company operates locally in INR and but is exposed to foreign exchange risk arising from foreign currency transactions (imports of materials), primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency. The Company does not hedge its foreign exchange payables.

Foreign currency risk exposure:

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables (US$ 7,377 (31 March 2018: US$ 284)	-	-

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	As at 31 March 2019		As at 31 March 2018	
	Amount	Percentage	Amount	Percentage
US$ sensitivity				
INR/US$- increase by 10%	(0.51)	-0.02%	(0.02)	0.00%
INR/US$- decrease by 10%	0.51	0.02%	0.02	0.00%

Price risk

The Company's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. The Company holds investments in mutual funds and nominal number of equity shares of the Holding Company. To manage the price risk arising from investments in mutual funds, the Company diversifies its portfolio of assets.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs unless other wise stated)

2.32 Financial risk management (cont'd)

2.32 (c) Market risk (cont'd)

Price risk exposure

Particulars	As at 31 March 2019	As at 31 March 2018
Investments in equity instruments carried at FVTOCI (refer note 2.03)	3	3
Investments in mutual funds carried at FVTPL (refer note 2.03)	7,228	20,887
	7,231	20,890

Sensitivity analysis:

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Amount	Percentage	Amount	Percentage
Price increase by (50%) - FVTOCI	2	0.05%	2	0.05%
Price decrease by (50%) - FVTOCI	(2)	-0.05%	(2)	-0.05%
Price increase by (5%) - FVTPL	361	13.07%	1,044	31.95%
Price decrease by (5%) - FVTPL	(361)	-13.07%	(1,044)	-31.95%

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(All amounts in ₹ lakhs unless other wise stated)

2.32 Value of stores and spares consumed

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Percentage	Value	Percentage	Value
Stores and spares				
- Imported	10%	16	5%	16
- Indigenous	90%	143	95%	301
	100%	**159**	**100%**	**317**

* The value of stores and spare parts consumed has been arrived at on the basis of opening stock plus purchases less closing stock. Consumption therefore includes adjustment for shortage/ excess, etc.

2.33 Value of imports on CIF basis

	Year ended 31 March 2019	Year ended 31 March 2018
Stores and spares	15	37
Capital goods	1	-
	16	37

2.34 Expenditure in foreign currency

	Year ended 31 March 2019	Year ended 31 March 2018
Repairs and maintenance - plant and machinery	-	78
	-	78

2.35 Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 – Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 01, 2018, replaces the requirements of existing revenue recognition standard Ind AS 18. The Company has applied the modified retrospective approach to all open contracts as at April 01, 2018. The application of Ind AS 115 has no material impact on financial statements of the current year.

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JSW INDUSTRIAL GASES PVT. LTD.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in ₹ lakhs unless other wise stated)

2.36 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholder.

The capital structure of the Company consists of equity, comprising share capital and retained earnings.

The Company's management reviews the capital structure regularly. The Company balances its overall capital structure through issue of new share issues. The Company's overall strategy remains unchanged from the prior financial year. The Company is not subject to externally imposed capital requirements

2.37 Comparatives

Figures for the previous year have been regrouped/reclassified wherever necessary to correspond with the current year's classification / disclosure.

This is the summary of accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration No: 00107N/N500013

Manish Gujral
Partner
Membership No: 105117

Kolkata
30 April 2019

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS *

For and on behalf of the Board of Directors of JSW Industrial Gases Private Limited
(formerly JSW Praxair Oxygen Private Limited)

Harish Kottarath Nair
Director
DIN : 0792523
Mumbai
30 April 2019

Pawan Kumar Kedia
Director
DIN: 00020570
Mumbai
30 April 2019

Satya Srinivas
Chief Financial Officer and Company Secretary
M. No. A-15423
Mumbai
30 April 2019

JSW INDUSTRIAL GASES PVT. LTD. *