

# CHATURVEDI & CO.

## CHARTERED ACCOUNTANTS

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### INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**Orient Steel & Industries Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Orient Steel & Industries Limited** (hereinafter referred to as 'the Company') which comprise the balance sheet as at 31<sup>st</sup> March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

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

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

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

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



### Basis for Qualified Opinion

- (i) As referred in Note No.26(6)(c) to the accompanying financial statements, liability towards Leave encashment has not been determined by actuary and not provided for in the books of accounts in accordance with Accounting Standard (AS) 15 "Employee Benefits" on accrual basis and its consequential impact has not been ascertained at this stage;
- (ii) As referred in Note No.27 (1) (iv) no provision had been made as against Doubtful debts of INR 483.97 Lacs (PY: INR 366.92 Lacs) in the accounts as at 31<sup>st</sup> March 2017 for the reason stated therein. In absence of any corroborate evidences we are unable to comment on the extent of realisability of these outstanding dues;
- (iii) As referred in Note No.27(1)(v), certain balances under Trade payables of INR 2374.32 Lacs, Other current liabilities of INR 73.31 Lacs, Long-term Loans and advances of INR 31.36 Lacs, Trade receivables of INR 1739.42 Lacs and Short-term Loans and advances of INR 82.54 Lacs as at 31<sup>st</sup> March 2017 have not been confirmed as such its consequential impact upon receipt of such confirmations/ reconciliation of such balances, if any is not ascertainable at this stage;

We further report that the overall impact of matters mentioned under aforesaid paragraphs, the effect of which cannot be determined and commented upon by us.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in Basis for Qualified Opinion paragraph above*, the aforesaid financial statements give the information required by the Act in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2017 and its profit and its cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention towards the outcome of the pending cases against the company as disclosed under Note No.-27 (1) (ii) "Contingent Liability" of the accompanying financial statements, overall impact of which cannot be ascertainable at this stage.

Our opinion is not qualified in respect of the matter.

### Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure-A', a statement on the matters specified in the paragraph 3 and 4 of the said order.
- 2) As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit *except as reported in the Basis for Qualified Opinion paragraph above*.
  - 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 and proper returns adequate for the purposes of our audit have been received from the Faridabad unit not visited by us.
  - c) The report on the accounts of the Faridabad Unit audited under section 143 (8) of the Companies Act,2013 by the Branch Auditor has been sent to us and have been appropriately dealt with by us in preparing this report.
  - d) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account.



