

CHETAN & CO

CHARTERED ACCOUNTANTS

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Independent Auditors' Report

To
The Members of
Orient Steel & Industries Limited

Report on the Audit of the Financial Statements

Qualified Opinion

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 31st March 2019, the statement of profit and loss and the statement of cash flow for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information in which are included the returns for the year ended March 31, 2019 of Faridabad Unit audited by us as branch auditors of the Company.

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 the Basis for Qualified Opinion section of our report*, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019 and its profit and its cash flows for the year ended on that date.

Basis for Qualified Opinion

- (i) As referred in Note No.26 (6) 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) of the accompanying financial statements, no provision had been made against the dues of INR 354.28 Lacs (PY:423.73 Lacs) pending for realization from customers in the accounts as at 31st March 2019 for the reason stated therein. In absence of any corroborate evidences of the party we are unable to comment on the extent of realizability of these outstanding dues; and
- (iii) Note No.27(1)(v) of the accompanying financial statements, wherein balances of Trade payables of INR 1017.34 Lacs, Other current liabilities of INR 410.01 Lacs, Trade receivables of INR 1677.74 Lacs and Short-term Loans and advances of INR 85.60 Lacs as at 31st March 2019 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.

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 and its 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 Companies Act, 2013 and the Rules made there-under 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 and audit evidence obtained at Faridabad Unit audited by us, is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matters described in the *Basis for Qualified Opinion* section of our report above, we have determined that there are no other key audit matters to be communicated in our report.

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 Report of the Board of Directors, Management Discussion and Analysis Report, Report on CSR activities, Corporate Governance Report and other annexure to Directors Report including Shareholder's Information, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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 SAs 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.

As part of an audit in accordance with SAs, 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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, to the extent applicable.
- 2) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit *except as reported in Basis for Qualified Opinion* section of our report 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.
 - c) The Balance sheet, the Statement of profit and loss and the Statement of cash flows dealt with by this Report are in agreement with the books of account maintained at the Company.
 - d) *Except as reported in Paragraph 1 of the Basis for Qualified Opinion* section of our report above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.



- e) On the basis of written representations received from the directors as on 31st March 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as director under the sub-section (2) of Section 164 of the Companies Act.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure-B'; and
- g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. [Refer Note No.27(1) (ii) of the accompanying financial statements]
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Chetan & Co.**
Chartered Accountants
Firm Registration No. 321151E

Malaya Ray Chaudhuri
Malaya Ray Chaudhuri
Partner
Membership No.-053201

Place: Kolkata
Dated:-30th May 2019



“Annexure-A” to the Independent Auditors’ Report

[Referred to in Paragraph 1 of “Report on Other Legal and Regulatory requirements” section of our Audit Report]

- (i) In respect of Fixed Assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - (b) The fixed assets were been physically verified by the Company’s management during the year in accordance with the regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its business. According to the information and explanations given to us, no discrepancies were noticed on such physical verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deeds of immovable properties as per the management are held in the name of the company and title deeds have been mortgaged as security with bank for securing the loans taken by the Company of the Company.
- (ii) The inventories of the Company have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. No such material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) According to the information and explanations given to us, there are no loans, investments, guarantees and securities given in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal on the Company in respect of the aforesaid deposits.
- (vi) Based on the information available and as explained to us, the cost records are maintained by the Company pursuant to the Rule made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and *prima facie*, the prescribed accounts and records have been made and maintained. However, a detailed examination of the records with a view to determine whether they are accurate or complete has not been done by us.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of books of account, the Company has been generally regular in depositing the undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues as applicable to it with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.



(b) According to information and explanation given to us, there are statutory dues related to Central Sales Tax, which were arrear and have not been deposited as on 31st March 2019 on account of any disputes with the relevant authorities as under:-

Name of the Statute	Nature of Dues	Amount (In Lacs)	Period to which the amount relates	Forum where the dispute is pending
CST Act, 1956	Sales Tax	0.42	2005-2006	Filed in Appellate and Revision Board, West Bengal on 15-12-2017

- (viii) In our opinion, according to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or banks. The company has not issued any debenture during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the companies act, 2013.
- (xii) In our opinion, and according to the information and explanations given to us, the Company is not a Nidhi Company as such provisions to paragraph 3(xii) of the Order are not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them as such provisions to paragraph 3(xv) of the Order are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Chetan & Co.**
Chartered Accountants
Firm Registration No. 321151E

Malaya Ray Chaudhuri
Malaya Ray Chaudhuri
Partner
Membership No. -053201

Place: Kolkata
Dated: -30th May 2019



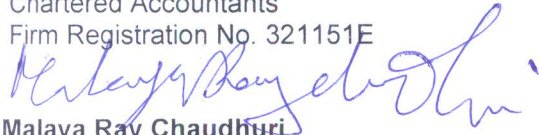
Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

According to the information and explanations given to us, and based on our audit, in our opinion, the Company has generally maintained, in all material respects, an internal financial controls over financial reporting which were operating effectively as of 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting" issued by the Institute of Chartered Accountants of India. However the Company has to improve its design deficiencies by way of identifying the significant account balances incorporating the process flow by which the financial transactions are initiated, authorized, processed, recorded, and reported, related accounting records, supporting information and events/conditions other than the transactions that are significant to the financial statements so as to fulfill objectives of control criteria established at Company. However, our opinion is not qualified in this respect.

For **Chetan & Co.**
Chartered Accountants
Firm Registration No. 321151E


Malaya Ray Chaudhuri
Partner
Membership No.-053201

Place: Kolkata
Dated: -30th May 2019



ORIENT STEEL & INDUSTRIES LIMITED
BALANCE SHEET AS AT MARCH 31, 2019

PARTICULARS	Note Ref.	As at March 31, 2019	As at March 31, 2018
I EQUITY & LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	1	2,94,28,000	2,94,28,000
b) Reserves & Surplus	2	30,06,94,314	27,55,86,452
2) Share Application Money Pending Allotment			
3) Non-Current Liabilities			
a) Long Term Loan	3	20,57,223	35,32,157
b) Deferred Tax Liabilities		-	-
b) Other Long Term Liabilities		-	-
c) Long Term Provision	4	1,55,83,309	1,35,59,073
4) Current Liabilities			
a) Short term borrowings	5	42,32,01,835	42,14,52,170
b) Trade Payables	6	10,17,34,361	7,90,37,690
c) Other current liabilities	7	4,22,13,835	2,44,33,986
d) Short-term provisions	8	53,65,566	88,68,872
		92,02,78,442	85,58,98,399
II ASSETS			
1) Non-Current Assets			
a) Fixed assets			
i) Tangible assets	9	41,35,95,695	43,31,72,868
ii) Capital Work in Progress		3,69,53,053	1,17,84,323
b) Non-Current Investments	10	500	500
c) Deferred Tax Assets(Net)	11	(45,73,902)	22,55,320
d) Long Term Loan and Advances	12	86,16,197	74,70,058
e) Other Non Current Assets	13	15,77,098	19,81,384
2) Current Assets			
a) Inventories	14	21,84,55,265	22,67,85,658
b) Trade receivable	15	16,77,74,737	12,02,16,678
c) Cash & cash equivalents	16	1,59,61,056	1,36,13,941
d) Short-term loans and advances	17	85,59,360	71,94,454
e) Other Current Assets	18	5,33,59,382	3,14,23,215
		92,02,78,442	85,58,98,399

Significant Accounting Policies
Additional Information

For Chetan & Co.
Chartered Accountants
Firm Registration No. 321151E

Nilesh Rajgarhia

Partner
Membership No. - 053201
Place : Kolkata
Date : 30th May 2019

For ORIENT STEEL & INDUSTRIES LTD

Nawal Kishore Rajgarhia
Nawal Kishore Rajgarhia
Chairman & Managing Director
Din NO.00439689

Nilesh Rajgarhia

Nilesh Rajgarhia
Executive Director
Din No. 00439715



Aashika Banka

AASHIKA BANKA
M.No. - ACS36914

