

CHETAN & CO

CHARTERED ACCOUNTANTS

2-J, "PARK CENTRE", 2ND FLOOR

24 PARK STREET, KOLKATA - 700 016

PHONE & FAX : 2227 -7567

E-mail : chetanco@hotmail.com

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 31st March 2018, 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, in which are incorporated accounts of Faridabad unit audited by us.

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) of the accompanying financial statements, no provision had been made against the dues of INR 423.73 Lacs (PY: INR 483.97 Lacs) pending for realization from customers in the accounts as at 31st March 2018 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; and
- (iii) Note No. 27(1)(v) wherein it has been stated that balances of Short-term Borrowings of INR 20.00 Lacs, Trade payables of INR 790.38 Lacs, Other current liabilities of INR 12.69 Lacs, Trade receivables of INR 1202.17 Lacs, Short-term Loans and advances of INR 64.34 Lacs and Cash and Bank Balances of INR 2.77 Lacs as at 31st March 2018 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 31st March 2018 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.

Other Matter

The comparative financial information of the Company for the year ended 31st March 2017 included in these financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditors, whose audit report for the year ended 31st March 2017 dated 14th August 2017 expressed a qualified opinion on these financial statements.

Our opinion is not qualified in respect of the matter.

Report on Other Legal and Regulatory Requirements

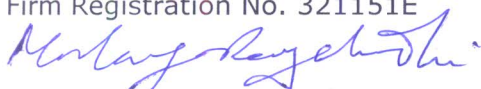
- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure-A', a statement on the matters specified in the paragraph 3 and 4 of the said order.
- 2) As required 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 Point no.(ii) and (iii) of 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 visited by us.
- c) The report on the accounts of the Faridabad unit audited under section 143 (8) of the Companies Act, 2013 by us have been properly 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.
- e) *Except for the possible effect of the matter described in Point no.(i) of the Basis for Qualified Opinion paragraph 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,
- f) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, do not have an adverse effect on the functioning of the Company.
- g) On the basis of written representations received from the directors as on 31st March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as director under the sub-section (2) of Section 164 of the Companies Act.
- h) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- i) 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
- j) 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) to the 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.

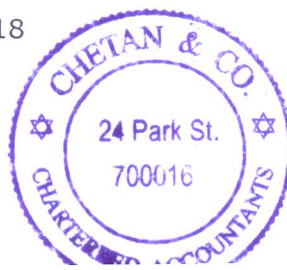
Chartered Accountants
Firm Registration No. 321151E



Malaya Ray Chaudhuri
Partner
Membership No.053201

Place: Kolkata

Dated: 30th May 2018



'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) As explained to us, the Company has a programme of physical verification of its fixed assets once in three years. Pursuant to such programme, a portion of the fixed assets have been physically verified by the management during the year and no discrepancies noticed on such verification as compared to book records.
 - (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 are held in the name of the company. For Faridabad unit of the company, the original title deeds of the properties are held by the lenders as security for securing the loans taken by the unit 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 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 the books of accounts, the Company is generally regular in depositing the undisputed statutory dues including Provident fund, Income Tax, Sale tax, Wealth Tax, Service Tax, Duty of customs, Duty of Excise, Value added Tax, Goods and Services Tax, Cess and any other statutory dues as applicable with the appropriate authorities. There were no un-disputed statutory dues as at the end of the year outstanding for a period of more than six months from the date they became payable.



(b) According to information and explanation given to us, the dues related to WB Sale tax and Central Sales tax, which were in arrear and not been deposited as on 31st March 2018 on account of disputes with the relevant authorities, have been given below:-

Name of Statute	Nature of Dues	Amount (In Lacs)	Period to which the amount relates	Forum where dispute is pending
WBST Act, 1944	Sales Tax	3.89	2013-2014	Filed in Appellate and Revisional Board, West Bengal on 15.12.2017
CST Act, 1956	Sales Tax	0.42	2005-2006	Revision filed in Appellate and Revisional Board, West Bengal.

- (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 the 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 Act.
- (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 2018



'Annexure-B' to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Orient Steel & Industries Limited** (hereinafter referred to as 'the Company') as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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 2018, 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 informations 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 2018



ORIENT STEEL & INDUSTRIES LIMITED
2, Brabourne Road, Kolkata- 700001
BALANCE SHEET AS AT MARCH 31, 2018

PARTICULARS	Note Ref.	As At March 31, 2018 (Amount in Rs.)	As At March 31, 2017 (Amount in Rs.)
I EQUITY & LIABILITIES			
1 Shareholders' Funds			
a) Share Capital	1	294,28,000	294,28,000
b) Reserves & Surplus	2	2755,86,452	2726,46,853
2 Share Application Money Pending Allotment			
3) Non-Current Liabilities			
a) Long Term Loan	3	35,32,157	29,57,773
b) Deferred Tax Liabilities		-	-
b) Other Long Term Liabilities		-	-
c) Long Term Provision	4	135,59,073	163,84,877
4) Current Liabilities			
a) Short term borrowings	5	4214,52,170	3635,15,494
b) Trade Payables	6	790,37,690	2374,32,301
c) Other current liabilities	7	244,33,986	326,88,534
d) Short-term provisions	8	88,68,872	103,75,360
II ASSETS			
I) Non-Current Assets			
a) Fixed assets			
i) Tangible assets	9	4331,72,867	3965,23,595
ii) Capital Work in Progress	9	117,84,323	573,08,239
b) Non-Current Investments	10	500	500
c) Deferred Tax Assets(Net)	11	22,55,320	74,80,806
d) Long Term Loan and Advances	12	74,70,058	76,36,475
e) Other Non Current Assets	13	19,81,384	27,25,701
2) Current Assets			
a) Inventories	14	2267,85,658	2564,67,614
b) Trade receivable	15	1202,16,678	1739,41,538
c) Cash & cash equivalents	16	136,13,942	197,32,628
d) Short-term loans and advances	17	71,94,454	273,46,349
e) Other Current Assets	18	314,23,215	162,65,747
		8558,98,399	9654,29,191
Significant Accounting Policies	26		
Additional Information	27		

**AS PER OUR REPORT ON
THIS DATE ANNEXED**

For Chetan & Co.

Chartered Accountants

Firm Registration No. 321151E

Malaya Ray Chaudhuri

Partner

Membership No. 053201

Place : Kolkata

Date : 30th May, 2018

For ORIENT STEEL & INDUSTRIES LTD

Naval Kishore
Rajgarhia

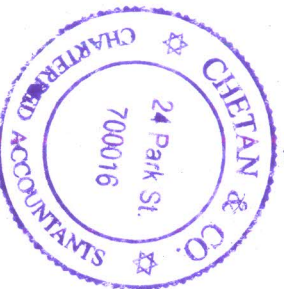
Chairman & Managing
Director

DIN No.00439689

Nitesh Rajgarhia

Executive Director

DIN No. 00439715



ORIENT STEEL & INDUSTRIES LIMITED
2, Brabourne Road, Kolkata- 700001

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

PARTICULARS	Note No.	Year Ended	Year Ended
		March 31, 2018 (Amount in Rs.)	March 31, 2017 (Amount in Rs.)
INCOME			
Revenue from operations	19	4864,44,425	8485,24,919
Other income	20	263,22,195	106,79,998
		5127,66,620	8592,04,916
EXPENSES			
Cost of Material Consumed	21	2944,80,785	4623,04,773
Changes in inventory of work in progress/finished Goods	22	84,83,088	985,45,085
Employee benefits expense	23	344,99,244	486,51,331
Finance costs	24	479,90,395	674,04,400
Depreciation and amortization expenses	9	321,38,049	333,35,910
Other Expenses	25	871,19,841	1442,12,055
		5047,11,402	8544,53,555
Profit before Exceptional and Extraordinary items and Tax		80,55,217	47,51,361
Exceptional Items (Prior Period Adjustment)		-	-
Profit before Extraordinary items and Taxes		80,55,217	47,51,361
Extraordinary Items		-	-
		80,55,217	47,51,361
Less			
Profit before tax		10,80,150	13,47,933
Tax Expenses		52,25,486	41,25,766
i. Current tax			
ii. Deferred tax		(11,90,019)	(15,44,707)
iii. For earlier year			
Profit / (Loss) after Tax		29,39,600	8,22,369
Earnings per Share			
-Basic EPS		1.00	0.28
-Diluted EPS		1.00	0.28
AS PER OUR REPORT	26		
THIS DATE ANNEXED	27		
Significant Accounting Policies			
Additional Informations			

As per our report of even date attached

For Chetan & Co.

Chartered Accountants

Firm Registration No. 321151E

Malaya Ray Chaudhuri
Malaya Ray Chaudhuri

Partner

Membership No. 053201

Place : Kolkata

Date : 30th May, 2018



For ORIENT STEEL & INDUSTRIES LTD

Naval Kishore Rajgarhia
Naval Kishore
Rajgarhia

Chairman & Managing
Director

DIN No.00439689

Nitesh Rajgarhia
Nitesh Rajgarhia

Executive Director

DIN No. 00439715

