

# CHETAN & 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 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March 2017 dated 14<sup>th</sup> 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 31<sup>st</sup> March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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*

**Malaya Ray Chaudhuri**

Partner

Membership No.053201

**Place:** Kolkata

**Dated:** 30<sup>th</sup> 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 31<sup>st</sup> 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:** 30<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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:** 30<sup>th</sup> 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.)
<b>I EQUITY &amp; LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
a) Share Capital	1	294,28,000	294,28,000
b) Reserves & Surplus	2	2755,86,452	2726,46,853
<b>2 Share Application Money Pending Allotment</b>			
<b>3) Non-Current Liabilities</b>			
a) Long Term Loan	3	35,32,157	29,57,773
b) Deferred Tax Liabilities		-	-
b) Other Long Term Liabilities	4	135,59,073	163,84,877
c) Long Term Provision			
<b>4) Current Liabilities</b>			
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
<b>II ASSETS</b>			
<b>1) Non-Current Assets</b>			
a) Fixed assets		8558,98,399	9654,29,191
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
<b>2) Current Assets</b>			
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
<b>AS PER OUR REPORT ON THIS DATE ANNEXED</b>		8558,98,399	9654,29,191
Significant Accounting Policies	26		
Additional Information	27		

**For ORIENT STEEL & INDUSTRIES LTD**

**For Chetan & Co.**

Chartered Accountants

Firm Registration No. 321151E

**Malaya Ray Chaudhuri**

Partner

Membership No. 053201

Place : Kolkata

Date : 30th May, 2018

**Naval Kishore**

**Rajgarhia**

Chairman & Managing Director

DIN No.00439689

**Nilesh 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 March 31, 2018 (Amount in Rs.)	Year Ended March 31, 2017 (Amount in Rs.)
<b>INCOME</b>			
Revenue from operations	19	4864,44,425	8485,24,919
Other income	20	263,22,195	106,79,998
		<b>5127,66,620</b>	<b>8592,04,916</b>
<b>EXPENSES</b>			
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
		<b>5047,11,402</b>	<b>8544,53,555</b>
<b>Profit before Exceptional and Extraordinary items and Tax</b>		<b>80,55,217</b>	<b>47,51,361</b>
Exceptional Items (Prior Period Adjustment)		-	-
<b>Profit before Extraordinary items and Taxes</b>		<b>80,55,217</b>	<b>47,51,361</b>
Extraordinary Items		-	-
<b>Profit before tax</b>		<b>80,55,217</b>	<b>47,51,361</b>
<b>Less Tax Expenses</b>			
i. Current tax		10,80,150	13,47,933
ii. Deferred tax		52,25,486	41,25,766
iii. For earlier year		(11,90,019)	(15,44,707)
<b>Profit / (Loss) after Tax</b>		<b>29,39,600</b>	<b>8,22,369</b>
<b>Earnings per Share</b>			
-Basic EPS		1.00	0.28
-Diluted EPS		1.00	0.28
<b>AS PER OUR REPORT</b>			
<b>THIS DATE ANNEXED</b>			
<b>Significant Accounting Policies</b>	26		
<b>Additional Informations</b>	27		

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





**ORIENT STEEL & INDUSTRIES LIMITED**  
Notes to Financial Statements

(Amount in Rupees)

Note:-1 Share Capital	As at March 31, 2018	As at March 31, 2017
<b>a. Authorised:</b>		
32,70,000 (P.Y: 32,70,000) Equity Shares of Rs. 10/- each	327,00,000	327,00,000
10,000 (P.Y 10,000) Preference Shares of s. 100/- each	10,00,000	10,00,000
	<b>337,00,000</b>	<b>337,00,000</b>
<b>b. Issued &amp; Subscribed Paid-up:</b>		
26,53,200 (26,53,200) Equity Shares of Rs. 10/- each issued as fully paid up shares	265,32,000	265,32,000
2,89,600 (2,89,600) Equity Shares of Rs. 10/- each Issued as fully paid up bonus shares by Capitalisation of General Reserve	28,96,000	28,96,000
	<b>294,28,000</b>	<b>294,28,000</b>

**c. Reconciliation of Shares outstanding at the beginning and at the end of the year**

(Amount in Rupees)

Particulars	As at March 31, 2018		As at March 31, 2017	
	No.	Amount	No.	Amount
At the beginning of the year	29,42,800	294,28,000	29,42,800	294,28,000
Add: Issue during the year	-	-	-	-
Outstanding at the end of the year	<b>29,42,800</b>	<b>294,28,000</b>	<b>29,42,800</b>	<b>294,28,000</b>

**d. Terms/Rights attached to Equity Shares**

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company.

**e. 63.16% of the equity shares of the company are held by the promoter group of the company**

**f. Details of shareholders holding more than 5% of the shares of the company**

Name of Shareholders	As at March 31, 2018		As at March 31, 2017	
	No.	% holding	No.	% holding
Nawal Investment Pvt. Ltd.	4,70,740	16	4,70,740	16.00
Nawal Kishore Rajgarhia	3,20,150	11	3,20,150	10.88
Maroon Projects Pvt. Ltd.	4,84,400	16	4,84,400	16.46
Sujata Investments Limited	2,56,350	8.711	2,56,350	8.71
Rajkumari Rajgarhia	2,31,770	7.876	2,31,770	7.88
Nilesh Rajgarhia	2,22,900	7.574	2,22,900	7.57
Shuchi Rajgarhia	1,63,000	5.539	1,63,000	5.54

(Amount in Rupees)

Note:-2 RESERVE & SURPLUS	As at March 31, 2018	As at March 31, 2017
a) General reserve	95,12,543	95,12,543
b) Capital reserve	-	-
<b>C) Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	2631,34,310	2623,11,941
Profit for the year	29,39,599	8,22,369
Balance at the end of the year	2660,73,909	2631,34,310
Sub Total(c)	<b>2660,73,909</b>	<b>2631,34,310</b>
<b>TOTAL(a+b+c)</b>	<b>2755,86,452</b>	<b>2726,46,853</b>

(Amount in Rupees)

Note:-3 LONG TERM LOAN	As at March 31, 2018	As at March 31, 2017
<b>Secured:</b>		
Vehicle Loan from Banks (Refer to Note Below)	35,32,157	29,57,773
<b>TOTAL</b>	<b>35,32,157</b>	<b>29,57,773</b>

Note :-





# Nature of security and Terms of interest and repayment

## Faridabad

- (a) Vehicle loan from ICICI Bank is secured by way of hypothecaion of vehicle purchases. It carries interest rate of 10.75% and is reayable in in 59 monthly installments. Last instalment being due on December 15, 2018
- (b) Vehicle loan from ICICI bank is secured by way of hypothecaion of vehicle purchases. It carries interest rate of 10.01% and is reayable in in 60 monthly installments. Last instalment being due on October 15, 2020
- (c) Vehicle loan from Kotak Mahindra bank is secured by way of hypothecaion of vehicle purchases. It carries interest rate of 11.10% and is reayable in in 60 monthly installments. Last instalment being due on March 01, 2021

## Kolkata

- (a) Vehicle Loan from BMW financial services is secured by way of hypothecation by of vehicle purchase. It carries interest rate of 9.10% p.a and is repayable in 60 monthly instalments. Last instalment being due on 16/01/2021
- b) Vehicle Loan from Kotak Mahindra Prime Ltd. is secured by way of hypothecation by of vehicle purchase and It carries interest rate of 8.40% p.a and is repayable in 36 monthly instalments. Last instalment being due on 05.02.2021
- c) Vehicle Loan from Kotak Mahindra Prime Ltd. is secured by way of hypothecation by of vehicle purchase and It carries interest rate of 8.19% p.a and is repayable in 36 monthly instalments. Last instalment being due on 01.04.2020
- d) Vehicle Loan from Kotak Mahindra Prime Ltd. is secured by way of hypothecation by of vehicle purchase and It carries interest rate of 10.12% p.a and is repayable in 36 monthly instalments. Last instalment being due on 01.08.2018
- e) The Unsecured Loans are taken for the purpose of Normal Business Operations and are agreed to be repayable when there is surplus fund available.

(Amount in Rupees)

Note:-4 LONG-TERM PROVISION	As at March 31, 2018	As at March 31, 2017
Provision for Employee Benefits:		
-For Gratuity	111,30,990	133,02,515
Provision for Taxation	24,28,083	30,82,362
TOTAL	135,59,073	163,84,877

(Amount in Rupees)

Note: 5 SHORT-TERM BORROWINGS	As at March 31, 2018	As at March 31, 2017
Secured Loan		
Cash Credit Loan from Banks (Refer to Note Below)	1314,72,776	973,97,492
Unsecured Loan		
From Related parties		
- Directors	895,94,457	604,68,204
- Body Corporates	1697,67,628	306,17,310
From Others	306,17,309	1750,32,488
TOTAL	4214,52,170	3635,15,494

## Note :-

- a) Cash Credit Loans from UCO Bank Ltd. @ MCLR+4.90% i.e.\* 13.50% p.a, Secured by hypothecation of Inventories, store and spares, book debts and other movables and collateral security of factory land and Plant and Machinery at Ballabgarh and Serampore and its guranteed by directors of the company.
- b) Unsecured Loans are taken for the purpose of Normal Business Operations and are agreed to be repayable when there is surplus fund available.

Note:-6 TRADE PAYABLES	As at March 31, 2018	As at March 31, 2017
Sundry Creditors		
Dues to : -Micro, Small and Medium Enterprises *	-	-
-Others **	790,37,690	2374,32,301
TOTAL	790,37,690	2374,32,301

\* On the basis of information available with the company , there are no dues outstanding to Micro,Small and Medium Enterprises which are required to be disclosed under Micro, Small and Medium Enterprises Development Act,2006.

\*\* Others Sundry Creditors includes Acceptance against letter of credit and Letter of comfort Rs 5,45,98,853 (Previous Year Rs 14,39,72,720)

(Amount in Rupees)

Note:- 7 OTHER CURRENT LIABILITIES	As at March 31, 2018	As at March 31, 2017
Current maturities of Long Term Debt	22,10,313	19,41,609
Interest accrued but not due to Banks	-	9,02,668
Advances From Customers	12,69,411	73,31,297
Employee Benefits Payable	11,35,872	16,48,176
Security Deposit Received	50,00,000	-
Provision for Excise duty on Closing Stock of Finished Goods	-	10,32,304
Other Liabilities		
-Statutory dues payable	34,21,671	75,33,124
-Others	113,96,720	122,99,356
TOTAL	244,33,986	326,88,534





(Amount in Rupees)		
Note:- 8 SHORT-TERM PROVISIONS	As at March 31, 2018	As at March 31, 2017
Provision for Employee Benefits:		
Unpaid Salary	7,402	7,402
Bonus	11,95,098	15,54,842
Leave Encashment	23,32,949	29,52,495
Gratuity	53,33,423	58,60,621
<b>TOTAL</b>	<b>88,68,872</b>	<b>103,75,360</b>

(Amount in Rupees)		
Note:-10 Non-Current Investments	As at March 31, 2018	As at March 31, 2018
In Government Securities (Unquoted) Post Office National Savings Certificate	500	500
<b>Total</b>	<b>500</b>	<b>500</b>

**Note11 :- Deferred Tax Assets /(Liability)**

The major component of Deferred Tax Assts /(Liability) are as under :

Particulars	(Amount in Rupees)		
A) Deferred Tax Liability	As at March 31, 2017	During the Year 2017- 18	As at March 31, 2018
For Difference in WDV as per Companies Act & as per Income Tax Act	418,01,726	52,25,486	470,27,212
B) Deferred Tax Assets			
Disallowances of Expenditures	492,82,532	-	492,82,532
<b>Net Tax Assets (B-A)</b>	<b>74,80,806</b>	<b>(52,25,486)</b>	<b>22,55,320</b>

(Amount in Rupees)		
Note:-12 Long Term Loan and Advances (Unsecured, Considered Good)	As at March 31, 2018	As at March 31, 2017
Security Deposits	29,70,058	31,36,475
Capital advance	45,00,000	45,00,000
<b>Total</b>	<b>74,70,058</b>	<b>76,36,475</b>

(Amount in Rupees)		
Note:-13 Other Non-Current Assets (Unsecured, Considered Good)	As at March 31, 2018	As at March 31, 2017
Deposits with Government Department	19,81,384	27,25,701
<b>Total</b>	<b>19,81,384</b>	<b>27,25,701</b>

(Amount in Rupees)		
Note:-14 INVENTORIES *	As at March 31, 2018	As at March 31, 2017
(Valued & Certified by the management)		
Finished Goods	225,60,829	423,16,899
Work-in-Progress	759,51,870	646,72,929
Raw-material	919,61,606	1108,84,020
Stores & Spares	350,15,223	372,91,676
Scrap	12,96,130	13,02,090
By Product	-	-
<b>TOTAL</b>	<b>2267,85,658</b>	<b>2564,67,614</b>

\* Additional Information :- Refer Note No.26(5)

(Amount in Rupees)			
Note:- 15 TRADE RECEIVABLES	(Unsecured,	As at March 31, 2018	As at March 31, 2017
Considered good, unless otherwise stated)			
i. Outstanding for a period exceeding six months from the date they are due for payment			
a) Unsecured, considered good		435,80,825	388,89,111
b) Unsecured, considered Doubtful		354,28,845	483,97,710
Less : Provision for doubtful debts		-	-
	(A)	790,09,670	872,86,821
ii. Others debts (Unsecured, Considered good)		412,07,008	866,54,717
	(B)	412,07,008	866,54,717
		-	-
<b>TOTAL (A+B)</b>		<b>1202,16,678</b>	<b>1739,41,538</b>



(Amount in Rupees)		
Note:- 16 CASH AND BANK BALANCES	As at March 31, 2018	As at March 31, 2017
i. Cash on hand	16,25,604	7,73,282
ii. Bank Balance;	-	-
a) In current Account	3,67,824	3,66,675
b) In Fixed Deposit account (maturity less than 3 months)	-	-
c) Escrow a/c	10,300	-
iii. Other Bank Balances	-	-
-Fixed deposits with maturity less than twelve months held as margin money or security against the bank guarantees, Letter of credit, Letters of comfort, etc	115,96,964	185,79,421
-With Post Office Savings Bank Account	13,250	13,250
(Pass Book Pledged with collector of Central Excise)	-	-
<b>TOTAL</b>	<b>136,13,942</b>	<b>197,32,628</b>

\*Fixed deposits amounting to INR 1,15,96,964 (INR 1,85,79,421) which are lien with bank and the same are physically available with the bank.

(Amount in Rupees)		
Note:- 17 SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good, unless otherwise stated)	As at March 31, 2018	As at March 31, 2017
Advances recoverable in cash or in kind or for value to be received	64,34,011	82,53,676
Claim Receivable	1,89,750	1,34,310
Prepaid Expenses	5,70,693	4,54,345
Balances with Government authorities	-	185,04,018
<b>TOTAL</b>	<b>71,94,454</b>	<b>273,46,349</b>

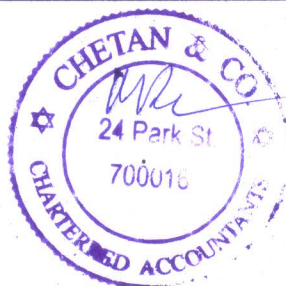
(Amount in Rupees)		
Note :- 18 OTHER CURRENT ASSETS	As at March 31, 2018	As at March 31, 2017
Accrued Interest on fixed deposits	2,29,312	36,594
Accrued Interest on Security deposits	2,59,966	2,59,966
Advance Tax	30,00,000	75,00,000
TCS deducted by Party	11,415	-
Lease Rent Receivable	16,67,000	50,17,029
ITDS Deducted by Party (Asset)	35,73,790	34,52,158
GST input Credit	226,26,614	-
Service tax input	55,118	-
<b>TOTAL</b>	<b>314,23,215</b>	<b>162,65,747</b>

(Amount in Rupees)		
Note:-19 REVENUE FROM OPERATIONS	As at March 31, 2018	As at March 31, 2017
<b>Sales of Products :</b>		
Finished Goods *	4761,87,221	8096,65,105
Scrap and By Products	76,87,307	149,34,203
	<b>4838,74,528</b>	<b>8245,99,308</b>
<b>Sales of Services</b>		
Job work charges	25,69,897	239,25,611
	-	-
<b>TOTAL</b>	<b>4864,44,425</b>	<b>8485,24,919</b>

**\* Additional Information :-**

Particulars of turnover of products manufactured/trading items :

Class of Goods	Current Year		Previous Year	
	Qty (MT)	Value (Rs.)	Qty (MT)	Value (Rs.)
Cold Rolled Mild Steel Strips			333	14635116
Cold Rolled Formed Sections of Mild Steel	16.92	1481680	1744	108843016
Cold Rolled Formed Sections of Stainless Steel	2119.65	230742016	2724	305803722
Hot Rolled Mild Steel Strips	8.08	276336	2804	99515698
Sheet Piles Z Type	620.06	35722647	149	6744315
Hot Rolled Stainless Steel Strips			5279	-
Coach Parts SS	8.68	1485000	-	-
Sheet Piles Exports	180.25	8659750	-	-
SS sheet Corrugate Coach	0.48	118484	-	-
Steel Casting	1417.332	197701307.6	-	-
<b>Total</b>	<b>2954.12</b>	<b>476187220.6</b>	<b>12700</b>	<b>535541867</b>





(Amount in Rupees)		
Note:- 20 OTHER INCOME	As at March 31, 2018	As at March 31, 2017
Interest received from Bank	17,28,880	11,94,509
Interest received from Others	-	2,88,851
Miscellaneous receipts	20,07,582	15,63,250
Profit on sale of fixed assets	1,64,058	2,79,219
Lease Rent	200,04,000	50,01,000
Discount received	15,000	-
Wind Mill income	24,02,675	23,53,169
<b>TOTAL</b>	<b>263,22,195</b>	<b>106,79,998</b>

(Amount in Rupees)		
Note:- 21 COST OF MATERIALS CONSUMED *	As at March 31, 2018	As at March 31, 2017
Opening Inventory	1108,84,020	688,26,118
Add : Purchases of Raw materials	2758,37,215	5043,62,675
Less: Inventory at the end of year	922,40,449	1108,84,020
Less. Goods Returned	-	-
<b>TOTAL</b>	<b>2944,80,785</b>	<b>4623,04,773</b>

\* Additional Information :-

Analysis of Raw-materials and components consumed :

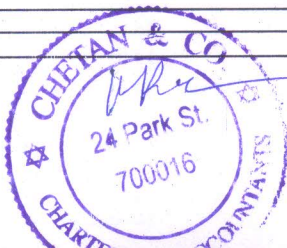
Class of Goods	31st March, 2018		31st March, 2017	
	Qty.	Value	Qty.	Value
	MT	Rs.	MT	Rs.
M.S. Scrap, C.I. Scrap, Sponge Iron etc.	1,522	523,08,815	1618.930	506,28,695
Ferro Silicon	1	67,279	1.100	85,706
Ferro Manganese	296	231,11,250	19.160	95,14,963
Ferro Molly	-	-	-	-
Ferro Titanium	-	7,42,588	3.000	3,17,642
Sundry Raw Materials	-	-	-	6,19,657
Hot Rolled Mild Steel Strips	-	13,97,500	342.000	-
Mild Steel Flats/Ingots/Slabs/Blooms	-	-	3917.000	873,53,169
H.R. Coil	-	-	613.000	268,73,529
Hot Rolled Stainless Steel Coils	-	-	3009.000	2100,73,799
Silicon Manganese	-	9,39,350	20.300	12,11,400
CRFS MS	769	316,01,545	-	-
CRFS SS	2,120	1529,04,942	-	-
Bought out components	-	314,07,516	-	751,78,965.00
<b>Total</b>		<b>2944,80,785</b>		<b>4618,57,525</b>

(Amount in Rupees)		
Note:- 22 CHANGES IN INVENTORY OF FINISHED GOODS	As at March 31, 2018	As at March 31, 2017
<b>Stock at the Opening of the year</b>		
-Finished Goods	423,16,899	962,27,848
-Work-in-process	646,72,929	1098,48,546
-By Product	-	98,646
-Scrap	13,02,090	6,61,963
<b>Less: Stock at the end of the year</b>		
-Finished Goods	225,60,829	423,16,899
-Work-in-process	759,51,870	646,72,929
-By Product	-	-
-Scrap	12,96,130	13,02,090
<b>Increase/(Decrease) in stocks</b>	<b>84,83,088</b>	<b>985,45,085</b>

(Amount in Rupees)		
Note:- 23 EMPLOYEES BENEFITS EXPENSES	As at March 31, 2018	As at March 31, 2017
Salaries & Wages, Bonus and Leave Salary	270,10,392	362,80,740
Contribution to provident fund and other funds	40,16,435	44,94,280
Staff Welfare Expenses	13,08,313	17,44,778
Gratuity	21,64,104	61,31,533
<b>TOTAL</b>	<b>344,99,244</b>	<b>486,51,331</b>

\* Additional Information :-Refer Note No.27(4)

(Amount in Rupees)		
Note:- 24 FINANCE COST	As at March 31, 2018	As at March 31, 2017
<b>Interest On Borrowings:</b>		
-From Banks	98,83,505	188,49,074
-From Related parties	-	-
- Directors	85,40,051	36,89,580
- Body Corporates	169,82,410	158,43,904
-From Others	39,76,796	67,87,691
Other Borrowings Cost	86,07,633	222,34,151
<b>TOTAL</b>	<b>479,90,395</b>	<b>674,04,400</b>



ORIENT STEEL & INDUSTRIES LTD.  
2, BRABOURNE ROAD, KOLKATA-700 001.

SCHEDULE-9: FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION/ IMPAIRMENT/ ADJUSTMENT				(Amount in Rupees) NET BLOCK	
	Cost as at 01-Apr-17	Additions	Sales & Adjustment	Total as at 31-Mar-18	Upto 01-Apr-17	For the year	Adjustment	Upto 31-Mar-18	WDV 31-Mar-18	WDV 31-Mar-17
<b>Tangible Assets:</b>										
Land & Development	140,22,660	-	-	140,22,660	-	-	-	-	140,22,660	140,22,660
Leasehold Land	324,39,680	-	-	324,39,680	22,93,717	3,27,674	-	26,21,391	298,18,289	301,45,963
Building	193,62,237	-	-	193,62,237	7,97,967	19,78,495	-	27,76,462	165,85,775	185,64,270
Factory Shed & Building	657,82,046	-	-	657,82,046	283,34,803	47,130	-	283,81,933	374,00,113	374,47,243
Plant & Machinery	5038,90,490	658,02,558	-	5696,93,048	2355,11,923	265,10,315	-	2620,22,237	3076,70,811	2683,78,567
Office Equipment	30,15,631	1,51,313	-	31,66,944	23,38,510	1,37,035	-	24,75,544	6,91,399	6,77,121
Vehicles	149,41,865	31,28,647	16,78,064	163,92,448	86,67,131	16,88,780	13,09,811	90,46,099	73,46,349	62,74,734
Computer	18,55,402	73,056	-	19,28,458	15,89,208	61,184	-	16,50,391	2,78,067	2,66,194
Furniture & Fittings	49,41,438	-	-	49,41,438	35,99,165	64,241	-	36,63,406	12,78,032	13,42,273
Generator Set	308,48,558	-	-	308,48,558	114,43,969	13,23,196	-	127,67,165	180,81,373	194,04,569
<b>Total of Tangible Assets (A)</b>	<b>6911,00,007</b>	<b>691,55,574</b>	<b>16,78,064</b>	<b>7585,77,517</b>	<b>2945,76,412</b>	<b>321,38,049</b>	<b>13,09,811</b>	<b>3254,04,650</b>	<b>4331,72,867</b>	<b>3965,23,595</b>
previous Year	5950,01,843	980,54,851	58,11,775	5950,01,843	2630,96,508	331,01,561	26,20,636	2630,96,508	3965,23,595	3319,05,435
<b>Capital Work in Progress (B)</b>	<b>573,08,239.00</b>	<b>18695641.61</b>	<b>64219557.61</b>	<b>11784323</b>					<b>11784323</b>	<b>573,08,239.00</b>





(Amount in Rupees)

Note:- 25 OTHER EXPENSES	As at March 31, 2018	As at March 31, 2017
<b>Manufacturing Expense:</b>		
Consumption of Stores	367,19,899	455,60,090
Power & Fuel	302,78,968	683,14,239
Repairs & Maintenance :		
-Building	6,94,673	84,554
-Plant & Machinery	14,60,494	35,23,791
Excise Duty including excise duty in change in Inventory	5,63,728	59,09,725
Processing charges paid	16,57,540	45,50,450
Transportation Inwards	14,400	-
Entry tax	3,89,496	-
<b>Selling and Distribution Expenses</b>		
Freight, transport and handling charges	8,61,881	8,38,516
Advertisement	18,000	30,400
Rebate & Discount	-	673
Brokerage & Commission	23,645	42,068
Sales Tax Expenses	3,24,708	87,011
R & D Expenses	1,26,223	66,500
<b>Administration Expense</b>		
Repairs & Maintenance	4,28,940	3,07,277
Rent	2,29,281	2,19,456
Rates & Taxes	10,15,841	2,76,538
Insurance	2,61,988	3,49,267
Donation	53,100	81,200
Bank Charges	6,79,696	9,51,843
Auditor's Remuneration :		
-Audit Fee	1,86,980	1,86,980
-Tax Audit Fee	56,400	56,400
Printing & Stationery	2,87,328	3,98,936
Vehicle Maintenance	9,18,207	9,62,306
Travelling & Conveyance	34,42,817	34,99,850
Communication Expenses	3,55,521	6,22,902
Legal & Professional Expenses	16,30,322	17,13,815
Duties & Taxes	4,90,339	4,55,299
Security Service Charges	5,54,272	6,82,349
Membership & subscriptions	5,65,639	4,62,709
Loss on sale of fixed asset	1,27,311	-
Balances Written off	-	6,78,586
Preliminary expenses	2,197	-
Windmill Expenses	9,04,942	8,15,579
Miscellaneous Expenses	17,95,066	24,82,746
<b>Total</b>	<b>871,19,841</b>	<b>1442,12,055</b>



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

**CASH FLOW STATEMENT**

Particulars	2017-18 (Amount in Rs.)	2016-17 (Amount in Rs.)
<b>Net Profit After Tax</b>	29,39,600	8,22,369
<b>Cash Flows from Operating Activities</b>	-	-
<b>Add:</b>	-	-
Depreciation	321,38,048	333,35,910
Finance Charges	479,90,395	451,70,249
Loss on sale of Fixed Assets	1,27,311	-
Bad debts Written off	-	-
Provision for leave encashment	(6,19,546)	-
Sundry Balances Written Off	1,00,073	6,78,586
<b>Less:</b>	-	-
Deferred tax	-	-
Wind Mill Income	-	(23,53,169)
Lease Rent	-	(50,01,000)
Provision for gratuity	(32,04,375)	-
Interest Received	(17,28,881)	(14,83,360)
Discount received	(15,000)	-
Provision for Unpaid salary	-	-
Provision for bonus	(56,494)	-
Sundry Balances Written back	(1,92,150)	-
Profit on sale of Fixed Assets(Net)	(1,64,058)	(2,79,219)
<b>Operating Profit before Working Capital Changes</b>	<b>773,14,923</b>	<b>722,38,300</b>
<b>Changes in Assets and Liabilities</b>	-	-
<b>Add:-</b>	-	-
Provision For Gratuity	-	19,16,034
Increase in Trade Payables	-	112,96,471
Decrease in Short Term Loan and Advances	9,73,016	-
Increase in Short Term Borrowings	579,36,676	-
Decrease in Inventories	457,39,787	752,81,027
Decrease in Trade Receivables	537,24,860	277,38,668
Decrease in Other Current Assets	69,65,420	92,63,382
Decrease in Deferred Tax Assets	52,25,486	-
<b>Less:-</b>	-	-
Decrease in Short Term Borrowings	-	(723,44,081)
Increase in Inventories	(160,57,831)	-
Decrease in Short Term Provision	-	(8,76,931)
Decrease in Other current Liabilities	(85,99,350)	(354,13,420)
Decrease in Provision for Taxation	-	(132,19,544)
Decrease in Trade Payables	(1583,94,610)	-
Increase in Short Term Loan and Advances	(29,44,009)	(89,43,810)
<b>Cash Generated from Operations</b>	<b>618,84,367</b>	<b>710,61,863</b>
Direct Taxes Paid (Net)	-	25,00,000
<b>Net Cash Flows From Operating Activities (A)</b>	<b>618,84,367</b>	<b>735,61,863</b>
<b>Cash Flows From Investing Activities</b>	-	-
Purchase/Sale of Fixed Assets (Net)	(232,63,404)	(882,35,624)
Loss on sale of Fixed Assets	(1,27,311)	-
Wind Mill Income	-	23,53,169
Profit on Sale of Fixed Asset	1,64,058	279219
Interest Received	17,28,881	1280883
Increase/(Decrease) in long term loan and advances	1,66,418	-
(Increase)/Decrease in Non-Current Assets	7,44,317	1896283
<b>Net Cash Used In Investing Activities(B)</b>	<b>(205,87,040)</b>	<b>(827,76,070)</b>
<b>Cash Flows From Financing Activities</b>	-	-
Net Proceeds/(Repayment) of Long Term Borrowings	5,74,383	54418173
Finance Charges	(479,90,395)	(450,92,140)
<b>Net Cash Flows From Financing Activities (C)</b>	<b>(474,16,012)</b>	<b>93,26,032</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(61,18,686)</b>	<b>1,11,825</b>
Opening Balance of Cash and Cash Equivalents	197,32,628	19620803
Closing Balance of Cash and Cash Equivalents	<b>136,13,942</b>	<b>197,32,628</b>

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 and on behalf of the Board

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



**ORIENT STEEL & INDUSTRIES LTD.**  
**2, Brabourne Road, Kolkata- 700001**

**NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**SCHEDULE - 26 : SIGNIFICANT ACCOUNTING POLICIES**

**1) System of Accounting :**

The Accounts of the Company are prepared under the historical cost convention and in accordance with applicable accounting standards except where otherwise stated. For recognition of Profit & Losses, Mercantile System of Accounting is followed.

**2) Fixed Assets:**

- a) Fixed Assets are stated at cost less accumulated depreciation. Cost is inclusive of freight, taxes & incidental expenses. Cost of borrowings for assets taking substantial time to be ready to use is capitalised for the period up to the time the asset is ready to use.
- b) The company provides pro-rata depreciation from the date on which asset is acquired / put to use using the straight line method at the life specified in Schedule II of The Companies Act, 2013.
- c) Fixed Assets are reviewed for impairment when ever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement. For items of fixed assets carried at cost, the recoverable amount is higher of an asset's net selling price and value in use. The net selling price is the amount obtained from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash generating unit. Impairment loss recognized for an asset in earlier accounting periods is reversed, to the extent of its recoverable amount, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss is recognized.
- d) Capital-work-in progress is stated at cost.

**3) Excise Duty :**

- a) Excise Duty is charged to Accounts Net of Modvat at W.B. Unit and MODVAT on inputs has been adjusted in respective consumption Account and that on Fixed Assets in respective fixed assets account at C.R.M. (Faridabad).
- b) Excise Duty payable on Closing Stock of Finished Goods is provided for in the Accounts and consequently considered for valuation of Closing Stock of Finished Goods.

**4) Investment :**

Investments are stated at cost, unless there is a permanent decline in value thereof, in which case adequate provision is made against the diminution in the value of investments.

**5) Inventories :**

Inventories cost has been arrived at in case of --

- a) Raw Materials is valued at cost. Cost comprises cost of purchase and other costs incurred in bringing the inventories to the factory.
- b) Work in progress is valued at on absorption cost basis to the extent.
- c) Finished Goods are valued at lower of cost or net realisable value whichever is lower.
- d) Stores & Spares are valued at weighted average cost basis.
- e) Waste Products and Scraps are valued at estimated realisable value.

**6) Employee Benefits :**

- a) Retirement benefit in the form of contribution to provident fund is accounted for on accrual basis and charged to the statement of profit & loss.
- b) Liability in respect of gratuity to employees is provided for on the basis of actuarial valuation.
- c) Encashment of leave is accumulated while in service is at the option of the employees and is accounted for on Cash Basis.



7) **Contingent Liabilities :**

Contingent liabilities are determined on the basis of available informations and are disclosed by way of Notes to the financial statements. Provisions are recognised when either a legal or constructive obligation as a result of past events exists at the balance sheet date and when the amount of obligation can be reasonably estimated.

8) **Sales/Revenue Recognition :**

- a) Revenue from sales is recognized on dispatch of goods from factory or depot. Sales are inclusive of Excise Duty where applicable, but excluding Sales Tax.
- b) Interest Income is recognized on time and proportion basis taking into account the amount outstanding and the rate applicable.
- c) Job work income is recognized when goods are despatched from the factory.

9) **Foreign Currency Transaction :**

These are recorded at the rates prevailing on the date of transaction. There were no foreign currency assets and liabilities.

10) **Borrowing Cost :**

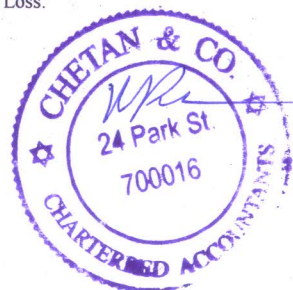
The borrowing costs attributable to the acquisition and construction of qualifying assets are capitalised on the basis of actual cost incurred. Other borrowing costs are recognised as an expense in the period in which such expenses are incurred.

11) **Taxes on Income :**

Current Tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognised subject to the consideration of prudence in respect of deferred tax assets on timing differences, between taxable income and accounting income.

12) **Lease**

Finance lease or similar arrangements, which effectively transfer to the company substantially all the risks and return incidental to ownership of the leased items are capitalised and disclosed as leased assets. Finance charges in the form of interest are charged to the Statement of Profit and Loss.





**Schedule 27: ADDITIONAL INFORMATION**

**1) CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND OTHER ADDITIONAL INFORMATION**

**i) Capital Commitments:**

There is no Capital Commitments during 2017-18

**ii) Contingent Liabilities :**

A) Counter guarantees given to Bankers against guarantees given by them on behalf of the Company and remaining outstanding as on 31.03.2018 amounts to Rs.41114911 (62885523) and Letter of Credit remaining outstanding as on 31.03.18 amounts to Rs. 5,45,98,853 (Rs. 120000000)

B) Demand of Sales Tax/Purchase Tax Rs 432081 (Rs.432081), against which no provision has been made in the current year.

iii) Appeals by the Department and Petitions etc. by the Company in respect of certain Sales Tax Assessments are pending and tax liability/refund consequent on the decision of the same is not determinable. The same will be accounted for in the year of its settlement.

iv) (i) In Faridabad Unit, Trade Receivable includes due of Rs 4,11,50,162 pending for recovery since long and management is pursuing all these customers for ultimate recovery. Out of the same trade receivable of Rs.3,42,06,377 (Previous year Rs. 3,42,06,377), recovery of which is doubtful, against which legal action for recovery has been initiated by the Company which has been decided in favour of the company by Special Commercial Court (Haryana) Gurugram vide order dated 11th December, 2017 and the party appealed before High Court, Chandigarh. However no provision has been made against the said amount as the management is pursuing the matter with the parties for recovering the amount and in the opinion of the management the amount is recoverable.

(ii) In Kolkata Unit, Trade Receivable as on 31.03.2018 is Rs 4,41,05,049.64/- are unsecured and considered good except to the tune of Rs 12,22,468 /- which is due since more than 1 year and are doubtful for which no provision is made there against as the management is pursuing the matter with the parties for recovering the amount. However no provision has been made against the said amount as the management is pursuing the matter with the parties for recovering the amount and in the opinion of the management the amount is recoverable.

v) Balances of Short term borrowings of Rs. 20,00,000, Trade payables of Rs. 7,90,37,690, Other current liabilities of Rs. 12,69,411, Trade receivables of Rs. 12,02,16,678, Cash and Cash equivalents of Rs. 2,77,389 and Short-term Loans and advances of Rs. 64,34,011 as at 31st March 2018 appearing in the balance sheet are subject to confirmations.

vi) Rebate & Short recoveries include write off, short recoveries, transit losses, liquidated damages and rebate allowed on sale of earlier years.

vii) Profit/Loss on Sale of Raw Materials, Stores and Spares remains adjusited in their respective consumption accounts.

**2) Segment Reporting :**

The Company is engaged in manufacturing of Iron and Steel products and the operations are mainly in India. The Company has windmill division/ power generation at the state of Karnataka and also having income from windmill division. As per the requirement of Paragraph 27 of AS-17 "Segment Reporting" revenue from such business and segment results as well as segment assets related to such windmill division does not meet the criteria of separate reporting and hence do not qualify as separate reportable segment. No disclosure have been given under AS-17 being all business is related to Iron and Steel manufacturing.

**3) Related Party Disclosure :**

**A) List of Related Parties :**

**i) Key Management Person**

Shri N.K. Rajgarhia	Chairman & Managing Director
Shri Nilesh Rajgarhia	Executive Director
Smt Shuchi Rajgarhia	Women-Director
Smt Rajkumari Rajgarhia	Executive Assistant

**ii) Other Related Parties :**

(Company/Enterprises over which Key Management Personnel and/or their relatives exercise significant influence).

a) Maroon Projects (P) Ltd.

b) Sujata Investments Ltd.

c) Nawal Investment (P) Ltd.



B) Details of transactions/ outstanding balances

2017-18  
(Amount in Rs.)

2016-17  
(Amount in Rs.)

i) With Key Managerial Personnel

Remuneration Paid	63,24,000	67,92,000
Directors' Fees	20,000	25,000
Payment for Services	4,20,000	4,20,000
Loan Taken	481,55,000	578,55,000
Loan Paid	190,28,747	126,40,000
Interest Paid	76,86,046	36,89,580
Balance outstanding Receivable/(payable) as on 31.03.2018	895,94,457	-60468204

ii) Enterprises where the key management personnel having significant control/influences

2017-18  
(Amount in Rs.)

2016-17  
(Amount in Rs.)

Loan Taken	177320000	20960000
Loan Paid	2584860	10456010
Interest Paid	16982410	15843904
Balance outstanding	97,67,628.00	155032488





4) **Employee benefit Expense**

As per Accounting standard (AS) 15 "Employee Benefits", the disclosures as defined in the Accounting standard are given below:

**Defined Contribution Plan:**

	(Amount in Rs.)	
	<u>2017-18</u>	<u>2016-17</u>
Employer's contribution to provident fund	270,10,392	362,80,740

**Defined Benefit Plan:**

The Employee's gratuity is a defined Benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method. The Reconciliation of Opening and closing balances of the present value of the defined benefit obligation are here as under:

**Reconciliation of Opening and Closing Balances of Defined Benefit Obligations:**

	(Amount in Rs.) <u>31-Mar-18</u>	(Amount in Rs.) <u>31-Mar-17</u>
Balance as on 31.03.2018	Total	191,63,136
Less: Balance as on 31.03.2017	164,64,413	183,93,484
<b>Incremental Liability</b>	<b>191,63,136</b>	<b>7,69,652</b>
Add: Paid during the year 2017-18	(26,98,723)	44,31,260
Add: Written back during the year/ (Written off)	-	9,30,621
<b>Total expenses for the year</b>	<b>164,64,413</b>	<b>61,31,533</b>

**The Financial Assumptions employed for the calculations are as**

	<u>2017-2018</u>	<u>2016-2017</u>
Discount Rate	7.10%P.A	6.88%P.A
Rate of Increase Salaries	5.00%P.A	5.00%P.A
Withdrawal Rate	2.00%P.A	2.00%P.A
Mortality	IALM 2006-08 Ultimate	

Note: Due to absence of detailed information in actuarial valuation of Kolkata Unit, the complete disclosure as per Actuary's certificate for employee benefits for Gratuity such as movement in liability recognised in balance sheet, Sensitivity analysis of defined benefit obligation, fair value of plan assets, etc could not be disclosed above.

- 5) In the absence of necessary information with the Company, relating to the registration status of suppliers under Micro, Small and Medium Enterprises Development Act, 2006, the information under the said Act could not be compiled and disclosed.

6) **Computation of Basic and Diluted Earnings per Share :**

Profit after Tax  
Weighted average number of equity share outstanding during the year  
Face Value Rs.10/-  
Basic and Diluted Earnings per share (including Shares pending for allotment)



	<u>2017-18</u>	<u>2016-17</u>
(Amount in Rs.)	(Amount in Rs.)	(Amount in Rs.)
	29,39,600	8,22,369
	29,42,800	29,42,800
	Rs. 1.00	Rs. 0.28

7) Additional Information pursuant to provision of Paragraph ii(a) and ii(c) of Part II of Schedule III of the Companies Act, 2013.

i) Particulars in respect of Production, Stock etc. :

Class of Goods	Unit of Qty.	Licensed Capacity	Installed Capacity as certified by management	Actual Production 2017-18		Opening Stock as on 01.04.2017		Closing stock as on 31.03.2018	
				2017-18 Qty	2016-17 Qty	Qty	Value (Rs)	Qty	Value (Rs)
Steel Casting	MT	24,000	24,000	1410.927	2,328	91.570	84,24,888	91.570	110,76,900
Steel Shots & Grits	MT	4,200	4,200	-	-	-	-	-	-
Cold Rolled Steel Strips	MT	10,000	13,000	-	-	-	-	-	-
Cold Rolled Mild Steel Strips		-	-	-	307	-	-	-	-
Cold Rolled Stainless Steel Strips		-	-	-	-	-	-	-	-
Hot Rolled Steel Strips	MT	40,000	75,000	-	-	-	-	-	-
Hot Rolled Mild Steel Strips		-	-	-	2,647	9.000	3,34,500	0.615	21,033
Hot Rolled Stainless Steel		-	-	-	5,176	-	-	-	-
Cold Rolled formed section	MT	36,000	36,000	-	-	-	-	-	-
Sheet piles Z type		-	-	-	-	3.000	2,86,270	-	-
Mild Steel Sections	MT	36,000	-	677.900	434	275.000	13598888	138.740	73,53,220
Stainless Steel Sections		-	-	1,977.568	2,871	206.000	19677354	45.192	41,09,676
<b>Total</b>							<b>423,21,900</b>		<b>225,60,829</b>

Notes :

- 1) After de-control, licence is not required for any of the products of the Company. Licensed capacity given is as per licence originally granted.
- 2) Plant has run partly on single shift and partly on double shift basis.
- A) Particulars of turnover of products manufactured/trading items :

8)

Class of Goods			2017-18		2016-17	
			Qty (MT)	Value (Rs.)	Qty (MT)	Value (Rs.)
Cold Rolled Mild Steel Strips					333.000	146,35,116
Cold Rolled Formed			16.920	14,81,680	1744.000	1088,43,016
Cold Rolled Formed Sections of Stainless Steel			2119.650	2307,42,016	2724.000	3058,03,722
Hot Rolled Mild			8.080	2,76,336	2804.000	995,15,698
Sheet Piles Z Type			620.060	357,22,647	149.000	67,44,315
Hot Rolled Stainless Steel Strips					5279.000	-
Coach Parts SS			8.680	14,85,000	-	-
Sheet Piles Exports			180.250	86,59,750	-	-
SS sheet Corrugate			0.480	1,18,484	-	-
Steel Casting			1417.332	-	2320.980	2741,23,238
<b>Total</b>				<b>2784,85,913</b>		<b>8096,65,105</b>

- (i) Turnover of Hot Rolled Mild Steel Strips includes Nil (185 MT) on conversion job basis.
- (ii) Turnover of Hot Rolled Mild Steel Strips includes Nil (5279 MT) used for internal consumption (Value has not been included in the above turnover).
- (iii) For job work done on conversion basis, quantity alone has been considered in the aforesaid figures of turnover,





**B) Value of Raw Material, Components & Stores/spares parts consumed and percentage thereof :**

**Class of Goods**

**Raw Materials :**

Indigenous  
Imported

**Stores/Spares :**

Indigenous  
Imported

2017-18		2016-17	
Rupees	Percentage	Rupees	Percentage
2944,80,785	100.00	4623,04,773	100.00
2944,80,785	100.00	4623,04,773	100.00
367,19,899	100.00	455,60,090	100.00
367,19,899	100.00	455,60,090	100.00

**C) Expenditure in foreign currency :**

Travelling Expenses

**D) Earning in foreign exchange :**

FOB Value of Goods Exported

**E) Class of Goods :**

Raw Material

31st March, 2018	31st March, 2017
NIL	NIL
NIL	NIL
2826,94,584	2826,94,584

In accordance with "Accounting Standard 19-Accounting for Lease", the company has given Asset on Operating Lease. The disclosures area as follows:

(Amount in Rs.)

	Plant and Machinery	Building	Generator Set
Gross Carrying amount as on March 31, 2018	1703,20,946	345,60,796	10,54,330
Accumulated depreciation as on March 31, 2018	1298,52,582	146,34,379	10,19,928
Depreciation for the year 2017-18	125,55,038	8,25,656	34,879

Total of Future minimum lease payment under non-cancellable operating lease for each of the following periods:

- Not later than one Year Rs. 150.03
- Later than one year and not later than five years NIL

Lease income recognized in the statement of Profit and loss for the year is Rs. 200.04 Lakhs.

Leasing Arrangement clause:

- Lease term is for 24 Months basis.
- At the end of the lease period following options would be offered to us:
  - Terminate the lease and return the equipment.
  - Renew the Lease for secondary period.

Operation of the Serampore Unit remained suspended during the year.

Windmill income as appearing in Note: 20 refers to the original monthly bills raised during the year 2017-18 and the entire amount is pending to be realized as at the date of balance sheet. As per the Article 6 of PPA agreement with Hubli Electricity Supply company limited, the company was required to raise surcharge bills for non payment. However, no surcharge bill for non payment was raised as well as recognised due to non realisation of original bills amount.

Figures in brackets are for previous year. Previous year's figures have been regrouped or re-arranged wherever found necessary.



For Chetan & Co.  
Chartered Accountants  
Firm Registration No. 321151E  
Malaya Ray Chaudhuri  
Partner  
Membership No. 053201

*Malaya Ray Chaudhuri*

Place : Kolkata  
Date : 30th May, 2018



For and on behalf of the Board  
of ORIENT STEEL & INDUSTRIES LTD

*Nawal Kishore Rajgarhia*      *Nilesh Rajgarhia*  
Nawal Kishore      Nilesh Rajgarhia  
Rajgarhia      Executive Director  
Chairman &  
Managing Director

DIN No.00439689      DIN No. 00439715