

INDEPENDENT AUDITOR'S REPORT

To

The Members of

Ashirwad Steels & Industries Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Ashirwad Steels & Industries Limited ("the Company"), which comprises of the Balance Sheet as at 31st March, 2018, and the statement of Profit and Loss (including other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 thereunder.

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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our informations and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view

in the conformity with the accounting principles generally accepted in India, including the Ind AS of the financial position of the Company as at 31st, March, 2018 and its financial performance including other comprehensive Income, it's cash flows and the changes in equity for the year ended on that date.

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 Companies Act, 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of the changes in equity dealt with by the Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
 - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
 - (g) With respect to the other matters to be included in the Auditor's 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 31(1)(B), 31(1)(C) and 31(2) of the standalone Ind AS 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 has been no delay in transferring amounts, required to be transferred and if any, to the Investor Education and Protection Fund by the Company.

FOR M. R. SINGHWI & CO

Chartered Accountants

Firm Registration No: 312121E

CA M.R. Singhwi

Partner

Membership No: 050650

Place: Kolkata,

Date: 29th May 2018

Annexure 'A'

To the Independent Auditors' Report of even date on the Standalone IND AS Financial Statement of ASHIRWAD STEELS & INDUSTRIES LIMITED.

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2018:

We report that:

- 1) In respect of its Property, Plant and Equipments:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipments.
 - b) The company has physically verified all the major Property, Plant and Equipments as per a phased program of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies reported on such verification were not material and have been properly dealt with in the books of accounts.
 - c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/ transfer deed/ conveyance deed provided to us, we report that, the title deeds of all the immovable properties other than self constructed immovable Properties (Building and Factory Sheds etc.) are held in the name of Ashirwad Steels & Industries Ltd.
- 2) As per the information furnished to us the management has conducted physical verification of inventory at reasonable intervals during the year wherever possible and required, and the discrepancies noticed have been properly dealt with in the books of accounts.
- 3) The requirement of clause (iii) a, (iii)b and (iii)c of the order are not applicable since no loans have been given during the year to companies, firms, limited liability partnerships or other parties covered under Section 189 of the Companies Act, 2013.
- 4) In respect of loans given and long term investments made in shares (quoted and un-quoted) of companies; the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. No loan has been given to any director of the company.
- 5) In our opinion and according to the informations and explanations given to us; the Company has not accepted any deposit from public within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder and hence no reporting on this account is required.
- 6) Since the net worth of the Company is less than Rupees one hundred and fifty crores and the turnover in respect of sponge iron is less than Rupees thirty five crores, the requirement of maintenance of cost records is not necessary as per relevant provisions of the companies Act 2013.
- 7) (a) The company is generally regular in depositing undisputed statutory dues including Staff Provident Fund, Employees' State Insurance, Income Tax, VAT, CST, Service Tax, Excise Duty, Cess, Goods and service tax, duty of customs and other material statutory dues as applicable to it.
 (b) According to the informations and explanations given to us the following taxes were not deposited as the same are disputed and under adjudication of Hon'ble High Court at Hyderabad

Particulars	Disputed/ demanded Amount (Rs.)	Forum where dispute is pending in appeal As on 31.03.2018
i) CENVAT on Capital Goods (Net of payment)	12,14,662	The Central Excise and Service Tax Appellate Tribunal, Bangalore (CESTAT) decided this matter in favour of the company, but the Excise Department has preferred an appeal with the Hon'ble High Court of Hyderabad and the matter is subjudice.

- (c) In our opinion there is no amount required to be transferred to Investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 and rules framed thereunder.

- 8) According to the informations and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to banks, any financial institutions, government or dues to debenture holders . The company has not accepted any fund on account of issue of debentures.
- 9) During the year no amount was raised by way of initial public offer or further public offer (including debt instruments) and term loans.
- 10) According to the informations and explanations given to us no fraud on or by the Company or by its officers or employees has been noticed or reported during the year.
- 11) The managerial remuneration paid during the year to the Managing Director of the company is in accordance with the requisite approval mandated by the provisions of section 197 read with schedule V to the Companies Act, 2013 and applicable rules.
- 12) The company is not a Nidhi Company and therefore clause (xii) of the order is not applicable to the company.
- 13) There were some transactions with the related parties during the year which are in compliance with sections 177 and 188 of the Companies Act, 2013 and disclosure of the same has been made in the financial statements etc as required by the applicable accounting standards.
- 14) During the year the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence no reporting on this account is required.
- 15) During the year company has not entered into any non-cash transaction with directors or person connected with them.
- 16) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

FOR M. R. SINGHWI & CO
Chartered Accountants
Firm Registration No: 312121E

CA M.R. Singhwi
Partner
Membership No: 050650

Place: Kolkata,
Date: 29th May, 2018

“Annexure B”

To the Independent Auditor’s Report of even date on the Financial Statements of Ashirwad Steels & Industries Limited

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 Ashirwad Steels & Industries Limited as of March 31, 2018 in conjunction with our audit of the IND AS 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”. 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.

Auditor’s 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 Ind AS 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

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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”.

FOR M. R. SINGHWI & CO

Chartered Accountants

Firm Registration No: 312121E

CA M.R. Singhwi

Partner

Membership No: 050650

Place: Kolkata,

Date: 29th May, 2018