

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ORISSA SPONGE IRON & STEEL LIMITED
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Orissa Sponge Iron & Steel Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date

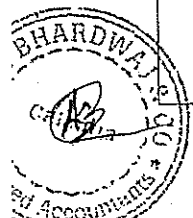
Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

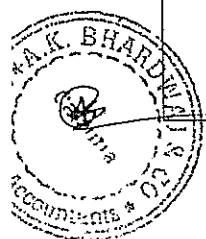
Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl	Key Audit Matter	How our audit addressed the Key Audit Matter
1	Waiver gains on One Time Settlement (OTS) with the Lenders included in Capital Reserve (Refer Note 13 C)	Pursuant to One Time Settlement (OTS) completed during the year, the company has added the entire gains on OTS to the Capital Reserve Account consisting of waiver of principal amounting to Rs. 127.76 crores and waiver of Interest amounting to Rs. 391.04 crores



		To the extent of Interest waiver on OTS added to the Capital Reserve account, the Income shown in the Statement of Profit and Loss is understated having an equivalent impact on the overall profit/loss for the period under review.
2	De-recognition of deferred tax in the Financial Statements (Refer Note 27 C)	The Company's plant is shut down since 2012 and continues to remain so till date. The Company had no income from operations since 2012 as well as for the year under review. There is no certainty of income generation from operations in the near future. The de-recognition of deferred tax in the financial statements is in accordance with the significant accounting policy adopted by the Company which also corroborates with our opinion on the subject matter in our earlier reports.
3	Impairment loss of Property, Plant & Equipment other than Land Other loss on value erosion (Refer Note 3 & 23)	Other than Land, fixed assets of the Company mainly consists of plant, Machinery, Equipment and building in value. These assets are not in use since shut down of plant operations in 2012. The assets have suffered value erosion due to time, environment and technological factors. Following the suggestions made by the Internal Auditors, the Company engaged Chartered Engineer/Registered valuer for reassessment of the value and determination of impairment loss & loss on value erosion of other fixed assets. Based on the valuation report, also seen by us, the Company has adjusted impairment loss & loss due to value erosion of other fixed assets in the financial statements.
4	Write off Revenue included in Other Expense (Refer Note 24)	The inventory of Raw Materials & Stores items have suffered significant damage due to quality, grade and value erosion. Following the suggestion made by the Internal Auditors the Company engaged Chartered Engineer/Registered Valuer to reassess the true value of stock. Based on the Report, also seen by us, the Company made adjustment for loss in value in the Financial Statements. Since there is no manufacturing activity, the Company has included the loss in value under Other Expense.
5	Decrease in Finished Goods Stock (Refer Note 25)	The stock of finished goods have suffered extensive damage due to quality, grade and value erosion. Following the suggestion made by the Internal Auditors the Company engaged Chartered Engineer/Registered Valuer to reassess the true value of stock. Based on the Report, also seen by us, the Company made adjustment for decrease in the value of finished goods in the Statement of Profit and Loss.
6	Write off Capital included in Other Expense (Refer Note 24)	This consists of write off of capital work in progress on the then ongoing projects which were subsequently suspended and later abandoned since stoppage of plant operations in 2012. We understand that the management has no plans to complete the project. The Report of Chartered Engineer/Registered valuer



		suggest full write off of CWIP, which the Company has done. Since there is no manufacturing activity, the loss in value has been included under Other Expense.
7	Write off of Sundry Debtors, Advances, claims and other receivables included in Other Income (Refer Note 19)	The Internal Auditor has reported that the company has been carrying forward the balance of Sundry Debtors, Advances, claims and other receivables historically year after year and suggested that the Company should take a fresh review of the possibility of recovery of these current assets. Following the suggestion, the Company conducted a detailed review and based on the fresh assessment, have considered write off of number of items which are not recoverable as per their assessment. We are also in agreement with the Internal auditor on this matter. The amount of write off has been set off against other income in the financial statements
8	Write back of liabilities of operating creditors, trade payables and other liabilities (Refer Note 19)	The Internal Auditor has reported that the company has been carrying forward the balance of Sundry Creditors, Trade payables and other liabilities historically year after year and suggested that the Company should take a fresh review of the liabilities particularly where it is time barred. Following the suggestion, the Company conducted a detailed review and based on the fresh assessment, have considered write back of number of items which are time barred or otherwise not payable as per their assessment. We are also in agreement with the Internal auditor on this matter. The gains on write back of liabilities no longer required has been taken as other income in the financial statements
9	Presentation of the above items in the Financial Statement	The Company has presented the above Key Audit Matters in different Notes forming part of the Financial Statements, which are extraordinary/exceptional in nature. Having adopted Indian Accounting Standards (Ind AS) for preparation and presentation of the Financial Statements and in pursuance thereof adequate disclosure has been made in Note 30 about the nature of the exceptional/extrordinary items which are not directly shown in the Statement of Profit and Loss
10	Restoration of Preference Shares (Refer Note 12)	The Company has restored Preference Shares which was cancelled earlier in 2017 based on opinion and suggestion of legal experts on the subject. We are unable to express our opinion on the legality of restoration of Preference Shares.



Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i) Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our



opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ii) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- v) Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report that:

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 for the financial impact of the matter described in Item 1 of Key Audit Matters in the Statement of Profit and Loss, 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.

The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account

In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

On the basis of the written representations received from the Directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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, as amended 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 Standalone Financial Statements
- ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.



For A.K.Bhardwaj & Co
Chartered Accountants
FRN 316085E

(A.K.Bhardwaj)
Partner

Membership No. 052723

Place: Kolkata
Date : 24th September, 2019

ORISSA SPONGE IRON & STEEL LIMITED

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AUDITED FINANCIAL RESULTS

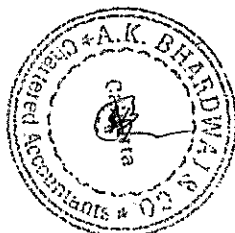
FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2019

Rs. in lakhs except as stated

Particulars	Quarter ended			Year ended	
	31.03.2019 (Audited)	31.12.2018 (Un-audited)	31.03.2018 (Audited)	31.03.2019 (Audited)	31.03.2018 (Audited)
I REVENUE					
Revenue from operations	-	-	-	-	-
Other Income	1917.97	2044.57	9.68	3972.42	59.60
Total Income	<u>1917.97</u>	<u>2044.57</u>	<u>9.68</u>	<u>3972.42</u>	<u>59.60</u>
II Expenses					
Change in inventories of finished goods	-	1208.23	-	1208.23	-
Cost of materials consumed	-	-	-	-	-
Employee benefits expenses	149.80	105.28	107.76	452.66	533.21
Finance Costs	56.57	507.33	2793.66	596.71	8376.30
Depreciation & amortization expense	12930.88	238.45	225.36	13607.77	903.23
Other Expenditure	5294.59	54.28	147.19	5478.03	360.15
Total Expenses (a+b+c+d+e +f+g)	<u>18431.84</u>	<u>2113.57</u>	<u>3273.97</u>	<u>21343.40</u>	<u>10172.89</u>
III Profit/(Loss) before exceptional item and tax from continuing operations (I - II)	(16513.87)	(69.00)	(3264.29)	(17370.98)	(10113.29)
IV Exceptional items	-	-	-	-	-
V Profit/(Loss) before tax from continuing operations	<u>(16513.87)</u>	<u>(69.00)</u>	<u>(3264.29)</u>	<u>(17370.98)</u>	<u>(10113.29)</u>
VI Tax Expenses:					
1 Current Taxes	-	-	-	-	-
2 Deferred Taxes	(10019.28)	33.70	(3279.69)	(10019.28)	(2740.35)
VII Profit(+)/Loss(-) from continuing operations	<u>(26533.15)</u>	<u>(35.30)</u>	<u>(6543.98)</u>	<u>(27390.26)</u>	<u>(12853.64)</u>
VII Other Comprehensive Income/ (loss)					
1 Remeasurement of actuarial gains / (losses) on gratuity & leave encashment	(61.57)	12.85	45.57	5.30	193.18
2 Tax effect on above	(1.83)	14.88	(15.78)	(1.83)	66.85
Total other Comprehensive Income/ (loss)	<u>(63.40)</u>	<u>27.73</u>	<u>29.79</u>	<u>3.47</u>	<u>126.33</u>
9 Total Comprehensive Income/ (loss) (VII + VIII)	<u>(26596.55)</u>	<u>(7.57)</u>	<u>(6514.19)</u>	<u>(27386.79)</u>	<u>(12727.31)</u>
10 Paid-up Equity Share Capital (Face value per share Rs.10/-	2979.00	2979.00	2979.00	2979.00	2979.00
a) Basic(Rs.)	(89.07)	(0.12)	(21.97)	(91.94)	(43.15)
b) Diluted(Rs.)	(89.07)	(0.12)	(21.97)	(91.94)	(43.15)

Notes

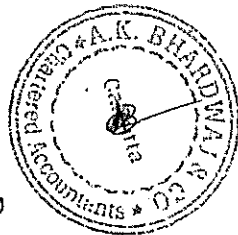
- The above results were reviewed by the Audit Committee and approved by the Board of Directors at the respective meetings held on 31.03.2019 and 31.12.2018.
- The limited review for the quarter ended on 31st March, 2019, as required under Regulation 33 of SEBI (LODR) Regulation, 2015 has been carried out by the statutory Auditors.
- As the company's activity falls under a single primary business segment, segment wise figures are not required to be furnished.
- Production and plant operations remains closed during the quarter.
- Other income includes net effect of write off and write back of sundry creditors, advances, trade payables, advance against order etc. on reassessment of the status of these items.
- Depreciation includes Impairment loss which was determined considering the health of the plant & machinery, equipment and other assets which were not use since shutdown of the plant in 2012 caused value erosion which was certified by Registered valuer.
- Other expenses includes write off of capital work in progress due to discontinuation of DR 2 and CPP 2 project which was later abandoned. It also includes write off of raw materials and stores due to deterioration in quality and grade of inventory items based on the report of Registered Valuer.
- Deferred tax has been de-recognised at the year end.
- Previous quarter / period figures have been regrouped and reclassified wherever required.



STATEMENT OF ASSETS AND LIABILITIES

PARTICULARS	Audited	Audited
	31.03.2019	31.03.2018
ASSETS		
Non - current Assets		
(a) Plant, Property & Equipment	15189.83	28808.88
(b) Capital Work - in - Process	-	3574.11
(c) Other Intangible Assets	2911.90	3192.90
(d) Financial Assets		
(i) Investment	1.50	144.84
(ii) Loans	228.70	221.06
(iii) Others	10.16	82.46
(e) Deferred Tax assets	-	10021.11
(f) Other Non Current Assets	24.77	759.65
	<u>18366.86</u>	<u>46805.01</u>
Current Assets		
(a) Inventories	79.46	2648.16
(b) Financial Assets		
(i) Current Investment	1.33	1.48
(ii) Cash and Cash Equivalents	44.46	28.27
(iii) Other Bank Balances	3.00	158.21
(iv) Others	78.43	71.91
(c) Current Tax Assets	26.52	39.53
(d) Other Current Assets	26.79	916.54
	<u>259.99</u>	<u>3864.10</u>
TOTAL ASSETS	<u>18626.85</u>	<u>50669.11</u>
EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Share Capital	4979.00	2979.00
(b) Other Equity	(650.50)	(25132.62)
	<u>4328.50</u>	<u>(22153.62)</u>
NON - CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	7370.45	-
(ii) Others	-	-
(iii) Provisions	524.79	602.46
	<u>7895.24</u>	<u>602.46</u>
CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	218.94	8446.38
(ii) Trade Payables	141.30	2335.80
(iii) Other financial liabilities	4430.02	57105.35
(b) Other Current Liabilities	99.04	4218.49
(c) Provisions	1513.81	114.25
	<u>6403.11</u>	<u>72220.27</u>
TOTAL - EQUITY AND LIABILITIES	<u>18626.85</u>	<u>50669.11</u>

(Signature)



Place : Delhi / Kolkata
Date 24th September 2019

For and on behalf of the Board

(Signature)
Neeraj Kumar
Wholetime Director

DINNO - 19052723 AAAAAX 7302