



## Independent Auditor's Report

To  
**The Members of  
Hindustan Copper Limited**

Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying Standalone Financial Statements of **Hindustan Copper Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, 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 notes to the Standalone Financial Statements including 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, 2021 and its profit (including Other 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 (SAs) specified under section 143(10) of the Act. 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 ethical requirements that are relevant to our audit of the Standalone 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 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.

### Emphasis of Matters

We draw attention to the following matters:

- a) Note No. 39 (1)(i) & 39 (31) of the accompanying Standalone Financial Statements which describes the uncertainty related to the outcome of the lawsuits filed and demands raised against the Company by various parties and Government authorities;
- b) Note No.39 (6) of the accompanying Standalone Financial Statements which states that the title deeds for freehold and leasehold land and building acquired in respect of Gujarat Copper Project (GCP) with book value of ₹5296.25 Lakh (PY:-₹5578.11 Lakh) as at March 31,2021 are yet to be executed in favor of the Company;
- c) Note No.39 (8) of the accompanying Standalone Financial Statements wherein, balances under the head Claims Recoverable, Loans & Advances, Deposits from and with various parties and certain balances of trade receivables, trade payables and other current liabilities have not been confirmed as at March 31, 2021. Consequential impact upon receipt of such confirmation /reconciliation / adjustments of such balances, if any is not ascertainable at this stage.
- d) Note No.39 (27) the accompanying Standalone Financial Statements wherein the Company has made assessment of possible impairment loss during the year with respect to some fixed assets having original cost of ₹22028.59 Lakh allocated to Gujarat Copper Project in accordance with Indian Accounting Standard (Ind AS) 36 "Impairment of Assets". Provision of ₹9708.21 Lakh towards impairment loss as against the total impairment loss computed, has been accounted for in the books of accounts as on March 31,2021 on conservative basis keeping in mind the possible long-term lease of those Plant and machineries or outright sale of Gujarat Copper Project;
- e) Note No.39 (32) which describes the uncertainties and the management assessment of possible impact of COVID-19 pandemic on its business operations, financial assets, contractual obligations and its overall liquidity position as at March 31, 2021. Management will continue to monitor in future any material changes arising on financial and operational performance of the Company due to the impact of this pandemic and necessary measure to address the situation.



Our opinion is not modified in respect of these matters.

**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 year ended March 31, 2021. 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. No.	Key Audit Matters	Auditor's Response
1.	<p><b><u>Assessment of Stripping Ratio and charging of overburden expenditure during production stage of surface mines to Mines Development Expenditure and Profit and Loss account</u></b></p> <p>Referred in Note No.2 (11) and Note No.9 of the Standalone Financial Statements.</p> <p>Assessment of Stripping Ratio is technically estimated initially at the beginning of the Mines and later on periodically assessed for which no standards written policy are there. Normally review done within a period of 3 to 4 years as informed to us.</p> <p>In case of open cast mines, the expenditure on removal of waste and overburden, is capitalized and the same is depleted in relation to actual ore production during the year on the stripping ratio which is re-assessed periodically based on the estimated ore reserve as well as the quantity of waste excavation in respect of open cast mines.</p> <p>Assessment of Stripping Ratio is uniquely applied under the Mining industries which involves significant judgment to determine the ratio and that also keep on change from time to time. This ratio has been changed subsequently based on the actual output of overburden and Ore exposed during the production stage of the mines.</p> <p>We have identified this area as key audit matter due to its nature as industry specific and involvement of technical assumptions and judgments in calculation of stripping ratio. Further it has a material impact on the financial statements being this year the Company has amortized ₹24006.83 Lakh (PY:-Rs.23904.06 Lakh) as Mine development expenditure in respect of open cast mines.</p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• We went through the current status of the mining at different mines</li> <li>• We discussed with the management about the stripping procedure adopted in the industry as well practice followed by the Company</li> <li>• Procedure followed by the management towards Identification of expenditures incurred in surface mines during production stage</li> <li>• Understanding the computation of Stripping ratio initially made and documents made available to us.</li> <li>• We have checked the stripping ratio to be charged under amortization for mine development expenditure for balance period of mines</li> <li>• Discussion with the core technical team involve in this process</li> <li>• Reliance is placed on the representations of the management.</li> </ul>



2.	<p><b><u>Provisions recognized and Contingent liabilities disclosed with respect to certain legal and tax matters</u></b></p> <p>The Company is subject to a number of legal, regulatory and tax cases for which final outcome cannot be easily predicted and which could potentially result in significant liabilities.</p> <p>Management's disclosures with regards to contingent liabilities are presented in Note No.39 (1) (i) to the Standalone Financial Statements.</p> <p>The assessment of the risks associated with the litigations is based on complex assumptions. This requires use of judgment to establish the level of provisioning, increases the risk that provisions and contingent liabilities may not be appropriately provided against or adequately disclosed. Accordingly, this matter is considered to be a Key Audit Matter.</p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>Our audit procedures relating to provisions recognized and contingencies disclosed regarding certain legal and tax matters included the followings:</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating the design and operating effectiveness of controls over the recognition, measurement, presentation and disclosures made in the Standalone Financial Statements in respect of these matters;</li> <li>• Obtaining details of legal and tax matters, inspecting the supporting documents to evaluate management's assessment of probability of outcome and the magnitude of potential loss, and testing related to provisions and disclosures in the Standalone Financial Statements;</li> <li>• Reviewing orders and other communication from regulatory authorities and management responses thereto;</li> <li>• Reviewing management expert's legal advice and opinion as applicable, obtained by the Company's management for evaluating certain legal matters and evaluating competence and capabilities of the experts; and</li> <li>• Using auditor's own judgement in evaluating certain significant and complex direct and indirect tax matters</li> </ul> <p>Based on the above procedures performed, we did not identify any material exceptions in the provision recognized and contingent liabilities disclosed in the Standalone Financial Statements with regard to such legal and tax matters.</p>
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3.	<p><b><u>Assessment of indication of impairment and the recoverable amount of cash generating units (CGUs)</u></b></p> <p>Refer Note No. 2.17, Note No.39 (27) and (28) of the accompanying Standalone Financial Statements.</p> <p>External sources of information such as changes in the market and economic environment, including the carrying amount of the net assets of the Company being more than its market capitalization as at March 31, 2021, Idle plant and machineries for quite long time, decline in the demand and production process and impact of Covid-19 pandemic required Company’s management to assess whether there is any indication of impairment and therefore make a formal estimate of recoverable amounts of certain plants and machineries at Gujarat Copper Project and COT plant at Malanjkhanda Copper Project as at March 31, 2021.</p> <p>Based on such indications, impairment testing was performed by the management in accordance with the requirements of Ind AS 36 “Impairment of Assets”. Management has calculated the recoverable amount of those plant and machineries using value-in-use method. This is a key audit matter, because of the significant carrying value of these CGUs and the estimation or uncertainty in assumptions used for calculating the recoverable amounts.</p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>Our audit procedures related to assessment of indication of impairment and recoverable amounts of these CGUs included the followings:</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating the design and operating effectiveness of controls for identification and assessment of any potential impairment, including determining the carrying amount and recoverable amount of the CGUs;</li> <li>• Replying on the report of external agency appointed solely for evaluating the assessment of impairment at plants this year and calculating the recoverable amount and impairment loss</li> <li>• Using auditor’s own judgements/assessment for testing appropriateness of the method and model used for determining the recoverable amount, mathematical accuracy of the models’ calculations and evaluating reasonableness of key assumptions used in future cash flow projections such as future use of those assets or management plan;</li> <li>• Performing sensitivity analysis over key assumptions to corroborate that recoverable amount of these CGUs is within a reasonable range, including the impact of Covid-19 pandemic assessment; and</li> <li>• Testing related presentation and disclosures in the Standalone Financial Statements.</li> </ul> <p>Based on the above procedures performed, we did not note any exceptions in the management’s assessment of the indication of impairment and conclusion that the recoverable amount of these CGUs was not lower than their respective carrying amounts as at March 31, 2021.</p>
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4.	<p><b><u>Modified Audit Procedures carried out in light of COVID-19 outbreak:</u></b></p> <p>Due to COVID-19 pandemic, nation-wide lockdown and travel restrictions imposed by Central / State Government / Local Authorities during the period of our audit. Wherever physical access was not possible, audit could not be conducted by visiting the Plants/Projects/Regional Sales offices. As we could not gather audit evidence in person/ physically/ through discussions and personal interactions with the officials at the Plants/Projects/Regional Sales offices, we have identified such modified audit procedures as a Key Audit Matter. Accordingly, our audit procedures were modified to carry out the audit remotely.</p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Plants/Projects/Regional Sales offices and carry out the audit processes physically at the respective Plants/Projects/Regional Sales offices. Wherever physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the management of the respective Plants / Projects / Regional Sales offices through E-Mail and to the extent generated from the ORACLE system at Head office, Kolkata. Audit was carried out on the basis of such documents, reports and records made available to us on which were relied upon as audit evidence by us for conducting the audit and reporting for the current period.</p> <p>Accordingly, we modified our audit procedures as follows:</p> <ol style="list-style-type: none"> <li>a) Conducted verification of necessary records/ documents/Trial Balances and other relevant application software electronically through remote access/emails in respect of Plants/Projects/Regional Sales offices wherever physical access was not possible.</li> <li>b) Carried out verification of scanned copies of the documents, records, certificates, deeds etc. made available to us through emails and remote access over secure network of the Company.</li> <li>c) Making enquiries and gathering necessary audit evidence through telephonic communication and e-mails.</li> </ol>
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**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors, Management Discussion and Analysis Report, Report on CSR activities, Business Responsibility Report, Corporate Governance Report and other annexure to Directors Report including Shareholder's Information, but does not include the Standalone Financial Statements and our auditor's report thereon. The Report of the Board of Directors including annexures and other related statements forming part of the Company's annual report is expected to be made available to us after the date of our this auditor report. 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 Standalone Financial Statements, our responsibility is to read the other information when it becomes available only and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

When we read the Report of the Board of Directors including annexures and other related statements form part of the Company's annual report and made available to us after the date of our this auditor report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibility of Management and Those Charged with Governance 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.



Independent Auditor's Report (Contd...)

- 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**

- 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 "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 except as reported in Clause (c) of the "Emphasis of Matters" 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;
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e) In pursuance to the Notification No. G.S.R 463(E) dated 05-06-2015 issued by Ministry of Corporate Affairs, Section 164(2) of the Act regarding disqualification of Directors, is not applicable to the Company, since it is a Government Company;
  - 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".
  - g) As per Notification No. GSR 463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies.

Accordingly, reporting in accordance with requirement of provisions of Section 197(16) of the Act is not applicable on the Company.



- h) 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:
- The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements—[Refer Note No. 39(1) to the accompanying Standalone Financial Statements];
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- 3) As required under Section 143(5) of the Act, we give in the “**Annexure C**”, a statement on the directions and sub-directions issued by the Comptroller and Auditor General of India in respect of the Company.

For **Chaturvedi & Co.**  
Chartered Accountants  
(Firm's Registration No.302137E)

Place: Kolkata  
Date: 25th June, 2021

**CA R.K. Nanda**  
Partner  
(Membership No.510574)

UDIN: 21510574AAAACA8224





“Annexure A” To the Independent Auditor’s Report

**{Referred to in Paragraph (1) of “Report on Other Legal and Regulatory Requirements” section of our Independent Auditor’s Report}**

- i. In respect of the Company’s fixed assets:
  - (a) The Company has maintained records showing full particulars, including quantitative details and situation of fixed assets. Further asset identification numbers and codification of some movable tangible assets along with make/model number needs to be assigned to the assets and particulars like quantitative details in case of few old assets along with their description, particulars of depreciation, amortization or impairment have to be properly disclosed in the Fixed Asset Register. Location details and areas of freehold land and leasehold land held by the Company at different locations needs to be updated in the Fixed Asset Register.
  - (b) According to the information and explanations given to us, the fixed assets of the Company has been physically verified by the management every year so that all the assets of Units/offices are covered once in a block of three years interval, which in our opinion is reasonable having regard to the size of the Company and the nature of its business. As per the phased programme, physical verification of assets held at Taloja Copper Project, Khetri Copper Complex, Regional Sales office North and West have been carried out during the year. No material discrepancies were noticed on such physical verification. The process of physical verification at Units/offices should be further improved by having the detailed list of assets with their identification numbers along with group asset code, quantity and value as per Fixed Assets Register duly mapped with assets physically verified and also having a well defined manual of physical verification especially looking into the various locations, quantum of assets physically available at each of the plant/office locations.
  - (c) On the basis of the information compiled by the Company and considering the voluminous nature and various locations, we report that title/lease deeds and other documents of title in respect of immovable properties as referred in Note No.3A, 3B and 3C of the accompanying Standalone Financial Statements, are held in the name of the Company, except in case of lands (both freehold and leasehold) and building acquired in respect of Gujarat Copper Project having net book value of ₹5296.25 Lakh (Gross block-Rs.6560.08 Lakh) as at March 31, 2021 are yet to be executed in favor of the Company. [Note No.39 (6) of the accompanying Standalone Financial Statements].
- ii. The physical verification of Semi-Finished and In-Process (WIP) stocks and Finished Goods as per the policy adopted by the Company is conducted departmentally in all the units (Indian Copper Complex, Khetri Copper Complex, Malanjkhand Copper Project, Taloja Copper Project & Gujarat Copper Project) at reasonable intervals during the year by a duly approved committee and again at the end of the every financial year once in a block of three years along with an Independent external agency appointed in this regard by duly approved committee.
 

During the year, the inventory of semi-finished and In-process (WIP) and inventory of Finished Goods have been physically verified by duly appointed external agencies at Indian Copper Complex and Malanjkhand Copper Project of the Company while at Taloja Copper Project, Khetri Copper Complex and Gujarat Copper Project, inventory was verified and certified by the respective Unit’s management. In our opinion and according to the information and explanations given to us, discrepancies noticed on such physical verification of inventories, which were not material, have been properly dealt with the books of accounts.

In respect of stores and spares, physical verification has been conducted by the external agencies in all the units during the year. No material discrepancies noticed on such physical verification and have been properly dealt with in the books of account.
- iii. In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to any companies, firms, limited liability partnership or other parties, covered in the register maintained under section 189 of the Companies Act, 2013. Hence, the clauses (iii) (a), (iii) (b) and (iii) (c) of the paragraph 3 of the order are not applicable to the Company.
- iv. According the information and explanations given to us, the Company has not given any loan or made any investment, given any guarantee or provided any security in connection with such loan given/Investment made to which provisions of Section 185 of the Act apply. The provisions of Section 186 of the Act, in our opinion, are not applicable to the Company.
- v. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from public within the meaning of Sections 73 to 76 of the Companies Act 2013 and rules framed there-under during the year.
- vi. According the information and explanations given to us, the maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of mining activities of the Company.



We have broadly reviewed the same and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether these are accurate and complete.

- vii. (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us, there is no arrear of undisputed statutory dues as at March 31, 2021 outstanding for a period of more than six months from the date of becoming payable except water cess aggregating of ₹1925.11 Lakh payable to Water Resources Department, Government of Jharkhand accrue since the financial year 1999-00 to 2020-21.

- (b) According to the information and explanations given to us and as per the records of the Company, there are disputed statutory dues, which have not been deposited as on March 31,2021 as given herein below:-

Name of the Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Gross Dispute Amount (Rs. in Lakh)
Central Excise Act	Central Excise	2014-15 to 2016-17 (ICC)	High Court of Jharkhand	560.60
Madhya Pradesh Value added Tax Act	Entry tax	1994-95 (MCP)	Commissioner (Appeals) Jabalpur	*5.38
Madhya Pradesh Value added Tax Act	State Sales Tax/ VAT	2009-2010 (MCP)	Sales Tax Authority (Bhopal)	*34.47
Madhya Pradesh Value Added Tax Act	State Sales Tax/ VAT	2011-12 (MCP)	Sales Tax Authority (Bhopal)	*16.66
Madhya Pradesh Value added Tax Act	State Sales Tax/ Vat	2012-13 (MCP)	Sales Tax Authority (Bhopal)	*99.89
Central Excise Act	Central Excise	2010-11 to 2013-14 (MCP)	CESTAT	*627.60
Rajasthan Value Added Tax Act	Central Excise	2007-08 to 2014-15 (KCC)	Hon'ble Supreme Court	*676.40
Central Excise Act	Central Excise	2013-14, 2014-15, 2017-18 & 2018-19(KCC)	Commissioner Central Excise, Bikaner	1348.97
Central Excise Act	Central Excise	2018-19 (KCC)	CESTAT	*361.79
Madhya Pradesh Value Added Tax Act	State Sales Tax/ Vat	1994-95,2011-12 , 2012-13 & 2013-14 (TCP)	Appellate Authority	*777.60
Panvel Municipal Corporation Act	Local body tax	01.01.2017 to 30.06.2017 (TCP)	Panvel Municipal Corporation	5789.42
Income Tax Act	Income tax	2001-02 to 2003-04, 2005-06 to 2007-08 (HO)	High Court of Kolkata	11508.52
Income Tax Act	Income tax	2007-08, 2011-12, 2012-13, 2016-17 & 2017-18 (HO)	ITAT/CIT(Appeals)	*11603.76

\*Aggregate amount of ₹1929.92 Lakh have been deposited against the cases and shown as “Other deposits” under Note No.-17 “Other Current Assets” in Standalone Financial Statements.

**“Annexure A” To the Independent Auditor’s Report (Contd...)**

- viii. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not issued any debentures and also not borrowed any loans from financial institutions or government.
- ix. According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Term loans taken by the Company from the Banks have been applied for the purpose for which they were raised.
- x. To the best of our knowledge and according to the information and explanations given to us and based on the audit procedure performed, we report that no cases of fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. As per notification no. GSR 463(E) dated 5.06.2015 issued by the Ministry of Corporate Affairs, Government of India, section 197 for managerial remuneration is not applicable to the Government Company and as such, provisions of paragraph 3(xi) of the said order are not applicable to the Company.
- xii. In our opinion, the Company is not a Nidhi Company and as such, provisions of paragraph 3(xii) of the said order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of books of accounts, transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable Indian Accounting Standards.
- xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of books of accounts, the Company has not entered into any non-cash transactions specified under Section 192 of the Act with its Directors or persons connected to them. Accordingly provisions of paragraph 3(xv) of the said order are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and as such, reporting under this clause is not applicable to the Company.

**For Chaturvedi & Co.**  
Chartered Accountants  
(Firm’s Registration No.302137E)

Place: Kolkata  
Date: 25th June, 2021

**CA R.K. Nanda**  
Partner  
(Membership No.510574)

UDIN: 21510574AAAACA8224



{Referred to in Paragraph (2) (f) of “Report on Other Legal and Regulatory Requirements” section of our Independent Auditor’s Report}

**Report on the Internal Financial Controls Over Financial Reporting 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 **Hindustan Copper Limited** (hereinafter referred as “the **Company**”) as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company 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 respective 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 internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 which is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

**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.



“Annexure B” To the Independent Auditor’s Report (*Contd...*)

**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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, internal financial controls system over financial reporting and such internal financial controls over financial reporting were generally operating effectively as at March 31, 2021, 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. However in certain areas where design documentation need further improvement like Manual on Fixed Assets verification, Implementation of Centralized data base for Title deeds/lease deeds/ other evidences of titles in respect of both freehold and leasehold lands and Buildings, Fund Management including cash and Bank, Finance/Accounts showing delegations, work allocation process, job rotation policy etc., Inventory management, Receivable Management, Expenditure on CSR, Payable Management incorporating the process flow by which the transactions are initiated, authorized, processed, recorded and reported at department level at Plants/Projects as well as for financial reporting process. Modification of finance/accounts manual needs to be done incorporating the Indian Accounting Standards requirements to have effective internal controls over financial reporting. System integration to capture the transactions that relates to financial statements and events/ conditions and other transactions significant to the financial statement has to be designed properly so as to fulfill the objectives of control criteria established by the Company.

Internal controls over financial reporting process as well as testing of such control activities has to be further improved considering the discrepancies noticed in physical verification of fixed assets like non availability of prescribed format of reporting, reconciliation of mismatches out of such physical verification, timely adjustment of discrepancies noticed, team structure etc. and maintenance of fixed asset register to be further improved. Utilization certificate related to funds disbursed under CSR programme have not been received in proper format explaining the date wise disbursements by company, various mode of spending the amount within a project, details of agency involved with their name, amount paid etc for better control. However, our opinion is not qualified in the above respect.

For **Chaturvedi & Co.**  
Chartered Accountants  
(Firm’s Registration No.302137E)

Place: Kolkata  
Date: 25th June, 2021

**CA R.K. Nanda**  
Partner  
(Membership No.510574)

UDIN: 21510574AAAACA8224



{Referred to in Paragraph (3) of “Report on Other Legal and Regulatory Requirements” section of our Independent Auditor’s Report}

Sl. No.	Details/Directions	Auditors’ Reply	Action Taken and Impact on Accounts and Financial statements
1.	Whether the Company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with financial implications, if any may be stated.	Yes, the Company has system in place to process all the accounting transactions through IT System.	There is no impact on the accounts and financial statements.
2.	Whether there is any restructuring of any existing loan or cases of wavier/ write off of debts/loans/interest etc. made by a lender to the Company due to the Company’s inability to repay the loan? If yes, the financial impact may be stated.	Based on the information available and as explained to us:- a) Reserve Bank of India vide its circular RBI/2019-20/244 DOR.No.BP. BC.71/21.04.048/2019-20 dated May 23,2020 on “COVID-19 – Regulatory Package” had announced certain regulatory measures in the wake of the disruptions on account of COVID-19 pandemic by rescheduling of Payments both Term Loans and Working Capital Facilities. Based on the information available and as explained to us, repayment schedule of installments accrue during the moratorium period 1st March 2020 to 31st August 2020 aggregating of ₹21300.00 Lakh was deferred. Out of this Company has paid ₹18000.00 Lakh during the year 2020-2021. b) The company has written back aggregate amount of ₹763.12 Lakh towards trade liabilities pending since long and excess provisions of ₹244.02 Lakh made in accounts during the normal course of business, as stated under Note No. 30 of the Standalone Financial Statements.	a) Impact on the accounts and financial statements to the tune of ₹18000.00 Lakh has already been considered. Installment of ₹3300.00 Lakh got deferred into FY 2021-22. b) Aggregate financial impact of ₹1007.14 Lakh towards “balances written back” has already taken care in books of accounts during the financial year as well as in the accompanying Standalone Financial Statements.
3.	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for / utilized as per its term and conditions? List the cases of deviation.	No funds received/receivable for specific schemes from Central/State agencies during FY 2020-21.	There is no impact on the accounts and financial statements.

For **Chaturvedi & Co.**  
Chartered Accountants  
(Firm’s Registration No.302137E)

Place: Kolkata  
Date: 25th June, 2021

**CA R.K. Nanda**  
Partner  
(Membership No.510574)

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