

# INDEPENDENT AUDITOR'S REPORT

To,  
The Members of  
**CENTURY PLYBOARDS (INDIA) LIMITED**

## Independent Auditor's Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of **Century Plyboards (India) Limited** ("the Company"), which comprise the balance sheet as at March 31 2020, the statement of profit and loss, (including the statement of other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information's (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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

2. 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 (ICAI) of India 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 there under, 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

3. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2020. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

Descriptions of Key Audit Matter	How we addressed the matter in our audit
<p><b>A. Valuation of inventories</b></p> <p>Refer to note 9 to the financial statements. The Company is having Inventory of ₹35,410.37 lacs as on 31<sup>st</sup> March 2020. Inventories are to be valued as per Ind AS 2. As described in the accounting policies in note 2.2(j) to the financial statements, inventories are carried at the lower of cost and net realisable value. As a result, the management applies judgment in determining the appropriate provisions against inventory of Stores, Raw Material, Finished goods and Work in progress based upon a detailed analysis of old inventory, net realisable value below cost based upon future plans for sale of inventory.</p>	<p>We obtained assurance over the appropriateness of the management's assumptions applied in calculating the value of the inventories and related provisions by:</p> <ul style="list-style-type: none"> <li>• Completed a walkthrough of the inventory valuation process and assessed the design and implementation of the key controls addressing the risk.</li> <li>• Verifying the effectiveness of key inventory controls operating over inventories; including sample based physical verification.</li> <li>• Reviewing the document and other record related to physical verification of inventories done by the management during the year.</li> <li>• Verifying for a sample of individual products that costs have been correctly recorded.</li> <li>• Comparing the net realisable value to the cost price of inventories to check for completeness of the associated provision.</li> <li>• Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year.</li> <li>• Recomputing provisions recorded to verify that they are in line with the Company policy.</li> </ul> <p><b>Our Observation:</b> Based on the audit procedures performed we did not identify any material exceptions in the Inventory valuation.</p>

Descriptions of Key Audit Matter	How we addressed the matter in our audit
<p><b>B. Revenue Recognition-</b></p> <p>The accuracy of amounts recorded as revenue is an inherent risk due to the complexity involve.</p> <p>The application of revenue recognition accounting standards Ind AS 115 is complex and involves a number of judgments and estimates. Refer note no 2.4 (h)-to Critical accounting judgments including those involving estimations and Revenue recognition. In view of the complexity of the revenue recognition and the judgments and estimates involved the recognition of revenue was a matter of most significance to our audit.</p>	<p>As part of our audit, we understood the Company's policies and processes, control mechanisms and methods in relation to the revenue recognition and evaluated the design and operative effectiveness of the financial controls from the above through our test of control procedures.</p> <ul style="list-style-type: none"> <li>• Tested a sample of sales transactions for compliance with the Company's accounting principles to assess the completeness, occurrence and accuracy of revenue recorded</li> <li>• Performing procedures to ensure that the revenue recognition criteria adopted by Company for all major revenue streams is appropriate and in line with the Company's accounting policies.</li> <li>• We tested the company's system generated reports, based on which revenue is accrued at the year end, and performed tests of details on the accrued revenue and accounts receivable balances recognized in the balance sheet at the year end.</li> </ul> <p>Our tests of detail focused on transactions occurring within proximity of the year end and obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents or system generated reports. We considered the appropriateness and accuracy of any cut-off adjustments</p> <ul style="list-style-type: none"> <li>• Traced disclosure information to accounting records and other supporting documentation.</li> </ul> <p><b>Our Observation:</b> Based on the audit procedures performed we did not identify any material exceptions in the revenue recognition.</p>

### Information Other than the Standalone financial statements and Auditor's Report Thereon

4. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the annual reports, 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 standalone 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

5. 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 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

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

6. 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 financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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.
  - 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.
7. 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.

8. 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.
9. 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.
10. 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 the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (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 the statement of other comprehensive income, the cash flow statement and statement of changes in equity 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time;

- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to standalone financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act; and
- (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, 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– Note 33 (ii) to the financial statements;
- II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Singhi & Co.**

Chartered Accountants  
Firm's Registration No.302049E

**(Rajiv Singhi)**

Partner

Place: Kolkata  
Date: June 26, 2020

Membership No. 053518  
UDIN20053518AAAAAS3314

## Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Century Plyboards (India) Limited India Limited of even date)

- i. In respect of the Company's fixed assets:
- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As explained to us, fixed assets have been physically verified during the year by the management as per phased program of verification and no material discrepancies have been noticed on such physical verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The physical verification of inventory excluding inventories in transit has been conducted at reasonable intervals by the Management during the year. The discrepancies noted on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loan to parties covered in the register maintained under section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable.
- iv. The Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments made and providing guarantees and securities, as applicable.
- v. The Company has not accepted deposits from public within the meaning of section 73, 74, 75, 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the product & services rendered by the Company.
- vii. According to the information and explanations given to us and on the basis of our examination of the books of account:
- a. The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Customs Duty, Goods and Service tax, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us and the records of the Company examined by us, no undisputed statutory dues as above were outstanding as at March 31, 2020 for a period of more than six months from the date they became payable.
- b. According to the information and explanation given to us, the dues of sales tax, Value added tax, income tax and duty of excise, which have not been deposited on account of any dispute and the forum where the dispute is pending as on March 31, 2020 are as under:

Name of the statute	Nature of dues	Amount (₹ In Lakh)	Year	Forum where dispute is pending
West Bengal VAT Act, 2005	WBST, CST & VAT	872.76	1999-00 to 2017-18	Commissioner of Commercial Tax, West Bengal
Andhra Pradesh VAT Act	Sales tax and CST	24.02	2005- 06 to 2012-13	CTO Office
Odisha VAT Act, 2004	VAT	19.03	2011-2012 & 2012-2013	Pending at Tribunal
Other States (including Sharon)	VAT	8.89	1990-91 to 2013-14	Joint Commissioner of Commercial Taxes
Income Tax Act, 1961	Income Tax	12.36	AY 2011-12	Commissioner of Income Tax (Appeals), Kolkata
		584.15	AY 2012-13	Commissioner of Income Tax (Appeals), Kolkata
		26.65	AY 2015-16	Commissioner of Income Tax (Appeals), Kolkata
		1,619.73	AY 2016-17	Commissioner of Income Tax (Appeals), Kolkata
		16.44	AY 2015-16	Commissioner of Income Tax (Appeals), Kolkata
The Central Excise Act, 1944	Duty of Excise	1,055.20	2008-09 to 2018-19	Customs, Excise & Service Tax Appellate Tribunal, Kolkata

viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to any financial institution and bank. The Company did not have any borrowing from Government and dues to debenture holders as at balance sheet date.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Further the company has not taken any fresh term loan during the year.

x. Based upon the audit procedure performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xi. The Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and

188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with them to which Section 192 of the Act applies. Accordingly, the provisions of Clause 3(xv) of the 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. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the company.

**For Singhi & Co.**

Chartered Accountants  
Firm's Registration No.302049E

**(Rajiv Singhi)**

Partner

Place: Kolkata  
Date: June 26, 2020

Membership No. 053518  
UDIN20053518AAAAAS3314

## Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our Independent Auditor's Report of even date to the Members of Century Plyboards (India) Limited on the standalone financial statements as of and for the year ended March 31, 2020 of even date)

### 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 with reference to standalone financial statements of

Century Plyboards (India) Limited ("the Company") as of March 31, 2020 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 financial control over financial reporting with reference to standalone financial statements 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 with reference to standalone financial statements 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 with reference to standalone financial statements 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 over financial reporting system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to standalone financial statements included obtaining an understanding of internal financial controls over financial reporting with reference to standalone financial statements, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

## Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial control over financial reporting with reference to standalone financial statements 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 with reference to standalone financial statements 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to financial statements 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 over financial reporting system with reference to standalone financial statements and such internal financial controls over financial reporting with reference to standalone financial statements were operating effectively as at March 31, 2020, based on the internal financial control over financial reporting with reference to standalone financial statements 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 Singhi & Co.

Chartered Accountants  
Firm's Registration No.302049E

(Rajiv Singhi)

Partner

Place: Kolkata

Date: June 26, 2020

Membership No. 053518  
UDIN20053518AAAAAS3314