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INDEPENDENT AUDITORS' REPORT

**To the Members of
The India Cements Limited**

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of The India Cements Limited ("the Company"), which comprise the Balance sheet as at 31st March 2020, the statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statements and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Ind AS 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 together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules 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 Ind AS financial statements.

Emphasis of Matter

Without qualifying our report, we draw attention to

- (a) Note No.41.4 of the Standalone Ind AS Financial Statements, regarding the order of attachment issued under Prevention of Money laundering Act through which certain assets of the company amounting to Rs.120.34 Crores have been attached vide provisional attachment Order dated 25th February 2015 which the company is disputing before legal forums. The company has been legally advised that it has strong grounds to defend its position, pending the outcome of the proceedings the impact if any is not ascertainable at this stage.
- (b) Note No.41.2(f) of the Standalone Ind AS Financial Statements relating to the order of the Competition Commission of India (CCI), concerning alleged contravention of the provisions of Competition Act, 2002 and imposing a penalty of Rs.187.48 Crores on the Company. On Company's appeal, National Company Law Appellate Tribunal (NCLAT), in its Order passed on 25th July, 2018, has reportedly upheld the CCI's Order. The company appealed against the order before Supreme Court and the Supreme Court vide its Order dated 05th October, 2018 admitted the Company's appeal and directed that the interim order passed by the Tribunal in the matter, will continue. Pending the outcome, no adjustments have been made in the Standalone Ind AS Financial Statements.

Key Audit Matters

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

1. Revenue recognition:

Discounts, Incentives and Rebates etc.:

Reasons why the matter was determined to be a key audit matter	Auditor's Response
<p>(i) Revenue is measured net of discounts, incentives and rebates earned by customers on the Company's sales.</p> <p>(ii) The Company has its presence across different marketing regions within the country and operates in competitive business environment. The company recognises discounts, incentives and rebates at the time of sale. The assessment of discounts, incentives and rebate schemes recognised on sales made during the year is material and considered to be complex and dependent on various performance obligations and market conditions. There is a risk of revenue being affected as a result of variations in assessment of discounts, incentives and rebates recognised on sales.</p> <p>Given the complexity involved in the assessment of provisions required for discounts, incentives and rebates the same is considered as key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Assessing the appropriateness of the Company's revenue recognition accounting policies, including those relating to discounts, incentives and rebates by comparing with applicable accounting standards. Testing the effectiveness of the Company's controls over the calculation of discounts, incentives and rebates based on commitments made. Obtaining management's assessment of its obligations towards discounts, incentives and rebates accruals under applicable schemes and compared the accruals made with the approved schemes on sample basis. Examined on a sample basis, all the supporting documentation required for computing the company's obligation towards discounts, incentives and rebates recorded and disbursed during the year including credit notes issued after the year end date to determine whether these were recorded appropriately. The management's assessment of discounts, incentives and rebates recorded for the current year have been compared with past practices of payments and reversal of such discounts and incentives and rebates to assess the adequacy of provisions made during the current year. Examining the manual journals posted to discounts, rebates and incentives to identify unusual or irregular items.

2. Litigations and Contingencies:

Reasons why the matter was determined to be a key audit matter	Auditor's Response
<p>The Company is subject to a large number of legal and tax related claims which have been disclosed / provided for in the financial statements based on the facts and circumstances of each case in view of its operations spread across various regions within India.</p> <p>Taxation and litigation exposures have been identified as a key audit matter due to the, timescales involved for resolution and the potential financial impact arising out of these on the financial statements given the inherent complexity and magnitude of potential exposures across the Company and the judgement necessary to estimate the amount of provisions required or to determine required disclosures. Further significant management judgement is involved in assessing the exposure of each case and eventual obligation on the company and thus there is a risk that such cases may not be adequately provided for or disclosed.</p> <p>These estimates could change substantially over time as new facts emerge and each legal case progress and subsequent judicial guidance emerges or statutory amendments if any with retrospective effects are enacted.</p> <p>(Refer note 41.2 & 41.4 to the standalone Ind AS financial statements).</p>	<p>Our audit procedures included the following: -</p> <ul style="list-style-type: none"> Gained an understanding of the process of identification of claims, litigations and contingent liabilities and identified key controls in the process. For selected controls we have performed tests of such controls. Obtained the summary of Company's legal and tax cases and critically assessed management's position through discussions with the Legal Counsel and operational management, on both the probability of success in significant cases, and the magnitude of any potential loss. Inspected external legal opinions (where considered necessary) and other evidence to corroborate management's assessment of the risk profile in respect of pending legal claims and disputes. Engaged with legal experts to technically appraise the legal positions taken by management with respect to local tax issues. Assessed whether management assessment of similar cases is consistent across the divisions or that differences in positions are adequately justified. Assessed the relevant disclosures made within the financial statements to address whether they appropriately reflect the facts and circumstances of the respective tax and legal exposures and the requirements of relevant accounting standards.

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3. Allowance for Receivables:

Reasons why the matter was determined to be a key audit matter	Auditor's Response
<p>Trade receivables of the company comprise mainly receivables from its customers towards sale of cement and other cement related products and shipping and infrastructure development business. The operating environment in the cement industry and other businesses the company operates has the inherent risks of default on receivables from the company's customers. In particular, in the event of financial stress at the customers end the company is exposed to potential risk of financial loss when the customers fail to meet their payment obligations in accordance with the agreed credit terms.</p> <p>The recoverable amount was estimated by management based on their specific recoverability assessment on individual debtor with reference to the aging profile, historical payment pattern and the past record of default of the customer. Management would make specific provision against individual balances with reference to the recoverable amount. For the purpose of determination of provision requirement, significant judgements and assumptions, including the credit risk assessment of customers, the timing and amount of realisation of these receivables, are required for the identification of impairment events and the determination of the provision to be made towards the receivables.</p>	<p>We have performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> • Tested the accuracy of aging of trade receivables at year end on a sample basis; • Obtained a list of outstanding receivables along confirmation of balances on a sample basis as per the auditing standards and identified any debtors with financial difficulty through discussion with management. • Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers, publicly available information if any and latest correspondence with customers and to consider if any additional provision should be made; and • Tested subsequent settlement of trade receivables after the balance sheet date on a sample basis, if any.

Other Information

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board Report including Annexures to Board's Report like Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's Information etc., but does not include the standalone Ind AS financial statements and our auditor's report thereon. The above reports are expected to be made available to us after the date of the auditor's report.

Our opinion on the standalone Ind AS 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 Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the above reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the 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 Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND AS) specified under section 133 of the Act read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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In preparing the standalone Ind AS 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 also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Ind AS 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 standalone Ind AS 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 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 Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Ind AS financial statements of the financial year ended March 31, 2020 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.

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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 other comprehensive income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.
 - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 Ind AS financial statements – Refer Note 41.2 & 41.4 to standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
3. With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration provided by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. However, due to inadequacy of profit, the remuneration paid to Managing Director and Whole Time Director resulted in excess of the limit specified under Sec 197 amounting to Rs.230 Lakhs and the same has been since recovered by the Company. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) of the Act which are required to be commented upon by us.

For K.S. RAO & CO.,
Chartered Accountants
Firm Regn No: 003109S

M. KRISHNA CHAITHANYA
Partner
Membership No.231282
UDIN: 20231282AAAABF6554

For S. VISWANATHAN LLP.,
Chartered Accountants
Firm Regn No: 004770S/S200025

CHELLA K. SRINIVASAN
Partner
Membership No.023305
UDIN: 20023305AAAABY6362

Place : Chennai
Date : 24th June, 2020

ANNEXURE ‘A’ TO THE INDEPENDENT AUDITORS’ REPORT

The Annexure referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. Pursuant to the programme, certain fixed assets were physically verified by the management during the year and according to the information and explanations given to us, no material discrepancies were noticed on such 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) In our opinion and 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 except for the following which are not held in the name of the company. In regard to Immovable properties of land and buildings wherever title deeds have been pledged as securities towards loans, guarantees etc availed by the company the same are stated to have been held in the name of the company and are confirmed by the lenders as on the reporting date.

(INR in Lakhs)

Particulars of Land & Building	Value as at 31.03.2020		No of Cases
	Gross Block	Net Block	
Building – Apartment at Delhi	5.70	4.68	1

Freehold land includes land transferred pursuant merger, pending mutation in the name of the company.

- ii) According to information and explanations given to us the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect to the loans given, investments made, guarantees given and security provided.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. However, in regard to the unclaimed deposits the company has complied with the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi) The maintenance of cost records has been specified by the central government under section 148(1) of Companies Act, 2013. We have broadly reviewed the cost records maintained by the company pursuant to Companies (Cost Records and Audit) Rules, 2014 as amended, prescribed by the central government under sub-section (1) of section 148 of Companies Act, 2013, and are opinion that prima facie the prescribed cost records have been made and maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete and we have relied on the reports of cost auditors in this regard.
- vii) According to the information and explanations given to us and on the basis of our examination of the books of account in respect of statutory dues:
 - a) The company has generally been regular in depositing undisputed statutory dues, barring few instances of delays in making payment towards Provident Fund, Employees’ State Insurance, Income-tax, Goods and Service Tax, Duty of Customs, Value Added Tax, Cess and any other Statutory Dues to the appropriate authorities. There were no undisputed amounts payable towards Provident Fund, Employees’ State Insurance, Income-tax, Goods and Service Tax, Duty of Customs, Cess and any other Statutory Dues as on 31st of March, 2020 for a period of more than six months from the date they became payable.

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- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, details of dues of Sales tax, Income tax, Service tax, Customs Duty, Excise duty, VAT and Cess, which have not been deposited as on 31st March 2020 on account of any dispute and the forum where disputes are pending is given in Annexure - I.
- viii) Based on the audit procedure and according to the information given to us, read with moratorium extended for repayment of loans based on circular issued by Reserve Bank of India we are of the opinion that the company has not defaulted in repayment of loans from financial institutions, banks or dues to debenture holders. In regard to dues to Governments, the Company has sought extension on account of COVID-19 lockdown in relation to the below mentioned sales tax deferral dues which has since been paid.

Particulars	Amount of dues to Government at the Balance sheet date	Period of default	Remarks
Andhra Pradesh Government	₹ 10,03,06,654	Due on March 31, 2020	Paid on 16-05-2020
Telangana Government	₹ 9,66,49,769	Due on March 31, 2020	Paid on 08-05-2020

- ix) In our opinion and according to the information and explanations given to us and based on the records produced for our perusal during the year the term loans have been applied by the company for purposes for which they were raised and the company has not raised monies by way of initial public offer or further public offer (including debt instruments).
- x) 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 course of our audit.
- xi) In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, however due to inadequacy of profit, the remuneration paid to Managing Director and Whole Time Director resulted in excess of the limit specified under Sec 197 amounting Rs.230 Lakhs and the same has been since recovered by the Company.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For K.S. RAO & CO.,
Chartered Accountants
Firm Regn No: 003109S

M. KRISHNA CHAITHANYA
Partner
Membership No.231282
UDIN: 20231282AAAABF6554

Place : Chennai
Date : 24th June, 2020

For S. VISWANATHAN LLP.,
Chartered Accountants
Firm Regn No: 004770S/S200025

CHELLA K. SRINIVASAN
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Membership No.023305
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Annexure - B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the Standalone Ind AS Financial Statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of The India Cements Limited (“the Company”) as of that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the Financial Statements.

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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 and to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K.S. RAO & CO.,
Chartered Accountants
Firm Regn No: 003109S

M. KRISHNA CHAITHANYA
Partner
Membership No.231282
UDIN: 20231282AAAABF6554

Place : Chennai
Date : 24th June, 2020

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ANNEXURE - I to the Independent Auditors' Report as mentioned in Paragraph 3 (vii) (b) of CARO 2016

Sl. No.	Nature of the Statute	Nature of Dues	Amount (₹)	Period to which amount relates	Forum where dispute is pending
1	Central Excise Act ,1944	Excise Duty and Service tax	55993394	Various Periods from 1995-96 to 2009-10	Supreme Court
			235253576	Various Periods from 1994-95 to 2017-18	High Court
			1166763199	Various Periods from 2003-04 to 2017-18	CESTAT
			293319931	Various Periods from 2001-02 to 2017-18	Commissioner / Commissioner (Appeals)
	Sub Total		1751330100		
2	Central Sales Tax Act, 1956 and Sales Tax of Various States	Sales Tax /VAT	25948554	2008-09 & 2013-14	Additional Commissioner (Rev. Petition)
			311361639	Various pendings from 1969-70 to 2017-18	Appeal to High Court
			5853451	2013-14,2005-06 and 2007-08	Deputy Commissioner (Appeals)
			15161629	Various pendings from 2007-08 to 2015-16	Joint Commissioner (Appeals)
			6399198	2005-06,2007-08,2008-09	Sales Tax Apellate Tribunal
			9346735	2013-14	Commissioner (Appeals)
Sub Total		374071206			
3	Customs Duty, 1962	Customs Duty	642841243	2013-14 & 2014-15 & 2017-18	CESTAT
	Sub Total		642841243		
4	Income Tax Act, 1961	Income Tax	81064938	1996-1997	Supreme Court
			36383000	Various periods from 1982-83 to 1986-87	High Court
			531000	1991-1992	Income Tax Apellate Tribunal
			13810399	2015-2016	CIT Appeals
			58297245	2016-2017	Deputy Commissioner of Income Tax
Sub Total		190086582			
	Grand Total		2958329131		

For K.S. RAO & CO.,
Chartered Accountants
Firm Regn No: 003109S

M. KRISHNA CHAITHANYA
Partner
Membership No.231282
UDIN: 20231282AAAABF6554

Place : Chennai
Date : 24th June, 2020

For S. VISWANATHAN LLP.,
Chartered Accountants
Firm Regn No: 004770S/S200025

CHELLA K. SRINIVASAN
Partner
Membership No.023305
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