# Independent Auditor's Report

**To the Members of Indo Rama Synthetics (India) Limited**

## Opinion

1. We have audited the accompanying standalone financial statements of Indo Rama Synthetics (India) Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. 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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing 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 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 financial statements under the provisions of the Act 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 opinion.

## 4. Emphasis of Matters

### (a) Impact of COVID-19

We draw attention to Note 44 to the accompanying standalone financial statements, which describes management's assessment of uncertainties relating to the effects of the COVID-19 pandemic on the Company's operations. Our opinion is not modified in respect of this matter.

### (b) Change in useful lives of certain assets

We draw attention to note 47 to the accompanying standalone financial statements which indicates that the management has re-assessed and revised the remaining useful lives of certain assets in the block of plant and equipment with effect from 1 April 2020 based on technical assessment performed by an independent expert. The effect of change in such accounting estimate has been recognised prospectively in the accompanying standalone financial statements in accordance with requirements of Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. As a consequence, there is a reduction in depreciation expense recognised and for the year ended 31 March 2021 by ₹ 51.53 Crores as described in the aforesaid note. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter | How the matter was addressed in the audit |
|---|---|
| **Recognition of deferred tax assets (Refer note 8(b) and note 46 to the accompanying standalone financial statements)**<br><br>As detailed in note 8(b) and note 46 to the accompanying standalone financial statements, the Company has deferred tax assets (net) aggregating to ₹ 208.53 Crores as at 31 March 2021.<br><br>During the current year, the Company has recognised deferred tax assets amounting to ₹ 98.52 Crores on the basis of improved operational and market performance achieved during the year.<br><br>The Company's ability to recover the deferred tax assets is assessed by the management at the close of each financial year which depends on the forecasts of the future results and taxable profits that Company expects to earn within the period by which such brought forward losses can be adjusted against the taxable profits as governed by the Income-tax Act, 1961.<br><br>The projected cash flows involve key assumptions such as future growth rate and market conditions including considering impact of COVID-19 pandemic. Any change in these assumptions could have a material impact on the carrying value of deferred tax assets. These assumptions and estimates are judgmental, subjective and depend on the future market and economic conditions, including industry focused trade policies, materialisation of the Company's expansion plans.<br><br>We have identified the recoverability of deferred tax assets recognised on carried forward tax losses and unabsorbed depreciation as a key audit matter for the current year audit considering the materiality of the amounts, complexities and significant judgments involved, as described above. | Our audit procedures in relation to the recognition of deferred tax assets included, but were not limited to, the following:<br><br>• Evaluated the design and tested the operating effectiveness of key controls implemented by the Company over recognition of deferred tax assets based on the assessment of Company's ability to generate sufficient taxable profits in foreseeable future allowing the use of deferred tax assets within the time prescribed by income tax laws.<br>• Reconciled the future taxable profit projections to future business plans of the Company as approved by the Board of Directors.<br>• Tested the assumptions used in the aforesaid future projections such as growth rates, expected saving, increased utilisation of plants, etc. considering our understanding of the business, actual historical results, other relevant existing conditions, external data and market conditions, including the impact of COVID-19 pandemic on such assumptions.<br>• Tested the arithmetical accuracy of the calculations including those related to sensitivity analysis performed by the management.<br>• Performed independent sensitivity analysis to test the impact of possible variations in key assumptions.<br>• Reviewed the historical accuracy of the cash flow projections prepared by the management in prior periods.<br>• Evaluated management's assessment of time period available for adjustment of such deferred tax assets as per provisions of the Income-tax Act, 1961 and appropriateness of the accounting treatment with respect to the recognition of deferred tax assets as per requirements of Ind AS 12, Income Taxes.<br>• Evaluated the appropriateness for additional recognition of deferred tax asset during the year. Evaluated the appropriateness and adequacy of the disclosures made in the standalone financial statements in respect of deferred tax assets in accordance with applicable accounting standards. |
| **Going concern basis of accounting (Refer note 1(iii)(b) and note 45 to the accompanying standalone financial statements)**<br><br>During the year ended 31 March 2021, the Company has earned profits before tax of ₹ 2.73 Crores and also as at 31 March 2021 the current liabilities exceed its current assets by ₹ 335.13 Crores.<br><br>While the above indicates doubt about the Company's ability to continue as a going concern, however, as detailed in aforesaid note to the accompanying standalone financial statements, the Company has taken into consideration the following mitigating factors in its assessment of appropriateness of using the going concern basis of accounting:<br><br>• The Company has option to arrange additional credit lines with the support of the promoter group company to the tune of USD 35 million by way of the Stand By Letter of Credit (SBLC) to meet any unforeseen exigencies;<br>• Increased capacity utilisation of plants;<br>• Expected additional benefit of GST refund on increased future sales within the state of Maharashtra; and<br>• Improved margins due to reduction in raw material prices. | Our audit procedures included, but were not limited to, the following in relation to assessment of appropriateness of going concern basis of accounting:<br><br>• Obtained an understanding of the management's process for identifying all events or conditions that could impact the Company's ability to continue as a going concern, and the process followed to assess the mitigating factors existing for such events or conditions.<br>• Evaluated the design and tested the operating effectiveness of key controls around aforesaid identification of events or conditions and mitigating factors, and controls around cash flow projections prepared by the management.<br>• Reconciled the cash flow projections to future business plans of the Company as approved by the Board of Directors.<br>• In order to corroborate management's future business plans and to identify potential contradictory information we read the board minutes, supervisory board minutes and discussed the business plans with management and the Audit Committee. |

| Key audit matter | How the matter was addressed in the audit |
|---|---|
| Management has prepared future cash flow forecasts taking into cognizance the above developments and performed sensitivity analysis of the key assumptions such as future growth rate and market conditions including impact of COVID-19 pandemic, therein to assess whether the Company would be able operate as a going concern for a period of at least 12 months from the date of financial statements, and concluded that the going concern basis of accounting used for preparation of the accompanying standalone financial statements is appropriate with no material uncertainty over going concern.<br><br>We have considered the assessment of management's evaluation of going concern basis of accounting as a key audit matter due to the pervasive impact thereof on the standalone financial statements and the significant judgements and assumptions that are inherently subjective and dependent on future events, involved in preparation of cash flow projections and the overall conclusion. | • Tested the appropriateness of the key assumptions, including the impact of COVID-19 pandemic on such assumptions that had the most material impact including the growth rates, increased utilization of plants and reduced raw material cost. In challenging these assumptions, we considered our understanding of the business, actual historical results, other relevant existing conditions, external data and market conditions.<br>• Tested the arithmetical accuracy of the calculations including those related to sensitivity analysis performed by the management.<br>• Performed independent sensitivity analysis to test the impact of variation in the key assumptions.<br>• Reviewed the historical accuracy of the cash flow projections prepared by the management in prior periods.<br>• Inspected the approved unutilized loan sanction letter and evidence of support given by the promoter group company in favour of the Company.<br>• Evaluated the appropriateness and adequacy of the disclosures made in the standalone financial statements in respect of going concern |
| **Provisions and contingent liabilities relating to litigations (Refer note 18 and note 32 to the accompanying standalone financial statements)**<br><br>As detailed in note 18 and note 32 to the standalone financial statements, the Company is exposed to a large number of litigations including matters pertaining to income tax and prior years' matters pertaining to excise, customs, sales tax, value added tax, service tax, etc., which could have a significant impact on the financial position of the Company, if the potential exposures were to materialize.<br><br>Provision for such litigations amounts to ₹ 38.30 Crores as at 31 March 2021 based on its estimate of the likelihood of such liability devolving upon the Company.<br><br>The amounts involved are material and the application of accounting principles as given under Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets', in order to determine the amount to be recognised as a liability or to be disclosed as a contingent liability, in each case, is inherently subjective, and needs careful evaluation and judgement to be applied by the management.<br><br>The key judgements involved are with respect to the potential exposure of each litigation and the likelihood and/or timing of cash outflows from the Company, and requires interpretation of laws and past legal rulings.<br><br>Considering the significant judgments, materiality of the amounts involved, inherent high estimation uncertainty and reliance on legal and tax experts, this matter has been identified as a key audit matter for the current year audit. | Our audit procedures in relation to the assessment of litigations and provisions included, but were not limited to, the following:<br>• Obtained an understanding of the management process for:<br>- identification of legal and tax matters initiated against the Company,<br>- assessment of accounting treatment for each such litigation identified under Ind AS 37 accounting principles, and<br>- measurement of amounts involved.<br>• Evaluated the design and tested the operating effectiveness of key controls around above process including for completeness and accuracy of the list of litigations outstanding against the Company.<br>• Obtained understanding of the developments during the year in each existing litigation, and understanding of the new litigations initiated against the Company during the year by inquiry with the management, inspection of case related documents such as notices, orders, etc. and correspondence of the Company with their external counsels handling such matters on behalf of the Company.<br>• Conducted a critical review of the assessment done by the management with the help of its legal and tax experts for the likelihood and potential impact of each litigation, examining the available supporting documents. Tested the independence, objectivity and competence of such experts involved.<br>• Exercised our professional judgment to assess the management's assessment of the potential likelihood of liability devolving upon the Company with respect to each legal case.<br>• Involved auditor's experts to assess the Company's interpretation and application of relevant tax laws to evaluate the appropriateness of key assumptions used and the reasonableness of estimates made in relation to uncertain tax positions, taking into account past precedents.<br>• Reviewed significant movements in provision with supporting documents.<br>• Tested the underlying calculations of amount of liability recognized and contingent liability disclosed in the standalone financial statements.<br>• Evaluated the appropriateness and adequacy of disclosures made in the standalone financial statements with respect to provisions and contingent liability in accordance with applicable accounting standards. |

**Information other than the Financial Statements and Auditor's Report thereon**

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of standalone the 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, 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 Standalone Financial Statements**

8. The accompanying standalone financial statements have been approved by the Company's Board of Directors. 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, profit, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the 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.

10. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

11. Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing 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.

12. As part of an audit in accordance with Standards on Auditing, 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

13. 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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**

16. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors for the year ended 31 March 2021 in excess of the limits laid down under section 197 of the Act by ₹ 0.69 Crores. The remuneration paid to the whole-time director is within the limits prescribed in Schedule V to the Act whereas the remuneration paid to the managing director is in excess of such limits, as further explained in note 41(d) to the accompanying standalone financial statements. Such remuneration has been paid subject to approvals of the shareholders by way of ordinary resolution/special resolution, as applicable, in the ensuing Annual General Meeting in accordance with the requirements of Section 197 and Schedule V to the Act.

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

18. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit we report, to the extent applicable, 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 purpose of our audit of the accompanying standalone financial statements;

    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 standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) the matter described in paragraph 4 under the Emphasis of Matter, in our opinion, may have an adverse effect on the functioning of the company.

    f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;

    g) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 19 May 2021 as per Annexure II expressed unmodified opinion;

    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, as detailed in note 32 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021;

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Tarun Gupta
Partner
Membership No.: 507892
UDIN: 21507892AAAABY5637

Place: New Delhi
Date: 19 May 2021

# Annexure I to the Independent Auditor's Report of even date to the members of Indo Rama Synthetics (India) Limited, on the standalone financial statements for the year ended 31 March 2021 (Cont'd)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment)

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of ¬¬¬three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

### Statement of Disputed Dues

| Name of the statute | Nature of dues | Amount (₹) (in Crores) | Amount paid under Protest (₹) (in Crores) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Income Tax Act, 1962* | Income tax | 0.26 | 0.26 | AY 2006-07 | Hon'ble High Court, New Delhi |
| Income Tax Act, 1962* | Income tax | 0.23 | - | AY 2007-08 | Hon'ble High Court, New Delhi |
| The Central Excise Act, 1944 | Duty of excise | 0.51 | - | March-2008 to December-2010 | Hon'ble High Court, Mumbai |
| The Central Excise Act, 1944 | Duty of excise | 2.01 | 2.00 | 2006-07 | Customs, Excise & Service Tax Appellate Tribunal |
| The Central Excise Act, 1944 | Duty of excise | 1.98 | - | September-2005 to April-2007 | Commissioner (Appeals), Nagpur |
| The Central Excise Act, 1944 | Duty of excise | 1.12 | 0.42 | 2005-2007 | Customs, Excise & Service Tax Appellate Tribunal |
| The Central Excise Act, 1944 | Duty of excise | 0.38 | - | 2005-06 | Commissioner (Appeals), Nagpur |
| The Central Excise Act, 1944 | Duty of excise | 0.05 | - | March 2009 | Assistant /Deputy Commissioner, Nagpur |
| The Central Excise Act, 1944 | Duty of excise | 0.04 | - | April 2009 to November 2009 | Assistant /Deputy Commissioner, Nagpur |
| The Central Excise Act, 1944 | Duty of excise | 0.04 | - | 2004-05 to 2005-06 | Commissioner (Appeals), Nagpur |
| The Central Excise Act, 1944 | Duty of excise | 0.09 | - | January 2011 to December 2013 | Assistant /Deputy Commissioner, Nagpur |
| The Central Excise Act, 1944 | Duty of excise | 10.90 | - | 2008-09 | Joint secretary, Government of India |
| The Central Excise Act, 1944 | Duty of excise | 18.93 | - | 2011-12 to 2015-16 | Commissioner (Appeals), Nagpur |
| The Central Excise Act, 1944 | Duty of excise | 1.16 | 0.08 | 1996-2000 | Commissioner (Appeals), Nagpur |
| The Central Excise Act, 1944 | Duty of excise | 0.33 | - | 2001-02 | Commissioner (Appeals), Nagpur |
| The Central Excise Act, 1944 | Duty of excise | 0.10 | - | 2000-01 | Commissioner (Appeals), Nagpur |
| The Central Excise Act, 1944 | Duty of excise | 0.31 | - | 2002-03 | Commissioner (Appeals), Nagpur |
| Customs Act, 1962 | Duty of customs | 0.04 | - | 1997-98 to 1998-99 | Assistant Commissioner/ Deputy Commissioner, Nagpur |
| Customs Act, 1962 | Duty of customs | 6.01 | 0.45 | 2006-07 | Customs, Excise and Service Tax Appellate Tribunal |
| Customs Act, 1962 | Duty of customs | 3.67 | 0.15 | 2014-15 to 2015-16 | Customs, Excise and Service Tax Appellate Tribunal |
| Customs Act, 1962 | Duty of customs | 214.25 | - | 2006-07 | Supreme Court |
| Customs Act, 1962 | Duty of customs | 0.23 | - | 2017-18 | Assistant /Deputy Commissioner, Nagpur |
| Customs Act, 1962 | Duty of customs | 0.01 | - | 2018-19 | Assistant /Deputy Commissioner, Nagpur |
| Bombay Sales Tax Act, 1959/ Central Sales Tax Act, 1956 | Sales tax | 0.07 | 0.06 | 1998-99 | Joint Commissioner Sales Tax (Appeals), Nagpur |
| Maharashtra Value Added Tax Act, 2002 | Value added tax | 7.35 | 0.10 | 2014-15 to 2015-16 | Joint Commissioner Sales Tax (Appeals), Nagpur |
| Finance Act, 1994 | Service tax | 0.71 | - | 2007-08 | Commissioner (Appeals), Nagpur |
| Finance Act, 1994 | Service tax | 0.08 | - | 1997-98 and 2000-01 | Assistant/ Deputy Commissioner, Nagpur |
| Finance Act, 1994 | Service tax | 0.20 | - | 2002-03 to 2005-06 | Commissioner, Nagpur |
| Finance Act, 1994 | Service tax | 0.22 | 0.08 | 2004-05 to 2009-10 | Customs, Excise and Service Tax Appellate Tribunal |
| Finance Act, 1994 | Service tax | 0.02 | - | 2016-17 | Assistant/ Deputy Commissioner, Nagpur |

*excluding cases where losses/unabsorbed depreciation have been adjusted by the tax authorities without raising any demands, though disputed by the Company.

The above amounts are exclusive of interest and penalty, if any, which may be levied on conclusion of the matters at respective forums.

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank. The Company has no loans or borrowings payable to any financial institution or government and no dues payable to debenture-holders during the year.

(ix) In our opinion, the Company has applied moneys raised by way of the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments).

(x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V of the Act, except in case of two directors wherein the remuneration paid to the whole-time director is in excess of limits laid down under section 197 by ₹ 0.22 Croresbut within the limits as laid down in Schedule V to the Act and the remuneration paid to the managing director is in excess of such limits by ₹ 0.47 Crore. Such remuneration has been paid subject to approvals of the shareholders by way of ordinary resolution/special resolution, as applicable, in the ensuing Annual General Meeting in accordance with the requirements of Section 197 and Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the standalone financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Tarun Gupta
Partner
Membership No.: 507892
UDIN: 21507892AAAABY5637

Place: New Delhi
Date: 19 May 2021

# Annexure II

**Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the standalone financial statements of Indo Rama Synthetics (India) Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

**Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Control 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 the Company's business, including adherence to the 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 Act.

**Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. 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 financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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.

5. 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 with reference to financial statements.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to 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 controls with reference to financial statements include 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.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls 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**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Tarun Gupta
Partner
Membership No.: 507892
UDIN: 21507892AAAABY5637

Place: New Delhi
Date: 19 May 2021