

INDEPENDENT AUDITOR'S REPORT

To,  
The Members  
M/s. INTEGRATED THERMOPLASTICS LIMITED.,

Report on the Indian Accounting Standards (IND AS) Financial Statements:

**Opinion**

We have audited the accompanying IND AS financial statements of M/s. INTEGRATED THERMOPLASTICS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and accounting to the explanations given to us, the aforesaid IND AS Financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2019;
- b) In the case of the Profit and Loss statement, of the Loss for the year ended on that date;
- c) In the case of the cash flow statement, of the cash flow for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the 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 independence requirements that are relevant to our audit of the IND AS 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 code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the IND AS Financial statements.

**Key Audit Matters**

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

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.



This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the 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 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:

- Ø Identify and assess the risks of material misstatement of the 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.
- Ø Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Ø Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Ø 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 IND AS 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.
- Ø Evaluate the overall presentation, structure and content of the IND AS Financial statements, including the disclosures, and whether the IND AS Financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the IND AS Financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 financial statements.

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

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

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

#### Emphasis of Matters:

We draw attention to the following matters in the notes to the Ind AS financial statements:

The financial statements which indicates that the company has accumulated losses of Rs.,20,37,77,691/and its net worth has been substantially eroded, the company has incurred a net loss of Rs.12,83,04,597/- during the current year and in the previous year Rs.1,57,89,870/-

Notes to accounts to the financial statements which shows Letter of Credit of Rs.650 Lakhs which is a threat to the company as it results for the payment if default is made

Notes to accounts to the financial statements which describe accounting for retirement benefits and the Provisions required as on 31/03/2019 is not ascertained.

Our opinion is not modified in respect of these matters.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.



- e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- 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 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 amount to transfer or delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For M/s. Deva & Co.,  
Chartered Accountants  
(Firm’s Registration No. 000722S)

Supriya B  
Partner  
(M No.229749)

Place: Hyderabad.  
Date: 02/09/2019.

**ANNEXURE "A"****TO THE INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the internal financial controls over financial reporting of M/s INTEGRATED THERMOPLASTICS LIMITED ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date

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

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

**Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operative 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 Ind AS 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 Ind AS financial statements.

#### 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

According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at March 31st, 2019

- a) As there are deficiencies in internal controls such that the management or employees, of the company in the normal course of performing their assigned functions, does not prevent, or detect and correct misstatements on a timely basis.
- b) A lack of adequate procedures and controls to appropriately account for certain non-income tax-related expenses and comply with the related filing requirements.
- c) The company does not have an appropriate written internal control system for customer/supplier acceptance, credit evaluation and establishing credit limits for sales/purchases, which could potentially results in the company recognizing revenue without establishing reasonable certainty of ultimate collection.
- d) The company does not have adequate written controls for the personnel recruitment, training and other related activities.
- e) Most of the transactions are being personally supervised by the management itself without proper job rotations and its related procedures.



- a) The company is not issuing the receipts for the amount received through bank.
- b) There is no proper maker and checker relationship as the transactions are being processed and authorized by the same person.

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31st, 2019, based on "the Internal Control over financial reporting criteria established by the company considering the essential components of the internal control stated in the Guidance Note on audit on Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India".

For M/s. Deva & Co.,  
Chartered Accountants  
(Firms Registration No.00722S)

Place: Hyderabad,  
Date: 02/09/2019



Supriya Beled  
Partner  
(Membership No.229749)

## ANNEXURE "B"

## TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Integrated Thermoplastics Limited of even date)

Report as required by the company's (Auditor's Report ) Order,2016 issued by the Central Government of India in term of Sub Section (11) of section 143 of the Companies Act,2013.

- 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) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deed relating to the immovable property of land situated at Survey no.375 Monoharabad Village, Toopran Mandal, Medak District Telangana is the name of the Company as at the balance sheet date. But, the above mentioned land is in Dispute pending before the Court of the Honorable Senior Civil Judge at Siddipet and the Executive Petition is filed by the decree holder E.P.No,04 of 2016 by Mr.Surender Singh.
- ii. In respect of the Company's Inventories :
- The Physical verification of Inventory has been conducted at reasonable intervals by the management during the year and no material discrepancies were noticed on physical verification and the small discrepancies, if any, have been properly dealt within the books of accounts.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans to the companies covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act") accordingly the clause iii (a),iii (b) and iii(c) are not applicable
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act,2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the manufacturing activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.



- i. According to the information and explanations given to us, in respect of statutory dues:
- The Company has not regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax,
  - Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - There are undisputed amounts payable in respect of Income Taxes and Professional Tax in arrears as at March 31, 2019 for a period of more than six months from the date they became payable and the details are given under:

Statement of arrears of Statutory Dues Outstanding for more than Six Months

| Sl. No. | Nature of Dues | Amount (Rs.) | Period to which the Amount relates to |
|---------|----------------|--------------|---------------------------------------|
| 1       | Income Tax     | 22,20,150    | 2015-2016                             |
| 2       | Income Tax     | 20,92,670    | 2011-2012                             |
| 3       | Income Tax     | 22,40,512    | 2010-2011                             |
| 4       | Income Tax     | 18,14,870    | 2017-2018                             |

- (d) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2019 on account of dispute are given below:

| Sl. No. | Nature of Statute  | Nature of Dues | Amount # (Rs in Lakhs) | Period which the amount relates | Forum where dispute is pending |
|---------|--------------------|----------------|------------------------|---------------------------------|--------------------------------|
| 1       | APGST/VAT Act      | Sales Tax      | 66.42                  | 2001-2002                       | Appeal in STAT                 |
| 2       | Central Excise Act | Excise Duty    | 1.04                   | 1998-1999                       | Department Appeal in CESTAT    |
| 3       | CST Act            | CST            | 24.25                  | 2011-2012                       | W.P.to be filed                |
| 4       | CST Act            | CST            | 7.45                   | 2012-2013                       | Appeal in ADC(CT)              |
| 5       | CST Act            | CST            | 4.65                   | 2014-2015                       | Appeal in ADC(CT)              |

# Total disputed Tax of Rs.103.81 Lakhs for which provision has not been made in the books.

- In our report and according to the conformation and explanations given to us, the company has become default in repayment of dues to APSFC Term Loan Principle Amount of Rs.6,30,01,737 and Interest on Term Loan of Rs.13,12,25,994/-Total Amounting to Rs.19,42,27,731/- as at 31st March, 2019. The Company has also taken loan from M/s. Toyoto Financial Services India Ltd and regular in payment. During the year the company has not issued any debentures.
- The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

- i. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- ii. In our opinion and according to the information and explanations given to us, 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.
- iii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements (under Note-27(Part-C)) as required by the applicable accounting standards.
- v. 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.
- vi. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- vii. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M/s. Deva & Co.,  
Chartered Accountants  
(Firms Registration No. 000722S)

Supriya Beled  
Partner  
(Membership No.229749)

Place: Hyderabad,  
Date: 02/09/2019