

# FIBERWEB (INDIA) LIMITED

## INDEPENDENT AUDITOR'S REPORT

To  
The Members  
FIBERWEB (INDIA) LIMITED

Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of FIBERWEB (INDIA) LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'The standalone Financial Statements').
2. In our opinion and to the best of our information and according to the explanations given to us, and **Subject to Notes**, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31st March, 2019, and its profit (financial performance including other comprehensive income), its cash flows and the statement of changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit of the standalone Financial Statements in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act and other applicable authoritative pronouncements issued by the institute of Chartered Accountants of India. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are Independent of the Company in accordance with the code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical 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.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgement, 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 standalone financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

Key Audit Matter	How our Audit addressed the Key Audit Matter
<p><b>I. Carrying Value of Property Plant &amp; Equipment:-</b></p> <p>The carrying value of Property, Plant &amp; Equipment (Total) as at 31.03.2019 was ₹ 8058.87 lakhs including Plant &amp; Machinery value is ₹ 5311.48 lakhs and the related depreciation charge for the year was ₹ 454.13 lakhs, as per w/off of residual value.</p>	<p>I. Assessing the reasonableness of the management's assertions and estimates regarding estimated useful lives and residual values based on historical experience and Govt. approved Valuer's Report.</p> <p>Discussing indicators of possible impairment with the management.</p> <p>Analyzing the assumptions and critical judgements based on historical data.</p>

<b>Key Audit Matter</b>	<b>How our Audit addressed the Key Audit Matter</b>
<p><b>II. Extraordinary Item</b></p> <p>Extraordinary item includes Research &amp; Development Expenses of ₹ 13,86,93,232/- written off, as the Products out of this unique research failed and this department is closed to avoid future losses.</p>	<p>I. Extraordinary item was Deferred Revenue Expenses, however, as per our and bankers' advise received by the Company &amp; Company's Policy of Prudence, it is w/off fully in the current year.</p>
<p><b>III. Exceptional Item:-</b></p> <p>Exceptional item consists of the fraud by a Company which promised ₹ 50.00 Crores Term Loan @ 9% interest p.a. for a period of 6 years with 2 years moratorium for our Expansion Project. An advance interest of ₹ 1.80 Crores was paid and ₹ 2.00 lacs for documentation Charges. It was a fraud, for which criminal complaint (F.I.R.) was filed in Chennai. Since, there is no chance of recovery, it is written off.</p>	<p>II. Exceptional item is an inevitable event happened due to malicious intention of the fraudulent owners of a finance company, against which a criminal complaint had been filed, however, no sign of recovery was visible and the management correctly written off the full amount in statement of Profit &amp; Loss a/c, after waiting for a long time.</p>

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

6. 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 standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

7. The Company's Board of Directors is responsible for the matters stated in sub-section 5 of section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the state of affairs (standalone financial position), profit or loss (financial performance including other comprehensive income), cash flow and the Statement of Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Independent Internal Auditor has been appointed by the Company to do the Internal Audit and report thereon.
8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

## FIBERWEB (INDIA) LIMITED

the going concern basis of accounting unless management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Standalone Financial statements**

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
11. 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 standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk 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 explaining our opinion on whether the Company has adequate internal financial control 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 going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charges 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.
13. 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.
14. From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these audit 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:**

15. As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its Directors during the year in accordance with the provisions and limits laid down under Section 197 read with Schedule V to the Act.
16. 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 to the extent applicable.
17. Further to our comments in Annexure A, as required by sub section 3 of Section 143 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 dealt and the statement of changes in equity with by this Report, are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.
  - f) We have also, audited the internal financial control over financial reporting (IFCoFR) of the Company as on 31st March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report as per Annexure B expressed an unmodified opinion; and
  - 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 litigation on its financial position in the standalone 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**FOR A. V. Jobanputra & Co.  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 104314W**

**A. V. Jobanputra  
PROPRIETOR  
(MEMBERSHIP NO: 016352)**

**Place:- Mumbai  
Date:- 14/08/2019  
UDIN NO.: 19016352AAAABU4795**

## FIBERWEB (INDIA) LIMITED

**The Annexure A referred to in Para 1 – Report on Other Legal Regulatory Requirements of our Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March, 2019, we report that:**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company;
- ii) In our opinion the inventories have been physically verified during the year by the Management at reasonable intervals and as explained to us, no material discrepancies were noticed on physical verification;
- iii) According to the information and explanations given to us, the company has not granted any secured or unsecured loans to Companies, Firms or other parties, covered in the register maintained under section 189 of the companies Act 2013;
- iv) The Company has not given loans, or made investments, or given guarantees and provided security in terms of provisions of section 185 and 186 of The Companies Act, 2013;
- v) The Company has not accepted deposits and hence the directive issued by the Reserve Bank of India and the provisions of the 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 to the Company;
- vi) We have been informed that the Company is not required to maintain cost record under sub-section(1) of section 148 of the Companies Act,2013.
- vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, custom Duty, service tax, value added tax, cess and any other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities and no undisputed amounts payable were in arrears as at 31 March, 2019 for a period of more than six months from the date they became payable
- (b) According to the information and explanations given to us, there are no disputed amounts of income tax, sales tax, custom duty, service tax or value added tax which have not been deposited with the concerned authorities;
- (c) During the year Central Excise Department has levied an anti dumping duty on the company of ₹ 1,37,77,776/- for the period August 2009 to March 2015 and also penalty of ₹ 1,37,77,776/- and Interest thereon and of ₹ 15,00,000/- on one of its Directors. The company has filed an appeal against the said order before CESTAT, Ahmedabad. The company has paid an amount of ₹ 10,33,333/- and ₹ 1,12,500/- against the said demand, as deposit for filing the appeal.
- viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to a bank. The Company has not obtained any borrowing from any financial institutions, Government or by way of debentures;
- ix) On the basis of records examined by us and the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer during the year;

- x) In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year;
- xi) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, the Company has paid managerial remuneration as per Section 197 read with Schedule V to the Companies Act, 2013;
- 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) is not applicable;
- xiii) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details of the same have been disclosed in the standalone 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 any non-cash transactions with directors or persons connected with them. Accordingly paragraph 3 (15) of the order is not applicable;
- xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India, 1934

**FOR A. V. Jobanputra & Co.  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 104314W**

**A. V. Jobanputra  
PROPRIETOR  
(MEMBERSHIP NO: 016352)**

**Place:- Mumbai**

**Date :- 14.08.2019**

**UDIN NO.: 19016352AAAABU4795**

## FIBERWEB (INDIA) LIMITED

### **The Annexure B referred to in Para 2(f) - Report on other Regulatory requirements of our Independent Auditor's Report to the Members of the Company on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the act") for the year ended 31st March, 2019**

We have audited the internal financial controls over financial reporting of FIBERWEB (INDIA) LIMITED ("the company") as of 31st March, 2019 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

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

The 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." 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on 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 standalone 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 assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the standalone 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, materials 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 procedure may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 A. V. Jobanputra & Co.  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 104314W**

**A. V. Jobanputra  
PROPRIETOR  
(MEMBERSHIP NO: 016352)**

**Place:- Mumbai**

**Date :- 14.08.2019**

**UDIN NO.: 19016352AAAABU4795**