

Independent Auditor's Report

To the Members of Indorama Yarns Private Limited

Opinion

1. We have audited the accompanying financial statements of Indorama Yarns Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, 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 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, of the state of affairs of the Company as at 31 March 2020, and its loss (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.

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

4. 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.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



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The annual report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

5. The accompanying 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 financial statements that give a true and fair view of the financial position, 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.
6. 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.

Auditor's Responsibilities for the Audit of the Financial Statements

7. 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.
8. 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 with reference to financial statements 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;
9. 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.

Report on Other Legal and Regulatory Requirements


10. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.
11. 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.
12. 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 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 financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) 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 2020 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 24 June 2020 as per Annexure II expressed 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 does not have any pending litigation which would impact its financial position as at 31 March 2020;
 - 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 2020;



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- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
- 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 financial statements. Hence, reporting under this clause is not applicable.

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



Sandeep Mehta
Partner

Membership No.: 099410
UDIN: 20099410AAAABG2887



Place: Mohali
Date: 24 June 2020

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Annexure I

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) The Company does not have any fixed assets. Accordingly, the provisions of clause 3(i) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (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 not entered into any transaction covered under Section 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (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) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. 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 become payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (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) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.



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Annexure I to the Independent Auditor's Report of even date to the members of Indorama Yarns Private Limited, on the financial statements for the year ended 31 March 2020

- (xiii) In our opinion, the Company has not entered into any transactions with the related parties. Accordingly, provisions of clause 3(xiii) of the Order are not applicable.
- (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



Sandeep Mehta

Partner

Membership No.: 099410

UDIN: 20099410AAAABG2887



Place: Mohali

Date: 24 June 2020

Annexure II

Independent Auditor's Report on the internal financial controls with reference to the 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 financial statements of Indorama Yarns Private Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management for Internal Financial Controls

2. The Company's Board of Directors 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 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



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Annexure II to the Independent Auditor's Report of even date to the members of Indorama Yarns Private Limited on the financial statements for the year ended 31 March 2020

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 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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


Sandeep Mehta
Partner
Membership No.: 099410
UDIN: 20099410AAAABG2887



Place: Mohali
Date: 24 June 2020

Indorama Yarns Private Limited
Balance Sheet as at 31 March 2020
(All amounts in ₹ lakhs, unless stated otherwise)

	Notes	As at 31 March 2020
ASSETS		
Non-current assets		
a) Non-current tax assets (net)	2	0.10
Total non-current assets		0.10
Current assets		
a) Financial assets		
i) Cash and cash equivalents	3	52.42
ii) Other financial assets	4	0.13
b) Other current assets	5	6.59
Total current assets		59.14
Total assets		59.24
EQUITY AND LIABILITIES		
Equity		
a) Equity share capital	6	100.00
b) Other equity	7	-43.78
Total equity		56.22
Liabilities		
Current liabilities		
a) Financial liabilities		
i) Trade payables	8	-
- total outstanding dues of micro enterprises and small enterprises; and		3.02
- total outstanding dues of creditors other than micro enterprises and small enterprises		3.02
Total current liabilities		3.02
Total equity and liabilities		59.24

Notes 1 to 17 forms an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For Walker Chandiook & Co LLP
 Chartered Accountants
 Firm Registration No.: 001076N/N500013

Sandeep Mehta

Sandeep Mehta
 Partner
 Membership No.: 099410
 Place: Mohali
 Date: 24 June 2020



For Indorama Yarns Private Limited

M N Sudhindra Rao

M N Sudhindra Rao
 (Director)
 DIN Number: 01820347
 Place: Mumbai
 Date: 24 June 2020

Umesh Kumar Agrawal

Umesh Kumar Agrawal
 (Director)
 DIN Number: 08502514
 Place: Gurugram
 Date: 24 June 2020



Indorama Yarns Private Limited
Statement of Profit and Loss for the period ended 31 March 2020
(All amounts in ₹ lakhs, unless stated otherwise)

	Notes	For the period ended 31 March 2020
I INCOME		
Other income	9	1.02
Total income		1.02
II EXPENSES		
Other expenses	10	44.80
		44.80
Loss before finance costs		-43.78
Finance costs	11	0.00
Total expenses		44.80
III Loss before tax [I-II]		-43.78
IV Tax		
Current tax		0.00
Deferred tax		0.00
Total tax expenses		0.00
V Loss for the year [III-IV]		-43.78
VI Other comprehensive income (OCI)		
Items that will not be reclassified to income		
Re-measurement of defined benefit liability		-
Less/(add): Income tax relating to remeasurement of defined benefit liability		-
Other comprehensive income for the year, net of tax		-
VII Total comprehensive income for the year		-43.78
VIII Earnings/(loss) per equity share [nominal value of equity share ₹ 10]		
Basic and diluted	12	7.00

Notes 1 to 17 forms an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013


Sandeep Mehta
Partner

Membership No.: 099410
Place: Mohali
Date: 24 June 2020



For Indorama Yarns Private Limited



M N Sudhindra Rao
(Director)
DIN Number: 01820347
Place: Mumbai
Date: 24 June 2020



Umesh Kumar Agrawal
(Director)
DIN Number: 08502514
Place: Gurugram
Date: 24 June 2020



Indorama Yarns Private Limited
Cash flow statement for the period ended 31 March 2020
(All amounts in ₹ lakhs, unless stated otherwise)

	For the period ended 31 March 2020
A. Cash flow from operating activities	
Loss before tax	-43.78
Add : Adjustment for non-cash and non-operating items	
Finance cost	0.00
Interest income	-1.02
Operating loss before working capital changes	-44.80
Adjustments for movement in:	
Changes in other current assets	-6.59
Changes in trade and other payables	3.02
Cash used in operating activities	-48.37
Income tax paid	-0.10
Net cash used in operating activities [A]	-48.47
B. Cash flow from investing activities	
Interest received	0.89
Net cash generated from investing activities [B]	0.89
C. Cash flow from financing activities	
Interest cost paid	
Proceeds from issue of share capital	100.00
Net cash generated from financing activities [C]	100.00
Net increase in cash and cash equivalents [A+B+C]	52.42
Cash and cash equivalents at the beginning of the year	
Closing cash and cash equivalents	52.42
Cash and cash equivalents include:	
Cash on hand	0.09
Deposits with original maturity less than three months	45.45
Balances with banks	6.88
Cash and bank balances	52.42

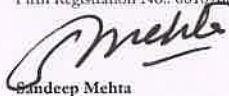
Notes:

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 (Ind AS-7) on "Statements of Cash Flows".
- Negative figures have been shown in brackets.

Notes 1 to 17 forms an integral part of these financial statements

This is the Cash Flow Statement referred to in our report of even date

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/IN500013


Sandeep Mehta

Partner
Membership No.: 099410
Place: Mohali
Date: 24 June 2020



For Indorama Yarns Private Limited



M N Sudhindra Rao
(Director)
DIN Number: 01820347
Place: Mumbai
Date: 24 June 2020



Umesh Kumar Agrawal
(Director)
DIN Number: 08502514
Place: Gurugram
Date: 24 June 2020



Indorama Yarns Private Limited
Statement of changes in equity for the period ended 31 March 2020
(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2020
A. Equity share capital	
Balance at the beginning of the year	-
Issued during the year	100.00
Balance at the end of the year	100.00
B. Other equity	
Attributable to the equity holders	
Retained earnings	
Particulars	
Balance at the beginning of the year	-
Loss for the year	-43.78
Balance at the end of the year	-43.78

Notes 1 to 17 forms an integral part of these financial statements

This is the Statement of Changes in Equity referred to in our report of even date

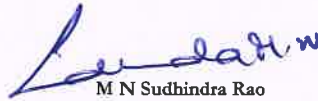
For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013



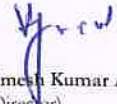
Sandeep Mehta
Partner
Membership No.: 099410
Place: Mohali
Date: 24 June 2020



For Indorama Yarns Private Limited



M N Sudhindra Rao
(Director)
DIN Number: 01820347
Place: Mumbai
Date: 24 June 2020



Umesh Kumar Agrawal
(Director)
DIN Number: 08502514
Place: Gurugram
Date: 24 June 2020



1. (i) Corporate information

Indorama Yarns Private Limited (hereinafter referred to as 'the Company' or 'TYPL') is a Private Company domiciled in India, with its registered office situated at A-31, MIDC Industrial Area, Butibori, Nagpur. The Company was incorporated under the provisions of Companies Act, 2013 on 16 August 2019. Accordingly, these financial statements have been prepared for the period 16 August 2019 to 31 March 2020. The Company is a manufacturer of draw texturised yarn (DTY).

(ii) Basis of preparation and presentation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. The financial statements have been prepared on the historical cost basis.

(iii) Significant accounting policies

a. Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. Accounting estimates could change from period to period. Actual results may differ from these estimates.

These estimates and judgment are based on the management's best knowledge of current events, actions that the Company may undertake in the future and on various other estimates and judgments that are believed to be reasonable under the circumstances. Accounting estimates could change from period to period. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial statements in the period in which changes are made. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect of the amounts recognized in the financial statements.

b. Going concern

Going concern basis of accounting used for preparation of the accompanying financial statements is appropriate with no material uncertainty.

c. Current/non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- 1) It is expected to be realised in, or is intended to be sold or consumed in, the Company's normal operating cycle;
- 2) It is held primarily for the purpose of being traded;
- 3) It is expected to be realised within twelve months after the reporting date; or
- 4) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- 1) It is expected to be settled in the Company's normal operating cycle;
- 2) It is held primarily for the purpose of being traded;



- 2) It is held primarily for the purpose of being traded;
- 3) It is due to be settled within twelve months after the reporting date; or
- 4) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

d. Impairment

(i) Impairment of financial assets

The Company recognises loss allowance for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract such as a default in payment within the due date;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit losses. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any) is held.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-



generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e. Revenue

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

f. Financial instruments

i. Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another entity. All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial instrument is measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss (FVTPL) which are measured initially at fair value.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or at FVTPL. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL.

For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile,



- matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it

would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition. Financial assets at amortised cost are measured at amortised cost using the effective interest method. Interest income recognised in Statement of Profit and Loss.

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.



iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

iv. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

g. Measurement of fair values

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

h. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, deposits with original maturity less than 3 months, cheques on hand and cash on hand, which are not subject to risk of changes in value. Also, for the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks, cheques on hand and cash on hand.

i. Earnings per share

Basic earning per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would



Indorama Yarns Private Limited

Summary of significant accounting policies and other explanatory information for the period ended 31 March 2020

decrease earnings per share or increase loss per share from continuing operations.

j. Provisions, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future obligation at pre-tax rate that reflects current market assessments of the time value of money risks specific to liability. They are not discounted where they are assessed as current in nature. Provisions are not made for future operating losses.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made. Therefore, 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. In case of provision for litigations, the 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.

k. Taxation

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.



Indorama Yarns Private Limited
Summary of significant accounting policies and other explanatory information for the period ended 31 March 2020
(All amounts in ₹ lakhs, unless stated otherwise)

	As at 31 March 2020
2. Non-current tax assets	
Tax deducted at source	0.10
	<u>0.10</u>
3. Cash and cash equivalents	
Balances with banks	6.88
Deposits with original maturity less than three months	45.45
Cash on hand	0.09
	<u>52.42</u>
4. Other financial assets	
Interest accrued on deposits	0.13
	<u>0.13</u>
5. Other current assets	
GST receivable	6.59
	<u>6.59</u>
6. Equity share capital	
Authorised	
1,000,000 equity shares of ₹ 10 each	100.00
	<u>100.00</u>
Issued, subscribed and fully paid up	
1,000,000 equity shares of ₹ 10 each fully paid-up	100.00
	<u>100.00</u>

Notes:

i) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	As at 31 March 2020	
	Number of shares	Amount
Balance at the beginning of the year	-	-
Add: Issued during the year	10,00,000	100.00
Balance at the end of the year	<u>10,00,000</u>	<u>100.00</u>

ii) The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii) Shares in the Company held by each shareholder holding more than 5% and shares held by holding Company are as under:

	As at 31 March 2020	
	Number of shares	% of shareholding
Names of shareholders		
Indo Rama Synthetics (India) Limited [holding Company]	10,00,000	100.00%
	<u>10,00,000</u>	<u>100.00%</u>

iv) The Company has not issued any share pursuant to a contract without payment being received in cash in the current year. The Company has not issued any bonus shares nor has there been any buy-back of shares in the current year.

	As at 31 March 2020
7. Other equity	
a. Retained earnings	
Balance at the beginning of the year	0.00
Add : Loss during the year	-43.78
Balance at the end of the year	<u>-43.78</u>
Total other equity	<u>-43.78</u>

Nature of reserves

Retained earnings

Retained earnings refer to the net profit/(loss) retained by the Company for its core business activities.

8. Trade payables

Total outstanding dues of micro enterprises and small enterprises [refer note 14]

Total outstanding dues of creditors other than micro enterprises and small enterprises

3.02
<u>3.02</u>



Indorama Yarns Private Limited

Summary of significant accounting policies and other explanatory information for the period ended 31 March 2020

(All amounts in ₹ lakhs, unless stated otherwise)

	For the period ended 31 March 2020
9. Other income	
Interest income	1.02
from banks	<u>1.02</u>
10. Other expenses	
Software development expenses	36.40
Rates and taxes	5.05
Legal and professional charges*	3.25
Miscellaneous	0.10
	<u>44.80</u>
* Includes payment to auditors	
As auditor:	3.00
Audit fee	<u>3.00</u>
11. Finance costs	
Bank charges*	0.00
	<u>0.00</u>
* ₹ 118, amount in absolute rupees.	
12. Earning/(loss) per share	
Loss attributable to the equity shareholders (A)	-43.78
Number of equity shares at the beginning of the year	10,00,000
Total number of shares outstanding at the end of the year	6,25,683
Weighted-average number of equity shares (B)	-7.00
Earnings/(loss) per share (₹) (A/B) - Basic and Diluted	10.00
Nominal value of equity share (₹)	10.00



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13. Financial instruments - accounting classifications and fair value measurements

The fair values of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sales.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and cash equivalents, bank balances, short-term receivables and other current liabilities approximated their carrying amounts largely due to the short-term maturities of these instruments.
2. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

A. Accounting classifications and fair values

The following tables shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

As at 31 March 2020

Financial instruments by category

Financial assets at amortised costs

Cash and cash equivalents

Other financial assets

Total

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	-	-	52.42	52.42
Other financial assets	-	-	0.13	0.13
Total	-	-	52.55	52.55

Financial liabilities at amortised cost

Trade payables

Total

Trade payables	-	3.02	-	3.02
Total	-	3.02	-	3.02

B. Measurement of fair values

Assets and liabilities are to be measured based on the following valuation techniques:

Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.

Cost approach – Replacement cost method.

Quoted market prices in active markets are available for investments in securities and, as such, these investments are classified within Level 1.

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments which are traded in stock exchanges and valued using closing price at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on the conditions existing at the end of each reporting period.

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

None of the asset is carried at fair value.

C. Financial risk management

The Company has exposure to the liquidity risks arising from financial instruments:

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments:

As at 31 March 2020

Trade payables

Total

	Not more than 1 year	Later than 1 year	Total
Trade payables	3.02	-	3.02
Total	3.02	-	3.02

D. Capital management

The Company's capital includes issued share capital and all other distributable reserves. The primary objective of the Company's capital management is to maximise shareholder value and to maintain an optimal capital structure to reduce the cost of capital. The company does not have any long-term borrowings and short-term borrowings.



Indorama Yarns Private Limited

Summary of significant accounting policies and other explanatory information for the period ended 31 March 2020

(All amounts in ₹ lakhs, unless stated otherwise)

14. Dues to micro, small and medium enterprises

On the basis of confirmations obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMEED Act, 2006) and based on the information available with the Company, the following are the details:

As at
31 March 2020

Particulars

Principal amount remaining unpaid

Interest due thereon

Interest paid by the Company in terms of Section 16 of MSMEED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year

Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMEED Act, 2006

Interest accrued and remaining unpaid as at end of the year

Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMEED Act, 2006.

15. Related party disclosure

a) Disclosure of related parties and relationship between the parties

Nature of relationship

i) Key managerial personnel

Name of related party

Mr. Umesh Kumar Agrawal [Director]

Mr. M N Sudhindra Rao [Director]

ii) Holding Company

Indo Rama Synthetics (India) Limited

16. The Company has been incorporated on 16 August 2019 and is presenting financial statements for the first time. Accordingly, requirement for presenting comparative financial numbers for the year ended 31 March 2019 is not applicable.

17. The financial statements were approved for issue by the board of directors on 24 June 2020.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

Sandeep Mehta

Partner

Membership No.: 099410

Place: Mohali

Date: 24 June 2020



For **Indorama Yarns Private Limited**

M N Sudhindra Rao

(Director)

DIN Number: 01820347

Place: Mumbai

Date: 24 June 2020

Umesh Kumar Agrawal

(Director)

DIN Number: 08502514

Place: Gurugram

Date: 24 June 2020

