

INDO RAMA SYNTHETICS (INDIA) LIMITED
Registered Office : A-31, MIDC Industrial Area, Butibori-441122, District Nagpur, Maharashtra
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STATEMENT OF UNAUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2020

(₹ in crore, unless otherwise stated)

Sr. No.	Particulars	Standalone				Consolidated		
		3 months ended (30 June 2020)	Preceding 3 months ended (31 March 2020)	Corresponding 3 months ended in the previous year (30 June 2019)	Previous year ended (31 March 2020)	3 months ended (30 June 2020)	Preceding 3 months ended (31 March 2020)	Previous year ended (31 March 2020)
	(refer notes below)	(Unaudited)	(Audited) (refer note 10)	(Unaudited)	(Audited)	(Unaudited)	(Audited) (refer note 10)	(Audited)
1	Income from operations	118.61	476.57	533.33	2,122.05	118.61	476.57	2,122.05
2	Other income	1.67	4.07	1.14	5.89	1.67	4.08	5.90
3	Total income (1+2)	120.28	480.64	534.47	2,127.94	120.28	480.65	2,127.95
4	Expenses							
	(a) Cost of materials consumed	55.74	387.56	434.42	1,619.96	55.74	387.56	1,619.96
	(b) Purchase of stock-in-trade	-	-	0.75	0.75	-	-	0.75
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	53.57	(38.95)	(27.12)	(17.14)	53.57	(38.95)	(17.14)
	(d) Employee benefits expense [refer note 2]	14.24	25.75	20.61	90.13	14.24	25.75	90.13
	(e) Other expenses [refer note 2]	34.15	113.42	98.69	433.58	34.16	113.67	434.03
	Total expenses before depreciation and amortisation expense, finance costs, foreign-exchange fluctuation loss/(gain) and exceptional items	157.70	487.78	527.35	2,127.28	157.71	488.03	2,127.73
5	Profit/(loss) from operations before depreciation and amortisation expense, finance costs, foreign exchange fluctuation loss/(gain) and exceptional items (3-4)	(37.42)	(7.14)	7.12	0.66	(37.43)	(7.38)	0.22
6	Depreciation and amortisation expense [refer note 2 and 4]	8.40	21.41	21.46	86.00	8.40	21.41	86.00
7	Finance costs	18.52	19.36	32.31	92.31	18.52	19.36	92.31
8	Foreign exchange fluctuation loss/(gain)	1.65	1.93	(0.74)	2.35	1.65	1.93	2.35
9	Total expenses before exceptional items and tax (4+6+7+8)	186.27	530.48	580.38	2,307.94	186.28	530.73	2,308.39
10	Loss before exceptional items and tax (3-9)	(65.99)	(49.84)	(45.91)	(180.00)	(66.00)	(50.08)	(180.44)
11	Exceptional items [refer note 3]	11.63	-	-	-	11.63	-	-
12	Loss before tax (10-11)	(77.62)	(49.84)	(45.91)	(180.00)	(77.63)	(50.08)	(180.44)
13	Tax expense							
	Deferred tax (credit)/expense	-	-	(15.87)	136.10	-	-	136.10
14	Net loss for the period (12-13)	(77.62)	(49.84)	(30.04)	(316.10)	(77.63)	(50.08)	(316.54)
15	Other comprehensive income							
	(i) Items that will not be reclassified to profit or loss	-	(0.94)	(0.08)	(1.46)	-	(0.94)	(1.46)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	0.03	-	-	-	-
16	Total comprehensive income for the period (14+15)	(77.62)	(50.78)	(30.09)	(317.56)	(77.63)	(51.02)	(318.00)
17	Paid-up equity share capital (face value of ₹ 10 each)	261.11	261.11	261.11	261.11	261.11	261.11	261.11
18	Other equity	-	-	-	(38.66)	-	-	(39.10)
19	Loss per share (face value of ₹ 10 each) (not annualised for the quarters)							
	(a) Basic (in ₹)	(2.97)	(1.91)	(1.16)	(12.13)	(2.97)	(1.92)	(12.14)
	(b) Diluted (in ₹)	(2.97)	(1.91)	(1.16)	(12.13)	(2.97)	(1.92)	(12.14)



Notes:

- 1 The above standalone and consolidated financial results have been reviewed by the statutory auditors of the Company and by the Audit Committee and taken on record by the Board of Directors in their respective meetings held on 7 August 2020.
- 2 In March 2020, WHO declared Covid-19 outbreak as a pandemic. This pandemic severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operations. The plant and offices of the Company were under lock-down from March 2020, as per directives from the Government. The Company resumed its manufacturing operations in a phased manner from June 2020. As a result, operations have been adversely impacted for the quarter ended 30 June 2020. Fixed expenses incurred during this period of lock-down pertaining to quarter ended 30 June 2020 are as under:

(i)	Employee cost	-	Rs. 5.01 Crores
(ii)	Depreciation	-	Rs. 5.80 Crores
(iii)	Other expenses	-	Rs. 4.30 Crores

Given the uncertainty of quick turnaround to normalcy, post lifting of the lock down, the Company has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Company does not foresee any significant incremental risk to the recoverability of its assets or in its ability to meet its financial obligations over the foreseeable future, given early and required steps taken to contain, protect and mitigate the exposure.

The management will continue to monitor any material change arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation. The overall impact on the business of the Company will depend on future developments which cannot be reliably predicted. The auditors have given an emphasis on this matter in their review reports.

- 3 The Company is valuing inventories at cost or net realisable values (NRV), whichever is lower. The exceptional item is towards significant write down in valuation of inventories below cost amounting to Rs. 11.63 crores during the quarter which is on account of unprecedented decline in global crude oil prices as an outcome of Covid-19 Pandemic.
- 4 The management has reassessed remaining useful life of certain assets in the block of plant and machinery with effect from 1 April 2020 on the basis of assessment made by external technical experts. Depending upon the operating conditions and usability of assets, the useful life of the said assets which was hitherto 18 years have been revised to 20 years in case of utilities and to 45 years for the processing plants. Due to this reassessment of remaining useful life, the depreciation for the quarter ended 30 June 2020 is lower by Rs. 12.85 Crores and loss is lower by Rs. 11.82 crores in the standalone and consolidated financial results. The auditors have given an emphasis on this matter in their review reports.
- 5 The Company's business comprises of manufacture and sale of polyester products. The management has reassessed the carrying value of deferred taxes. Management is confident about the achievement of its long-term business plans and availability of sufficient future taxable profits against which deferred tax is fully recoverable. The auditors have given an emphasis on this matter in their review reports.
- 6 Company has incurred significant losses during the current quarter and in the previous years as well. Considering additional equity infusion last year, actions taken to reduce the costs, refinancing of high cost debt, business plan and option to arrange additional credit lines with the support of the promoter Group Company to the tune of USD 50 million by way of the Stand By Letter of Credit (SBLC) to meet any unforeseen exigencies, management believes that Company will be able to continue as a going concern and will realise its assets and



will be able to meet its liabilities at the amounts stated in the books and commitments in the normal course of business.

- 7 The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. As per Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ('LODR') read with Rule 19A of the Securities Contracts (Regulation) Rules, 1957 ('SCRR'), the Company is required to maintain at least 25% (twenty five percent) public shareholding, as determined in accordance with SCRR, on a continuous basis for listing. Pursuant to the acquisition of shares by Indo Rama Netherlands BV ('INBV') through open offer, promoters' shareholding has increased to 81.72%. The Company plans to comply with SCRR as per SEBI Circular no. CFD/CMD/CIR/P/2017/115 dated 10 October 2017 read with Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/81 dated 14 May 2020.
- 8 The Company's primary business segment is reflected based on principal business activities carried on by the Company. As per Indian Accounting Standard 108, Operating Segments, as notified under the Companies (Indian Accounting Standards) Rules, 2015, the Company operates in one reportable segment i.e. manufacturing of Polyester goods.
- 9 Indorama Yarns Private Limited, a wholly owned subsidiary of the Company, incorporated on 16 August 2019. The Company has subscribed Rs. 10,000,000 towards its share capital on 14 October 2019. Accordingly, requirement for presenting comparative consolidated financial results for the quarter ended June 2019 is not applicable.
- 10 Figures for the quarter ended 31 March 2020 as reported in these financial results are the balancing figures between audited figures in respect of full financial year and the published year to date figures upto the third quarter of the respective financial year. Also, the figures upto the end of the third quarter were only reviewed and not subjected to audit.
- 11 Figures for the preceding quarters have been regrouped/recast, wherever necessary.
- 12 For more details on results, visit Investor Relations section of our website at www.indoramaindia.com and financial results under Corporate section of www.nseindia.com and www.bseindia.com.



For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia
Chairman and Managing Director
(Director Identification No.: 00206807)

Place: New Delhi
Date: 7 August 2020

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Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Indo Rama Synthetics (India) Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of Indo Rama Synthetics (India) Limited ('the Company') for the quarter ended 30 June 2020 and the year to date results for the period 1 April 2020 to 30 June 2020, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the accounting principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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Walker Chandiook & Co LLP

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the accounting principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. Emphasis of matters

(a) Uncertainties related to Covid-19

We draw attention to Note 2 to the accompanying Statement, which describes management's assessment of uncertainties relating to the effects of the COVID-19 pandemic on the Company's operations. Our conclusion is not modified in respect of this matter.

(b) Change in useful life of assets

We draw attention to note 4 to the accompanying Statement which indicates that the management has re-assessed and revised the remaining useful lives of certain assets in the block of plant and machinery with effect from 1 April 2020 based on technical assessment performed by an independent expert. The effect of change in such accounting estimate has been recognised prospectively in the accompanying Statement in accordance with requirements of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. As a consequence, there is a reduction in depreciation expense recognised for the quarter ended 30 June 2020 by Rs. 12.85 crores as described in the aforesaid note. Our conclusion is not modified in respect of this matter.

(c) Recoverability of deferred tax asset

We draw attention to Note 5 of the accompanying Statement regarding the recoverability of deferred tax amounting to Rs. 110 crores as at 30 June 2020 carried in books of accounts in view of the reasons stated therein, the realisation of which would depend on generation of sufficient taxable profits in future periods as anticipated by the management of the Company. Our conclusion is not modified in respect of this matter.

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


Sandeep Mehta
Partner
Membership No. 099410
UDIN 20099410AAAABX7260



Place: Mohali
Date: 7 August 2020

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Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Indo Rama Synthetics (India) Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Indo Rama Synthetics (India) Limited ('the Holding Company') and Indorama Yarns Private Limited, its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), for the quarter ended 30 June 2020 and the consolidated year to date results for the period 1 April 2020 to 30 June 2020, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the accounting principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.

4. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the accounting principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. **Emphasis of matters**

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We draw attention to Note 2 to the accompanying Statement, which describes management's assessment of uncertainties relating to the effects of the COVID-19 pandemic on the Group's operations. Our conclusion is not modified in respect of this matter.

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We draw attention to Note 5 of the accompanying Statement regarding the recoverability of deferred tax amounting to Rs. 110 crores as at 30 June 2020 carried in books of accounts in view of the reasons stated therein, the realisation of which would depend on generation of sufficient taxable profits in future periods as anticipated by the management of the Group. Our conclusion is not modified in respect of this matter.

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


Sandeep Mehta
Partner
Membership No. 099410
UDIN 20099410AAAABY9909



Place: Mohali
Date: 7 August 2020