

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KKALPANA INDUSTRIES (INDIA) LIMITED

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **KKALPANA INDUSTRIES (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, its profits (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) 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 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 made 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 audit opinion on the standalone financial statements

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant 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.

Key Audit Matters	Auditor's Response
<p>Information Technology (IT) Systems and Controls</p> <p>During the year the Company has implemented SAP, a new Enterprise Resource Planning (ERP) System. The new system is fully integrated financial accounting and reporting system.</p> <p>The implementation of ERP has a risk of loss of integrity of key financial data being migrated and elimination of traditional controls without replacing them with the new effective controls measures, monitoring of IT controls which are relating to critical business processes such as purchase, production, sales, inventory and including recording of transactions, which could lead to financial errors or mis-statements and inaccurate financial reporting and also there is risk that automated accounting procedures and related IT manual controls might not work.</p> <p>We have accordingly designated this as a focus area in the audit.</p>	<p>Audit Procedures Performed</p> <p>We have performed procedures to ensure the migration of financial data between old system and new system.</p> <p>Our audit approach consisted testing of design and operating effectiveness of internal controls and substantive testing around the new ERP system. We also performed sufficient test of details as a part of our audit.</p> <p>We have performed the test of details for areas where the Management has implemented manual controls during the year including the continuing manual controls as at the year end.</p> <p>We have performed the test of controls regarding the appropriateness of system access and an effective maker and checker system built in the ERP system for proper authorizations of transactions and posting of accounting entries.</p> <p>The combination of these tests of controls and procedures performed, gave us a sufficient evidence to enable us to rely on the operations of ERP system for the purpose of the audit of the financial statements.</p>

Information Other than the Standalone Financial Statements and Auditor's report thereon

The Company's Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to the Board report, Business responsibility Report, Corporate Governance report and Shareholder's information, but does not include the standalone financial statement 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 during the course of our 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 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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, 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 accounting Standards 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, 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 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 financial 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 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 the 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 entity'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 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 entity 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) Planning the scope of our audit work and in evaluating the results of our work and (ii) To evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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 "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 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 and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014

- d) 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 Section 164(2) of the Act.
- e) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements of the Company.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For B.Mukherjee & Co.,
Chartered Accountants
Firm Registration No : 302096E**

**Place: Kolkata
Date: 28th day of May, 2019**

**B.Mukherjee
(Partner)
Mem No : 002941**

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE "A" REFERRED TO IN PARAGRAPH 1 UNDER "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" SECTION OF OUR REPORT TO THE MEMBERS OF THE KKALPANA INDUSTRIES (INDIA) LIMITED OF EVEN DATE:

- i. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As per the information and explanations given to us, physical verification of fixed assets have been carried out in terms of the phased program of verification of its fixed assets adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to size of the Company and nature of its business.
 - 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. As per the information and explanations given to us, the inventories have been physically verified at reasonable intervals during the year by the management and no material discrepancies between book stock and physical stock have been found.
- iii. According the information and explanations given to us, the Company has granted unsecured loan to a subsidiary, covered in the register maintained under section 189 of the companies Act,2013, in respect of which:
 - (a) The terms and conditions of the grant of such loan are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no amount overdue.
- iv. In our opinion and according to the information and explanations given to us, the Company has not given any loan, not made any investment and have not provided any guarantee in respect of which Section 185 and 186 of the Companies Act, 2013 are applicable. Accordingly, the paragraph 3(iv) of the Order is not applicable.
- v. According to information and explanations given to us, the Company has not accepted any deposits from public during the year.
- vi. We have broadly reviewed the books of accounts maintained by Company in respect of product, where pursuant to the rule made by the Central Government of India the maintenance of cost records has been prescribed under section 148 (1) of the Companies Act 2013 and are of the opinion that, prima facie, the prescribed records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanation given to us, the dues of Income Tax , sales tax,

duty of excise, service tax and value added tax which have not been deposited on account of any dispute and the forum where the dispute is pending as on 31st March, 2019 are as under :-

Name of the statute	Nature of dues	Amount Rs. in Lacs	Assessment Year	Forum where dispute is pending
Income Tax Act 1961	Income Tax	25.46*	2012-13	CIT(A)
	Income Tax	123.02*	2011-12	CIT(A)
	Income Tax	153.16	2010-11	CIT(A)

*Net of amounts paid under protest.

- viii. The Company has not defaulted in repayment of dues to Financial Institutions or Banks or Government or Debenture holders.
- ix. The Company did not raise any money by way of initial public offer or further public offer including debt instruments during the year. However the Company has raised Term Loan during the year and has applied the same for the purpose for which term loans are raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- 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) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give 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 non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For B.Mukherjee & Co.,
Chartered Accountants
Firm Registration No : 302096E**

**Place: Kolkata
Date: 28th day of May, 2019**

**B.Mukherjee
(Partner)
Mem No : 002941**

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE "B" REFERRED TO IN PARAGRAPH 2(F) UNDER "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" SECTION OF OUR REPORT TO THE MEMBERS OF THE KKALPANA INDUSTRIES (INDIA) LIMITED OF EVEN DATE:

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

We have audited the internal financial controls over financial reporting of **KKALPANA INDUSTRIES (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 ('ICAI'). 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. We conducted 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, 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 31st March 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 B.Mukherjee & Co.,
Chartered Accountants
Firm Registration No : 302096E**

**Place: Kolkata
Date: 28th day of May, 2019**

**B.Mukherjee
(Partner)
Mem No : 002941**

KKALPANA INDUSTRIES (INDIA) LIMITED
BALANCE SHEET AS AT 31st MARCH, 2019

(Rs. In Lacs)

	Note No.	As at 31st March, 2019	As at 31st March, 2018
A ASSETS			
1 Non-current Assets			
Property, Plant and Equipment	4	24,282.70	23,120.03
Capital Work-in-Progress	5	-	410.14
Investment Property	6	1,281.68	1,281.68
Other Intangible Assets	7	18.98	23.45
Financial Assets			
(i) Investments	8	236.79	236.29
(ii) Other Financial Assets	10	390.66	254.21
Other Non-Current Assets	11	78.01	471.79
		26,288.82	25,797.59
2 Current Assets			
Inventories	12	15,714.37	15,543.90
Financial Assets			
(i) Trade Receivables	13	31,030.91	33,498.54
(ii) Cash & Cash Equivalents	14	1,692.07	1,687.83
(iii) Loans	9	-	741.39
(iv) Other Financial Assets	10	469.26	346.18
Other Current Assets	15	5,176.20	6,016.55
		54,082.81	57,834.39
Total		80,371.63	83,631.98
B EQUITY & LIABILITIES			
1 Equity			
Equity Share Capital	16	1,881.46	1,881.46
Other Equity	17	29,971.96	27,698.53
		31,853.42	29,579.99
2 Non Current Liabilities			
Financial Liabilities			
(i) Borrowings	18	5,029.86	6,488.50
Provisions	19	163.88	93.98
Deferred Tax Liabilities (net)	20	2,910.24	2,420.17
		8,103.98	9,002.65
3 Current Liabilities			
Financial Liabilities			
(i) Borrowings	21	7,027.95	14,441.10
(ii) Trade Payables	22		
- Micro & Small Enterprises		314.32	-
- Others		28,688.96	26,791.84
(iii) Other Financial Liabilities	23	3,158.13	2,653.11
Other Current Liabilities	24	447.57	460.25
Provisions	25	122.53	88.96
Current Tax Liabilities (net)	26	654.77	614.08
		40,414.23	45,049.34
Total		80,371.63	83,631.98

Significant Accounting Policies and other information 1-3

Contingent liabilities and Other notes to the financial statements.

The accompanying notes form an integral part of the financial statements

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

For B. Mukherjee & Co.

Chartered Accountants
 Firm Registration No:302096E

B. Mukherjee

Partner
 Membership No.002941
 Date : 28th May, 2019
 Place : Kolkata

Narrindra Suranna
 (DIN: 00060127)
 Chairman and Managing Director

Tanvi Panday
 (Membership No. ACS 31176)
 Company Secretary

For and on behalf of Board of Directors

Rajesh Kothari
 (DIN: 02168932)
 Whole Time Director

Indar Chand Dakalia
 Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019

(Rs. In Lacs)

	Note No.	As at 31st March 2019	As at 31st March 2018
I INCOME			
Revenue from Operations	27	200,903.19	176,533.15
Other Income	28	1,179.65	819.22
Total Income		202,082.84	177,352.37
II EXPENSES			
Cost of Materials Consumed	29	176,433.05	151,072.69
Changes in Inventories of Finished Goods & Work-in-Progress & Stock-in-Trade	30	(917.30)	(79.64)
Excise Duty		-	3,775.43
Employee Benefits Expense	31	4,167.60	2,765.15
Finance Costs	32	5,743.98	5,526.60
Depreciation & Amortization Expense	4-7	1,647.35	1,725.66
Other Expenses	33	10,965.86	9,116.64
Total Expenses		198,040.55	173,902.54
III PROFIT BEFORE EXCEPTIONAL ITEMS & TAXATION			
Exceptional items			
III PROFIT BEFORE TAX		4,042.29	3,449.83
Tax expense	34		
Current tax		1,319.06	688.62
Deferred tax		161.49	563.97
Total Tax expense		1,480.54	1,252.59
IV PROFIT FOR THE YEAR AFTER TAX		2,561.75	2,197.24
V OTHER COMPREHENSIVE INCOME	35		
i Items that will not be classified to profit and loss		(25.36)	(27.81)
ii Income tax relating to items that will not be classified to profit and loss		8.78	9.62
Total Other Comprehensive Income For The Year		(16.58)	(18.18)
VI TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,545.17	2,179.06
EARNING PER EQUITY SHARE			
(Face value of Rs 2/- each)			
Basic (Rs.)		2.72	2.34
Diluted (Rs.)		2.72	2.34

Significant Accounting Policies and other information 1-4

Contingent liabilities and Other notes to the financial statements

The accompanying notes form an integral part of the financial statements

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

For B. Mukherjee & Co.
Chartered Accountants
Firm Registration No:302096E

For and on behalf of Board of Directors

Narrindra Suranna
(DIN: 00060127)
Chairman and Managing Director

Rajesh Kothari
(DIN: 02168932)
Whole Time Director

B. Mukherjee
Partner
Membership No.002941
Date : 28th May, 2019
Place : Kolkata

Tanvi Panday
(Membership No. ACS 31176)
Company Secretary

Indar Chand Dakalia
Chief Financial Officer

CASH FLOW FOR THE YEAR ENDED 31st MARCH, 2019

(Rs. In Lacs)

	As at 31st March, 2019	As at 31st March, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	4,042.29	3,449.83
Adjustment for:		
Depreciation & amortization expense	1,647.35	1,725.66
Loss/(Profit) on sale of fixed assets	18.85	10.94
Unwinding of Interest on security deposit	(5.96)	(4.62)
Finance cost	5,743.98	5,526.60
Interest income	(75.60)	(137.50)
(Gain)/Loss on remeasurement of Investment at fair value	-	0.01
Other comprehensive income	(25.36)	(27.81)
Provision for Doubtful debts	12.81	(376.31)
Bad debts written off	3.44	27.57
Notional rent on Security deposit	6.90	5.28
	<u>7,326.41</u>	<u>6,749.82</u>
Operating profit before Working Capital changes	11,368.70	10,199.65
Adjustments for Working Capital changes		
Decrease/(increase) in non current financial assets		
Loans		
Other financial assets	(12.91)	(79.14)
Decrease/(increase) in other non current assets	386.88	(323.56)
Decrease/(increase) in inventories	(170.47)	1,812.43
Decrease/(increase) in current financial assets		
Trade receivables	2,451.38	846.87
Loans	741.39	(667.86)
Other financial assets	(123.08)	(77.46)
Decrease/(increase) in other current assets	840.35	(2,526.72)
Increase/(decrease) in non current provisions	69.89	39.57
Increase/(decrease) in current financial liabilities		
Trade payables	2,211.44	12,064.07
Other financial liabilities	345.98	(168.97)
Increase/(decrease) in other current liabilities	(12.68)	150.67
Increase/(decrease) in short term provisions	33.57	(79.01)
	<u>6,761.74</u>	<u>10,990.89</u>
Cash generated from operations	18,130.44	21,190.54
(Tax paid) / refund received (net)	(941.00)	(779.99)
Net cash from operating activities	17,189.44	20,410.55
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment, CWIP and Intangible assets	(2,425.73)	(2,862.02)
Sale proceeds of Property, Plant and Equipment	11.47	104.89
Interest receipt on investments	75.60	137.50
Increase in investment in Term deposit	(117.58)	504.70
Purchase of current investments (net)	(0.50)	0.01
Net cash generated / (used) in investing activities	(2,456.74)	(2,114.92)

CASH FLOW FOR THE YEAR ENDED 31st MARCH, 2019

(Rs. In Lacs)

	As at 31st March, 2019	As at 31st March, 2018
C. CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings		
Repayment of long term borrowings	(1,654.57)	(338.95)
Increase/(decrease) in short term borrowings	(7,260.07)	(12,511.45)
Dividend paid	(225.78)	-
Taxes on dividend Paid	(45.96)	-
Finance cost	(5,542.09)	(5,316.24)
Net cash from financing activities	(14,728.47)	(18,166.64)
Net changes in Cash and Bank balances	4.24	128.99
Net Increase / (-) Decrease in Cash and Bank balances		
Balance at the end of the year	1,692.07	1,687.83
Balance at the beginning of the year	1,687.83	1,558.84
Net changes in Cash and Bank balances	4.24	128.99

Notes:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7, Statement of Cash Flows.

The accompanying notes form an integral part of the financial statements
This is the Cash Flow Statement referred to in our report of even date.

For B. Mukherjee & Co.
Chartered Accountants
Firm Registration No:302096E

B. Mukherjee
Partner
Membership No.002941
Date : 28th May, 2019
Place : Kolkata

Narrindra Suranna
(DIN: 00060127)
Chairman and Managing Director

Tanvi Panday
(Membership No. ACS 31176)
Company Secretary

For and on behalf of Board of Directors

Rajesh Kothari
(DIN: 02168932)
Whole Time Director

Indar Chand Dakalia
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2019

(Rs. In Lacs)

A. EQUITY SHARE CAPITAL (Refer Note No. 16)

	As at 31st March, 2019	As at 31st March, 2018
Balance at the year beginning	1,881.46	1,881.46
Changes in equity share capital during the year	-	-
Balance at the year end	1,881.46	1,881.46

B. OTHER EQUITY (Refer Note No. 17)

For the year ended 31st March, 2019

Particulars	Reserve & Surplus				Other Comprehensive Income	Total
	Capital Reserve & Amalgamation Reserve	Securities Premium	General Reserve	Retained Earnings	Remeasurement of defined benefit plan	
Balance as at 1st April, 2018	852.96	5,322.45	3,400.00	18,144.26	(21.15)	27,698.53
Add : For the Year	-	-	-	2,561.75	(16.58)	2,545.17
Less: Equity Dividend	-	-	-	(225.78)	-	(225.78)
Less: Corporate Dividend Tax	-	-	-	(45.96)	-	(45.96)
Balance as at 31st March, 2019	852.96	5,322.45	3,400.00	20,434.27	(37.73)	29,971.96

The accompanying notes form an integral part of the financial statements
This is the Statement of Equity referred to in our report of even date.

For B. Mukherjee & Co.
Chartered Accountants
Firm Registration No:302096E

B. Mukherjee
Partner
Membership No.002941
Date : 28th May, 2019
Place : Kolkata

Narrindra Suranna
(DIN: 00060127)
Chairman and Managing Director

Tanvi Panday
(Membership No. ACS 31176)
Company Secretary

For and on behalf of Board of Directors

Rajesh Kothari
(DIN: 02168932)
Whole Time Director

Indar Chand Dakalia
Chief Financial Officer

Notes to the Financial Statements for the year ended 31st March, 2019**1. COMPANY INFORMATION**

Kkalpana Industries (India) Limited ("the Company") was incorporated in India on 03rd of September 1985. The Company is domiciled in India whose shares are listed on the Bombay Stock Exchange (BSE). The registered office is located at 2B Pretoria Street, Kolkata. The Company is engaged in the manufacturing of Plastic Compounds. Plastic Processors and Exporters Pvt Limited is a subsidiary of the Company.

The financial statements of the Company for the year ended 31st March, 2019 were authorised for issue in accordance with a resolution of the Board of Directors as on 28.05.2019

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**2.1 Statement of Compliance**

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between 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.

The financial statements are presented in Indian Rupees (Rs.), which is the Company's functional currency and transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes in these financial statements.

2.2 Basis of Measurement

The financial statements have been prepared on a historical cost basis (which includes deemed cost as per Ind AS 101), except for the following assets and liabilities which have been measured at fair value:

- (i) Derivative financial instruments
- (ii) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).
- (iii) Defined benefits plans - Plan assets measured at fair value

2.3 Key Accounting Estimates And Judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of financial statements and reported amount of revenue and expenses during the period. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1 Revenue Recognition**

The Company recognizes revenue, whenever control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account customer's creditworthiness.

Revenue is the transaction price the Company expects to be entitled to. In determining the transaction price, the Company considers effects of variable consideration, the existence of significant financing contracts, noncash consideration and consideration payable to the customer, if any. The Company considers whether there are other promises in the contract that are separate performance obligations to which the transaction price needs to be allocated (e.g. warranties etc.).

Notes to the Financial Statements for the year ended 31st March, 2019

Variable Consideration

If the consideration in a contract includes a variable amount, the company estimates the amount of consideration to which it will be entitled to in exchange for transferring goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved. Some contracts with the customers provide them with a right to return and volume rebates. The right to return and volume rebates gives rise to variable consideration.

The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration. Consideration is also adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably estimates those.

Revenue is recognized for each performance obligation either at a point in time or over time.

Sale of goods: Revenues are recognized at a point in time when control of the goods passes to the buyer, usually upon either at the time of dispatch or delivery. In case of export sale, it is usually recognised based on the shipped-on board date as per bill of lading. Revenue from sale of goods is net of taxes and recovery of charges collected from customers like transport, packing etc.

Contract balances:

Trade Receivables:

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only a passage of time is required before payment of the consideration is due).

Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfer goods and services to the customer, a contract liability is recognised when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognised as revenue when the company performs under the contract.

Interest Income

Interest income is recognised using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Dividend Income

Revenue is recognised when the right to receive the payment is established by the reporting date.

Other Claims / Receipts

Insurance claims and other receipts including export incentives, where quantum of accruals cannot be ascertained with reasonable certainty, these receipts are accounted on receipt basis.

Commission Income

When the Company Acts in the capacity of an agent rather than as the principal in a transaction the revenue recognised is the net amount of the commission earned by the Company.

Notes to the Financial Statements for the year ended 31st March, 2019**3.2 Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price including import duties and other non-refundable duties and taxes, borrowing cost if capitalization criteria are met and other directly attributable cost for bringing the Assets to its present location and condition.

The cost of replacing part of an item of Property, Plant and Equipment is recognised in the carrying amount of the item only when it is probable that future economic benefits embodied within the part will flow to the Company and the cost of the item/part can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

Gains or losses arising on retirement or disposal of Property, Plant and Equipment are recognised in the Statement of Profit and Loss.

Property, Plant and Equipment which are not ready for intended use as on the date of Balance sheet are disclosed as "Capital Work-in-progress".

Items of Property, Plant and Equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

The Assets which are held for Sale shall be reclassified to Current Assets only if its carrying amount will be recovered principally through a sale transaction (within one year) rather than through continuing use.

Depreciation and Ammortization:-

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed in Part - C under Schedule II to the Companies Act, 2013.

Particulars	Years
Factory Building	30
Plant & Machinery	25
Electrical Installation	10
Lab Equipments	10
Furniture and Fixtures	10
Motor Car	8
Air Conditioner	15
Scooter, Moped and Cycle	10
Office Equipment	5
Computer	3

Useful life of Plant and Machinery has been considered 25 years as against 15 years as prescribed in Schedule II of the Companies Act, 2013 which is based on the prevailing practices of the comparable industries and our past experience for last 30 years.

3.3 Intangible Assets :

Separately purchased intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives.

The Intangible Assets are derecognised either when they are being disposed off or no future economic benefit is expected from its use or disposal, the difference net disposal proceeds and the carrying amount of Assets is recognised in the statement of Profit and Loss in the period of derecognition.

Intangible assets are amortised as follows:

Technical Know How and Computer Software is amortized over a period of 10 years except SAP, a new Enterprise Resource Planning (ERP) System which has been implemented and amortised during the year.

Notes to the Financial Statements for the year ended 31st March, 2019

3.4 Non Current Assets held for Sale

Non-current assets or disposal groups comprising assets and liabilities are classified as 'held for sale' when all of the following criteria are met : (i) decision has been made to sell. (ii) the assets are available for immediate sale in its present condition (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

3.5 Investment Property

Investment Property comprises Free-Hold Lands that are held for Capital Appreciation as it has been held for a currently undetermined future use and are recognised at cost.

An Investment Property are derecognised either when they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss in the period of derecognition.

3.6 Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

3.7 Impairment of non-financial assets

As at each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:-

- a) In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use ; and
- b) In the case of cash generating unit (a group of asset that generates identified, independent cash flow), at the higher of the cash generating unit's fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounting rate that reflect the current market assessment of the time value of the money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transaction is taken into account. If no such transaction can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

3.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A) Financial Assets

Initial Recognition and measurement of Financial Assets

All financial assets are recognised initially at fair value plus or minus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Notes to the Financial Statements for the year ended 31st March, 2019

Financial assets are classified, at initial recognition, in the same manner as described in subsequent measurement.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date the Company commits to purchase or sell the asset

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (a) Financial assets at amortised cost
- (b) Financial assets at fair value through other comprehensive income (FVTOCI)
- (c) Financial assets at fair value through profit or loss (FVTPL)
- (d) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

(a) Financial assets at amortised cost

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- i) Business model test : The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
- ii) Cash flow characteristics test : 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.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Effective Interest Rate (EIR) method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period to the net carrying amount on initial recognition

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- i) Business model test : The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- ii) Cash flow characteristics test : 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.

(c) Financial assets at fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch') that would otherwise arise from measuring financial assets and financial liabilities or recognising the gains or losses on them on different bases.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

(d) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss.

Notes to the Financial Statements for the year ended 31st March, 2019

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from other comprehensive income to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's financial statement) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(i) the Company has transferred substantially all the risks and rewards of the asset, or

(ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Write Off

An entity shall directly reduce the gross carrying amount of a Financial Asset when the entity has no reasonable expectation of recovering a financial asset in its entirety or for a portion thereof.

Investment in joint ventures associates and subsidiaries:

The Company has accounted for its investment in joint ventures associates and subsidiaries at cost.

Impairment of financial assets

The Company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial assets:

(a) Financial assets measured at amortised cost

(b) Financial assets measured at fair value through other comprehensive income (FVTOCI)

Expected Credit Losses are measured through either 12 month ECL or lifetime ECL and it is assessed as following:

For recognition of impairment loss on financial assets, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in the subsequent period, credit quality of the instrument improves, such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company follows a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

Notes to the Financial Statements for the year ended 31st March, 2019

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

B) Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include loans and borrowings, trade and other payables and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

(b) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

(c) Financial Guarantee Contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

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 realize the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

The Company enters into derivative contracts such as forward currency contract, option contract and cross currency and interest rate swaps to hedge foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Notes to the Financial Statements for the year ended 31st March, 2019

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to statement of profit and loss when the hedge item affects profit or loss.

3.9 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprises cash in hand, cash at banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, cash at banks and short-term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the cash management.

3.10 Foreign currency Transactions

The Company's financial statements are presented in Indian Rupee (Rs.) which is also Company's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rates prevailing on the date of transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange rate differences that arise on settlement of monetary items or on translating of monetary items at each balance sheet reporting date at the closing rate are recognised as income or expense in the period in which they arise except exchange difference on monetary items that qualify as a hedging instrument in a cash flow hedge are recognised initially in OCI to the extent the hedge is effective.

Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates prevailing at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are reported using the exchange rates prevailing at the date when fair value is determined.

When a gain or loss on non-monetary items is recognised in OCI any exchange component of that gain / loss shall be recognised in OCI, conversaly when a gain or loss on a non-monetary item is recognised in Profit / loss any exchange component of that gain/loss shall be recognised in Profit / Loss.

3.11 Fair Value Measurement:

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Notes to the Financial Statements for the year ended 31st March, 2019

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.12 Inventories

Raw materials : Inventories are valued at cost or net realisable value whichever is lower. Cost is determined by using the Weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Finished Goods and Traded Goods: Inventories are valued at lower of cost and net realisable value. Finished goods include cost of conversion and other cost incurred for bringing the inventories to their present location and condition and Traded Goods includes purchase price and other cost incurred for bringing the inventories to their present location and condition.

Stores & Spareparts : Store and Spare Parts are valued at Cost.

3.13 Employee BenefitsShort Term Employee Benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be settled wholly before twelve months after the year end, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. It includes Salary, wages, paid annual leave.

Post Employment BenefitsDefined Contribution Plan

Retirement benefits in the form of contribution to Provident fund are defined contribution plans. The contributions are charged to the statement of profit and loss as and when due monthly and are paid to the Government administered Provident Fund towards which the Company has no further obligation beyond its monthly contribution. Superannuation benefit scheme is not existing in the Company.

Defined benefit plans:

The Company operates defined benefit plan viz., gratuity. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for the plan using the projected unit credit method.

Defined benefit costs are comprised of:

- a) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b) Net interest expense or income; and
- c) Re-measurement.

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprise actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

3.14 Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which it is incurred.

Borrowing costs include interest expense calculated using the effective interest rate method as described in Ind AS 109- Financial Instruments, finance charges in respect of finance leases are recognised in accordance with Ind AS 17- Leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Notes to the Financial Statements for the year ended 31st March, 2019

3.15 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current Tax

Current income tax represents the tax currently payable on the taxable income for the year and any adjustment to the tax in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside the statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset only if:

- (i) entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) deferred tax assets and the deferred tax liabilities relate to the income taxes levied by the same taxation authority.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal tax during the specified period.

3.16 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities and Assets

Contingent Liabilities are not recognised but are disclosed in the notes. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, 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 arising out of past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent Assets are not recognised but disclosed in the financial statements when economic inflow is probable.

Notes to the Financial Statements for the year ended 31st March, 2019**3.17 Earnings per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the period after deducting any attributable tax thereto for the period by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.18 Current and Non-current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non current classification.

An asset is current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle (twelve months),
- It is held primarily for the purpose of trading,
- It is expected to be realised within twelve months after the reporting period,
- It is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle (twelve months),
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period,

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

3.19 Business Combination

Business combinations, if any, are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Company. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the Goodwill computed as per IND AS 103 is negative, the acquirer needs to reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of combination. If negative goodwill remains, this is recognised immediately in OCI and accumulated in equity as Capital Reserve. The Company recognises any non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Company recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss.

Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the statement of Profit and Loss.

If there is an acquisition of an asset or a group of assets that does not constitute a business. In such cases the Company shall identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in Ind AS 38, Intangible Assets) and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

Notes to the Financial Statements for the year ended 31st March, 2019

Schedules for the year ended 31st March, 2019

4. Property Plant and Equipment

(Rs. In Lacs)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2018	Addition during the year	Sales/ Disposals	As at 31-03-2019	As at 01-04-2018*	For the Period	Sales/ Disposals	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018*
TANGIBLE ASSETS:										
Free hold land	1,608.30	-	-	1,608.30	-	-	-	-	1,608.30	1,608.30
Factory Building	6,801.58	416.73	15.38	7,202.93	1,156.88	233.41	3.27	1,387.02	5,815.91	5,644.70
Plant & Machinery	15,100.39	1,856.86	19.94	16,937.31	1,186.75	860.65	3.65	2,043.75	14,893.56	13,913.64
Furniture & Fixture	241.61	6.02	-	247.63	52.53	24.86	-	77.38	170.25	189.09
Motor Car	227.71	44.09	-	271.80	60.91	44.54	-	105.45	166.35	166.80
Scooter, Moped & Cycle	1.01	0.65	-	1.66	0.12	0.18	-	0.30	1.36	0.89
Laboratory Equipment	703.51	89.51	-	793.02	110.49	77.52	-	188.01	605.02	593.02
Electrical Installation	1,268.58	180.84	2.28	1,447.14	383.78	173.98	0.36	557.40	889.74	884.80
Office Equipment	54.51	24.48	-	78.99	13.90	13.65	-	27.55	51.45	40.61
Air Conditioner	67.25	3.59	-	70.84	15.14	4.08	-	19.22	51.62	52.12
Computer	36.68	16.54	-	53.22	10.62	13.47	-	24.09	29.14	26.06
Total	26,111.14	2,639.30	37.60	28,712.85	2,991.11	1,446.32	7.29	4,430.15	24,282.70	23,120.03
Previous Year	22,420.92	3,846.24	156.01	26,111.14	1,309.53	1,721.76	40.18	2,991.11	23,120.03	21,111.39

5. Capital Work In Progress

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2018	Addition during the year	Adjustments	As at 31-03-2019	As at 01-04-2018*	For the Period	Adjustments	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018*
Capital Work-in-Progress	410.14	730.26	1,140.40	-	-	-	-	-	-	410.14
Total	410.14	730.26	1,140.40	-	-	-	-	-	-	410.14
Previous Year	1,401.00	418.75	1,409.61	410.14	-	-	-	-	410.14	-

KKALPANA INDUSTRIES (INDIA) LIMITED
Notes to the Financial Statements for the year ended 31st March, 2019

6. Investment Property

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2018	Addition during the year	Sales/ Disposals	As at 31-03-2019	As at 01-04-2018*	For the Period	Sales/ Disposals	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018*
Free Hold Land	1,281.68	-	-	1,281.68	-	-	-	-	1,281.68	1,281.68
Total	1,281.68	-	-	1,281.68	-	-	-	-	1,281.68	1,281.68
Previous Year	1,281.68	-	-	1,281.68	-	-	-	-	1,281.68	1,281.68

7. Other Intangible Assets

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2018	Addition during the year	Sales/ Disposals	As at 31-03-2019	As at 01-04-2018*	For the Period	Sales/ Disposals	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018*
Technical Knowhow	0.20	-	-	0.20	-	-	-	-	0.20	0.20
Computer Software	31.56	196.56	-	228.12	8.31	201.03	-	209.34	18.78	23.25
Total	31.77	196.56	-	228.33	8.31	201.03	-	209.34	18.98	23.45
Previous Year	25.12	6.65	-	31.77	4.42	3.88	-	8.31	23.45	20.69

Other Notes to Note No 04 to 07

A Disclosures for Property, Plant & Equipment (PPE) ,Capital Work-in-Progress (CWIP) and Intangible Assets

- A1. Refer Note No. 47 for information on property, plant and equipment and Intangible Assets pledged as security by the Company.
A2. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for the year ended 31st March, 2019 is Rs. 76.07 lacs (31st March, 2018: Rs. 70.65Lac)
A3. There has been no impairment loss on above assets during the year.
A4. The Company has implemented SAP, a new Enterprise Resource Planning (ERP) System which has been implemented and ammortised during the year.
A5. * Refer Note No. 53

B Disclosures for Investment Property

- B1. The Company has identified and reclassified Land at West Bengal amounting Rs 1281.67 Lacs. immovable properties as Investment Properties on the date of transition i.e. 1st April, 2016 on the basis of currently undermined future use.
B2. No amount of Income / Expenses has been recognised in Profit and Loss in relation to the above Investment Property.
B3. The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
B4. The Company has elected optional exemption under Ind AS 101 to measure Investment Property at previous GAAP carrying value.
B5. Since the Land at West Bengal are partial agricultural in natrue, the management has not determined the Fair Market Value of these properties from the accredited independent valuer and hence the disclosure requirement of fair value has not been furnished.

Notes to the Financial Statements for the year ended 31st March, 2019

(Rs. In lacs)

8 FINANCIAL ASSETS:- NON-CURRENT INVESTMENTS	Face Value Rs.	No. of Shares / Units		Amount	
		As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Equity Instruments - Fully paid up					
<u>Unquoted</u>					
(a) Subsidiary-At Cost					
(i) Plastic Processors and Exporters Pvt Ltd.	10	49,994.00	45,000.00	36.50	36.00
(b) Others-At Fair Value Through Profit and Loss					
(i) Panchawati Holiday Resorts Ltd.	10	9,400.00	9,400.00	-	-
<u>Quoted</u>					
(a) Associate-At Cost					
(i) Kkalpana Plastick Limited	10	2,002,920	2,002,920	200.29	200.29
(b) Others-At Fair Value Through Profit and Loss					
(i) Dena Bank/Bank of Baroda	10	-	14	-	-
(ii) Nicco Corporation Ltd.	2	826,194	826,194	-	-
Total Investments				236.79	236.29
Less: Provision for diminution in the value of Investments				-	-
Net Investments				236.79	236.29
Notes:					
Aggregate amount of Quoted Investments and market value thereof				200.29	200.29
Aggregate amount of Unquoted Investments				36.50	36.00
Aggregate amount of Impairment in the value of Investments				-	-
Total Investment (net)				236.79	236.29

9. FINANCIAL ASSETS - LOANS	(Rs. In lacs)			
	Non Current		Current	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
(a) Unsecured, considered good				
Loan to Related Party	-	-	-	741.39
Total	-	-	-	741.39

There are no loans/ advances to directors or other officers of the Company or any of them either severally or jointly with any other persons or loans/ advances to firms or private companies respectively in which any director is a partner or a director or a member.

KKALPANA INDUSTRIES (INDIA) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2019

10. FINANCIAL ASSETS - OTHERS	(Rs. In lacs)			
	Non Current		Current	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good				
(a) Security Deposit	109.26	90.39	65.95	98.50
(b) Investment in Term Deposits (with remaining maturity of more than 12 months)	281.40	163.82	-	-
(c) Derivative Instruments				
Foreign Exchange Forward Contracts	-	-	-	64.74
Foreign Currency Options	-	-	-	22.12
(d) Others - Advances Recoverable from				
Employees	-	-	116.76	82.00
Others	-	-	23.60	47.65
(e) Interest Accrued	-	-	262.94	31.17
Total	390.66	254.21	469.26	346.18

11. OTHER NON CURRENT ASSETS	(Rs. In lacs)	
	As at 31st March, 2019	As at 31st March, 2018
(a) Capital Advances		
(i) Unsecured - considered good	57.53	448.37
(b) Prepaid Rent	20.48	23.42
Total	78.01	471.79

There are no advances to directors or other officers of the Company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member.

12. INVENTORIES	(Rs. In lacs)	
	As at 31st March, 2019	As at 31st March, 2018
(As taken valued and certified by the management) At Cost or NRV whichever is lower		
(a) Raw materials		
- In Stock	11,695.53	12,262.41
- In Transit	19.89	112.01
(b) Finished goods		
- In Stock	3,668.93	2,751.63
(c) Stores and spares- at Cost		
- In Stock	330.02	417.86
Total	15,714.37	15,543.90

- During the year ended 31st March, 2019 and year ended 31st March, 2018 no amount was recognised as an expense for the inventories carried at net realisable value.
- Refer Note No - 47 for details of Carrying amount of Inventories pledged with banks against Working Capital loans.
- Stores and Spares does not include machinery spares which can be used only in connection with an item of Fixed Assets.

Notes to the Financial Statements for the year ended 31st March, 2019

	(Rs. In lacs)	
	As at 31st March, 2019	As at 31st March, 2018
13. TRADE RECEIVABLES		
(a) Unsecured, considered good		
(i) Others	30,722.98	33,972.69
(ii) Related Parties	939.79	144.90
	31,662.77	34,117.59
Less: Allowance for bad and doubtful debts	631.86	619.06
Total (Net of Provision)	31,030.91	33,498.54

- There are no debts due by directors or other officers of the Company or any of them either severally or jointly with any other persons or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

- The Company has done the Impairment Assesement for Trade Receivables based on expected credit loss model considering the credit risk as significantly low. The Company has used a simplified approach based on a 12 months ECL. A provison matrix has been prepared based on historical credit loss experience adjusted as appropriate to reflect the current conditions and supportable forecast of future economic conditons.

	(Rs. In lacs)	
	As at 31st March, 2019	As at 31st March, 2018
14. CASH & CASH EQUIVALENTS		
(a) Balance with banks:		
(i) In Current Accounts	501.65	340.48
(ii) In EEFC Account	141.80	25.03
(ii) In Deposit with Original Maturity of less than 3 months	371.35	58.00
(b) Cash in hand (As certified by the management)	18.50	25.66
(c) Other Bank Balance		
(i) Unpaid Dividend account	22.21	24.58
(ii) Deposits with more than 3 months initial maturity	636.56	1,214.08
Total	1,692.07	1,687.83

	(Rs. In lacs)	
	As at 31st March, 2019	As at 31st March, 2018
15. OTHER CURRENT ASSETS		
(a) Other Advances		
Unsecured, considered good		
(i) Balances with government departments	4,902.91	5,716.87
(ii) Advance to Suppliers	63.67	100.87
(b) Prepaid Expenses	209.57	198.77
(c) Prepaid Rent	0.04	0.05
Total Other Current Assets	5,176.20	6,016.55
Less: Total Provision for Doubtful Advances/ Debts		
Total (Net of Provision)	5,176.20	6,016.55

There are no advances to directors or other officers of the Company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member.

KKALPANA INDUSTRIES (INDIA) LIMITED
Notes to the Financial Statements for the year ended 31st March, 2019

		(Rs. In lacs)	
		As at 31st March, 2019	As at 31st March, 2018
16. EQUITY SHARE CAPITAL (Refer Statement of Changes in Equity)			
Authorised Shares			
153,000,000 (Previous Year: 153,000,000) Shares of Rs. 2 each	3,060.00	3,060.00	
	3,060.00	3,060.00	
Issued, Subscribed and Paid Up			
940,72,930 (Previous Year: 940,72,930) Equity Shares of Rs.2 each	1,881.46	1,881.46	
	1,881.46	1,881.46	

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March 2019		As at 31st March 2018	
	No. of Shares	Amount (Rs. In Lacs)	No. of Shares	Amount (Rs. In Lacs)
Equity Shares outstanding at the beginning of the year	94,072,930.00	1,881.46	94,072,930.00	1,881.46
Equity Shares issued during the year	-	-	-	-
Equity Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	94,072,930.00	1,881.46	94,072,930.00	1,881.46

(b) Terms/ Rights attached to Equity Shares

The Company has issued only one class of equity shares having a par value of Rs. 2 per share. Each equity shareholder is entitled to one vote per share. The Company had declared and paid dividends in Indian rupee.

In event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding.

(c) Details of shareholders holding more than 5% shares in the Company

Sl. No.	Name of the Shareholders	As at 31st March 2019		As at 31st March, 2018	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Sri Ram Financial Consultants Pvt Ltd	-	-	44,785,170.00	47.61
2	Shyam Baba Trexim Pvt Ltd	-	-	15,551,680.00	16.53
3	Almond PolyTraders Pvt Ltd	7,750,000.00	8.24	7,750,000.00	8.24
4	Inbara holdings Pvt Ltd.	-	-	7,250,000.00	7.71
5	Bbigplas Poly Pvt Ltd.	69,641,685.00	74.03	-	-

Note - During the FY 2018-19 Sri Ram Financial Consultants Pvt Ltd, Shyam Baba Trexim Pvt Ltd and Inbara holdings Pvt Ltd. has been merged in Bbigplas Poly Pvt Ltd vide scheme of amalgamation dated 18th December 2018 which is binding with effect from 1st April '2018.

(d) Aggregate number of bonus shares issued, shares allotted as fully paidup pursuant to contract without payment being received in cash and shares bought back during the period of five years immediately preceding the reporting date: Nil

Notes to the Financial Statements for the year ended 31st March, 2019

17. OTHER EQUITY (Refer Statement of Changes in Equity)

(a) Security Premium

(Rs. In lacs)

This reserves are used to record the premium on issue of shares. The reserve would be utilized in accordance with the provisions of the Act.

	As at 31st March, 2019	As at 31st March, 2018
As per Last Financial Statement	5,322.45	5,322.45
Add: During the year	-	-
	5,322.45	5,322.45

(b) Capital Reserve and Amalgamation Reserve

As per Last Financial Statement
Add: During the year

	As at 31st March, 2019	As at 31st March, 2018
	852.96	852.96
	-	-
	852.96	852.96

(c) General Reserve

As per Last Financial Statement
Add: During the year

	As at 31st March, 2019	As at 31st March, 2018
	3,400.00	3,400.00
	-	-
	3,400.00	3,400.00

(d) Retained Earnings

As per Last Financial Statement
Less: Equity Dividend
Less: Corporate Dividend Tax
Add: During the year

	As at 31st March, 2019	As at 31st March, 2018
	18,144.26	15,947.02
	(225.78)	-
	(45.96)	-
	2,561.75	2,197.24
	20,434.27	18,144.26

(e) Other Comprehensive Income

As per Last Financial Statement
Add: During the year

	As at 31st March, 2019	As at 31st March, 2018
	(21.15)	(2.96)
	(16.58)	(18.18)
	(37.73)	(21.15)

Total Reserves (a+b+c+d+e)

	29,971.96	27,698.53
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Notes to the Financial Statements for the year ended 31st March, 2019

(Rs. In lacs)

18. LONG TERM BORROWINGS

	Non Current		Current *	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Secured				
(a) Term Loans				
I From Banks				
(i) Rupee Loan	3,022.36	4,626.23	1,626.58	1,501.58
II From Others				
(i) From Banks - Vehicle Loan	30.40	82.00	28.08	-
Total (Net) (a)	3,052.76	4,708.23	1,654.66	1,501.58
Unsecured				
(b) Long term loan				
-Related Party	1,977.10	1,780.27	-	-
Total (Net) (b)	1,977.10	1,780.27	-	-
Grand Total (Net) (a+b)	5,029.86	6,488.50	1,654.66	1,501.58

* Refer Note No.23

Details of terms of repayment of long term borrowings

Long term borrowings	Terms of Repayment	Maturity Date	Interest Rate	Loan Taken Date
Secured				
a) Term Loans				
I From Banks				
(i) Rupee Loan-IDFC	1 Year moratorium from the date of 1st disbursement & thereafter payable in 20 equal quarterly installments.	13th Feb 2021	10.20%	01st April 2017
(ii) Rupee Loan-HDFC	Repayable in 15 equal quarterly installments starting from 30th June 2017.	31st Dec 2020	9.00%	24th March 2017
(iii) Rupee Loan-SBI	Will start after completing moratorium period of 2 years. 24 quarterly installment starting from 31st December 2016 in a structured way .	31st Dec 2021	11.50%	31st Dec 2014
(iv) Rupee Loan-HDFC	Repayable in 20 equal quarterly installments after 12 months of moratorium from the date of first disbursement. Repayments to start from 31st March 2018 till 31st December 2022.	31st Dec 2022	9.75%	06th Jan 2017
II From Others				
(i) Vehicle Loan-	60 equal monthly instalment			
Unsecured				
(b) Long term loan/deposits				
RELATED PARTY				
Bbigplas Poly Pvt. Ltd.	Repayable on Demand after 30th March 2022		4.00%	

Details of terms of security for long term borrowings

- Rupee Loan from SBI, HDFC and IDFC are secured by 1st pari passu charge by way of equitable mortgage over all present and future movable and immovable properties located at Silvasa, Surangi, Daman and Bhasa Units and movable fixed assets at Dhulagarh Unit and 2nd pari passu charge by way of hypothecation over entire current assets, stock and book debts of the company both present and future.
- The unsecured loan from Promoter group Companies namely Sri Ram Financial Consultants Pvt Ltd, Shyambaba Trexim Pvt Ltd, Krishna Commodities Pvt Ltd and Inbara Holdings Pvt Ltd, all of which merged with Bbigplas Poly Pvt Ltd vide NCLT order dated 18th December, 2018 (filed with ROC on 4th Feb 2019), having effect from 1st April, 2018, is subordinated to State Bank of India for their Term Loan outstanding of INR 2123.69 Lacs as on 31.03.2019.
- Vehicle Loan are secured by hypothecation against Motor Car.

(Rs. In lacs)

Notes to the Financial Statements for the year ended 31st March, 2019

19. LONG TERM PROVISIONS	As at 31st March, 2019	As at 31st March, 2018
(a) Employee benefits		
(i) Gratuity (Refer Note No. 39(b))	163.88	93.98
Total	163.88	93.98
(Rs. In lacs)		
20. DEFERRED TAX LIABILITIES (NET)	As at 31st March, 2019	As at 31st March, 2018
(a) Liabilities :		
Depreciation and ammortization expenses	3,094.94	2,846.93
Items under financial assets and financial liabilities giving temporary dif- ferences	322.43	387.89
Total (a)	3,417.37	3,234.82
(b) Assets :		
Items under financial assets and financial liabilities giving temporary dif- ferences	41.85	18.57
Provision for doubtful debts & obsolescence	220.80	214.24
MAT Credit Entitlement	244.48	581.84
Total (b)	507.12	814.65
Net Liability (a-b)	2,910.24	2,420.17
Reconciliation of Deferred Tax Assets/ Liabilites (Net):		
Opening balance as at the beginning of the Year	2,420.17	2,040.62
Tax (benefit) / expense during the period recognised in profit or loss	161.49	563.97
MAT Credit Entitlement utilised/(availed)	337.36	(174.79)
Tax impact on items of Other Comprehensive income that will not be classified to profit & loss	(8.78)	(9.62)
Closing balance as at the end of the Year	2,910.24	2,420.17

KKALPANA INDUSTRIES (INDIA) LIMITED
Notes to the Financial Statements for the year ended 31st March, 2019

(Rs. In lacs)

21. SHORT TERM BORROWINGS

	As at 31st March, 2019	As at 31st March, 2018
Secured		
(a) Loans repayable on demand		
Cash credits from bank *	2,527.95	12,090.36
Working Capital Demand Loan from Bank	4,500.00	-
	-	-
(b) Other Loans and advances		
Buyer's credit from bank *	-	2,350.74
	-	-
Total	7,027.95	14,441.10

* These Loans are repayable on demand and carries interest as applicable from time to time.

* Working Capital facilities (fund based and non fund based limits) are secured by 1st pari passu charge by way of equitable mortgage over property located at D-403, Dharam Place, CHS Limited, Shantivan, Borivalli (E), Mumbai-400066 and by way of hypothecation over entire current assets, stock and trade receivables of the company both present and future and 2nd pari passu charge by way of equitable mortgage over all present and future movable and immovable properties located at Silvasa, Surangi, Daman and Bhasa Units and movable fixed assets at Dhulagarh Unit.

22. TRADE PAYABLES

	(Rs. In lacs)	
	As at 31st March, 2019	As at 31st March, 2018
(a) Micro & Small Enterprises	314.32	-
(b) Others		
Acceptances secured *	26,834.51	22,781.90
Sundry Creditors for goods	928.04	2,803.20
Sundry Creditors for expenses	926.40	1,206.74
Total	29,003.28	26,791.84

* Secured by way of hypothecation of stocks and book debts in favor of the Company's banker.

Micro enterprises and Small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the confirmations received in response to intimation in this regard sent to the suppliers. Interest in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 due and remaining unpaid as at March 31, 2019 – Rs 2.53 lacs.

23. CURRENT FINANCIAL LIABILITIES-OTHER

	(Rs. In lacs)	
	As at 31st March, 2019	As at 31st March, 2018
(a) Current maturities of long-term debts (Refer Note No.18)	1,654.66	1,501.58
(b) Interest payable on Unsecured Loan	233.35	253.06
(c) Interest accrued but not due on borrowings	25.67	-
(d) Unpaid dividends #	22.21	24.59
(e) Derivative Instruments		
(i) Foreign Exchange Forward Contracts	101.58	-
(ii) Foreign Currency Options	5.46	-
(f) Others		
(i) Creditors for Capital Goods	210.91	296.91
(ii) Other Liability	904.29	576.97
Total	3,158.13	2,653.11

There is no amount due & outstanding to be credited to the Investor Education & Protection Fund.

Notes to the Financial Statements for the year ended 31st March, 2019

	(Rs. In lacs)	
	As at 31st March, 2019	As at 31st March, 2018
24. OTHER CURRENT LIABILITIES		
(a) Advance payments from customers	357.83	386.39
(b) Other payables		
(i) Statutory dues	89.74	73.86
Total	447.57	460.25
25. SHORT TERM PROVISIONS		
(a) Employee benefits		
Leave encashment (unfunded)	122.53	88.96
Total	122.53	88.96
26. CURRENT TAX LIABILITIES		
Income Tax (Net of Payments)	654.77	614.08
	654.77	614.08
27. REVENUE FROM OPERATIONS		
	For the Year 2018-19	For the Year 2017-18
(a) Sale of Products		
(i) Polyethylene	122,807.20	88,372.83
(ii) Poly Vinyl Chloride	48,310.54	43,326.23
(iii) Others	29,785.45	44,322.01
(c) Sale of Services		
(i) Commission Received (Refer Note below:-)	-	512.08
<p>Commission relates to sale of Products in which the Company Acts as an agent in the transaction rather than as a Principal in assessing the Companies role to be that of an agent rather than as a principal, the management considered the following factors:-</p> <p>a) The Company does not take title to the goods and has no responsibility in respect of goods sold. b) The Company cannot vary the selling prices set by the supplier. c) Credit risk is born by the supplier.</p>		
Total	200,903.19	176,533.15
28. OTHER INCOME		
	For the Year 2018-19	For the Year 2017-18
(a) Interest income	75.60	137.50
(b) Exchange difference other than considered as finance cost (net)	906.87	400.67
(c) Export Incentive	98.99	19.63
(d) Unwinding of Interest on security deposit	5.96	4.62
(e) Fair Value gain or (losses) on derivatives	(107.04)	86.86
(f) Insurance Claim Received	34.38	97.37
(g) Other Miscellaneous Income	164.88	72.57
Total	1,179.65	819.22

KKALPANA INDUSTRIES (INDIA) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2019

	(Rs. In lacs)	
	For the Year 2018-19	For the Year 2017-18
29. COST OF MATERIALS CONSUMED		
Inventory at the beginning of the year	12,374.41	14,437.00
Add: Purchases during the year	175,754.17	149,010.11
Add: Stock In Transit	19.89	-
Less: Raw Material at the end of the Year	11,715.42	12,374.41
Total Cost of Material Consumed	176,433.05	151,072.69
<u>Details of Raw Material Consumed</u>		
LLDPE/LDPE/HDPE/CC	99,244.99	69,469.99
PVC Resin	32,952.14	27,859.59
Plastic Scrap	6,330.80	5,810.68
Other items	37,905.12	47,932.44
	176,433.05	151,072.69
30. CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK IN TRADE		
	For the Year 2018-19	For the Year 2017-18
(a) Stocks at the beginning of the year Finished goods	2,751.63	2,671.99
(b) Less: Stocks at the end of the year Finished goods	3,668.93	2,751.63
Total	(917.30)	(79.64)
31. EMPLOYEE BENEFITS EXPENSE		
	For the Year 2018-19	For the Year 2017-18
(a) Salaries, Wages, Bonus and Gratuity	3,991.93	2,615.39
(b) Contribution to Provident and other funds	63.70	53.04
(c) Workmen and staff welfare expenses	111.97	96.72
Total	4,167.60	2,765.15
32. FINANCE COSTS		
	For the Year 2018-19	For the Year 2017-18
(a) Interest expense		
(i) To Banks	3,800.65	3,847.47
(ii) To Others	119.17	371.83
(b) Other borrowing costs	1,628.23	1,130.79
(c) Unwinding of Interest	195.93	176.51
Total	5,743.98	5,526.60

Notes to the Financial Statements for the year ended 31st March, 2019

	(Rs. In lacs)	
	For the Year 2018-19	For the Year 2017-18
33. OTHER EXPENSES		
(a) Consumption of Stores and Spare Parts.	215.75	113.55
(b) Power & Fuel	2,744.36	2,218.96
(c) Rent	647.98	593.16
(d) Repair & Maintenance - Building	140.91	91.23
(e) Repair & Maintenance - Machinery	630.53	327.44
(f) Repair & Maintenance - Others	234.37	158.43
(g) Insurance Charges	202.33	171.48
(h) Rates & Taxes	75.97	44.81
(i) Payments to Auditors (Refer Note (i) below)	3.75	6.00
(j) Directors' Fees	3.70	3.20
(k) Bad debts / Advances Written off	3.44	27.57
(l) Loss on sale of fixed assets	18.85	10.94
(m) Selling & Distribution Expenses	4,739.45	4,458.20
(n) Net (gain)/loss on Fair value of Financial Assets through Profit & Loss	-	0.01
(o) Provision for doubtful debts	12.81	(376.31)
(p) CSR expenses (Refer Note No. 38)	83.08	135.50
(q) Miscellaneous expenses	1,208.58	1,132.45
Total	10,965.86	9,116.64
<u>Refer Note :- 1</u>		
Auditors' remuneration and expenses		
Audit fees	3.10	3.10
Tax audit fees	0.65	0.65
Fees for other services	-	2.25
	3.75	6.00
34. Income Tax		
	For the Year 2018-19	For the Year 2017-18
I Income tax related to items charged or credited directly to profit or loss during the year:		
(a) Statement of profit and loss		
(i) Current Income Tax	1,319.06	688.62
(ii) Deferred Tax expense/ (benefit)	161.49	563.97
	1,480.54	1,252.59
(b) Other Comprehensive Income		
(i) Deferred Tax related to items recognised in OCI during the year:		
- Net expense/(benefit) on remeasurements of defined benefit plans	(8.78)	(9.62)
	(8.78)	(9.62)
Total (a+b)	1,471.77	1,242.97
II Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2019 and 31st March, 2018:		
Accounting profit before income tax as per Ind AS	4,042.29	3,449.83
At Income tax rate of 34.944% (31st March, 2018: 34.608%)	1,412.54	1,193.92
Tax effect of items that are not deductible for tax purpose	47.02	59.00
Change in Rate Impact	28.88	-
Tax effect of deductions under Chapter VIA of Income Tax Act, 1961	(16.67)	(9.95)
At the effective income tax rate of 36.41% (31st March 2018: 36.03%)	1,471.77	1,242.97
Income tax expense reported in the statement of profit and loss	1,471.77	1,242.97
Difference	-	-

KKALPANA INDUSTRIES (INDIA) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2019

		(Rs. In lacs)	
		For the Year 2018-19	For the Year 2017-18
35. Other Comprehensive Income			
i	Items that will not be classified to profit and loss		
	- Remeasurement gain/ (losses) on defined benefit plans		
	Balance as at year beginning	(27.81)	(4.53)
	Add: Created during the year	2.45	(23.27)
	Less: Adjustments	-	-
	Balance as at year end	<u>(25.36)</u>	<u>(27.81)</u>
ii	Income tax relating to items that will not be classified to profit and loss		
	- Remeasurement gain/ (losses) on defined benefit plans		
	Balance as at year beginning	9.62	1.57
	Add: Created during the year	-	8.05
	Less: Adjustments	0.85	-
	Balance as at year end	<u>8.78</u>	<u>9.62</u>
	Total	<u>(16.58)</u>	<u>(18.18)</u>

36 OTHER NOTES FORMING PART OF THE FINANCIAL STATEMENTS

		(Rs. In Lacs)	
		As at 31st March, 2019	As at 31st March, 2018
<u>Contingent liabilities & Commitments</u>			
A	Not Provided for:-		
	(a) Claims against the Company not acknowledged as debts		
	- Demand raised by following authorities in dispute:		
	(i) Income tax matters	338.77	338.77
B	Bank Gurantee	807.88	658.44
C	Capital Commitments		
	Estimated Value of contracts in Capital account remaining to be executed and not provided for (Net of advances)	76.07	70.65
D	Other Commitments		
	Letter of Credit	2,572.16	23,185.05

37 DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED U/S 186(4) OF THE COMPANIES ACT, 2013

A. Loan Given

Sl. No. Name of the entity	(Rs. In Lacs)	
	As at 31st March 2019	As at 31st March 2018
1 To Subsidiary Co.	-	741.39
2 Others	-	-
	<u>-</u>	<u>741.39</u>

Notes to the Financial Statements for the year ended 31st March, 2019

B. Investment Made

There are no investments by the company other than those stated under Note No. 8 in the financial statements.

C. Securities Given

There is no security given during the year.

38 DISCLOSURE ON CORPORATE SOCIAL RESPONSIBILITY EXPENSES

- (a) Gross amount required to be spent by the Company during the year in pursuance to the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder : Rs. 73.08 lacs (PY Rs. 72 lacs).
 (b) Amount unspent as at 31.3.2019 Rs. Nil (P.Y 31.3.2018 Rs. Nil)
 (c) Amount spent during the year 2018-19 and shown under Other Expenses in the Statement of Profit and Loss (Refer Note No. 33):

<u>Sl. No.</u> <u>Particulars</u>	(Rs. In Lacs)	
	As at 31st March 2019	As at 31st March 2018
(i) Spent during the year	83.08	135.50
(ii) Yet to Spend	-	-
Total	83.08	135.50

39 DISCLOSURES AS REQUIRED BY IND AS 19, EMPLOYEE BENEFITS

(a) Defined contribution plans:

Contribution to defined contribution plan, recognised as expense for the year as under:

	(Rs. In Lacs)	
	As at 31st March 2019	As at 31st March 2018
(i) Employer's contribution to Government Provident Fund, Pension Fund & ESI	63.70	53.04
Total	63.70	53.04

(b) Defined benefit plan:

Gratuity

The Employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust maintained with Life Insurance Corporation of India. The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date, based upon which the Company contributes to the Group Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with Life Insurance Corporation of India, is provided for as assets/ (liability) in the books. Actuarial gains/ (losses) for defined benefit plans are recognised in full and are immediately taken to the statement of profit and loss and Other Comprehensive Income accordingly as per Actuarial Valuation Report.. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 to 30 days' salary for each completed year of service . Vesting occurs upon completion of five continuous years of service in accordance with Indian law. The gratuity fund is separately administered by a Gratuity Fund Trust.

I Following information are based on report of actuary for employee benefit expenses

	Gratuity (Funded)	
	As at 31st March 2019	As at 31st March 2018
(A) Change in present value of the obligation during the year		
(1) Present value of obligation at year beginning	219.85	172.44
(2) Current service cost	37.54	24.75
(3) Interest cost	16.79	12.73

KKALPANA INDUSTRIES (INDIA) LIMITED
Notes to the Financial Statements for the year ended 31st March, 2019

	As at 31st March 2019	As at 31st March 2018
(4) Benefits paid	(3.70)	(16.40)
(5) Actuarial (gain) / loss arising from changes in demographic assumptions	-	-
(6) Actuarial (gain) / loss arising from changes in financial assumptions	5.10	(4.48)
(7) Actuarial (gain) / loss arising from changes in experience adjustments	18.05	30.81
(8) Present value of obligation at year end	293.63	219.85
(B) Change in fair value of plan assets during the year		
(1) Fair value of plan assets at year beginning	125.87	118.04
(2) Interest income on plan assets	9.69	9.15
(3) Expected return on plan assets other than interest income	(2.21)	(1.48)
(4) Contribution made by the Employer *	0.10	16.56
(5) Benefits paid	(3.70)	(16.40)
(6) Fair value of plan assets at year end	129.75	125.87
(C) Reconciliation of obligation and fair value of assets		
(1) Present value of the obligation at year end	293.63	219.85
(2) Fair value of plan assets at year end	129.75	125.87
(3) Funded status [surplus / (deficit)]	(163.88)	(93.98)
(D) Expense recognised in the Statement of Profit and Loss		
(1) Current service cost	37.54	24.75
(2) Interest cost	16.79	12.73
(3) Interest income on plan assets	(9.69)	(9.15)
Net cost recognised in Profit or Loss	44.64	28.33
(E) Recognised in Other Comprehensive Income		
(1) Expected return on plan assets other than interest income	2.21	1.48
(2) Actuarial (gain) / loss arising from changes in demographic assumptions	-	-
(3) Actuarial (gain) / loss arising from changes in financial assumptions	5.10	(4.48)
(4) Actuarial (gain) / loss arising from changes in experience adjustments	18.05	30.81
Net (gain)/ loss recognised in Other Comprehensive Income	25.36	27.81
(F) Net Defined benefit liability/(Asset) Reconciliation		
(1) Net Defined benefit liability/(Asset) at the beginning of the year	93.98	54.41
(2) Defined benefit cost included in P/L	44.64	28.33
(3) Total remeasurement included in OCI	25.36	27.81
(4) Employers contribution*	(0.10)	(16.56)
Net Defined benefit liability/(Asset) at the end of the year	163.88	93.98

*Note - As per actuarial valuation report contribution made by employer is Rs. 70,000. The difference of Rs. 60,000 is due to the refund pertaining to last financial year adjusted in current financial year by Life Insurance Corporation of India.

Notes to the Financial Statements for the year ended 31st March, 2019

II Maturity profile of defined benefit obligations:

Year 1	29.52	15.55
Year 2	30.48	72.57
Year 3	43.95	120.18
Year 4	19.60	64.41
Year 5	15.21	24.76
Year 6	53.78	82.98
Year 7	23.03	117.62
Year 8	20.41	85.74
Year 9	18.72	34.12
Year 10	25.64	43.53
Above 10 years	398.08	-
Total expected payments	678.44	661.46

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 5.17 Years (31st March,2018: 5.52 years).

The best estimate contribution for the company during the next year would be Rs 47.55 lacs (31st March,2018: Rs. 55.61 lacs).

Amount payable upon discontinuance of all employment is INR 339.97 lacs. (31st March,2018: Rs. 263.82 lacs).

III Experience Adjustments on Present Value of DBO and Plan Assets

	(Rs. In Lacs)	
	As at 31st March 2019	As at 31st March 2018
(Gain)/Loss on Plan Liabilities	18.05	30.81
% of Opening Plan Liabilities	8.21%	17.87%
(Gain)/Loss on Plan Assets	2.21	1.48
% of Opening Plan Assets	1.75%	1.25%

IV Quantitative sensitivity analysis for significant assumptions considered for defined benefit obligation (Gratuity):

Sensitivity analysis presented below represents expected change in present value of defined benefit obligation based on reasonably possible changes in the assumptions occurring at the year end.

	As at 31st March 2019	As at 31st March 2018
Defined Benefit Obligation (Base)	293.63	219.85
(1) One percentage increase in discount rate	271.41	203.04
(2) One percentage decrease in discount rate	319.31	239.31
(3) One percentage increase in rate of salary escalation	319.16	238.79
(4) One percentage decrease in rate of salary escalation	270.99	203.06
(5) One percentage increase in rate of withdrawal rate	296.10	222.09
(6) One percentage decrease in rate of withdrawal rate	290.74	217.28

KKALPANA INDUSTRIES (INDIA) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2019

	As at 31st March 2019	As at 31st March 2018
V Actuarial Assumptions		
(1) Discount rate	7.70%	7.75%
(2) Mortality Rate	IALM (2006-08) Table	
(3) Salary Escalation - First 5 years	6% p.a	6% p.a
(4) Salary Escalation - After 5 years	6% p.a	6% p.a
(5) Expected Rate of Return on Plan Assets	7.70%	7.75%
(6) Disability Rate	5% of Mortality Rate	5% of Mortality Rate
(7) Retirement Age	60 years	60 years
(8) Average Future Service	21.66	21.97
(9) Withdrawal rates , based on age: (per annum)		
Up to 25 years	8.00%	8.00%
26 - 30 years	7.00%	7.00%
31 - 35 years	6.00%	6.00%
36 - 40 years	5.00%	5.00%
41 - 45 years	4.00%	4.00%
46 - 50 years	3.00%	3.00%
51 - 55 years	2.00%	2.00%
Above 56 years	1.00%	1.00%
VI Weighted average Asset allocation (as percentage of total plan assets)		
(1) Equities	-	-
(2) Bonds	-	-
(3) Gilts	-	-
(4) Insurance Policies	100%	100%
Total	100%	100%

40 DISCLOSURES AS REQUIRED BY IND AS 108, OPERATING SEGMENTS

(a) Identification of Operating Segments:

The Company Operate in a Single Reportable Operating Segment i.e. manufacturing and sale of Poly Vinyl Chloride, Polyethylene, Antifab and EP Compound which have similar risk and returns and are of similar nature.

No other operating segments have been aggregated to form the above reportable operating segments as per the criteria specified in the Ind AS.

(b) Business Segment wise revenue/results/assets/liabilities

Since there is Single Reportable Operating Segment hence disclosure of Operating Segment wise Assets, Liabilities, Revenue and Results are not applicable.

(c) Geographical Information

	(Rs. In Lacs)	
	As at 31st March 2019	As at 31st March 2018
(i) Segment revenue by location of Customers:		
India	171,216.89	144,123.95
Overseas	29,686.29	32,409.19
Total	200,903.19	176,533.15

Notes to the Financial Statements for the year ended 31st March, 2019

(ii) **Segment Assets by location**

<u>India</u>		
East	7,464.26	6,805.65
West	18,086.37	17,579.37
Others	32.73	40.13
<u>Overseas</u>	-	-
Total	25,583.36	24,425.16

(d) The Company does not have material amount of tangible, intangible assets and non current operating assets located outside India.

(e) Product wise revenue from external customers has been detailed in Note No 27.

(f) Revenue from three customers is INR 21,247.51 lacs (P.Y Rs. 19,471.97 Lacs) which is more than 10% of the total revenue of the Company

41 DISCLOSURE ON RELATED PARTY TRANSACTIONS

(A) Related parties and their relationship with the Company :

<u>(i) Name of the Related Party</u>	<u>Relationship with the Company</u>
Mr. Narrindra Suranna	CEO, Chairman and Managing Director and Promoter (KMP)
Mr. Rajesh Kothari	Whole Time Director (KMP)
Dr. P.R.Mukherjee	Whole Time Director (KMP)
Mr. I.C Dakalia	Chief Financial Officer (KMP)
Ms. Tanvi Panday	Company Secretary (KMP)
Mrs. Tara Devi Surana	Promoter
Mr. Surendra Kumar Surana	Promoter
Mr. Dev Krishna Surana	Promoter & Director

(ii) Relative of Key Management Personnel (KMP) of the Company

<u>Name of the Relative</u>	<u>Relationship with KMP</u>
Mrs. Tara Devi Surana	Mother of Chairman and Managing Director
Mrs. Sarla Devi Surana	Wife of Chairman and Managing Director
Mr. Surendra Kumar Surana	Brother of Chairman and Managing Director
Mr. Dev Krishna Surana	Son of Chairman and Managing Director

(iii) Bbigplas Poly Pvt Ltd (refer note below) Promoter and Holding Company

Enterprises over which key management personnel are able to exercise significant influence with whom there were transactions during the Financial Year 2018-19

(iv) Plastic Processor and Exporters Pvt Ltd.

Subsidiary

(v) Kkalpana Plasticks Limited

Associate

(vi) Sri Ram Financial Consultants Pvt Ltd.

Enterprises over which key management personnel are able to exercise significant influence with whom there were transactions during the Financial Year 2017-18

Shyambaba Trexim Pvt Ltd.

Inbara Holdings Pvt Ltd

Krishna Commodeals Pvt. Ltd. (refer note below)

Note - During the FY 2018-19 Kkalpana had also entered into transaction with Sri Ram Financial Consultants Pvt Ltd, Shyambaba Trexim Pvt Ltd, Krishna Commodeals Pvt Ltd and Inbara holdings Pvt Ltd (Promoters of the Company) all of which merged with Bbigplas Poly Pvt Ltd vide NCLT order dated 18th December, 2018 (filed with ROC on 4th Feb 2019), having effect from 1st April, 2018.

KKALPANA INDUSTRIES (INDIA) LIMITED
Notes to the Financial Statements for the year ended 31st March, 2019

(B) Disclosure of transactions with Related Parties as on 31.03.2019		(Rs. In Lacs)	
Nature of transactions	Ref. to Note (A) above	As at 31st March 2019	As at 31st March 2018
<u>Remuneration to KMP</u>			
Mr Narrindra Surana	(i)	70.00	42.00
Mr Rajesh Kothari	(i)	40.00	40.00
Mr P.R. Mukherjee	(i)	19.00	18.00
Mr I.C. Dakalia	(i)	22.96	20.91
Ms Tanvi Panday*	(i)	7.23	5.50
Mr. A.B Chakraborty **		-	1.93
		159.19	128.33

* Effective date of joining 1st July 2017. This remuneration is proportionate CTC for period of her service.

** Former Company Secretary of Kkalpana Industries (India) Ltd. resigned at 1st June 2017.

Sale of Goods

Plastic Processors Pvt Ltd.	(iv)	2,871.90	850.46
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Purchase of Goods

Plastic Processors Pvt Ltd.	(iv)	4,219.90	702.16
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Interest Expenses

Bbigplas Poly Pvt Ltd	(iii)	119.17	
Sri Ram Financial Consultants Pvt Ltd.	(vi)		74.75
Shyambaba Trexim Pvt Ltd.	(vi)		35.67
Krishna Commodeals Pvt. Ltd.	(vi)		4.89
Inbara Holdings Pvt Ltd	(vi)		4.03
		119.17	119.34

Interest Income

Plastic Processor and Exporters Pvt Ltd.	(iv)	249.75	-
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Loan Taken & Repaid during the Year

Kkalpana Plasticks Limited	(v)	5.00	-
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Rent

Sri Ram Financial Consultants Pvt Ltd.	(vi)	76.56	76.56
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Net Receivable(Payable) at the Year End

Plastic Processor and Exporters Pvt Ltd.	(iv)	939.79	144.90
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Loan Taken & Outstanding at year End

Bbigplas Poly Pvt Ltd*	(iii)	1,977.10	-
Sri Ram Financial Consultants Pvt Ltd.*	(vi)	-	1,124.05
Shyambaba Trexim Pvt Ltd.*	(vi)	-	524.98
Krishna Commodeals Pvt. Ltd.*	(vi)	-	71.87
Inbara Holdings Pvt Ltd*	(vi)	-	59.37

*(Note- After giving effect of IND AS)

Interest Payable

Bbigplas Poly Pvt Ltd	(iii)	233.35	253.06
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Notes to the Financial Statements for the year ended 31st March, 2019

Loan Given & Outstanding at year End

Plastic Processor and Exporters Pvt Ltd.	(iv)	-	748.39
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Interest Receivable

Plastic Processor and Exporters Pvt Ltd.	(iv)	224.78	-
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42 FAIR VALUE MEASUREMENT

The fair value of the financial assets and 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 sale.

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

- (1) Fair value of cash and short-term deposits, trade and other short term receivables, trade payables , other current liabilities, short-term loans from banks and other financial institutions approximate their carrying amounts largely due to the short term maturities of these instruments.
- (2) Financial instruments with fixed and variable interest rate are evaluated by the Company based on parameter such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs which have a significant effects on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effects on the recorded fair value that are not based on observable market data.

The following tables provides classification of financial instruments and the fair value hierarchy of the Company's assets and liabilities.

(a) Disclosure for the year ended 31st March, 2019

	Carrying Value	Fair Value	Fair Value heirarchy		
			Level 1	Level 2	Level 3
(1) Financial Assets					
Financial Assets at amortised cost					
Trade Receivables	31,030.91	31,030.91	-	-	31,030.91
Loans	-	-	-	-	-
Other Financial assets excluding derivative financial instruments	859.91	859.91	-	-	859.91
Cash & cash equivalents	1,692.06	1,692.06	-	-	1,692.06
	33,582.88	33,582.88	-	-	33,582.88
Financial Assets at cost					
<u>Investments in equity shares</u>					
Kkalpana Plastick Limited	200.29	200.29	-	-	-
Plastic Processor and Exporters Pvt Ltd.	36.50	36.50	-	-	-
	236.79	236.79	-	-	-

Notes to the Financial Statements for the year ended 31st March, 2019
Assets for which fair values are disclosed

Investment Property (Refer Note No. 6 (b))	-	-	-	-	-
Total	33,819.67	33,819.67	-	-	33,582.88

(2) Financial Liability
Financial Liabilities at amortised cost

Borrowings from Banks and Financial Institutions	13,712.47	13,712.47			13,712.47
Trade Payables	29,003.28	29,003.28			29,003.28
Other Financial liabilities excluding derivative financial instruments	1,396.43	1,396.43			1,396.43
Total	44,112.18	44,112.18	-	-	44,112.18

Financial Liability at fair value through profit or loss

Derivative financial instruments	107.04	107.04	-	107.04	-
Total	44,219.21	44,219.21	-	107.04	44,112.18

(b) Disclosure for the year ended 31st March, 2018

	Carrying Value	Fair Value	Fair Value hierarchy		
			Level 1	Level 2	Level 3
(1) Financial Assets					
Financial Assets at amortised cost					
Trade Receivables	33,498.54	33,498.54	-	-	33,498.54
Loans	741.39	741.39	-	-	741.39
Other Financial assets excluding derivative financial instruments	513.53	513.53	-	-	513.53
Cash & cash equivalents	1,687.83	1,687.83	-	-	1,687.83
	36,441.28	36,441.28	-	-	36,441.28
Financial Assets at cost					
<u>Investments in equity shares</u>					
Kkalpana Plastick Limited	200.29	200.29	-	-	-
Plastic Processor and Exporters Pvt Ltd.	36.00	36.00	-	-	-
	236.29	236.29	-	-	-
Financial Asset at fair value through profit or loss					
Derivative financial instruments	86.86	86.86	-	86.86	-
	86.86	86.86	-	86.86	-

Notes to the Financial Statements for the year ended 31st March, 2019

Assets for which fair values are disclosed

Investment Property (Refer Note No. 6 (b))	-	-	-	-	-	
Total	36,764.43	36,764.43		-	86.86	36,441.28

(2) Financial Liability

Financial Liabilities at amortised cost

Borrowings from Banks and Financial Institutions	22,431.18	22,431.18			22,431.18	
Trade Payables	26,791.84	26,791.84			26,791.84	
Other Financial liabilities excluding derivative financial instruments	1,151.54	1,151.54			1,151.54	
Total	50,374.55	50,374.55		-	-	50,374.55

(c) Description of significant unobservable inputs to valuation:

Financial Asset/ Liability	Valuation Technique	Significant unobservable input
Trade Receivables	ECL	Realisation pattern or past experience
Loans	DCF using EIR method	Discount rate
Other Financial assets excluding derivative financial instruments	DCF using EIR method	Discount rate
Borrowings from banks and financial institutions	DCF using EIR method	Discount rate

43 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and advances from customers. The main purpose of these financial liabilities is to finance the Company's operations, projects under implementation and to provide guarantees to support its operations. The Company's principal financial assets include Investment, loans and advances, trade and other receivables and cash and bank balances that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes to be undertaken. The Board of Directors reviews and finalises policies for managing each of these risks, which are summarised below.

A. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Interest rate risk, Currency risk and Commodity price risk. Financial instruments affected by market risk include investments and deposits, foreign currency receivables, payables, loans and borrowings and derivative financial instruments.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies and ensuring compliance with market risk limits and policies.

Notes to the Financial Statements for the year ended 31st March, 2019

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regard to interest income and interest expenses to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the unhedged portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	2018-19 (+/-) 50 Basis Points	2017-18 (+/-) 50 Basis Points
Effect on profit before tax due to interest rate sensitivity	92.98	91.43

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating and financing activities. The Company manages its foreign currency risk by hedging transactions that are expected to realise in future.

Foreign Currency Exposure		As at 31st March, 2019		As at 31st March, 2018	
		Foreign Currency	Functional Currency (Rs. in Lacs)	Foreign Currency	Functional Currency (Rs. in Lacs)
I Hedged					
Forward contracts for Imports	USD	10,900,940	7,540.18	5,550,000	3,609.72
	EURO	155,925	121.15		
Forward contracts for Exports	USD	1,500,000	1,037.55	4,000,000	2,601.60
Option contracts for Exports	USD	400,000	276.68	-	-
II Not hedged					
Trade receivables	USD	4,182,895	2,893.31	3,446,685	2,241.72
	EURO	1,572,616	1,221.92	2,826,250	2,278.52
Trade payables	USD	1,756,303	1,214.83	2,780,438	1,808.40
	EURO	19,280	14.98	405,075	326.57
Foreign currency loan availed under buyers' credit	USD	-	-	3,615,852	2,350.74

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of unhedged monetary assets and liabilities.

Notes to the Financial Statements for the year ended 31st March, 2019

	(Rs. In Lacs)	
	2018-19	2017-18
	(+/-) 5%	(+/-) 5%
Effect on profit before tax		
USD	83.92	(95.92)
Euro	60.35	97.60
	144.27	1.68

Derivative Financial Instrument

The company holds Derivative financial instrument such as foreign currency forward and option contracts to mitigate the risk of changes in exchange rate on foreign currency exposures. The counterparty for this contract is generally a Bank. Although the company believes that these derivatives constitute hedges from an economic perspective these do not qualify for hedge accounting as per IND AS 109, Financial instrument. Since the above derivatives are not designated as hedges, such derivatives are categorised as financial asset or financial liability at fair value through profit & loss.

	(Rs. In Lacs)			
	As at 31st March, 2019		As at 31st March, 2018	
	Foreign Currency	Fair Value as on 31.03.2018	Foreign Currency	Fair Value as on 31.03.2018
Derivatives not designated as hedges				
Forward Contracts	USD	12,400,940.00	(99.87)	5,550,000.00
	EURO	155,925.00	(1.71)	-
Option Contracts	USD	400,000.00	(5.46)	4,000,000.00
				22.12

(iii) Commodity price risk

Principal Raw Material for Company's products is variety of plastic polymers which are primarily Derivatives of Crude Oil. Company sources its raw material requirement from across the globe. Domestic market prices are also generally remains in sync with international market price scenario. Volatility in Crude Oil prices, Currency fluctuation of Rupee vis-à-vis other prominent currencies coupled with demand-supply scenario in the world market affect the effective price and availability of polymers for the Company. Company effectively manages with availability of material as well as price volatility through:

1. Widening its sourcing base
2. Appropriate contracts and commitments
3. Well planned procurement & inventory strategy and
4. Prudent hedging policy on foreign currency exposure

Risk committee of the Company comprising members from Board of Directors and operations has developed and enacted a risk management strategy regarding commodity Price risk and its mitigation.

B. Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits and other financial instruments.

(i) Trade Receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

The ageing analysis of the receivables (gross of provisions) have been considered from the date of the invoice falls due.

KKALPANA INDUSTRIES (INDIA) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2019

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
Less than 6 months	30,412.33	33,954.42
6 to 12 months	738.08	107.56
more than 12 months	512.37	55.61
Total	31,662.77	34,117.59

(ii) Financial Instruments and Cash and bank balances

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Credit limits of all authorities are reviewed by the Management on regular basis. All balances with banks and financial institutions is subject to low credit risk due to good credit ratings assigned to these entities.

C. Liquidity Risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit, letter of credit, factoring, bill discounting and working capital limits.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments.

	(Rs. In Lacs)			
	Less than 1 year	1 to 5 years	> 5 years	Total
31st March, 2019				
Borrowings				
Term Loans from Banks	1,626.58	3,022.36		4,648.94
Long Term Loans from Others	28.08	2,007.50		2,035.58
Cash credit from Banks	2,527.95			2,527.95
Buyers credit from Banks	-			-
WCDL from Bank	4,500.00			4,500.00
Other Financial Liabilities other than current maturities of borrowings and lease obligation	1,503.47			1,503.47
Trade Payables	29,003.28			29,003.28
	39,189.35	5,029.86	-	44,219.21
31st March, 2018				
Borrowings				
Term Loans from Banks	1,501.58	4,626.23		6,127.81
Long Term Loans from Others	-	1,862.27		1,862.27
Cash credit from Banks	12,090.36			12,090.36
Borrowing from Bank-Factoring/Bill discounting				-
Buyers credit from Banks	2,350.74			2,350.74
Other Financial Liabilities other than current maturities of borrowings and lease obligation	1,151.54			1,151.54
Trade Payables	26,791.84			26,791.84
	43,886.05	6,488.50	-	50,374.55

44 CAPITAL MANAGEMENT

- A. For the purpose of the Company's capital management, equity includes issued equity capital, securities premium and all other equity reserves attributable to the equity share holders, including capital reserve and net debt includes interest bearing loans and borrowings except cash and cash equivalents. The primary objective of the Company's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

Notes to the Financial Statements for the year ended 31st March, 2019

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
Borrowings	13,712.47	22,431.18
Less: Current investments	-	-
Less: Cash and cash equivalents	1,692.06	1,687.83
(a) Net Debt	15,404.52	24,119.01
(b) Equity	31,853.42	29,579.99
(c) Equity and Net Debt (a+b)	47,257.94	53,698.99
Gearing Ratio (a/c)	32.60%	44.92%

B. Proposed Dividend

The Board of directors in its Board meeting held on 28th May 2018 have recommended the payment of a final dividend of Rs 0.12 paise per fully paid up equity share (March 31, 2018 - Rs 0.24 paise), The proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

			(Rs. In Lacs)	
			As at 31st March 2019	As at 31st March 2018
45 EARNING PER SHARE (EPS)				
(a) Face value of equity shares	Rs.		2.00	2.00
(b) Profit attributable to equity shareholders	Rs. (in Lacs)		2,561.75	2,197.24
(c) Weighted average number of equity shares outstanding	Nos.		940.73	940.73
(d) Weighted average Earning Per Share (Basic and Diluted)	Rs.		2.72	2.34

46 RESEARCH & DEVELOPMENT EXPENSES

The Company has in-house R&D centre. The details of revenue/capital expenditure incurred by the said R&D Centre during the year are as follows:-

			(Rs. In Lacs)	
			As at 31st March 2019	As at 31st March 2018
(a) Revenue expenditure charged to Statement of Profit and Loss				
Other Expenses			36.93	16.08
(b) Capital expenditure shown under fixed assets schedule			89.51	102.17
Grand Total			126.45	118.26

KKALPANA INDUSTRIES (INDIA) LIMITED

Notes to the Financial Statements for the year ended 31st March, 2019

47 ASSETS PLEDGED AS SECURITY

		(Rs. In Lacs)	
		As at 31st March, 2019	As at 31st March, 2018
The carrying amount of Assets pledged as security for current and non current borrowings are :-			
A. Current			
<u>Financial Assets</u>			
Trade Receivables		31,030.91	33,498.54
Other Current Assets		5,645.46	7,104.12
Cash and Cash Equivalents		1,692.06	1,687.83
<u>Non Financial Assets</u>			
Inventories		15,714.37	15,543.90
Total Current Assets Pledged as Security		54,082.80	57,834.39
B. Non Current			
Movable and immovable properties located at Surangi Unit		14,592.81	14,220.24
Movable and immovable properties located at Daman Unit		1,937.92	1,645.17
Movable and immovable properties located at Silvassa Unit		1,535.01	1,511.87
Movable and immovable properties located at Bhasa Unit		611.36	631.70
Movable properties located at Dhulagarh Unit		3,607.22	-
Property located at D-403, Dharam Place, CHS Limited, Shantivan, Borivalli (E), Mumbai - 400066			
<u>Exclusive Charge</u>			
Immovable properties located at Bhasa Unit.		-	131.99

Notes -

- Rupee Loan from SBI, HDFC and IDFC are secured by 1st pari passu charge by way of equitable mortgage over all present and future movable and immovable properties located at Silvassa, Surangi, Daman and Bhasa Units and movable fixed assets at Dhulagarh Unit and 2nd pari passu charge by way of hypothecation over entire current assets, stock and book debts of the company both present and future.
- Working Capital facilities (fund based and non fund based limits) are secured by 1st pari passu charge by way of equitable mortgage over property located at D-403, Dharam Place, CHS Limited, Shantivan, Borivalli (E), Mumbai-400066 and by way of hypothecation over entire current assets, stock and trade receivables of the company both present and future and 2nd pari passu charge by way of equitable mortgage over all present and future movable and immovable properties located at Silvassa, Surangi, Daman and Bhasa Units and movable fixed assets at Dhulagarh Unit.

48 VALUE OF IMPORTED AND INDEGENEOUS MATERIAL CONSUMED

		(Rs. In Lacs)			
Particulars	As at 31st March, 2019	%age of Total Con- sumption	As at 31st March, 2018	%age of Total Con- sumption	
Raw Materials					
i Imported	56,477.94	32%	66,497.29	44%	
ii Indegeneous	119,955.11	68%	84,575.41	56%	
Total	176,433.05	100%	151,072.69	100%	
Store, Spare parts and Components					
i Imported	181.19	30%	149.02	35%	
ii Indegeneous	432.73	70%	277.65	65%	
Total	613.92	100%	426.67	100%	

Notes to the Financial Statements for the year ended 31st March, 2019

49 VALUE OF IMPORTS ON CIF BASIS

Particulars	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
Raw Materials	47,869.71	60,564.17
Stors, Spare parts and Components	181.19	150.51
Capital Goods	600.50	140.31
Total	48,651.40	60,854.99

50 EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
Exports at FOB Value	29,686.29	32,409.19
Total	29,686.29	32,409.19

51 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
Travelling	15.76	11.69
Exhibition	30.08	12.99
Interest	129.62	112.46
Other Matters	438.23	5.74
Total	613.69	142.87

Notes to the Financial Statements for the year ended 31st March, 2019

52 CHANGES IN ACCOUNTING STANDARDS AND RECENT ACCOUNTING PRONOUNCEMENTS

On March 30, 2019, Ministry of Corporate affairs have notified Ind AS 116 – “Leases”. Ind AS 116 will replace the existing leases standards Ind AS 17 – “Leases” and related interpretations. The new standard sets out the principles for the recognition, measurement, presentation and disclosures of lease for both lease and lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise the assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets are of low value. Ind AS 116 substantially carried forward the accounting treatment prescribed for lessor. The effective date for adoption of Ind AS 116 is annual period beginning on or after April 01, 2019. The Company is evaluating the impact of the issued Ind AS 116 on its financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 also notified amendments to the following accounting standards. The amendments would be effective from April 1, 2019.

1. Ind AS 12, Income taxes – Appendix C on uncertainty over income tax treatments
2. Ind AS 12, Income Taxes - Accounting for Dividend Distribution Taxes
3. Ind AS 23, Borrowing costs
4. Ind AS 28 – Investment in associates and joint ventures
5. Ind AS 103 and Ind AS 111 – Business combinations and joint arrangements
6. Ind AS 109 – Financial instruments
7. Ind AS 19 – Employee benefits

The Company is in the process of evaluating the impact of such amendments.

Previous year figures have been regrouped/rearranged/ reclassified where necessary to correspond with current year figures.

For B. Mukherjee & Co.
Chartered Accountants
Firm Registration No:302096E

B. Mukherjee
Partner
Membership No.002941
Date : 28th May, 2019
Place : Kolkata

Narrindra Suranna
(DIN: 00060127)
Chairman and Managing Director

Tanvi Panday
(Membership No. ACS 31176)
Company Secretary

For and on behalf of Board of Directors

Rajesh Kothari
(DIN: 02168932)
Whole Time Director

Indar Chand Dakalia
Chief Financial Officer

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF KKALPANA INDUSTRIES (INDIA) LIMITED

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **KKALPANA INDUSTRIES (INDIA) LIMITED** (“the parent company”), its subsidiary and associate (herein after to be referred as “the Group”), which comprises of the consolidated Balance Sheet as at 31st March, 2019, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Group as at 31st March 2019, its profits (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) 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 Consolidated 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 consolidated financial statements under the provisions of the Act and the Rules made 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 obtained by us and the audit evidence obtained by other auditors is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements

Key Audit Matters

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

Key Audit Matters	Auditor’s Response
<p>Information Technology (IT) Systems and Controls</p> <p>During the year the parent Company has implemented SAP, a new Enterprise Resource Planning (ERP) System. The new system is fully integrated financial accounting and reporting system.</p>	<p>Audit Procedures Performed</p> <p>We have performed procedures to ensure the migration of financial data between old system and new system.</p> <p>Our audit approach consisted testing of design and operating effectiveness of internal controls and substantive testing around the new ERP system. We also performed sufficient test of details as a part of our audit.</p>

Key Audit Matters	Auditor's Response
<p>The implementation of ERP has a risk of loss of integrity of key financial data being migrated and elimination of traditional controls without replacing them with the new effective controls measures, monitoring of IT controls which are relating to critical business processes such as purchase, production, sales, inventory and including recording of transactions, which could lead to financial errors or mis-statements and inaccurate financial reporting and also there is risk that automated accounting procedures and related IT manual controls might not work.</p> <p>We have accordingly designated this as a focus area in the audit.</p>	<p>We have performed the test of details for areas where the Management has implemented manual controls during the year including the continuing manual controls as at the year end.</p> <p>We have performed the test of controls regarding the appropriateness of system access and an effective maker and checker system built in the ERP system for proper authorizations of transactions and posting of accounting entries.</p> <p>The combination of these tests of controls and procedures performed, gave us a sufficient evidence to enable us to rely on the operations of ERP system for the purpose of the audit of the financial statements.</p>

Information Other than the Consolidated Financial Statements and Auditor's report thereon

The Group Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to the Board report, Business responsibility Report, Corporate Governance report and Shareholder's information, but does not include the consolidated financial statement and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our 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 required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Group Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards 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 Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 financial 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 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 the 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 entity'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 consolidated 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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) Planning the scope of our audit work and in evaluating the results of our work and (ii) To evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation

precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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 "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 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 and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014
 - d) 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 Section 164(2) of the Act.
 - e) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements of the Company.
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - 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 Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements..
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For B.Mukherjee & Co.,
Chartered Accountants
Firm Registration No : 302096E**

**B.Mukherjee
(Partner)
Mem No : 002941**

**Place: Kolkata
Date: 28th day of May, 2019**

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE "A" REFERRED TO IN PARAGRAPH 2(F) UNDER "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" SECTION OF OUR REPORT TO THE MEMBERS OF THE KKALPANA INDUSTRIES (INDIA) LIMITED OF EVEN DATE:

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

We have audited the internal financial controls over financial reporting of **KKALPANA INDUSTRIES (INDIA) LIMITED ("the Company")** as of 31st March 2019 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Group management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group 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 ('ICAI'). 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 group 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 Group internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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 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 Group internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management

and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Group 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 31st March 2019, based on the internal control over financial reporting criteria established by the respective companies 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 B.Mukherjee & Co.,
Chartered Accountants
Firm Registration No : 302096E**

**B.Mukherjee
(Partner)
Mem No : 002941**

Place: Kolkata

Date: 28th day of May, 2019

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2019

(Rs in Lacs)

	Note No.	As at 31st March, 2019	As at 31st March, 2018
A ASSETS			
1 Non-current Assets			
Property, Plant and Equipment	4	24,565.32	23,315.77
Capital Work-in-Progress	5	24.15	410.14
Investment Property	6	1,281.68	1,281.68
Other Intangible Assets	7	18.98	23.45
Goodwill		71.11	49.60
Financial Assets			
(i) Investments	8	241.56	239.04
(ii) Loans	9	-	-
(ii) Other Financial Assets	10	425.77	271.24
Other Non-Current Assets	11	78.01	578.26
		26,706.58	26,169.18
2 Current Assets			
Inventories	12	16,225.47	15,910.87
Financial Assets			
(ii) Trade Receivables	13	30,133.90	33,360.06
(iii) Cash & Cash Equivalents	14	1,883.84	1,697.49
(v) Loans	9	-	-
(vi) Other Financial Assets	10	246.40	350.94
Other Current Assets	15	5,227.65	6,044.41
		53,717.26	57,363.77
Total		80,423.84	83,532.95
B EQUITY & LIABILITIES			
1 Equity			
Equity Share Capital	16	1,881.46	1,881.46
Other Equity	17	29,891.67	27,576.96
		31,773.13	29,458.42
Non Controlling Interest		-	(19.32)
		31,773.13	29,439.10
2 Non Current Liabilities			
Financial Liabilities			
(i) Borrowings	18	5,029.86	6,488.50
Provisions	19	163.88	93.98
Deferred Tax Liabilities (net)	20	2,917.35	2,418.47
		8,111.09	9,000.95
3 Current Liabilities			
Financial Liabilities			
(i) Borrowings	21	7,027.95	14,441.10
(ii) Trade Payables	22		
- Micro & Small Enterprises		314.32	-
- Others		28,705.45	26,834.00
(iii) Other Financial Liabilities	23	3,224.59	2,653.11
Other Current Liabilities	24	474.14	461.75
Provisions	25	126.56	88.96
Current Tax Liabilities (net)	26	666.61	613.98
		40,539.62	45,092.90
Total		80,423.84	83,532.95

Significant Accounting Policies and other information 1-3
Contingent liabilities and Other notes to the financial statements.

The accompanying notes form an integral part of the financial statements
This is the Balance Sheet referred to in our report of even date.

For B. Mukherjee & Co.
Chartered Accountants
Firm Registration No:302096E

For and on behalf of Board of Directors

Narrindra Suranna
(DIN: 00060127)
Chairman and Managing Director

Rajesh Kothari
(DIN: 02168932)
Whole Time Director

B. Mukherjee
Partner
Membership No.002941
Date : 28th May, 2019
Place : Kolkata

Tanvi Panday
(Membership No. ACS 31176)
Company Secretary

Indar Chand Dakalia
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019

(Rs in Lacs)

	Note No.	As at 31st March 2019	As at 31st March 2018
I INCOME			
Revenue from Operations	27	198,252.72	175,578.38
Other Income	28	1,226.63	819.56
Total Income		199,479.35	176,397.94
II EXPENSES			
Cost of Materials Consumed	29	172,684.58	150,204.44
Changes in Inventories of Finished Goods & Work-in-Progress & Stock-in-Trade	30	(940.33)	(106.28)
Excise Duty		-	3,775.43
Employee Benefits Expense	31	4,586.38	2,799.73
Finance Costs	32	5,994.39	5,526.62
Depreciation & Amortization Expense	4-7	1,667.14	1,732.91
Other Expenses	33	11,387.13	9,189.91
Total Expenses		195,379.30	173,122.76
III PROFIT BEFORE SHARE OF PROFIT/(LOSS) FROM INVESTMENT IN ASSOCIATE AND TAX		4,100.06	3,275.18
IV SHARE OF PROFIT/(LOSS) OF ASSOCIATE		2.52	4.33
V PROFIT BEFORE TAX		4,102.58	3,279.51
Tax expense	34		
Current tax		1,330.95	688.62
Mat Credit Entitlement		(2.53)	-
Deferred tax		172.82	563.97
Total Tax expense		1,501.24	1,252.59
VI PROFIT FOR THE YEAR AFTER TAX		2,601.34	2,026.91
VII OTHER COMPREHENSIVE INCOME	35		
i Items that will not be classified to profit and loss		(25.36)	(27.81)
ii Income tax relating to items that will not be classified to profit and loss		8.78	9.62
Total Other Comprehensive Income For The Year		(16.58)	(18.18)
VI TOTAL COMPREHENSIVE INCOME FOR THE YEAR PROFIT/(LOSS) FOR THE YEAR		2,584.75	2,008.73
Attributable to			
Equity Holders of the Parent		2603.02	2044.38
Non Controlling Interest		(1.69)	(17.47)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,601.34	2,026.91
Attributable to			
Equity Holders of the Parent		2586.44	2026.20
Non Controlling Interest		(1.69)	(17.47)
		2,584.75	2,008.73
EARNING PER EQUITY SHARE			
(Face value of Rs 2/- each)			
Basic (Rs.)		2.77	2.17
Diluted (Rs.)		2.77	2.17

Significant Accounting Policies and other information 1-4
Contingent liabilities and Other notes to the financial statements

The accompanying notes form an integral part of the financial statements
This is the Statement of Profit & Loss referred to in our report of even date.

For B. Mukherjee & Co.
Chartered Accountants
Firm Registration No:302096E

B. Mukherjee
Partner
Membership No.002941
Date : 28th May, 2019
Place : Kolkata

Narrindra Suranna
(DIN: 00060127)
Chairman and Managing Director

Tanvi Panday
(Membership No. ACS 31176)
Company Secretary

For and on behalf of Board of Directors

Rajesh Kothari
(DIN: 02168932)
Whole Time Director

Indar Chand Dakalia
Chief Financial Officer

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31st MARCH, 2019

	As at 31st March, 2019	(Rs. In Lacs) As at 31st March, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	4,100.06	3,275.18
Adjustment for:		
Depreciation & amortization expense	1,667.14	1,732.91
Loss/(Profit) on sale of fixed assets	21.12	10.94
Unwinding of Interest on security deposit	(5.96)	(4.62)
Finance cost	5,994.39	5,526.62
Interest income	(75.89)	(137.78)
(Gain)/Loss on remeasurement of Investment at fair value	-	0.01
Other comprehensive income	(25.36)	(27.81)
Provision for Doubtful debts	12.81	(376.31)
Bad debts written off	3.44	27.57
Notional rent on Security deposit	6.90	5.27
	<u>7,598.61</u>	<u>6,756.79</u>
Operating profit before Working Capital changes	11,698.67	10,031.97
Adjustments for Working Capital changes		
Decrease/(increase) in non current financial assets		
Loans		
Other financial assets	(30.98)	(95.38)
Decrease/(increase) in other non current assets	493.35	(405.16)
Decrease/(increase) in inventories	(314.60)	1,445.45
Decrease/(increase) in current financial assets		
Trade receivables	3,209.91	23.82
Loans	-	(667.86)
Other financial assets	104.54	(88.64)
Decrease/(increase) in other current assets	816.76	(2,554.57)
Increase/(decrease) in non current provisions	69.89	39.57
Increase/(decrease) in current financial liabilities		
Trade payables	2,185.78	13,070.82
Other financial liabilities	412.44	(168.97)
Increase/(decrease) in other current liabilities	12.38	149.91
Increase/(decrease) in short term provisions	37.60	(79.01)
	<u>6,997.07</u>	<u>10,669.97</u>
Cash generated from operations	18,695.74	20,701.94
(Tax paid) / refund received (net)	<u>(940.96)</u>	<u>(780.01)</u>
Net cash from operating activities	17,754.78	19,921.93
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment, CWIP and Intangible assets	(2,601.61)	(3,054.79)
Sale proceeds of Property, Plant and Equipment	54.25	104.89
Interest receipt on investments	75.89	137.78
Increase in investment in Term deposit	(117.58)	504.70
Purchase of current investments (net)	(0.50)	0.01
Net cash generated / (used) in investing activities	(2,589.54)	(2,307.41)

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31st MARCH, 2019

C. CASHFLOW FROM FINANCING ACTIVITIES

Proceeds from long term borrowings		
Repayment of long term borrowings	(1,654.57)	(338.95)
Increase/(decrease) in short term borrowings	(7,260.07)	(11,843.59)
Dividend paid	(225.78)	-
Taxes on dividend Paid	(45.96)	-
Finance cost	(5,792.51)	(5,316.25)
Net cash from financing activities	<u>(14,978.88)</u>	<u>(17,498.79)</u>
Net changes in Cash and Bank balances	<u>186.36</u>	<u>115.72</u>
Net Increase / (-) Decrease in Cash and Bank balances		
Balance at the end of the year	1,883.84	1,697.49
Balance at the beginning of the year	<u>1,697.49</u>	<u>1,581.77</u>
Net changes in Cash and Bank balances	<u>186.36</u>	<u>115.72</u>

Notes:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7, Statement of Cash Flows.

The accompanying notes form an integral part of the financial statements
This is the Cash Flow Statement referred to in our report of even date.

For B. Mukherjee & Co.

Chartered Accountants

Firm Registration No:302096E

B. Mukherjee

Partner

Membership No.002941

Date : 28th May, 2019

Place : Kolkata

Narrindra Suranna

(DIN: 00060127)

Chairman and Managing Director

Tanvi Panday

(Membership No. ACS 31176)

Company Secretary

For and on behalf of Board of Directors

Rajesh Kothari

(DIN: 02168932)

Whole Time Director

Indar Chand Dakalia

Chief Financial Officer

KKALPANA INDUSTRIES (INDIA) LIMITED

A. EQUITY SHARE CAPITAL (Refer Note No. 16)

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
Balance at the year beginning	1,881.46	1,881.46
Changes in equity share capital during the year	-	-
Balance at the year end	1,881.46	1,881.46

B. OTHER EQUITY (Refer Note No. 17)

For the year ended 31st March, 2019

Particulars	Reserve & Surplus				Other Comprehensive Income	Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Remeasurement of defined benefit plan	
Balance as at 1st April, 2018	852.96	5,322.45	3,400.00	18,144.26	(21.15)	27,698.53
Add : For the Year	-	-	-	2,561.75	(16.58)	2,545.17
Less: Equity Dividend	-	-	-	(225.78)	-	(225.78)
Less: Corporate Dividend Tax	-	-	-	(45.96)	-	(45.96)
Balance as at 31st March, 2019	852.96	5,322.45	3,400.00	20,434.27	(37.73)	29,971.97

The accompanying notes form an integral part of the financial statements
This is the Statement of Equity referred to in our report of even date.

For B. Mukherjee & Co.
Chartered Accountants
Firm Registration No:302096E

For and on behalf of Board of Directors

Narrindra Suranna
(DIN: 00060127)
Chairman and Managing Director

Rajesh Kothari
(DIN: 02168932)
Whole Time Director

B. Mukherjee
Partner
Membership No.002941
Date : 28th May, 2019
Place : Kolkata

Tanvi Panday
(Membership No. ACS 31176)
Company Secretary

Indar Chand Dakalia
Chief Financial Officer

Notes to the consolidated financial statements for the year ended 31st March, 2019

1. COMPANY INFORMATION

Kkalpana Industries (India) Limited (the Company) was incorporated in India on 03rd of September 1985. The Company is domiciled in India whose shares are listed on the Bombay Stock Exchange (BSE). The registered office is located at 2B Pretoria Street, Kolkata. Plastic Processors and Exporters Pvt Limited is a subsidiary of the Company. The Parent Company along with subsidiary is engaged in the manufacturing of Plastic Compounds.

The consolidated financial statements of the Company for the year ended 31st March, 2019 were authorised for issue in accordance with a resolution of the Board of Directors as on 28.05.2019.

Group Overview

The consolidated financial statements comprise financial statements of Kkalpana Industries (India) Limited, Parent Company and its subsidiary and its associate (herein referred as "The Group"). "It is incorporated under the Indian Companies Act, 1956 and its share are listed on the Bombay Stock Exchange".

Group Structure

Name of the Company	Country of Incorporation	% of share held by the parent company as at 31st March 2019
<u>Subsidiary</u>		
Plastic Processor and Exporter Pvt Ltd.	India	99.99%
<u>Associates</u>		
Kkalpana Plastick Limited	India	36.23%

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements.

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

The consolidated financial statements are presented in Indian Rupees (Rs.), which is the Group's functional currency and transactions and balances with values below the rounding off norm adopted by the Group have been reflected as "0" in the relevant notes in these consolidated financial statements.

2.2 Basis of Consolidation

A) Investment in Subsidiaries

Subsidiaries are all entities over which the group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to effect those returns through its powers over the investee. Specifically, the Group controls an investee if and only if the Group has :

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure or rights to variable returns from its involvement with the investee and,

- The ability to use its power over the investee to affect its return.

The Group re-assesses whether or not it control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance

Consolidation Procedure

a) Combine, on line by line basis like items of assets, liabilities, equity, income, expense and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements of the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. In other words, the excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognized as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus' in the consolidated financial statements.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profit or losses resulting from intra group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full.)

d) Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity.

Non-controlling interests in the net assets of consolidated subsidiaries consists of:

(i) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and

(ii) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

e) Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If the member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

B) Investment in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. unrealised gains and losses resulting from the transaction between the Group and the associate are eliminated to the extent of the interest in the associate.

2.3 Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis (which includes deemed cost as per Ind AS 101), except for the following assets and liabilities which have been measured at fair value:

(i) Derivative financial instruments

(ii) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

(iii) Defined benefits plans - Plan assets measured at fair value

2.4 Key Accounting Estimates And Judgements

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Notes to the consolidated financial statements for the year ended 31st March, 2019**3. SIGNIFICANT ACCOUNTING POLICIES****3.1 Revenue Recognition**

The Group recognizes revenue, whenever control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account customer's creditworthiness.

Revenue is the transaction price the Company expects to be entitled to. In determining the transaction price, the Group considers effects of variable consideration, the existence of significant financing contracts, noncash consideration and consideration payable to the customer, if any. The Group considers whether there are other promises in the contract that are separate performance obligations to which the transaction price needs to be allocated (e.g. warranties etc.).

A) Variable Consideration

If the consideration in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled to in exchange for transferring goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved. Some contracts with the customers provide them with a right to return and volume rebates. The right to return and volume rebates gives rise to variable consideration.

The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration. Consideration is also adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably estimates those.

Revenue is recognized for each performance obligation either at a point in time or over time.

B) Sale of goods

Revenues are recognized at a point in time when control of the goods passes to the buyer, usually upon either at the time of dispatch or delivery. In case of export sale, it is usually recognised based on the shipped-on board date as per bill of lading. Revenue from sale of goods is net of taxes and recovery of charges collected from customers like transport, packing etc.

C) Contract balances**Trade Receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only a passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfer goods and services to the customer, a contract liability is recognised when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognised as revenue when the company performs under the contract.

Interest Income

Interest income is recognised using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Dividend Income

Revenue is recognised when the right to receive the payment is established by the reporting date.

Other Claims / Receipts

Insurance claims and other receipts including export incentives, where quantum of accruals cannot be ascertained with reasonable certainty, these receipts are accounted on receipt basis.

Notes to the consolidated financial statements for the year ended 31st March, 2019

Commission Income

When the Company Acts in the capacity of an agent rather than as the principal in a transaction the revenue recognised is the net amount of the commission earned by the Company.

3.2 Property, Plant and Equipment

Property, Plant and Equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses (i.e. as per Cost Model), if any. Cost comprises purchase price including import duties and other non-refundable duties and taxes, borrowing cost if capitalization criteria are met and other directly attributable cost for bringing the Assets to its present location and condition.

The cost of replacing part of an item of Property, Plant and Equipment is recognised in the carrying amount of the item only when it is probable that future economic benefits embodied within the part will flow to the Group and the cost of the item/part can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses arising on retirement or disposal of Property, Plant and Equipment are recognised in the Statement of Profit and Loss.

Property, Plant and Equipment which are not ready for intended use as on the date of Balance sheet are disclosed as "Capital Work-in-progress".

Items of Property, Plant and Equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

The Assets which are held for Sale shall be reclassified to Current Assets only if its carrying amount will be recovered principally through a sale transaction (within one year) rather than through continuing use.

Depreciation and Ammortization:-

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013.

Particulars	Years
Factory Building	30
Plant & Machinery	25
Electrical Installation	10
Lab Equipments	10
Furniture and Fixtures	10
Motor Car	8
Air Conditioner	15
Scooter, Moped and Cycle	10
Office Equipment	5
Computer	3

Useful life of Plant and Machinery has been considered 25 years as against 15 years as prescribed in Schedule II of the Companies Act, 2013 which is based on the prevailing practices of the comparable industries and our past experience for last 30 years.

3.3 Intangible Assets

Separately purchased intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives.

The Tangible Assets are derecognised either when they are being disposed off or no future economic benefit is expected from its use or disposal, the difference net disposal proceeds and the carrying amount of Assets is recognised in the statement of Profit and Loss in the period of derecognition.

Intangible assets are amortised as follows:

Technical Know How and Computer Software is amortized over a period of 10 years except SAP, a new Enterprise Resource Planning (ERP) System which has been implemented and amortised during the year.

Notes to the consolidated financial statements for the year ended 31st March, 2019**3.4 Non Current Assets held for Sale**

Non-current assets or disposal groups comprising assets and liabilities are classified as 'held for sale' when all of the following criteria are met : (i) decision has been made to sell. (ii) the assets are available for immediate sale in its present condition (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

3.5 Investment Property

Investment Property comprises Free-Hold Lands that are held for Capital Appreciation as it has been held for a currently undetermined future use and are recognised at cost.

An Investment Property are derecognised either when they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss in the period of derecognition.

3.6 Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

3.7 Impairment of non-financial assets

As at each balance sheet date, the Group assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, if any, the Group determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:-

- a) In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use ; and
- b) In the case of cash generating unit (a group of asset that generates identified, independent cash flow), at the higher of the cash generating unit's fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounting rate that reflect the current market assessment of the time value of the money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transaction is taken into account. If no such transaction can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

3.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A) Financial Assets**Initial Recognition and measurement of Financial Assets**

All financial assets are recognised initially at fair value plus or minus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Notes to the consolidated financial statements for the year ended 31st March, 2019

Financial assets are classified, at initial recognition, in the same manner as described in subsequent measurement.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date the Group commits to purchase or sell the asset

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (a) Financial assets at amortised cost
- (b) Financial assets at fair value through other comprehensive income (FVTOCI)
- (c) Financial assets at fair value through profit or loss (FVTPL)
- (d) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

(a) Financial assets at amortised cost

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

i) Business model test : The objective of the Group's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

ii) Cash flow characteristics test : 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.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. Effective Interest Rate (EIR) method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period to the net carrying amount on initial recognition

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

i) Business model test : The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

ii) Cash flow characteristics test : 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.

(c) Financial assets at fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch') that would otherwise arise from measuring financial assets and financial liabilities or recognising the gains or losses on them on different bases.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

(d) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If an equity investment is not held for trading, an irrecoverable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss.

Notes to the consolidated financial statements for the year ended 31st March, 2019

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from other comprehensive income to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's financial statement) when:

The rights to receive cash flows from the asset have expired, or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(i) the Group has transferred substantially all the risks and rewards of the asset, or

(ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Write Off

An entity shall directly reduce the gross carrying amount of a Financial Asset when the entity has no reasonable expectation of recovering a financial asset in its entirety or for a portion thereof.

Impairment of financial assets

The Group applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial assets:

(a) Financial assets measured at amortised cost

(b) Financial assets measured at fair value through other comprehensive income (FVTOCI)

Expected Credit Losses are measured through either 12 month ECL or lifetime ECL and it is assessed as following:

For recognition of impairment loss on financial assets, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in the subsequent period, credit quality of the instrument improves, such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Group follows a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

B) Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings, trade and other payables and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

(b) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

(c) Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

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 realize the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

The Group enters into derivative contracts such as forward currency contract, option contract and cross currency and interest rate swaps to hedge foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to statement of profit and loss when the hedge item affects profit or loss.

3.9 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprises cash in hand, cash at banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, cash at banks and short-term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the cash management.

Notes to the consolidated financial statements for the year ended 31st March, 2019**3.10 Foreign currency Transactions**

The Group's consolidated financial statements are presented in Indian Rupee (Rs.) which is also Group's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rates prevailing on the date of transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange rate differences that arise on settlement of monetary items or on translating of monetary items at each balance sheet reporting date at the closing rate are recognised as income or expense in the period in which they arise except exchange difference on monetary items that qualify as a hedging instrument in a cash flow hedge are recognised initially in OCI to the extent the hedge is effective.

Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates prevailing at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are reported using the exchange rates prevailing at the date when fair value is determined.

When a gain or loss on non-monetary items is recognised in OCI any exchange component of that gain / loss shall be recognised in OCI, conversaly when a gain or loss on a non-monetary item is recognised in Profit / loss any exchange component of that gain/loss shall be recognised in Profit / Loss.

3.11 Fair Value Measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.12 Inventories**Raw materials**

Inventories are valued at cost or net realisable value whichever is lower. Cost is determined by using the Weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Finished Goods and Traded Goods

Inventories are valued at lower of cost and net realisable value. Finished goods include cost of conversion and other cost incurred for bringing the inventories to their present location and condition and Traded Goods includes purchase price and other cost incurred for bringing the inventories to their present location and condition.

Notes to the consolidated financial statements for the year ended 31st March, 2019

Stores & Spareparts

Store and Spare Parts are valued at Cost.

3.13 Employee Benefits

Short Term Employee Benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be settled wholly before twelve months after the year end, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. It includes Salary, wages, paid annual leave.

Post Employment Benefits

Defined Contribution Plan

Retirement benefits in the form of contribution to Provident fund are defined contribution plans. The contributions are charged to the statement of profit and loss as and when due monthly and are paid to the Government administered Provident Fund towards which the Group has no further obligation beyond its monthly contribution. Superannuation benefit scheme is not existing in the Group.

Defined benefit plans

The Group operates defined benefit plan viz., gratuity. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for the plan using the projected unit credit method.

Defined benefit costs are comprised of:

- a) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b) Net interest expense or income; and
- c) Re-measurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprise actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

3.14 Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which it is incurred. Borrowing costs include interest expense calculated using the effective interest rate method as described in Ind AS 109- Financial Instruments, finance charges in respect of finance leases are recognised in accordance with Ind AS 17- Leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

3.15 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current Tax

Current income tax represents the tax currently payable on the taxable income for the year and any adjustment to the tax in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes to the consolidated financial statements for the year ended 31st March, 2019

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside the statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset only if:

- (i) entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) deferred tax assets and the deferred tax liabilities relate to the income taxes levied by the same taxation authority.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal tax during the specified period.

3.16 Provisions, Contingent Liabilities and Contingent AssetsGeneral

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities and Assets

Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are not recognised but disclosed in the consolidated financial statements when economic inflow is probable.

3.17 Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period after deducting any attributable tax thereto for the period by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.18 Current and Non-current Classification

The Group presents assets and liabilities in the balance sheet based on current/ non current classification.

An asset is current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle (twelve months),
- It is held primarily for the purpose of trading,
- It is expected to be realised within twelve months after the reporting period,
- It is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle (twelve months),
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period,

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Notes to the consolidated financial statements for the year ended 31st March, 2019

3.19 Business Combination

Business combinations, if any, are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the Goodwill computed as per IND AS 103 is negative, the acquirer needs to reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of combination. If negative goodwill remains, this is recognised immediately in OCI and accumulated in equity as Capital Reserve. The Group recognises any non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss.

Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the statement of Profit and Loss.

If there is an acquisition of an asset or a group of assets that does not constitute a business. In such cases the Group shall identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in Ind AS 38, Intangible Assets) and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

Consolidated Schedules for the year ended 31st March, 2019

04. Property Plant and Equipment

(Rs. In Lacs)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2018	Addition during the year	Sales/ Disposals	As at 31-03-2019	As at 01-04-2018*	For the Period	Sales/ Disposals	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018*
TANGIBLE ASSETS:										
Free hold land	1,608.30	-	-	1,608.30	-	-	-	-	1,608.30	1,608.30
Factory Building	6,809.87	524.76	15.38	7,319.24	1,158.41	236.93	3.27	1,392.07	5,927.17	5,651.45
Plant & Machinery	15,207.47	1,897.13	66.12	17,038.47	1,189.84	867.79	4.78	2,052.85	14,985.62	14,017.63
Furniture & Fixture	241.61	6.12	-	247.73	52.53	24.86	-	77.38	170.35	189.09
Motor Car	227.71	44.09	-	271.80	60.91	44.54	-	105.45	166.35	166.80
Scooter, Moped & Cycle	1.01	0.65	-	1.66	0.12	0.18	-	0.30	1.36	0.89
Laboratory Equipment	703.51	89.51	-	793.02	110.49	77.52	-	188.01	605.02	593.02
Electrical Installation	1,353.13	180.84	2.28	1,531.68	388.03	182.01	0.36	569.68	962.00	965.10
Office Equipment	59.19	27.82	-	87.01	14.12	14.73	-	28.84	58.16	45.07
Air Conditioner	67.51	3.59	-	71.09	15.15	4.10	-	19.24	51.85	52.36
Computer	36.68	16.54	-	53.22	10.62	13.47	-	24.09	29.14	26.06
Total	26,315.98	2,791.04	83.79	29,023.24	3,000.22	1,466.11	8.41	4,457.92	24,565.32	23,315.77
Previous Year	22,431.98	4,039.01	156.01	26,314.97	1,310.37	1,727.86	40.18	2,998.04	23,316.93	21,121.61

05. Capital Work In Progress

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2018	Addition during the year	Adjustments	As at 31-03-2019	As at 01-04-2018*	For the Period	Adjustments	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018*
Capital Work-in-Progress	410.14	754.41	1,140.40	24.15	-	-	-	-	24.15	410.14
Total	410.14	730.26	1,140.40	24.15	-	-	-	-	24.15	410.14
Previous Year	1,401.00	418.75	1,409.61	410.14	-	-	-	-	410.14	1,401.00

Notes to the consolidated financial statements for the year ended 31st March, 2019
06. Investment Property

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2018	Addition during the year	Sales/ Disposals	As at 31-03-2019	As at 01-04-2018*	For the Period	Sales/ Disposals	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018*
Free Hold Land	1,281.68	-	-	1,281.68	-	-	-	-	1,281.68	1,281.68
Total	1,281.68	-	-	1,281.68	-	-	-	-	1,281.68	1,281.68
Previous Year	1,281.68	-	-	1,281.68	-	-	-	-	1,281.68	1,281.68

07. Other Intangible Assets

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2018	Addition during the year	Sales/ Disposals	As at 31-03-2019	As at 01-04-2018*	For the Period	Sales/ Disposals	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018*
Technical Knowhow	0.20	-	-	0.20	-	-	-	-	0.20	0.20
Computer Software	31.56	196.56	-	228.12	8.31	201.03	-	209.34	18.78	23.25
Total	31.77	196.56	-	228.33	8.31	201.03	-	209.34	18.98	23.45
Previous Year	25.12	6.65	-	31.77	4.42	5.05	-	9.48	22.29	20.69

Other Notes to Note No 04 to 07
A Disclosures for Property, Plant & Equipment (PPE), Capital Work-in-Progress (CWIP) and Intangible Assets

- A1. Refer Note No. 47 for information on property, plant and equipment and Intangible Assets pledged as security by the Company.
 A2. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for the year ended 31st March, 2019 is Rs. 76.07 lacs (31st March, 2018: Rs. 70.65Lac)
 A3. There has been no impairment loss on above assets during the year.
 A4. The Company has implemented SAP, a new Enterprise Resource Planning (ERP) System which has been implemented and ammortised during the year.
 A5. * Refer Note No. 53

B Disclosures for Investment Property

- B1. The Company has identified and reclassified Land at West Bengal amounting Rs 1281.67 Lacs. immovable properties as Investment Properties on the date of transition i.e. 1st April, 2016 on the basis of currently undermined future use.
 B2. No amount of Income / Expenses has been recognised in Profit and Loss in relation to the above Investment Property.
 B3. The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
 B4. The Company has elected optional exemption under Ind AS 101 to measure Investment Property at previous GAAP carrying value.
 B5. Since the Land at West Bengal are partial agricultural in natrue, the management has not determined the Fair Market Value of these properties from the accredited independent valuer and hence the disclosure requirement of fair value has not been furnished.

Notes to the consolidated financial statements for the year ended 31st March, 2019

(Rs. In Lacs)

8 FINANCIAL ASSETS:- NON-CURRENT INVESTMENTS

Face Value Rs.	No. of Shares / Units		Amount	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018

Equity Instruments - Fully paid up

Unquoted

(A) Others-At Fair Value Through Profit and Loss					
(i) Panchawati Holiday Resorts Ltd.	10	9,400	9,400	-	-

Quoted

(a) Associate-At Cost					
(i) Kkalpana Plastick Limited	10	2,002,920	2,002,920	241.56	239.04
(b) Others-At Fair Value Through Profit and Loss					
(i) Dena Bank/Bank of Baroda	10	-	14	-	-
(ii) Nicco Corporation Ltd.	2	826,194	826,194	-	-

Total Investments

Less: Provision for diminution in the value of Investments				241.56	239.04
				-	-

Net Investments

				241.56	239.04
--	--	--	--	---------------	---------------

Notes:

Aggregate amount of Quoted Investments and market value thereof

241.56 239.04

Aggregate amount of Unquoted Investments
Aggregate amount of Impairment in the value of Investments

- -
- -

Total Investment (net)

241.56 239.04

9. FINANCIAL ASSETS - LOANS

	Non Current		Current	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018

(a) Unsecured, considered good Loan to Related Party	-	-	-	-
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Total

	-	-	-	-
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There are no loans/ advances to directors or other officers of the Company or any of them either severally or jointly with any other persons or loans/ advances to firms or private companies respectively in which any director is a partner or a director or a member.

Notes to the consolidated financial statements for the year ended 31st March, 2019

(Rs. In Lacs)

	Non Current		Current	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
10. FINANCIAL ASSETS - OTHERS				
Unsecured, considered good				
(a) Security Deposit	144.37	106.85	65.95	101.70
(b) Investment in Term Deposits (with remaining maturity of more than 12 months)	281.40	163.82	-	-
(c) Derivative Instruments				
Foreign Exchange Forward Contracts	-	-	-	64.74
Foreign Currency Options	-	-	-	22.12
(d) Others - Advances Recoverable from				
Employees	-	-	116.76	82.00
Others	-	-	24.70	49.21
(e) Interest Accrued	-	0.58	38.99	31.17
Total	425.77	271.24	246.40	350.94

	As at 31st March, 2019	As at 31st March, 2018
11. OTHER NON CURRENT ASSETS		
(a) Capital Advances		
(i) Unsecured - considered good	57.53	546.40
(b) Other Advances		
(i) Unsecured, considered good		
- Balance With Government Authorities	-	-
(c) Prepaid Rent	20.48	31.86
Total	78.01	578.26

There are no advances to directors or other officers of the Company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member.

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
12. INVENTORIES		
(As taken valued and certified by the management) At Cost or NRV whichever is lower		
(a) Raw materials		
- In Stock	11,729.31	12,492.34
- In Transit	447.53	222.40
(b) Finished goods		
- In Stock	3,718.60	2,778.27
(c) Stores and spares- at Cost		
- In Stock	330.02	417.86
Total	16,225.47	15,910.87

- During the year ended 31st March, 2019 and year ended 31st March, 2018 no amount was recognised as an expense for the inventories carried at net realisable value.
- Refer Note No - 47 for details of Carrying amount of Inventories pledged with banks against Working Capital loans.
- Stores and Spares does not include machinery spares which can be used only in connection with an item of Fixed Assets.

Notes to the consolidated financial statements for the year ended 31st March, 2019

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
13. TRADE RECEIVABLES		
(a) Unsecured, considered good		
(i) Others	30,765.76	33,979.12
(ii) Related Parties	-	-
	<u>30,765.76</u>	<u>33,979.12</u>
Less: Allowance for bad and doubtful debts	631.86	619.06
Total (Net of Provision)	<u><u>30,133.90</u></u>	<u><u>33,360.06</u></u>

- There are no debts due by directors or other officers of the Company or any of them either severally or jointly with any other persons or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

- The Company has done the Impairment Assessment for Trade Receivables based on expected credit loss model considering the credit risk as significantly low. The Company has used a simplified approach based on a 12 months ECL. A provision matrix has been prepared based on historical credit loss experience adjusted as appropriate to reflect the current conditions and supportable forecast of future economic conditions.

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
14. CASH & CASH EQUIVALENTS		
(a) Balance with banks:		
(i) In Current Accounts	510.39	349.18
(ii) In EEFC Account	310.19	25.03
(ii) In Deposit with Original Maturity of less than 3 months	371.35	58.00
(b) Cash in hand (As certified by the management)	33.14	26.38
(c) Other Bank Balance		
(i) Unpaid Dividend account	22.21	24.58
(ii) Deposits with more than 3 months initial maturity	636.56	1,214.33
Total	<u><u>1,883.84</u></u>	<u><u>1,697.49</u></u>

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
15. OTHER CURRENT ASSETS		
(a) Other Advances		
Unsecured, considered good		
(i) Balances with government departments	4,918.22	5,731.22
(ii) Advance to Suppliers	67.96	100.87
(b) Prepaid Expenses	241.42	212.27
(c) Prepaid Rent	0.04	0.05
Total Other Current Assets	<u>5,227.65</u>	<u>6,044.41</u>
Less: Total Provision for Doubtful Advances/ Debts		
Total (Net of Provision)	<u><u>5,227.65</u></u>	<u><u>6,044.41</u></u>

There are no advances to directors or other officers of the Company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member.

Notes to the consolidated financial statements for the year ended 31st March, 2019

(Rs. In Lacs)

16. EQUITY SHARE CAPITAL (Refer Statement of Changes in Equity)

Authorised Shares

153,000,000 (Previous Year: 153,000,000) Shares of Rs. 2 each

Issued, Subscribed and Paid Up

940,72,930 (Previous Year: 940,72,930) Equity Shares of Rs.2 each

As at 31st March, 2019	As at 31st March, 2018
3,060.00	3,060.00
3,060.00	3,060.00
1,881.46	1,881.46
1,881.46	1,881.46

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March 2019		As at 31st March 2018	
	No. of Shares	Amount (Rs. In Lacs)	No. of Shares	Amount (Rs. In Lacs)
Equity Shares outstanding at the beginning of the year	94,072,930	1881.4586	94,072,930.00	1,881.46
Equity Shares issued during the year	-	-	-	-
Equity Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	94,072,930	1,881.46	94,072,930.00	1,881.46

(b) Terms/ Rights attached to Equity Shares

The Company has issued only one class of equity shares having a par value of Rs. 2 per share. Each equity shareholder is entitled to one vote per share. The Company had declared and paid dividends in Indian rupee.

In event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding.

(c) Details of shareholders holding more than 5% shares in the Company

Sl. No.	Name of the Shareholders	As at 31st March 2019		As at 31st March, 2018	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Sri Ram Financial Consultants Pvt Ltd	-	-	44,785,170.00	47.61
2	Shyam Baba Trexim Pvt Ltd	-	-	15,551,680.00	16.53
3	Almond PolyTraders Pvt Ltd	7,750,000	8.24	7,750,000.00	8.24
4	Inbara holdings Pvt Ltd.	-	-	7,250,000.00	7.71
5	Bbigplas Poly Pvt Ltd.	69,641,685	74.03	-	-

Note - During the FY 2018-19 Sri Ram Financial Consultants Pvt Ltd, Shyam Baba Trexim Pvt Ltd and Inbara holdings Pvt Ltd. has been merged in Bbigplas Poly Pvt Ltd vide scheme of amalgamation dated 18th December 2018 which is binding with effect from 1st April '2018.

(d) Aggregate number of bonus shares issued, shares allotted as fully paidup pursuant to contract without payment being received in cash and shares bought back during the period of five years immediately preceding the reporting date: Nil

17. OTHER EQUITY (Refer Statement of Changes in Equity)

(Rs. In Lacs)

(a) Security Premium

This reserves are used to record the premium on issue of shares. The reserve would be utilized in accordance with the provisions of the Act.

As per Last Financial Statement
Add: During the year

As at 31st March, 2019	As at 31st March, 2018
5,322.45	5,322.45
5,322.45	-
5,322.45	5,322.45

(b) Capital Reserve and Amalgamation Reserve

As per Last Financial Statement
Add: During the year

As at 31st March, 2019	As at 31st March, 2018
852.96	852.96
852.96	-
852.96	852.96

Notes to the consolidated financial statements for the year ended 31st March, 2019

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
(c) General Reserve		
As per Last Financial Statement	3,400.00	3,400.00
Add: During the year		
	3,400.00	3,400.00
(d) Retained Earnings		
As per Last Financial Statement	18,022.70	15,978.32
Less: Equity Dividend	(225.78)	-
Less: Corporate Dividend Tax	(45.96)	-
Add: During the year	2,603.02	2,044.38
	20,353.98	18,022.70
(e) Other Comprehensive Income		
As per Last Financial Statement	(21.15)	(2.96)
Add: During the year	(16.58)	(18.18)
	(37.73)	(21.15)
Total Reserves (a+b+c+d+e+f)	29,891.67	27,576.96

	(Rs. In Lacs)			
	Non Current		Current *	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
18. LONG TERM BORROWINGS				
<u>Secured</u>				
(a) Term Loans				
I From Banks				
(i) Rupee Loan	3022.36286	4626.23047	1,626.58	1,501.58
II From Others				
(i) From Banks - Vehicle Loan	30.3989855	82.0022932	28.08	-
Total (Net) (a)	3,052.76	4,708.23	1,654.66	1,501.58
<u>Unsecured</u>				
(b) Long term loan				
-Related Party	1977.097892	1780.269282	-	-
Total (Net) (b)	1,977.10	1,780.27	-	-
Grand Total (Net) (a+b)	5,029.86	6,488.50	1,654.66	1,501.58

* Refer Note No.23

Notes to the consolidated financial statements for the year ended 31st March, 2019

Details of terms of repayment of long term borrowings

Long term borrowings	Terms of Repayment	Maturity Date	Interest Rate	Loan Taken Date
<u>Secured</u>				
a) Term Loans				
I From Banks				
(i) Rupee Loan-IDFC	1 Year moratorium from the date of 1st disbursement & thereafter payable in 20 equal quarterly installments.	13th Feb 2021	10.20%	01st April 2017
(ii) Rupee Loan-HDFC	Repayable in 15 equal quarterly installments starting from 30th June 2017.	31st Dec 2020	9.00%	24th March 2017
(iii) Rupee Loan-SBI	Will start after completing moratorium period of 2 years. 24 quarterly installment starting from 31st December 2016 in a structured way .	31st Dec 2021	11.50%	31st Dec 2014
(iv) Rupee Loan-HDFC	Repayable in 20 equal quarterly installments after 12 months of moratorium from the date of first disbursement. Repayments to start from 31st March 2018 till 31st December 2022.	31st Dec 2022	9.75%	06th Jan 2017
II From Others				
(i) Vehicle Loan-	60 equal monthly instalment			
<u>Unsecured</u>				
(b) Long term loan/deposits				
RELATED PARTY				
Bbigplas Poly Pvt. Ltd.	Repayable on Demand after 30th March 2022		4.00%	

Details of terms of security for long term borrowings

- a) Rupee Loan from SBI, HDFC and IDFC are secured by 1st pari passu charge by way of equitable mortgage over all present and future movable and immovable properties located at Silvasa, Surangi, Daman and Bhasa Units and movable fixed assets at Dhulagarh Unit and 2nd pari passu charge by way of hypothecation over entire current assets, stock and book debts of the company both present and future.
- b) The unsecured loan from Promoter group Companies namely Sri Ram Financial Consultants Pvt Ltd, Shyambaba Trexim Pvt Ltd, Krishna Commodities Pvt Ltd and Inbara Holdings Pvt Ltd, all of which merged with Bbigplas Poly Pvt Ltd vide NCLT order dated 18th December, 2018 (filed with ROC on 4th Feb 2019), having effect from 1st April, 2018, is subordinated to State Bank of India for their Term Loan outstanding of INR 2123.69 Lacs as on 31.03.2019.
- c) Vehicle Loan are secured by hypothecation against Motor Car.

Notes to the consolidated financial statements for the year ended 31st March, 2019

19. LONG TERM PROVISIONS	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
(a) Employee benefits		
(i) Gratuity (Refer Note No. 39(b))	163.88	93.98
Total	163.88	93.98

20. DEFERRED TAX LIABILITIES (NET)	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
(a) Liabilities :		
Depreciation and amortization expenses	3,104.58	2,846.93
Items under financial assets and financial liabilities giving temporary differences	322.43	387.89
Total (a)	3,427.00	3,234.82
(b) Assets :		
Items under financial assets and financial liabilities giving temporary differences	41.85	18.57
Provision for doubtful debts & obsolescence	220.80	215.94
MAT Credit Entitlement	247.00	581.84
Total (b)	509.65	816.35
Net Liability (a-b)	2,917.35	2,418.47

Reconciliation of Deferred Tax Assets/ Liabilities (Net):

	As at 31st March, 2019	As at 31st March, 2018
Opening balance as at the beginning of the Year	2,418.47	2,445.97
Tax (benefit) / expense during the period recognised in profit or loss	172.82	563.97
MAT Credit Entitlement	334.84	(581.84)
Tax impact on items of Other Comprehensive income that will not be classified to profit & loss	(8.78)	(9.62)
Closing balance as at the end of the Year	2,917.35	2,418.47

21. SHORT TERM BORROWINGS	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
Secured		
(a) Loans repayable on demand		
Cash credits from bank *	2,527.95	12,090.36
Working Capital Demand Loan from Bank	4,500.00	-
(b) Other Loans and advances		
Buyer's credit from bank *	-	2,350.74
Total	7,027.95	14,441.10

* These Loans are repayable on demand and carries interest as applicable from time to time.

* Working Capital facilities (fund based and non fund based limits) are secured by 1st pari passu charge by way of equitable mortgage over property located at D-403, Dharam Place, CHS Limited, Shantivan, Borivalli (E), Mumbai-400066 and by way of hypothecation over entire current assets, stock and trade receivables of the company both present and future and 2nd pari passu charge by way of equitable mortgage over all present and future movable and immovable properties located at Silvasa, Surangi, Daman and Bhasa Units and movable fixed assets at Dhulagarh Unit.

Notes to the consolidated financial statements for the year ended 31st March, 2019

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
22. TRADE PAYABLES		
(a) Micro & Small Enterprises	314.32	-
(b) Others		
Acceptances secured *	26,834.51	22,781.90
Sundry Creditors for goods	928.39	2,803.20
Sundry Creditors for expenses	942.55	1,248.90
Total	29,019.77	26,834.00

* Secured by way of hypothecation of stocks and book debts in favor of the Company's banker.

Micro enterprises and Small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the confirmations received in response to intimation in this regard sent to the suppliers. Interest in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 due and remaining unpaid as at March 31, 2019 – Rs 2.53 lacs.

	As at 31st March, 2019	As at 31st March, 2018
23. CURRENT FINANCIAL LIABILITIES-OTHER		
(a) Current maturities of long-term debts (Refer Note No.18)	1,654.66	1,501.58
(b) Interest payable on Unsecured Loan	233.35	253.06
(c) Interest accrued but not due on borrowings	25.67	-
(d) Unpaid dividends #	22.21	24.59
(e) Derivative Instruments		
(i) Foreign Exchange Forward Contracts	101.58	-
(ii) Foreign Currency Options	5.46	-
(f) Others		
(i) Creditors for Capital Goods	210.91	296.91
(ii) Other Liability	970.76	576.97
Total	3,224.59	2,653.11

There is no amount due & outstanding to be credited to the Investor Education & Protection Fund.

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
24. OTHER CURRENT LIABILITIES		
(a) Advance payments from customers	357.83	386.39
(b) Other payables		
(i) Statutory dues	116.31	74.75
(ii) Others	-	0.62
Total	474.14	461.75

	As at 31st March, 2019	As at 31st March, 2018
25. SHORT TERM PROVISIONS		
(a) Employee benefits		
Leave encashment (unfunded)	126.56	88.96
Total	126.56	88.96

Notes to the consolidated financial statements for the year ended 31st March, 2019

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
26. CURRENT TAX LIABILITIES		
Income Tax (Net of Payments)	666.61	613.98
	666.61	613.98
27. REVENUE FROM OPERATIONS		
	(Rs. In Lacs)	
	For the Year 2018-19	For the Year 2017-18
(a) Sale of Products		
(i) Polyethylene	122,807.20	88,372.83
(ii) Poly Vinyl Chloride	48,310.54	43,326.23
(iii) Others	27,134.98	43,367.25
(c) Sale of Services		
(i) Commission Received (Refer Note below:-)	-	512.08
Commission relates to sale of Products in which the Company Acts as an agent in the transaction rather than as a Princial in assessing the Companies role to be that of an agent rather than as a principal, the management considered the following factors:-		
a) The Company does not take tittle to the goods and has no responsibility in respect of goods sold.		
b) The Company cannot vary the selling prices set by the supplier.		
c) Credit risk is born by the supplier.		
Total	198,252.72	175,578.38
28. OTHER INCOME		
	For the Year 2018-19	For the Year 2017-18
(a) Interest income	75.89	137.78
(b) Exchange difference other than considered as finance cost (net)	953.55	400.67
(c) Export Incentive	98.99	19.63
(d) Unwinding of Interest on security deposit	5.96	4.62
(e) Fair Value gain or (losses) on derivatives	(107.04)	86.86
(f) Insurance Claim Received	34.38	97.37
(g) Other Miscellaneous Income	164.88	72.62
Total	1,226.63	819.56
29. COST OF MATERIALS CONSUMED		
	(Rs. In Lacs)	
	For the Year 2018-19	For the Year 2017-18
Inventory at the begining of the year	12,714.74	14,437.00
Add: Purchases during the year	172,146.69	148,482.18
Add: Stock In Transit	-	-
Less: Raw Material at the end of the Year	12,176.85	12,714.74
Total Cost of Material Consumed	172,684.58	150,204.44
<u>Details of Raw Material Consumed</u>		
LLDPE/ LDPE	99,244.99	69,469.99
PVC Resin	32,952.14	27,859.59
Plastic Scrap	2,582.33	4,942.43
Other items	37,905.12	47,932.44
	172,684.58	150,204.44

Notes to the consolidated financial statements for the year ended 31st March, 2019

	(Rs. In Lacs)	
	For the Year 2018-19	For the Year 2017-18
30. CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK IN TRADE		
(a) Stocks at the beginning of the year Finished goods	2,778.27	2,671.99
(b) Less: Stocks at the end of the year Finished goods	3,718.60	2,778.27
Total	(940.33)	(106.28)
31. EMPLOYEE BENEFITS EXPENSE		
		(Rs. In Lacs)
	For the Year 2018-19	For the Year 2017-18
(a) Salaries, Wages, Bonus and Gratuity	4,395.17	2,649.30
(b) Contribution to Provident and other funds	66.23	53.61
(c) Workmen and staff welfare expenses	124.98	96.82
Total	4,586.38	2,799.73
32. FINANCE COSTS		
	For the Year 2018-19	For the Year 2017-18
(a) Interest expense		
(i) To Banks	4,050.40	3,847.47
(ii) To Others	119.17	371.83
(b) Other borrowing costs	1,628.89	1,130.81
(c) Unwinding of Interest	195.93	176.51
Total	5,994.39	5,526.62
33. OTHER EXPENSES		
		(Rs. In Lacs)
	For the Year 2018-19	For the Year 2017-18
(a) Consumption of Stores and Spare Parts.	221.08	113.55
(b) Power & Fuel	2,941.93	2,261.04
(c) Rent	699.70	613.67
(d) Repair & Maintenance - Building	148.22	91.23
(e) Repair & Maintenance - Machinery	676.26	329.01
(f) Repair & Maintenance - Others	238.84	158.43
(g) Insurance Charges	202.33	173.33
(h) Rates & Taxes	103.65	44.84
(i) Payments to Auditors (Refer Note (i) below)	3.85	6.10
(j) Directors' Fees	3.70	3.20
(k) Bad debts / Advances Written off	3.44	27.57
(l) Loss on sale of fixed assets	21.12	10.94
(m) Selling & Distribution Expenses	4,764.48	4,460.29
(n) Net (gain)/loss on Fair value of Financial Assets through Profit & Loss	-	0.01
(o) Provision for doubtful debts	12.81	(376.31)
(p) CSR expenses (Refer Note No. 38)	83.08	135.50
(q) Miscellaneous expenses	1,262.64	1,137.50
Total	11,387.13	9,189.91
Refer Note :- 1		
Auditors' remuneration and expenses		
Audit fees	3.20	3.20
Tax audit fees	0.65	0.65
Fees for other services	-	2.25
	3.85	6.10

Notes to the consolidated financial statements for the year ended 31st March, 2019

	(Rs. In Lacs)	
	For the Year 2018-19	For the Year 2017-18
34. Income Tax		
I Income tax related to items charged or credited directly to profit or loss during the year:		
(a) Statement of profit and loss		
(i) Current Income Tax	1,330.95	688.62
(ii) Mat Credit Entitlement	(2.53)	-
(iii) Deferred Tax expense/ (benefit)	172.82	563.97
	<u>1,501.24</u>	<u>1,252.59</u>
(b) Other Comprehensive Income		
(i) Deferred Tax related to items recognised in OCI during the year:		
- Net expense/(benefit) on remeasurements of defined benefit plans	8.78	9.62
	<u>8.78</u>	<u>9.62</u>
Total (a+b)	<u><u>1,510.02</u></u>	<u><u>1,262.22</u></u>
II Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2019 and 31st March, 2018:		
Accounting profit before income tax as per Ind AS	4,102.58	3,279.51
At Income tax rate of 34.944% (31st March, 2018: 34.608%)	1,433.60	1,134.97
Tax effect of items that are not deductible for tax purpose	47.02	59.00
Change in Rate Impact	28.87	-
Tax effect of deductions under Chapter VIA of Income Tax Act, 1961	(16.67)	(9.95)
Differential Tax Impact in Subsidiary and Associates	(0.35)	(1.50)
Tax effect of loss from share of subsidiary	-	60.44
At the effective income tax rate of 36.40% (31st March 2018: 37.95%)	<u>1,492.47</u>	<u>1,242.97</u>
Income tax expense reported in the statement of profit and loss	1,492.47	1,242.97
Difference	<u>0.00</u>	<u>(0.00)</u>
35. Other Comprehensive Income	For the Year 2018-19	For the Year 2017-18
i Items that will not be classified to profit and loss		
- Remeasurement gain/ (losses) on defined benefit plans		
Balance as at year beginning	(27.81)	(4.53)
Add: Created during the year	(2.45)	(23.27)
Less: Adjustments		
Balance as at year end	<u>(25.36)</u>	<u>(27.81)</u>
ii Income tax relating to items that will not be classified to profit and loss		
- Remeasurement gain/ (losses) on defined benefit plans		
Balance as at year beginning	9.62	1.57
Add: Created during the year	-	8.05
Less: Adjustments	0.85	-
Balance as at year end	<u>8.78</u>	<u>9.62</u>
Total	<u>(16.58)</u>	<u>(18.18)</u>

Notes to the consolidated financial statements for the year ended 31st March, 2019
OTHER CONSOLIDATED NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. In Lacs)

36 Contingent liabilities & Commitments

	As at 31st March, 2019	As at 31st March, 2018
A Not Provided for:-		
(a) Claims against the Company not acknowledged as debts - Demand raised by following authorities in dispute:		
(i) Income tax matters	338.77	338.77
B Bank Gurantee	807.88	658.44
C Capital Commitments Estimated Value of contracts in Capital account remaining to be executed and not provided for (Net of advances)	76.07	70.65
D Other Commitments Letter of Credit	2,572.16	23,185.05

37 DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED U/S 186(4) OF THE COMPANIES ACT, 2013

- A. Loan Given**
There is no loan given during the year.
- B. Investment Made**
There are no investments by the Group other than those stated under Note No. 8 in the financial statements.
- C. Securities Given**
There is no security given during the year.

38 DISCLOSURE ON CORPORATE SOCIAL RESPONSIBILITY EXPENSES

- (a) Gross amount required to be spent by the Group during the year in pursuance to the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder : Rs. 73.08 lacs (PY Rs. 72 lacs).
- (b) Amount unspent as at 31.3.2019 Rs. Nil (P.Y 31.3.2018 Rs. Nil)
- (c) Amount spent during the year 2018-19 and shown under Other Expenses in the Statement of Profit and Loss (Refer Note No. 33):

Sl. No.	Particulars	(Rs. In Lacs)	
		As at 31st March 2019	As at 31st March 2018
(i)	Spent during the year	83.08	135.50
(ii)	Yet to Spend	-	-
	Total	83.08	135.50

39 DISCLOSURES AS REQUIRED BY IND AS 19, EMPLOYEE BENEFITS

	(Rs. In Lacs)	
(a) Defined contribution plans:	As at 31st March 2019	As at 31st March 2018
Contribution to defined contribution plan, recognised as expense for the year as under:		
(i) Employer's contribution to Government Provident Fund, Pension Fund & ESI	63.70	53.04
Total	63.70	53.04

Notes to the consolidated financial statements for the year ended 31st March, 2019

(b) Defined benefit plan:

Gratuity

The Employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust maintained with Life Insurance Corporation of India. The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date, based upon which the Group contributes to the Group Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with Life Insurance Corporation of India, is provided for as assets/ (liability) in the books. Actuarial gains/ (losses) for defined benefit plans are recognised in full and are immediately taken to the statement of profit and loss and Other Comprehensive Income accordingly as per Actuarial Valuation Report.. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 to 30 days' salary for each completed year of service . Vesting occurs upon completion of five continuous years of service in accordance with Indian law. The gratuity fund is separately administered by a Gratuity Fund Trust.

	Gratuity (Funded)	
	As at 31st March 2019	As at 31st March 2018
I Following information are based on report of actuary for employee benefit expenses		
(A) Change in present value of the obligation during the year		
(1) Present value of obligation at year beginning	219.85	172.44
(2) Current service cost	37.54	24.75
(3) Interest cost	16.79	12.73
(4) Benefits paid	(3.70)	(16.40)
(5) Actuarial (gain) / loss arising from changes in demographic assumptions	-	-
(6) Actuarial (gain) / loss arising from changes in financial assumptions	5.10	(4.48)
(7) Actuarial (gain) / loss arising from changes in experience adjustments	18.05	30.81
(8) Present value of obligation at year end	293.63	219.85
(B) Change in fair value of plan assets during the year		
(1) Fair value of plan assets at year beginning	125.87	118.04
(2) Interest income on plan assets	9.69	9.15
(3) Expected return on plan assets other than interest income	(2.21)	(1.48)
(4) Contribution made by the Employer *	0.10	16.56
(5) Benefits paid	(3.70)	(16.40)
(6) Fair value of plan assets at year end	129.75	125.87
(C) Reconciliation of obligation and fair value of assets		
(1) Present value of the obligation at year end	293.63	219.85
(2) Fair value of plan assets at year end	129.75	125.87
(3) Funded status [surplus / (deficit)]	(163.88)	(93.98)
(D) Expense recognised in the Statement of Profit and Loss		
(1) Current service cost	37.54	24.75
(2) Interest cost	16.79	12.73
(3) Interest income on plan assets	(9.69)	(9.15)
Net cost recognised in Profit or Loss	44.64	28.33
(E) Recognised in Other Comprehensive Income		
(1) Expected return on plan assets other than interest income	2.21	1.48
(2) Actuarial (gain) / loss arising from changes in demographic assumptions	-	-
(3) Actuarial (gain) / loss arising from changes in financial assumptions	5.10	(4.48)
(4) Actuarial (gain) / loss arising from changes in experience adjustments	18.05	30.81
Net (gain)/ loss recognised in Other Comprehensive Income	25.36	27.81
(F) Net Defined benefit liability/(Asset) Reconciliation		
(1) Net Defined benefit liability/(Asset) at the beginning of the year	93.98	54.41
(2) Defined benefit cost included in P/L	44.64	28.33
(3) Total remeasurement included in OCI	25.36	27.81
(4) Employers contribution*	(0.10)	(16.56)
Net Defined benefit liability/(Asset) at the end of the year	163.88	93.98

*Note - As per actuarial valuation report contribution made by employer is Rs. 70,000. The difference of Rs. 60,000 is due to the refund pertaining to last financial year adjusted in current financial year by Life Insurance Corporation of India.

Notes to the consolidated financial statements for the year ended 31st March, 2019

II Maturity profile of defined benefit obligations:

Year 1	29.52	15.55
Year 2	30.48	72.57
Year 3	43.95	120.18
Year 4	19.60	64.41
Year 5	15.21	24.76
Year 6	53.78	82.98
Year 7	23.03	117.62
Year 8	20.41	85.74
Year 9	18.72	34.12
Year 10	25.64	43.53
Above 10 years	398.08	-
Total expected payments	678.44	661.46

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 5.17 Years
(31st March, 2018: 5.52 years).

The best estimate contribution for the company during the next year would be Rs 47.55 lacs
(31st March, 2018: Rs. 55.61 lacs).

Amount payable upon discontinuance of all employment is INR 339.97 lacs.
(31st March, 2018: Rs. 263.82 lacs).

III Experience Adjustments on Present Value of DBO and Plan Assets

	(Rs. In Lacs)	
	As at 31st March 2019	As at 31st March 2018
(Gain)/Loss on Plan Liabilities	18.05	30.81
% of Opening Plan Liabilities	8.21%	17.87%
(Gain)/Loss on Plan Assets	2.21	1.48
% of Opening Plan Assets	1.75%	1.25%

IV Quantitative sensitivity analysis for significant assumptions considered for defined benefit obligation (Gratuity):

Sensitivity analysis presented below represents expected change in present value of defined benefit obligation based on reasonably possible changes in the assumptions occurring at the year end.

	As at 31st March 2019	As at 31st March 2018
Defined Benefit Obligation (Base)	293.63	219.85
(1) One percentage increase in discount rate	271.41	203.04
(2) One percentage decrease in discount rate	319.31	239.31
(3) One percentage increase in rate of salary escalation	319.16	238.79
(4) One percentage decrease in rate of salary escalation	270.99	203.06
(5) One percentage increase in rate of withdrawal rate	296.10	222.09
(6) One percentage decrease in rate of withdrawal rate	290.74	217.28

Notes to the consolidated financial statements for the year ended 31st March, 2019

	As at 31st March 2019	As at 31st March 2018
V Actuarial Assumptions		
(1) Discount rate	7.70%	7.75%
(2) Mortality Rate	IALM (2006-08) Table	
(3) Salary Escalation - First 5 years	6% p.a	6% p.a
(4) Salary Escalation - After 5 years	6% p.a	6% p.a
(5) Expected Rate of Return on Plan Assets	7.70%	7.75%
(6) Disability Rate	5% of Mortality Rate	5% of Mortality Rate
(7) Retirement Age	60 years	60 years
(8) Average Future Service	21.66	21.97
(9) Withdrawal rates , based on age: (per annum)		
Up to 25 years	8.00%	8.00%
26 - 30 years	7.00%	7.00%
31 - 35 years	6.00%	6.00%
36 - 40 years	5.00%	5.00%
41 - 45 years	4.00%	4.00%
46 - 50 years	3.00%	3.00%
51 - 55 years	2.00%	2.00%
Above 56 years	1.00%	1.00%
VI Weighted average Asset allocation (as percentage of total plan assets)		
(1) Equities	-	-
(2) Bonds	-	-
(3) Gilts	-	-
(4) Insurance Policies	100%	100%
Total	100%	100%

40 DISCLOSURES AS REQUIRED BY IND AS 108, OPERATING SEGMENTS

(a) Identification of Operating Segments:

The Company Operate in a Single Reportable Operating Segment i.e. manufacturing and sale of Poly Vinyl Chloride, Polyethylene, Antifab and EP Compound which have similar risk and returns and are of similar nature.

No other operating segments have been aggregated to form the above reportable operating segments as per the criteria specified in the Ind AS.

(b) Business Segment wise revenue/results/assets/liabilities

Since there is Single Reportable Operating Segment hence disclosure of Operating Segment wise Assets, Liabilities, Revenue and Results are not applicable.

(c) Geographical Information

	(Rs. In Lacs)	
	As at 31st March 2019	As at 31st March 2018
(i) Segment revenue by location of Customers:		
India	168,566.43	143,169.19
Overseas	29,686.29	32,409.19
Total	198,252.72	175,578.38
(ii) Segment Assets by location		
India		
East	7,464.26	6,805.65
West	18,086.37	17,579.37
Others	315.35	235.88
Overseas	-	-
Total	25,865.98	24,620.90

(d) The Group does not have material amount of tangible, intangible assets and non current operating assets located outside India.

(e) Product wise revenue from external customers has been detailed in Note No 27.

(f) Revenue from three customers is INR 21,247.51 (P.Y Rs. 19,471.97) Lacs which is more than 10% of the total revenue of the Group.

Notes to the consolidated financial statements for the year ended 31st March, 2019

41 DISCLOSURE ON RELATED PARTY TRANSACTIONS

(A) Related parties and their relationship with the Group :

(i)	<u>Name of the Related Party</u> Mr. Narrindra Suranna Mr. Rajesh Kothari Dr. P.R.Mukherjee Mr. I.C Dakalia Ms. Tanvi Panday Mrs. Tara Devi Surana Mr. Surendra Kumar Surana Mr. Dev Krishna Surana	<u>Relationship with the Group</u> CEO, Chairman and Managing Director and Promoter (KMP) Whole Time Director (KMP) Whole Time Director (KMP) Chief Financial Officer (KMP) Company Secretary (KMP) Promoter Promoter Promoter & Director
(ii)	<u>Relative of Key Management Personnel (KMP) of the Group</u> <u>Name of the Relative</u> Mrs. Tara Devi Surana Mrs. Sarla Devi Surana Mr. Surendra Kumar Surana Mr. Dev Krishna Surana	<u>Relationship with KMP</u> Mother of Chairman and Managing Director Wife of Chairman and Managing Director Brother of Chairman and Managing Director Son of Chairman and Managing Director
(iii)	Bbigplas Poly Pvt Ltd (refer note below)	Promoter and Holding Company Enterprises over which key management personnel are able to exercise significant influence with whom there were transactions during the Financial Year 2018-19
(iv)	Sri Ram Financial Consultants Pvt Ltd. Shyambaba Trexim Pvt Ltd. Inbara Holdings Pvt Ltd Krishna Commodeals Pvt. Ltd. (refer note below)	Enterprises over which key management personnel are able to exercise significant influence with whom there were transactions during the Financial Year 2017-18

Note - During the FY 2018-19 Kkalpana had also entered into transaction with Sri Ram Financial Consultants Pvt Ltd, Shyambaba Trexim Pvt Ltd, Krishna Commodeals Pvt Ltd and Inbara holdings Pvt Ltd (Promoters of the Company) all of which merged with Bbigplas Poly Pvt Ltd vide NCLT order dated 18th December, 2018 (filed with ROC on 4th Feb 2019), having effect from 1st April, 2018.

(B) <u>Disclosure of transactions with Related Parties as on 31.03.2019</u>		(Rs. In Lacs)	
<u>Nature of transactions</u>	Ref. to Note (A) above	As at	As at
<u>Remuneration to KMP</u>		31st March	31st March
		2019	2018
Mr Narrindra Surana	(i)	70.00	42.00
Mr Rajesh Kothari	(i)	40.00	40.00
Mr P.R. Mukherjee	(i)	19.00	18.00
Mr I.C. Dakalia	(i)	22.96	20.91
Ms Tanvi Panday*	(i)	7.23	5.50
Mr. A.B Chakraborty **		-	1.93
		159.19	128.33

* Effective date of joining 1st July 2017. This remuneration is proportionate CTC for period of her service.

** Former Company Secretary of Kkalpana Industries (India) Ltd. resigned at 1st June 2017.

Interest Expenses

Bbigplas Poly Pvt Ltd	(iii)	119.17	
Sri Ram Financial Consultants Pvt Ltd.	(iv)		74.75
Shyambaba Trexim Pvt Ltd.	(iv)		35.67
Krishna Commodeals Pvt. Ltd.	(iv)		4.89
Inbara Holdings Pvt Ltd	(iv)		4.03
		119.17	119.34

Rent

Sri Ram Financial Consultants Pvt Ltd.	(iv)	76.56	76.56
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Notes to the consolidated financial statements for the year ended 31st March, 2019

	Ref. to Note (A) above	(Rs. In Lacs)	
		As at 31st March 2019	As at 31st March 2018
<u>Loan Taken & Outstanding at year End</u>			
Bbigplas Poly Pvt Ltd*	(iii)	1,977.10	-
Sri Ram Financial Consultants Pvt Ltd.*	(iv)	-	1,124.05
Shyambaba Trexim Pvt Ltd.*	(iv)	-	524.98
Krishna Commodeals Pvt. Ltd.*	(iv)	-	71.87
Inbara Holdings Pvt Ltd*	(iv)	-	59.37
*(Note- After giving effect of IND AS)			
<u>Interest Payable</u>			
Bbigplas Poly Pvt Ltd	(iii)	233.35	253.06

42 FAIR VALUE MEASUREMENT

The fair value of the financial assets and 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 sale.

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

- (1) Fair value of cash and short-term deposits, trade and other short term receivables, trade payables , other current liabilities, short-term loans from banks and other financial institutions approximate their carrying amounts largely due to the short term maturities of these instruments.
- (2) Financial instruments with fixed and variable interest rate are evaluated by the Group based on parameter such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs which have a significant effects on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effects on the recorded fair value that are not based on observable market data.

The following tables provides classification of financial instruments and the fair value hierarchy of the Group's assets and liabilities.

(a) Disclosure for the year ended 31st March, 2019

	Carrying Value	Fair Value	Fair Value heirarchy		
			Level 1	Level 2	Level 3
(1) Financial Assets					
Financial Assets at amortised cost					
Trade Receivables	30,133.90	30,133.90	-	-	30,133.90
Loans	-	-	-	-	-
Other Financial assets excluding derivative financial instruments	672.17	672.17	-	-	672.17
Cash & cash equivalents	1,883.83	1,883.83	-	-	1,883.83
	32,689.90	32,689.90	-	-	32,689.90
Assets for which fair values are disclosed					
Investment Property (Refer Note No. 6 (b))	-	-	-	-	-
Total	32,689.90	32,689.90	-	-	32,689.90

Notes to the consolidated financial statements for the year ended 31st March, 2019

	Carrying Value	Fair Value	Fair Value heirarchy		
			Level 1	Level 2	Level 3
(2) Financial Liability					
Financial Liabilities at amortised cost					
Borrowings from Banks and Financial Institutions	13,712.47	13,712.47			13,712.47
Trade Payables	29,019.77	29,019.77			29,019.77
Other Financial liabilities excluding derivative financial instruments	1,462.90	1,462.90			1,462.90
Total	44,195.14	44,195.14	-	-	44,195.14
Financial Liability at fair value through profit or loss					
Derivative financial instruments	107.04	107.04	-	107.04	-
Total	44,302.17	44,302.17	-	107.04	44,195.14

(b) Disclosure for the year ended 31st March, 2018

	Carrying Value	Fair Value	Fair Value heirarchy		
			Level 1	Level 2	Level 3
(1) Financial Assets					
Financial Assets at amortised cost					
Trade Receivables	33,360.06	33,360.06	-	-	33,360.06
Loans	-	-	-	-	-
Other Financial assets excluding derivative financial instruments	535.32	535.32	-	-	535.32
Cash & cash equivalents	1,697.51	1,697.51	-	-	1,697.51
Total	35,592.89	35,592.89	-	-	35,592.89
Financial Asset at fair value through profit or loss					
Derivative financial instruments	86.86	86.86	-	86.86	-
Total	86.86	86.86	-	86.86	-
Assets for which fair values are disclosed					
Investment Property (Refer Note No. 6 (b))	-	-	-	-	-
Total	35,679.75	35,679.75	-	86.86	35,592.89
(2) Financial Liability					
Financial Liabilities at amortised cost					
Borrowings from Banks and Financial Institutions	22,431.18	22,431.18			22,431.18
Trade Payables	26,834.00	26,834.00			26,834.00
Other Financial liabilities excluding derivative financial instruments	1,151.54	1,151.54			1,151.54
Total	50,416.71	50,416.71	-	-	50,416.71

Notes to the consolidated financial statements for the year ended 31st March, 2019

(c) Description of significant unobservable inputs to valuation:

Financial Asset/ Liability	Valuation Technique	Significant unobservable input
Trade Receivables	ECL	Realisation pattern or past experience
Loans	DCF using EIR method	Discount rate
Other Financial assets excluding derivative financial instruments	DCF using EIR method	Discount rate
Borrowings from banks and financial institutions	DCF using EIR method	Discount rate

43 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and advances from customers. The main purpose of these financial liabilities is to finance the Group's operations, projects under implementation and to provide guarantees to support its operations. The Group's principal financial assets include Investment, loans and advances, trade and other receivables and cash and bank balances that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by the Managing Board.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes to be undertaken. The Board of Directors reviews and finalises policies for managing each of these risks, which are summarised below.

A. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Interest rate risk, Currency risk and Commodity price risk. Financial instruments affected by market risk include investments and deposits, foreign currency receivables, payables, loans and borrowings and derivative financial instruments.

The Group manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies and ensuring compliance with market risk limits and policies.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regard to interest income and interest expenses to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the unhedged portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	2018-19	2017-18
	(+/-) 50	(+/-) 50
	Basis Points	Basis Points
Effect on profit before tax due to interest rate sensitivity	92.98	91.43

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating and financing activities. The Group manages its foreign currency risk by hedging transactions that are expected to realise in future.

Notes to the consolidated financial statements for the year ended 31st March, 2019

Foreign Currency Exposure		As at 31st March, 2019		As at 31st March, 2018	
		Foreign Currency	Functional Currency (Rs. in Lacs)	Foreign Currency	Functional Currency (Rs. in Lacs)
I Hedged					
Forward contracts for Imports	USD	10,900,940	7,540.18	5,550,000	3,609.72
	EURO	155,925	121.15	-	-
Forward contracts for Exports	USD	1,500,000	1,037.55	4,000,000	2,601.60
Option contracts for Exports	USD	400,000	276.68	-	-
II Not hedged					
Trade receivables	USD	4,182,895	2,893.31	3,446,685	2,241.72
	EURO	1,572,616	1,221.92	2,826,250	2,278.52
Trade payables	USD	1,756,303	1,214.83	2,780,438	1,808.40
	EURO	19,280	14.98	405,075	326.57
Foreign currency loan availed under buyers' credit	USD	-	-	3,615,852	2,350.74

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of unhedged monetary assets and liabilities.

Effect on profit before tax	(Rs. In Lacs)	
	2018-19 (+/-) 5%	2017-18 (+/-) 5%
USD	83.92	(95.92)
Euro	60.35	97.60
	144.27	1.68

Derivative Financial Instrument

The group holds Derivative financial instrument such as foreign currency forward and option contracts to mitigate the risk of changes in exchange rate on foreign currency exposures. The counterparty for this contract is generally a Bank. Although the group believes that these derivatives constitute hedges from an economic perspective these do not qualify for hedge accounting as per IND AS 109, Financial instrument. Since the above derivatives are not designated as hedges, such derivatives are categorised as financial asset or financial liability at fair value through profit & loss.

		As at 31st March, 2019		As at 31st March, 2018	
		Foreign Currency	Fair Value as on 31.03.2018	Foreign Currency	Fair Value as on 31.03.2018
Derivatives not designated as hedges					
Forward Contracts	USD	12,400,940.00	(99.87)	5,550,000.00	64.74
	EURO	155,925.00	(1.71)	-	-
Option Contracts	USD	400,000.00	(5.46)	4,000,000.00	22.12

Notes to the consolidated financial statements for the year ended 31st March, 2019

(iii) Commodity price risk

Principal Raw Material for Group's products is variety of plastic polymers which are primarily Derivatives of Crude Oil. Group sources its raw material requirement from across the globe. Domestic market prices are also generally remains in sync with international market price scenario. Volatility in Crude Oil prices, Currency fluctuation of Rupee vis-à-vis other prominent currencies coupled with demand-supply scenario in the world market affect the effective price and availability of polymers for the Group. Group effectively manages with availability of material as well as price volatility through:

1. Widening its sourcing base
2. Appropriate contracts and commitments
3. Well planned procurement & inventory strategy and
4. Prudent hedging policy on foreign currency exposure

Risk committee of the Group comprising members from Board of Directors and operations has developed and enacted a risk management strategy regarding commodity Price risk and its mitigation.

B. Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits and other financial instruments.

(i) Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

The ageing analysis of the receivables (gross of provisions) have been considered from the date of the invoice falls due.

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
Less than 6 months	29,515.31	33,815.94
6 to 12 months	738.08	107.56
more than 12 months	512.37	55.61
Total	30,765.76	33,979.12

(ii) Financial Instruments and Cash and bank balances

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Credit limits of all authorities are reviewed by the Management on regular basis. All balances with banks and financial institutions is subject to low credit risk due to good credit ratings assigned to these entities.

C. Liquidity Risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit, letter of credit, factoring, bill discounting and working capital limits.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual payments.

	(Rs. In Lacs)			
	Less than 1 year	1 to 5 years	> 5 years	Total
31st March, 2019				
Borrowings				
Term Loans from Banks	1,626.58	3,022.36		4,648.94
Long Term Loans from Others	28.08	2,007.50		2,035.58
Cash credit from Banks	2,527.95			2,527.95
Buyers credit from Banks	-			-
WCDL from Bank	4,500.00			4,500.00
Other Financial Liabilities other than current maturities of borrowings and lease obligation	1,569.93			1,569.93
Trade Payables	29,019.77			29,019.77
	39,272.31	5,029.86	-	44,302.17

Notes to the consolidated financial statements for the year ended 31st March, 2019

31st March, 2018	Less than 1 year	1 to 5 years	> 5 years	Total
Borrowings				
Term Loans from Banks	1,501.58	4,626.23		6,127.81
Long Term Loans from Others	-	1,862.27		1,862.27
Cash credit from Banks	12,090.36			12,090.36
Borrowing from Bank-Factoring/Bill discounting				-
Buyers credit from Banks	2,350.74			2,350.74
Other Financial Liabilities other than current maturities of borrowings and lease obligation	1,151.54			1,151.54
Trade Payables	26,834.00			26,834.00
				-
	43,928.20	6,488.50	-	50,416.71

44 CAPITAL MANAGEMENT

A. For the purpose of the Group's capital management, equity includes issued equity capital, securities premium and all other equity reserves attributable to the equity share holders, including capital reserve and net debt includes interest bearing loans and borrowings except cash and cash equivalents. The primary objective of the Group's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
Borrowings	13,712.47	22,431.18
Less: Current investments	-	-
Less: Cash and cash equivalents	1,883.83	1,687.83
(a) Net Debt	15,596.30	24,119.01
(b) Equity	31,773.13	29,579.99
(c) Equity and Net Debt (a+b)	47,369.43	53,698.99
Gearing Ratio (a/c)	32.92%	44.92%

B. Proposed Dividend

The Board of directors in its Board meeting held on 28th May 2018 have recommended the payment of a final dividend of Rs 0.12 paise per fully paid up equity share (March 31,2018 - Rs 0.24 paise), The proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

		(Rs. In Lacs)	
		As at 31st March 2019	As at 31st March 2018
(a) Face value of equity shares	Rs.	2.00	2.00
(b) Profit attributable to equity shareholders	Rs. (in Lacs)	2,561.75	2,197.24
(c) Weighted average number of equity shares outstanding	Nos.	940.73	940.73
(d) Weighted average Earning Per Share (Basic and Diluted)	Rs.	2.72	2.34

Notes to the consolidated financial statements for the year ended 31st March, 2019

46 RESEARCH & DEVELOPMENT EXPENSES

The Group has in-house R&D centre. The details of revenue/capital expenditure incurred by the said R&D Centre during the year are as follows:-

	(Rs. In Lacs)	
	As at 31st March 2019	As at 31st March 2018
(a) Revenue expenditure charged to Statement of Profit and Loss		
Other Expenses	36.93	16.08
(b) Capital expenditure shown under fixed assets schedule	89.51	102.17
Grand Total	126.45	118.26

47 ASSETS PLEDGED AS SECURITY

The carrying amount of Assets pledged as security for current and non current borrowings are :-

	(Rs. In Lacs)	
	As at 31st March, 2019	As at 31st March, 2018
A. Current		
<u>Financial Assets</u>		
Trade Receivables	30,133.90	33,360.06
Other Current Assets	5,474.05	6,395.35
Cash and Cash Equivalents	1,883.83	1,697.51
<u>Non Financial Assets</u>		
Inventories	16,225.47	15,910.87
Total Current Assets Pledged as Security	53,717.25	57,363.78
B. Non Current		
Movable and immovable properties located at Surangi Unit	14,592.81	14,220.24
Movable and immovable properties located at Daman Unit	1,937.92	1,645.17
Movable and immovable properties located at Silvassa Unit	1,535.01	1,511.87
Movable and immovable properties located at Bhasa Unit	611.36	631.70
Movable properties located at Dhulagarh Unit	3,607.22	-
Property located at D-403, Dharam Place, CHS Limited, Shantivan, Borivalli (E), Mumbai - 400066		
<u>Exclusive Charge</u>		
Immovable properties located at Bhasa Unit.	-	131.99

Notes -

- 1 Rupee Loan from SBI, HDFC and IDFC are secured by 1st pari passu charge by way of equitable mortgage over all present and future movable and immovable properties located at Silvassa, Surangi, Daman and Bhasa Units and movable fixed assets at Dhulagarh Unit and 2nd pari passu charge by way of hypothecation over entire current assets, stock and book debts of the company both present and future.
- 2 Working Capital facilities (fund based and non fund based limits) are secured by 1st pari passu charge by way of equitable mortgage over property located at D-403, Dharam Place, CHS Limited, Shantivan, Borivalli (E), Mumbai-400066 and by way of hypothecation over entire current assets, stock and trade receivables of the company both present and future and 2nd pari passu charge by way of equitable mortgage over all present and future movable and immovable properties located at Silvassa, Surangi, Daman and Bhasa Units and movable fixed assets at Dhulagarh Unit.

Notes to the consolidated financial statements for the year ended 31st March, 2019

48 VALUE OF IMPORTED AND INDEGENEOUS MATERIAL CONSUMED

(Rs. In Lacs)

Particulars	As at 31st March, 2019	%age of Total Con- sumption	As at 31st March, 2018	%age of Total Con- sumption
Raw Materials				
i Imported	56,477.94	32%	66,497.29	44%
ii Indegeneous	119,955.11	68%	84,575.41	56%
Total	176,433.05	100%	151,072.69	100%
Store, Spare parts and Components				
i Imported	181.19	30%	149.02	35%
ii Indegeneous	432.73	70%	277.65	65%
Total	613.92	100%	426.67	100%

49 VALUE OF IMPORTS ON CIF BASIS

(Rs. In Lacs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Raw Materials	47,869.71	60,564.17
Stors, Spare parts and Components	181.19	150.51
Capital Goods	600.50	140.31
Total	48,651.40	60,854.99

50 EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)

(Rs. In Lacs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Exports at FOB Value	29,899.27	32,409.19
Total	29,899.27	32,409.19

51 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

(Rs. In Lacs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Travelling	15.76	11.69
Exhibition	30.08	12.99
Interest	129.62	112.46
Other Matters	438.23	5.74
Total	613.69	142.87

Notes to the consolidated financial statements for the year ended 31st March, 2019

52 CHANGES IN ACCOUNTING STANDARDS AND RECENT ACCOUNTING PRONOUNCEMENTS

On March 30, 2019, Ministry of Corporate affairs have notified Ind AS 116 – “Leases”. Ind AS 116 will replace the existing leases standards Ind AS 17 – “Leases” and related interpretations. The new standard sets out the principles for the recognition, measurement, presentation and disclosures of lease for both lease and lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise the assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets are of low value. Ind AS 116 substantially carried forward the accounting treatment prescribed for lessor. The effective date for adoption of Ind AS 116 is annual period beginning on or after April 01, 2019. The Group is evaluating the impact of the issued Ind AS 116 on its financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 also notified amendments to the following accounting standards. The amendments would be effective from April 1, 2019.

1. Ind AS 12, Income taxes – Appendix C on uncertainty over income tax treatments
2. Ind AS 12, Income Taxes - Accounting for Dividend Distribution Taxes
3. Ind AS 23, Borrowing costs
4. Ind AS 28 – Investment in associates and joint ventures
5. Ind AS 103 and Ind AS 111 – Business combinations and joint arrangements
6. Ind AS 109 – Financial instruments
7. Ind AS 19 – Employee benefits

The Company is in the process of evaluating the impact of such amendments.

Previous year figures have been regrouped/rearranged/ reclassified where necessary to correspond with current year figures.

For B. Mukherjee & Co.

Chartered Accountants
Firm Registration No:302096E

B. Mukherjee

Partner
Membership No.002941
Date : 28th May, 2019
Place : Kolkata

For and on behalf of Board of Directors

Narrindra Suranna
(DIN: 00060127)

Chairman and Managing Director

Rajesh Kothari
(DIN: 02168932)

Whole Time Director

Tanvi Panday
(Membership No. ACS 31176)
Company Secretary

Indar Chand Dakalia
Chief Financial Officer