NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1. CORPORATE INFORMATION

Shree Krishna Paper Mills & Industries Limited (hereinafter referred to as 'the Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company's equity shares are listed on the Bombay Stock Exchange. The Company is principally engaged in the manufacturing and selling of news print paper and other value-added papers. The Company's registered office is at 4830/24, Prahlad Street, Ansari Road, Darya Ganj, New Delhi – 110002.

The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on May 20, 2019.

2. CHANGES IN ACCOUNTING STANDARDS AND OTHER RECENT ACCOUNTING PRONOUNCEMENTS

"On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases" and certain amendments to existing Ind AS. These amendments shall be applicable to the entity from 1st April, 2019.

i) Issue of Ind As 116 – Leases

Ind AS 116 will supersede the current Ind AS on Leases Ind AS 17 and related interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

Presently, the Company is in the process of evaluating the impact that application of Ind AS 116 is expected to have on its financial statements. The Company intends to apply simplified transition approach and will not restate comparative information in the financial statements for the year ending 31 March, 2019 to show the impact of adopting Ind AS 116.

ii) Amendments to Existing Issued Ind AS

- Ind AS 12- Income Taxes
- Ind AS 19- Employee Benefits
- Ind AS 109 - Financial Instruments

Note: Application of above Standards are not expected to have any significant impact on the Company's financial statements.

3. CRITICAL ACCOUNTING JUDGEMENTS & KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements in conformity with the Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined Benefit Plans

The cost of the defined benefit plans and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit plan is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Contingencies & Commitments

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the Company does not expect them to have a materially adverse impact on our financial position or profitability.

Depreciation / amortisation and useful lives of property, plant and equipment / intangible assets

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes.

Allowances for doubtful debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis.

Measurement of fair values

The Company's accounting policies and disclosures require financial instruments to be measured at fair values. The Company has an established control framework with respect to the measurement of fair values. The Company uses valuation techniques that are appropriate in the circumstances and for which the sufficient data are available to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified. For fair value hierarchy, refer note no. 55 of financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

A. STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with and in compliance, in all material aspects, with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read along with Companies (Indian Accounting Standards) Rules, 2015, as amended and other provisions of the Act. The presentation of the financial statements is based on Ind AS Schedule III of the Act.

B. BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at their fair values at the end of each reporting period in accordance with the relevant Ind AS. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique.

Company's financial statements have been presented in Indian National Rupee (₹) and all values are rounded to the nearest Lakhs, except where otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

C. CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent 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;
- 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.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

D. FAIR VALUE MEASUREMENT

The Company measures financial instruments, such as derivatives and investment, 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:

- In the principal market for the asset or liability, or
- 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.

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.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

E. **PROPERTY, PLANT AND EQUIPMENT**

The tangible items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price including non-refundable duties and taxes, net of rebate and discounts and borrowing costs for qualifying assets, including other costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss. Fully depreciated assets still in use are retained in financial statements.

Capital Work in Progress is stated at cost. Cost includes purchase price, net of taxes where applicable and all direct costs and borrowing costs attributable to qualifying assets till they are ready for their intended use.

F. **DEPRECIATION & AMORTIZATION**

Depreciation on the property, plant and equipment (except for leasehold land) is provided on Straight-Line Method ("SLM") over the useful lives of the assets as specified in Schedule II to the Act. On property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis with reference to the month of addition / deletion.

The estimated useful life, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leasehold land is amortized on a straight line basis over the period of lease.

G. **BORROWING COST**

Borrowing costs are interest and ancillary costs incurred in connection with the arrangement of borrowings. General and specific borrowing costs attributable to acquisition and construction of any qualifying asset (one that takes a substantial period of time to get ready for its designated use or sale) are capitalised until such time as the assets are substantially ready for their intended use or sale, and included as part of the cost of that asset. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

H. **INVENTORIES**

Inventories except scrap are valued at lower of cost and net realizable value after providing for obsolescence. Scrap is valued at net realizable value. Cost is determined on FIFO basis. Cost of inventories comprises of cost of purchase, cost of conversion and other costs (net of recoverable taxes and duties wherever applicable) including manufacturing overheads incurred in bringing them to their respective present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

I. **REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue includes excise duty. However, sales tax/ value added tax (VAT)/ Goods and Service tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

of the government. Accordingly, it is excluded from revenue. The specific recognition criteria described below must also be met before revenue is recognized:

i) Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods. It is measured at the fair value of the consideration received or receivable, net of returns and trade discounts.

Effective from April 01, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers". There is no change in value of revenue from operation on adoption of IND AS 115.

ii) Interest income for all debt instruments measured at amortized cost is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

J. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Financial statements are presented in Indian Rupee, which is also the Company's functional currency. Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary assets or liabilities are translated at exchange rate prevailing on the balance sheet date and the exchange gains or losses are recognised in the statement of profit & loss. Financial instruments designated as Hedge Instruments are mark to market at the valuation existing on the reporting date. Exchange differences arising on settlement of monetary items on actual payments / realisations and year end translations including on forward contracts are dealt with in Statement of Profit and Loss in the period in which they arise.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction.

The Company uses forward exchange contracts to hedge its exposure to the extent considered appropriate and premium or discount arising on such forward exchange contract is amortised as expense or income over the life of the contract. The unhedged forward contracts remaining unsettled at the year end are translated at the exchange rates prevailing on that date and the resulting gains or losses are recognized in the Statement of Profit and Loss.

K. EMPLOYEE BENEFITS EXPENSE

i) Short term employee benefits

Short-term employee benefits include employee benefits (other than termination benefits) which are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service and are recognized as expense in the period in which the related service is rendered.

ii) Post-employment benefits

a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contributions to defined contribution plans are charged to the Statement of Profit and Loss as and when incurred.

b) Defined benefit plans

Funded plan: The Company has a defined benefit plan for post employment benefit in the form of gratuity, which is administered through Life Insurance Corporation of India (LIC), liability for which is provided on the basis of valuation, as at the balance sheet date, carried out by an independent actuary. The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

iii) Other long term employee benefits

Liability for compensated absences is provided on the basis of valuation as at the balance sheet date carried out by an independent actuary. The actuarial valuation method used for measuring the liability is the Projected Unit Credit (PUC) method.

iv) Termination benefits are recognized as an expense as and when incurred.

v) The actuarial gains and losses on defined benefit plans arising during the year are charged to the Other Comprehensive Income.

L. **TAX EXPENSES**

Tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current Tax

Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Current tax assets and current tax liabilities are off set when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred Tax

Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. 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 by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax are recognised as an expense or income in the statement of profit and loss, except when they relate to items credited or debited either in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.

Minimum Alternate Tax (MAT) is calculated as per Section 115 JB of the Income Tax Act, 1961 and is payable when tax as per it is higher than tax as per the normal provisions of the Act. 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 the 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 income tax during the specified period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

M. **EARNINGS PER SHARE**

Basic Earnings Per Share (EPS) is computed by dividing the net profit or loss after tax attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by adjusting the profit or loss attributable to the equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential equity shares.

N. **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, where 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.

Where a provision is measured using the cash flows estimates to settle the present obligation, its carrying amount is the present value of those cash flows. Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in finance costs.

Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

O. **LEASES**

A lease is classified at the inception date as a finance lease or an operating lease. Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at lower of their respective fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

P. **IMPAIRMENT OF ASSETS**

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Q. **DERIVATIVE FINANCIAL INSTRUMENTS**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

are subsequently re-measured at their fair value at the end of each period. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

R. **FINANCIAL INSTRUMENTS**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Purchase and sale of financial assets are recognized using trade date accounting.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and demand deposits with an original maturity of three months or less and short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include balances with banks which are unrestricted for withdrawal and usage.

(i) Financial Assets

Initial Recognition and Measurement

All financial assets are recognized initially at fair value plus, 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.

Financial Assets at Amortised Cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets At Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if such financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell such financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets At Fair Value Through Profit or Loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss, except for those equity investments for which the Company has elected an irrevocable option to present value changes in OCI.

(ii) Financial Liabilities and Equity instruments

All financial liabilities are recognized at fair value at initial recognition and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost. Financial Liabilities are subsequently measured at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of Financial Instruments:

A financial asset is primarily derecognised 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 and has substantially transferred all the risks and rewards of ownership of the financial assets.

A financial liability (or a part of a financial liability) is derecognized from the Company’s Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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, or to realise the assets and settle the liabilities simultaneously.

S. **NON-CURRENT ASSETS HELD FOR SALE**

Non-current assets or disposal comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's 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 conducted within 12 months of the Balance Sheet date. Subsequently, such non-current assets and disposal groups classified as held for sale are measured at lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

Non-current assets classified as held for sale are presented separately in the balance sheet

T. **EXCEPTIONAL ITEMS**

When items of income and expense within statement of profit and loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

5) PROPERTY, PLANT AND EQUIPMENT

(a) Property, plant and equipment (₹ in Lakhs)

Description	Land Free hold	Land Lease hold	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total
Gross carrying amount									
As at April 1, 2017	114.09	174.94	1,379.05	7,065.46	21.84	94.27	51.04	64.33	8,965.02
Additions	-	-	203.77	536.76	0.29	6.94	1.62	1.19	750.57
Reclassified as held for sale	114.09	-	350.90	-	-	-	-	-	464.99
Deductions/Adjustments	-	-	-	226.63	-	6.86	-	-	233.49
As at March 31, 2018	-	174.94	1,231.92	7,375.59	22.13	94.35	52.66	65.52	9,017.11
As at April 01, 2018	-	174.94	1,231.92	7,375.59	22.13	94.35	52.66	65.52	9,017.11
Additions	-	-	94.76	279.13	16.56	73.65	2.82	0.49	467.41
Reclassified as held for sale	-	-	-	-	-	-	-	-	-
Deductions/Adjustments	-	-	-	36.65	-	21.25	-	-	57.90
As at March 31, 2019	**-**	**174.94**	**1,326.68**	**7,618.07**	**38.69**	**146.75**	**55.48**	**66.01**	**9,426.62**
Accumulated depreciations:									
As at April 1, 2017	-	26.40	648.72	5,687.08	20.46	38.17	45.84	59.67	6,526.34
Additions	-	1.78	33.79	263.27	0.07	11.19	1.33	0.89	312.32
Eliminated on assets held for sale	-	-	262.59	-	-	-	-	-	262.59
Deductions/Adjustments	-	-	-	216.14	-	4.45	-	-	220.59
As at March 31, 2018	-	28.18	419.92	5,734.21	20.53	44.91	47.17	60.56	6,355.48
As at April 1, 2018	-	28.18	419.92	5,734.21	20.53	44.91	47.17	60.56	6,355.48
Additions	-	1.76	35.61	270.20	0.42	16.28	1.33	0.82	326.42
Eliminated on assets held for sale	-	-	-	-	-	-	-	-	-
Deductions/Adjustments	-	-	-	34.43	-	15.19	-	-	49.62
As at March 31, 2019	**-**	**29.94**	**455.53**	**5,969.98**	**20.95**	**46.00**	**48.50**	**61.38**	**6,632.28**
Net Block									
As at April 1, 2017	114.09	148.54	730.33	1,378.38	1.38	56.10	5.20	4.66	2,438.68
As at March 31, 2018	-	146.76	812.00	1,641.38	1.60	49.44	5.49	4.96	2,661.63
As at March 31, 2019	**-**	**145.00**	**871.15**	**1,648.09**	**17.74**	**100.75**	**6.98**	**4.63**	**2,794.34**

(b) Capital work-in-progress (₹ in Lakhs)

As at March 31, 2018	
Plant and Equipment under erection	304.26
Buildings under construction	6.66
	310.92
As at March 31, 2019	
Plant and Equipment under erection	**529.60**
Buildings under construction	**33.53**
	563.13

Notes:

(i) Addition in Plant and Equipment includes gain of ₹ 0.09 lakhs (March 31, 2018 loss of ₹ 0.30 lakhs) on account of foreign exchange difference during the year.

(ii) Out of assets reclassified as held for sale of ₹ 202.40 lakhs, assets of ₹ 12.17 lakhs has been sold in 2017-18.

(iii) Refer note no. 45 (II) for details of contractual commitments.

(iv) Refer note no. 26 (a) for information on property, plant and equipment pledged as security by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

		As at March 31, 2019	As at March 31, 2018
6)	**NON-CURRENT FINANCIAL ASSETS - INVESTMENTS**		
	Investments in Equity instruments (fully paid)		
	Quoted		
	Investments at fair value through profit or loss		
	300 (March 31, 2018: 300) Equity Shares of ₹10/- each of Sarda Papers Ltd.	**0.02**	0.02
	Nil (March 31, 2018: 300) Equity Shares of ₹10/- each of Soma Papers & Industries Ltd.*	**-**	0.05
	Un-quoted		
	Investment carried at fair value through other comprehensive income		
	20,990 (March 31, 2018: 20,990) Equity shares of ₹ 10/- each of Bishwanath Industries Ltd.	**208.43**	129.09
	Investments at fair value through profit or loss		
	300 (March 31, 2018: Nil) Equity Shares of ₹10/- each of Soma Papers & Industries Ltd.*	**-**	-
		208.45	129.16
	*Equity share of Soma Paper & Industries Ltd was delisted from Bombay Stock Exchange w.e.f. July 04, 2018 and the same status was continued as on March 31, 2019		
	Aggregate amount of quoted investments ₹ 0.02 lakhs (March 31, 2018 ₹ 0.07 lakhs)		
	Aggregate market value of quoted investments ₹ 0.02 lakhs (March 31, 2018 ₹ 0.07 lakhs)		
	Aggregate amount of un-quoted investments ₹ 208.43 lakhs (March 31, 2018 ₹ 129.09 lakhs)		
7)	**NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**		
	Trade receivables considered good - Secured	**-**	-
	Trade receivables considered good - Unsecured	**-**	-
	Trade receivables which have significant increase in Credit Risk	**-**	-
	Trade receivables - credit impaired	**4.81**	6.30
		4.81	6.30
	Less: Loss allowance for bad and doubtful debts/credit impaired	**4.81**	6.30
		-	-
8)	**NON-CURRENT FINANCIAL ASSETS - LOANS**		
	Carried at amortised cost		
	Loans receivables considered good - Secured	**-**	-
	Loans receivables considered good - Unsecured		
	Security deposit (interest bearing)	**253.90**	157.79
	Loans receivables which have significant increase in Credit Risk	**-**	-
	Loans receivables - credit impaired	**-**	-
		253.90	157.79
9)	**NON-CURRENT FINANCIAL ASSETS - OTHERS (Unsecured, considered good)**		
	Carried at amortised cost		
	Security deposits	**3.41**	3.62
	Fixed deposit with banks (remaining maturity more than 12 months)*	**-**	11.41
		3.41	15.03
	* pledged with bank as margin against bank gaurantees		
10)	**DEFERRED TAX ASSETS (NET)**		
	Deferred tax assets		
	Current tax loss	**-**	30.40
	Deductible temporary differences	**16.67**	17.23
	MAT credit entitlement	**503.90**	507.50
	Total deferred tax assets	**520.57**	555.13
	Deferred tax liabilities		
	Property, plant and equipment	**(151.09)**	(186.17)
	Fair valuation of financial instruments through Other Comprehensive Income	**(22.07)**	-
	Deferred tax assets/(liabilities) net	**347.41**	368.96

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Movement in deferred tax assets/(liabilities) (₹ in Lakhs)

Particulars	Current tax loss	Deductible temporary differences	MAT credit entitlement	Property, plant and equipment	Fair valuation of financial instruments through OCI	Deferred tax assets/ (liabilities) net
As at April 01, 2017	18.78	37.68	464.29	(102.47)	-	418.28
(Charged)/credited to profit or loss	11.62	(20.45)	-	(83.70)	-	(92.52)
MAT credit entitlement credited to profit or loss	-	-	40.18	-	-	40.18
MAT credit entitlement credited to other comprehensive income	-	-	3.03	-	-	3.03
As at March 31, 2018	30.40	17.23	507.50	(186.17)	-	368.96
(Charged)/credited to profit or loss	(30.40)	(0.56)	-	35.08	-	4.12
MAT credit utilization charged to profit or loss	-	-	(4.06)	-	-	(4.06)
MAT credit entitlement credited to other comprehensive income	-	-	0.46	-	-	0.46
(Charged)/credited to other comprehensive income	-	-	-	-	(22.07)	(22.07)
As at March 31, 2019	**-**	**16.67**	**503.90**	**(151.09)**	**(22.07)**	**347.41**

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
11) OTHER NON-CURRENT ASSETS		
(Unsecured, considered good)		
Capital advances	**91.22**	16.19
	91.22	16.19
12) INVENTORIES		
(Valued at lower of cost and net realisable value)		
Raw materials*	**975.26**	675.26
Work-in-progress	**13.46**	15.44
Finished goods	**337.97**	167.86
Stores and spares**	**324.55**	251.06
	1,651.24	1,109.62

(i) Including goods in transit of :

*₹ 74.87 lakhs (March 31, 2018 ₹ 33.53 lakhs) in Raw materials

**₹ 33.94 lakhs (March 31, 2018 ₹ 10.14 lakhs) in Stores and spares

(ii) Refer note no. 26 (a) for information on inventories pledged as security by the Company.

	As at March 31, 2019	As at March 31, 2018
13) CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES		
Trade receivables considered good - Secured	**-**	-
Trade receivables considered good - Unsecured	**1,549.12**	2,206.20
Trade receivables which have significant increase in Credit Risk	**-**	-
Trade receivables - credit impaired	**13.67**	14.30
	1,562.79	2,220.50
Less: Loss allowance for bad and doubtful debts/expected credit loss/credit impaired	**28.71**	30.10
	1,534.08	2,190.40
14) CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS		
Balances with banks - in current accounts	**143.81**	42.11
Cash on hand	**4.41**	4.75
	148.22	46.86

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
15) CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS AS ABOVE		
Fixed deposit with bank (maturing within 12 months)		
Pledged with bank as margin against Letter of Credit and Bank Guarantee*	**157.16**	87.06
Others	**-**	-
	157.16	87.06
*includes ₹ 11.41 lakhs (March 31, 2018 ₹ Nil) having an original maturity of more than 12 months		
16) CURRENT FINANCIAL ASSETS - OTHERS		
(Unsecured, considered good)		
Interest receivable	**15.59**	12.94
Security deposits	**5.80**	6.60
Other receivables	**2.13**	0.27
Forward contracts receivable	**-**	0.22
	23.52	20.03
17) CURRENT TAX ASSETS (NET)		
Advance income tax and tax deducted at source (net of provision)	**8.01**	13.78
	8.01	13.78
18) OTHERS CURRENT ASSETS		
(Unsecured, considered good)		
Advance to suppliers*	**114.86**	52.87
Employees' advances	**11.33**	2.41
Balance with statutory authorities	**371.94**	427.32
Deposit with government authorities	**250.01**	252.01
Prepaid expenses	**11.66**	21.12
Income tax refundable	**4.08**	4.08
	763.88	759.81
* Including ₹ 36.80 lakhs (March 31, 2018 ₹ 8.80 lakhs) with related party		
19) ASSETS HELD FOR SALE		
Land and building [refer note no. 5 (ii)]	**190.23**	190.23
	190.23	190.23
In June 2017, the Company had decided to dispose of land and building of its shut plant situated at Bahadurgarh. The transaction for sale is in process and is to be completed in near future.		
20) EQUITY SHARE CAPITAL		
Authorised		
2,00,00,000 (March 31, 2018: 2,00,00,000) Equity shares of ₹10/- each	**2,000.00**	2,000.00
5,00,000 (March 31, 2018: 5,00,000) 4% Cumulative redeemable preference shares of ₹100/- each	**500.00**	500.00
	2,500.00	2,500.00
Issued, subscribed and fully paid		
1,35,21,680 (March 31, 2018: 1,35,21,680) Equity shares of ₹10/- each	**1,352.17**	1,352.17
	1,352.17	1,352.17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(a) **Reconciliation of number of shares outstanding at the beginning and end of the year**

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Equity shares of ₹ 10/- each				
Balance at the beginning of the year	1,35,21,680	1,352.17	1,35,21,680	1,352.17
Issued during the year	-	-	-	-
Balance at the end of the year	1,35,21,680	1,352.17	1,35,21,680	1,352.17

(b) Rights, preferences and restrictions attached to equity shares:

The Company has one class of equity shares referred to as equity shares having at par value of ₹ 10/- each. Each shareholder is entitled to one vote per share. Holders of equity shares are entitled to dividend, in proportion to the paid up amount, proposed by Board of Directors subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity-holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Shareholders holding more than 5% of shares:

Equity shares of ₹ 10/- each	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	(%)	No. of Shares	(%)
M/s. Bishwanath Industries Ltd.	20,47,300	15.14	20,47,300	15.14
Mr. Vijay Kumar Gupta	20,00,000	14.79	20,00,000	14.79
M/s. Bishwanath Traders & Investments Ltd.	16,71,080	12.36	16,71,080	12.36
M/s. Govinda Power & Products Pvt. Ltd.	14,00,000	10.35	14,00,000	10.35
M/s. WPS PTE Ltd.	12,00,000	8.87	12,00,000	8.87
M/s. SKCS Finvest Pvt. Ltd.	10,14,850	7.51	10,14,850	7.51
Mr. Birender Kumar Pasari	9,10,000	6.73	9,10,000	6.73
M/s. Gopala Sales Pvt. Ltd.	7,50,000	5.55	7,50,000	5.55
M/s. Bijay Paper Traders Ltd.	7,47,100	5.53	7,47,100	5.53

(₹ in Lakhs)

	As at March 31, 2019		As at March 31, 2018	
21) OTHER EQUITY				
(i) Reserves and Surplus				
(a) **Capital Reserve**				
Balance as per last balance sheet		22.97		22.97
(b) **Securities Premium**				
Balance as per last balance sheet		565.49		565.49
(c) **Other Reserve**				
- Capital Redemption Reserve				
Balance as per last balance sheet		500.00		500.00
(d) **Retained Earnings**				
Balance/(Deficit) as per last balance sheet	(118.52)		(180.36)	
Add: Profit for the year	450.22	331.70	61.84	(118.52)
(ii) Item of Other Comprehensive Income				
(a) **Re-measurements of defined benefit plans**				
Balance as per last balance sheet	52.99		35.36	
Add: Actuarial gain/(loss) during the year	(12.82)	40.17	17.63	52.99
(b) **Re-measurements of investments in Equity instruments (unquoted)**				
Balance as per last balance sheet	127.89		131.67	
Add: Re-measurement of investments	57.27	185.16	(3.78)	127.89
		1,645.49		1,150.82

Nature and purpose of reserves

i) Capital Reserve was created on forfeiture of equity shares and will be utilised in accordance with the provision of the Companies Act, 2013.

ii) Securities Premium was created to record the excess of the amount received over the face value of the shares. This reserve will be utilised in accordance with the provision of the Companies Act, 2013.

iii) Capital Redemption Reserve was created for redemption of 4% Cumulative Redeemable Preference Shares of ₹ 100/- each. This reserve will be utilised in accordance with the provision of the Companies Act, 2013.

iv) FVOCI equity investments:

The company has elected to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the FVOCI equity investment reserve within equity. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
22) NON-CURRENT FINANCIAL LIABILITES - BORROWINGS		
Measured at amortized cost		
Secured		
Vehicle loan from bank	**15.23**	-
Unsecured		
Loans from related parties [refer note no. 57(c)]	**319.55**	263.34
	334.78	263.34

Details of security and other terms:

(a) Current maturities of long term borrowings ₹ 13.22 lakhs (March 31, 2018 ₹ 64.64 lakhs) are taken under current financial liabilities others. (refer note no. 28)

(b) Vehicle loan is secured by hypothecation of vehicle and year wise maturity amount is as under:-

	2020-21	2021-22	Total
Amount (₹ in lakhs)	12.05	3.18	15.23
No. of Instalments	12	3	15

(c) Unsecured loans are repayable on March 31, 2027. However, the Company has the option to pay before maturity by giving prior notice of 30 days.

(d) The above loans carry varying rates of interest with the maximum rate of interest going upto 12.00% (previous year 12.00%).

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
23) NON-CURRENT FINANCIAL LIABILITES - TRADE PAYABLES		
Measured at amortized cost		
(A) total outstanding dues of micro enterprises and small enterprises (refer note no 49)	**-**	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	**38.66**	33.89
	38.66	33.89
24) NON-CURRENT FINANCIAL LIABILITES - OTHERS		
Measured at amortized cost		
Security deposits from dealers and contractors	**85.22**	68.70
Creditors for capital goods	**30.64**	26.87
Interest accrued	**-**	12.06
	115.86	107.63
25) NON-CURRENT PROVISIONS		
Provision for employee benefits (refer note no 46)		
Gratuity	**131.95**	126.64
Leave encashment	**19.89**	19.24
	151.84	145.88
26) CURRENT FINANCIAL LIABILITIES - BORROWINGS		
Secured		
Loans repayable on demand		
Cash credit from banks	**1,809.38**	1,572.17
Buyer's credit facilities from banks	**-**	175.62
	1,809.38	1,747.79

Details of security and other terms:

(a) Above cash credit facilities/buyer's credit facilities from banks under consortium arrangement having Bank of India as lead bank, are secured by:
   (i) First pari-passu charge by way of hypothecation of inventories and trade receivables.
   (ii) Collaterally secured by equitable mortgage of land & building of Keshwana Unit and second pari-passu charge on current assets of the Company.
   (iii) Second charge on entire movable and immovable assets of the Company, both present and future on pari-passu basis.
   (iv) Collaterally secured by pledge of 48,20,400 equity shares (previous year 48,20,400) held by the promoter and promoter group have been pledged with the lead bank in favour of consortium.
   (v) The facilities are guaranteed by personal guarantee of two Directors of the Company.

(b) Maximum rate of interest on cash credit facilities was 14.00% per annum (previous year 10.90% per annum).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
27) CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES		
(A) total outstanding dues of micro enterprises and small enterprises (refer note no 49)	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	462.27	65.04
Other than acceptances	1,460.93	2,265.24
	1,923.20	2,330.28
28) CURRENT FINANCIAL LIABILITIES - OTHERS		
Current maturities of long term debt [refer note no 22(a)]	13.22	64.64
Interest accrued	162.53	146.60
Other payables		
Due to employees	125.45	118.19
Creditors for capital goods	144.91	109.81
Expenses payable	222.51	129.33
Currency forward account	9.21	-
	677.83	568.57
29) OTHER CURRENT LIABILITIES		
Advance from customers	30.91	29.38
Security deposits from dealers	37.85	21.50
Statutory dues	13.52	20.96
	82.28	71.84
30) CURRENT PROVISIONS		
Provision for employee benefits (refer note no 46)		
Gratuity	-	-
Leave encashment	6.71	5.26
	6.71	5.26
31) LIABILITIES AGAINST ASSETS HELD FOR SALE		
Advance received against sale of Land and Building	600.00	300.00
	600.00	300.00

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
32) REVENUE FROM OPERATIONS		
(Refer Note no. 48)		
Sale of products (inclusive of excise duty upto June 30, 2017)	14,095.99	13,557.07
Other operating revenues	165.25	108.91
	14,261.24	13,665.98
33) OTHER INCOME		
Interest income on:		
Security deposits carried at amortized cost	9.88	9.14
Fixed deposit with banks carried at amortized cost	8.21	7.03
	18.09	16.17
Other non-operating income		
Excess provision w/back	-	0.62
Excess provision w/back (ECL)	0.76	-
Foreign exchange rate fluctuations (net)	0.36	14.02
Provision for doubtful debts w/back	0.29	-
Profit on sale of property, plant and equipment	0.76	0.36
Miscellaneous income	9.14	17.26
Gain on re-measurement of financial assets/liabilities (net)#	33.16	-
	62.56	48.43

\# Loss on re-measurement of long term investment at FVTPL ₹ 0.04 lakhs (previous year ₹ Nil)
Gain on re-measurement of long term borrowing at amortized cost ₹ 33.20 lakhs (previous year ₹ Nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
34) COST OF MATERIALS CONSUMED		
Raw Materials consumed		
Inventories at beginning of the year	**675.26**	522.37
Purchases during the year (Net)	**8,339.53**	8,418.70
	9,014.79	8,941.07
Inventories at end of the year	**975.26**	675.26
	8,039.53	8,265.81
35) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening inventories		
Finished goods	**167.86**	235.44
Work-in-progress	**15.44**	23.52
	183.30	258.96
Closing inventories		
Finished goods	**337.97**	167.86
Work-in-progress	**13.46**	15.44
	351.43	183.30
(Increase)/Decrease in inventories of		
Finished goods	**(170.11)**	67.58
Work-in-progress	**1.98**	8.08
	(168.13)	75.66
36) EMPLOYEE BENEFITS EXPENSE		
Salary and wages	**763.59**	710.11
Contribution to provident and other funds	**62.68**	75.99
Staff welfare expenses	**30.04**	24.45
	856.31	810.55
37) FINANCE COSTS		
Interest	**210.75**	267.83
Interest on income tax	**17.44**	1.52
Net (gain)/loss on exchange differences	**-**	(0.79)
Other borrowing costs	**50.89**	40.37
	279.08	308.93
38) DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation on property, plant and equipment (refer note no 5)	**326.42**	312.32
	326.42	312.32
39) EXCISE DUTY		
Excise duty on sale	**-**	40.12
Excise duty on stock (net)	**-**	(9.65)
	-	30.47
40) OTHER EXPENSES		
Stores and spares consumed	**337.11**	280.03
Power and fuel	**2,950.50**	3,006.32
Packing materials	**298.68**	261.61
Contract charges for services	**258.87**	248.37
Rent	**5.66**	3.29
Repairs		
Buildings	**3.83**	11.48
Machinery	**101.68**	65.07
Others	**23.97**	-
Insurance	**7.04**	7.59
Rates and taxes	**10.28**	9.52

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

		Year ended March 31, 2019	Year ended March 31, 2018
Cost auditor's remuneration			
Cost audit fees		**0.75**	0.75
Out of pocket expenses		**-**	-
Auditor's remuneration			
For audit fees		**0.90**	0.85
For tax audit fees		**0.30**	0.25
For other services		**0.43**	0.23
Bad debts	1.83		
Less: Adjusted with provision for doubtful debts	1.83	**-**	-
Expenditure towards Corporate Social Responsibility (refer note no 44)		**35.40**	30.68
Loss on re-measurement of long term investment at FVTPL		**-**	0.01
Expected credit loss		**-**	0.08
Miscellaneous expenses		**358.13**	360.68
		4,393.53	4,286.81

41) EXCEPTIONAL ITEMS

(₹ in Lakhs)

Particulars	2018-2019	2017-2018
Profit on sale of a portion of Bahadurgarh land and building	**-**	539.83
Total	**-**	539.83

42) TAX EXPENSE

(a) Amount recognised in Statement of Profit and Loss

(₹ in Lakhs)

Particulars	2018-2019	2017-2018
Current tax	**146.90**	49.51
Deferred tax	**(4.12)**	92.52
MAT (credit)/utilization	**4.06**	(40.18)
Total	**146.84**	101.85

(b) Income tax expense/(benefit) recognised in Other Comprehensive Income

(₹ in Lakhs)

Particulars	2018-2019	2017-2018
Tax effect on actuarial gains/losses on defined benefit obligations	**(4.33)**	3.74
MAT credit entitlement on above	**(0.46)**	(3.03)
Deferred tax liability on re-measurement of unquoted equity instruments at FVTOCI	**22.07**	-
Total	**17.28**	0.71

(c) Income tax reconciliation

(₹ in Lakhs)

Particulars	2018-2019	2017-2018
Profit before tax	**597.06**	163.69
Enacted tax rate (%)*	**27.820%**	33.063%
Tax expense at enacted tax rate	**166.10**	54.12
Incremental deduction on account of depreciation	**(7.45)**	(20.70)
Other items giving rise to temporary differences	**(35.09)**	83.71
Tax effect due to brought forwarded losses	**3.03**	(11.63)
Effect due to non deductible expenses	**38.19**	59.76
Effect due to deductible expenses earlier disallowed	**(19.86)**	(17.03)
Effect of tax payable under MAT	**-**	32.85
Other temporary differences	**0.55**	20.44
MAT utilized/(credit)	**4.06**	(40.18)
Tax effect which is chargeable at different rate	**-**	(59.49)
Others	**(2.69)**	-
Total	**146.84**	101.85

*The variation in enacted tax rate is due to change in basic rate to 25.00% in financial year 2018-19 as compared to 30.00% in financial year 2017-18.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

43) EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	2018-2019	2017-2018
Profit after Tax	**450.22**	61.84
Weighted average number of equity shares	**1,35,21,680**	1,35,21,680
Basic and Diluted earnings per share (₹)	**3.33**	0.46
Nominal value of an equity share (₹)	**10.00**	10.00

44) EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY

(₹ in Lakhs)

Particulars	2018-2019	2017-2018
(a) Gross amount required to be spent during the year	**15.55**	18.40
(b) Amount spent during the year		
(i) On construction/acquisition of an asset	**-**	-
(ii) On purpose other than (i) above	**35.40**	30.68
Total amount spent during the year	**35.40**	30.68

45) CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
(I) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt		
Central excise duty and service tax matters	**316.89**	316.13
Custom duty matters	**363.10**	363.10
Water cess	**6.70**	6.70
Sales tax matters	**234.86**	234.86
Labour law matter	**3.00**	-
- Show Cause notices issued by the Excise Department, Rohtak for recovery of ₹ 4043.51 lakhs has adjudicated and demand of ₹ 3,727.57 lakhs has been dropped. Remaining demand of ₹ 315.94 lakhs has confirmed along with the penalty thereon. The Company has filed appeal before the Hon'ble CESTAT. In addition, another show cause notices were issued by the Excise Department, Jaipur for recovery of ₹ 0.95 lakhs for which reply has been filed.		
- Customs Duty matter relates to demand of ₹163.10 lakhs and penalty and fine of ₹ 200.00 lakhs. The appeal has been filed before Hon'ble CESTAT. The amount of ₹250.00 lakhs is already lying deposited under protest with Custom Department.		
- The other contingent liabilities have been disputed by the Company before respective authorities on account of classification, rates and applicability.		
- Based on the legal advices, the Company is reasonably certain that the outcome of these proceedings shall not have a material impact on its financial statements.		
(b) Other money for which the Company is contingently liable		
Right of recompense under CDR package	**1,004.60**	989.82
(II) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**159.35**	112.26

46) EMPLOYEE BENEFITS

a) **Post retirement benefits : Defined contribution plans**

The Company has recognized the following amounts in the Statement of Profit and Loss for the year:

(₹ in Lakhs)

Sl. No.	Particulars	2018-2019	2017-2018
1	Contribution to employee's provident fund	**15.20**	14.56
2	Contribution to employee's family pension fund	**21.33**	19.91
	Total	**36.53**	34.47

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

b) **Defined benefit plans**

(A) **Gratuity (Funded)**

(₹ in Lakhs)

		March 31, 2019	March 31, 2018
i.	**Changes in the present value of obligation**		
a.	Present value of obligation at the beginning of the year	**172.55**	150.44
b.	Interest cost	**13.37**	10.98
c.	Current service cost	**17.42**	33.39
d.	Benefits paid	**(15.29)**	(4.45)
e.	Actuarial (gain)/loss:		
	due to change in financial assumptions	**1.70**	(5.20)
	due to experience variance	**16.08**	(12.61)
f.	Present value of obligation at the end of the year	**205.83**	172.55
ii.	**Changes in the fair value of plan assets**		
a.	Present value of plan assets at the beginning of the year	**45.91**	24.21
b.	Expected return on plan assets	**3.56**	1.77
c.	Actuarial gain/(loss)	**0.17**	0.53
d.	Employer's contributions	**39.53**	23.85
e.	Benefit paid	**(15.29)**	(4.45)
f.	Fair value of plan assets at the end of the year	**73.88**	45.91
iii.	**Amount recognized in the Balance Sheet and reconciliation of the present value of obligation and the fair value of assets**		
a.	Present value of obligation at the end of the year	**205.83**	172.55
b.	Fair value of plan assets at the end of the year	**73.88**	45.91
c.	Net (asset)/liability recognized in the balance sheet	**131.95**	126.64
iv.	**Expenses recognized in the Statement of Profit & Loss**		
a.	Current service cost	**17.42**	33.39
b.	Interest cost	**13.37**	10.98
c.	Expected return on plan assets	**(3.56)**	(1.77)
d.	Total expenses recognized in the Statement of Profit & Loss	**27.23**	42.60
v.	**Amount recognized in other comprehensive income**		
a.	Actuarial gain/(loss) on liabilities	**(17.78)**	17.81
b.	Actuarial gain/(loss) on assets	**0.17**	0.53
c.	Net gain/(loss) recognized in other comprehensive income	**(17.61)**	18.34
vi.	**Percentage of each category of plan assets to total fair value of plan assets as at end of the year**	**%**	%
a.	Insurer managed funds	**100**	100
vii.	**Actuarial assumption**	**%**	%
a.	Discount rate	**7.62**	7.75
b.	Expected rate of return on plan assets	**7.75**	7.30
c.	Salary escalation rate	**10.00**	10.00

(₹ in Lakhs)

		March 31, 2019	March 31, 2018
viii.	**Sensitivity analysis**		
a.	Impact due to increase of 0.50% in discount rate	**(6.36)**	(5.38)
b.	Impact due to decrease of 0.50% in discount rate	**6.86**	5.80
c.	Impact due to increase of 1.00% in salary inflation rate	**13.27**	11.21
d.	Impact due to decrease of 1.00% in salary inflation rate	**(11.96)**	(10.27)
e.	Impact due to increase of 5.00% in withdrawal rate	**(9.37)**	(7.85)
f.	Impact due to decrease of 5.00% in withdrawal rate	**17.41**	14.51
ix.	**Maturity profile of defined benefit obligation**		
a.	1st following year	**47.48**	40.78
b.	2nd following year	**48.09**	39.31
c.	3rd following year	**18.72**	9.49
d.	4th following year	**11.85**	16.58
e.	5th following year	**7.68**	10.08
f.	After 6th following year	**278.91**	238.41
x	**The expected contributions for Defined Benefit Plan**	**34.84**	30.83

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(B) Leave encashment (Unfunded) (₹ in Lakhs)

		March 31, 2019	March 31, 2018
i.	**Changes in the present value of obligation**		
a.	Present value of obligation at the beginning of the year	**24.50**	23.38
b.	Interest cost	**1.89**	1.71
c.	Current service cost	**5.63**	5.86
d.	Benefits paid	**(4.51)**	(6.21)
e.	Actuarial (gain)/loss:		
	due to change in financial assumptions	**0.19**	(0.68)
	due to experience variance	**(1.10)**	0.44
f.	Present value of obligation at the end of the year.	**26.60**	24.50
ii.	**Amount recognized in the Balance Sheet and reconciliation of the present value of obligation and the fair value of assets**		
a.	Present value of obligation at the end of the year	**26.60**	24.50
b.	Fair value of plan assets at the end of the year	**-**	-
c.	Net (asset)/liability recognized in the balance sheet	**26.60**	24.50
iii.	**Expenses recognized in the Statement of Profit & Loss**		
a.	Current service cost	**5.63**	5.86
b.	Interest cost	**1.89**	1.71
c.	Net actuarial (gain)/loss	**(0.91)**	(0.24)
d.	Total expenses recognized in the Statement of Profit & Loss	**6.61**	7.33
iv.	**Amount recognized in other comprehensive income**		
a.	Actuarial gain/(loss) on liabilities	**-**	-
b.	Actuarial gain/(loss) on assets	**-**	-
c.	Net gain/(loss) recognized in other comprehensive income	**-**	-
v.	**Actuarial assumption**	**%**	%
a.	Discount rate	**7.62**	7.75
b.	Expected rate of return on plan assets	**NA**	NA
c.	Salary escalation rate	**10.00**	10.00

(₹ in Lakhs)

		March 31, 2019	March 31, 2018
vi.	**Sensitivity analysis**		
a.	Impact due to increase of 0.50% in discount rate	**(0.71)**	(0.71)
b.	Impact due to decrease of 0.50% in discount rate	**0.76**	0.76
c.	Impact due to increase of 1.00% in salary inflation rate	**1.49**	1.49
d.	Impact due to decrease of 1.00% in salary inflation rate	**(1.35)**	(1.34)
e.	Impact due to increase of 5.00% in withdrawal rate	**(1.45)**	(1.44)
f.	Impact due to decrease of 5.00% in withdrawal rate	**2.53**	2.53
vii.	**Maturity profile of defined benefit obligation**		
a.	1st following year	**7.22**	5.66
b.	2nd following year	**2.80**	2.13
c.	3rd following year	**2.42**	2.91
d.	4th following year	**2.53**	2.25
e.	5th following year	**2.06**	2.26
f.	After 6th following year	**30.10**	30.53

47) Corporate Debt Restructuring (CDR) package was sanctioned to the Company vide LOA dated August 17, 2009. The package was successfully implemented by all the bankers w.e.f. the cut off date i.e. April 01, 2009 as per terms and conditions set out in the Letter of Approval(LOA). The CDR lenders have a right to recompense of their waivers & sacrifices made as part of the CDR proposal. The recompense payable by the Company is contingent on various factors, outcome of which currently is materially uncertain and hence the proportionate amount payable as recompense has been treated as contingent liability.

48) The Company is engaged into manufacturing and sale of paper and activities incidental thereto. There is no impact on the Company's revenue on applying Ind AS 115 on contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Disaggregation of revenue from contracts with customers: (₹ in Lakhs)

Sl. No.	Particulars	2018-2019	2017-2018
1	Revenue from contracts with customers		
	Sale of products	**14,095.99**	13,557.07
2	Other operating revenues	**165.25**	108.91
	Total revenue	**14,261.24**	13,665.98

Sales by performance obligations: (₹ in Lakhs)

Sl. No.	Particulars	2018-2019	2017-2018
1	Upon shipment	**14,095.99**	13,557.07
2	Upon delivery	**-**	-
	Total	**14,095.99**	13,557.07

Reconciliation of revenue from contract with customer (₹ in Lakhs)

Sl. No.	Particulars	2018-2019	2017-2018
A	Revenue from contract with customer as per the contract price	**14,527.19**	13,638.72
	Adjustments made to contract price on account of:-		
	a) Discounts/rebates/incentives	**429.02**	40.61
	b) Sales returns/credits/reversals	**2.18**	0.92
	c) Excise duty invoiced	**-**	40.12
	Revenue from contract with customer as per Statement of Profit and Loss (A)	**14,095.99**	13,557.07
B	Other operating revenues (B)	**165.25**	108.91
	Revenue from operations (A+B)	**14,261.24**	13,665.98

49) Disclosure of the amounts due to the Micro and Small Enterprises as required under the "Micro, Small and Medium Enterprises Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from parties on the request made by the Company as given under:

(₹ in Lakhs)

S.No.	Particulars	March 31, 2019	March 31, 2018
(a)	The principal amount due remaining unpaid to any supplier at the end of each accounting year;	**-**	-
(b)	The interest due remaining unpaid to any supplier at the end of each accounting year;	**-**	-
(c)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	**-**	-
(d)	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	**-**	-
(e)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**-**	-
(g)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	**-**	-

50) Interest accrued (refer note no. 28) also includes accumulated dividend on 4% cumulative redeemable preference shares amounting to ₹145.76 lakhs in March 31, 2019 and ₹145.76 in March 31, 2018.

51) The Rajasthan State Industrial Development and Investment Corporation Ltd. had issued cancellation orders for part of the land of Keshwana. The said orders have been stayed by the Hon'ble High Court of Rajasthan.

52) Net increase/decrease in excise duty liability on closing stock of finished goods before introduction of Goods and Services Tax i.e. upto June 30, 2017 has been shown as "Excise duty on stock (net)" in note no. 39 of Notes to the financial statements

53) Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Company operates only in one Business Segment i.e. manufacturing and sale of paper and the activities incidental thereto, hence does not have any reportable Segments as per Ind AS 108 "Operating Segments".

Information about major customers

Detail of customers accounted for 10% or more revenue is as under: (₹ in Lakhs)

Sl. No.	Particulars	2018-2019	2017-2018
1	Customer 1	**2,699.04**	3,473.76
2	Customer 2	**2,171.96**	2,213.09
3	Customer 3	**1,804.50**	2,073.25
4	Customer 4	**1,798.00**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

54) CAPITAL MANAGEMENT

The Company aim to manages its capital efficiently so as to safe guard its ability to continue as a going concern and to optimise returns to our shareholders.

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages it's capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company's Capital Management objectives are to maintain equity including all reserves to protect economic viability and to finance any growth opportunities that may be available in future so as to maximize shareholders' value. The Company is monitoring capital using debt equity ratio as its base, which is debt to equity.

Gearing Ratio

The Company monitors its capital using gearing ratio, which is net debt divided to total equity as given below:

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Debt*	**2,157.38**	2,075.77
Less: Cash and bank balances	**305.38**	145.33
Net Debt	**1,852.00**	1,930.44
Total Equity	**2,997.66**	2,502.99
Debt to Equity ratio	**0.62**	0.77

*Debt is defined as long-term borrowings, short-term borrowings and current maturities of long term debts.

55) FAIR VALUE MEASUREMENT

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

(a) As at March 31, 2019 (₹ in Lakhs)

Particulars	Carrying amount / Fair value				Fair value hierarchy			
	FVTPL	FVTOCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Non-current financial assets								
Investments in equity instruments (quoted)	0.02	-	-	0.02	0.02	-	-	0.02
Investments in equity instruments (unquoted)	-	208.43	-	208.43	-	208.43	-	208.43
Trade receivables	-	-	-	-	-	-	-	-
Loans	-	-	253.90	253.9	-	-	-	-
Other financial assets	-	-	3.41	3.41	-	-	-	-
Current financial assets					-	-	-	-
Trade receivables	-	-	1534.08	1534.08	-	-	-	-
Cash and cash equivalents	-	-	148.22	148.22	-	-	-	-
Bank balances other than above	-	-	157.16	157.16	-	-	-	-
Other financial assets	-	-	23.52	23.52	-	-	-	-
Total financial assets	0.02	208.43	2120.29	2328.74	0.02	208.43	-	208.45
Non-current financial liabilities								
Borrowings	-	-	334.78	334.78	-	-	-	-
Trade payables	-	-	38.66	38.66	-	-	-	-
Other financial liabilities	-	-	115.86	115.86	-	-	-	-
Current financial liabilities								
Borrowings	-	-	1809.38	1809.38	-	-	-	-
Trade payables	-	-	1923.20	1923.2	-	-	-	-
Other financial liabilities	9.21	-	668.62	677.83	-	9.21	-	9.21
Total financial liabilities	9.21	-	4890.5	4899.71	-	9.21	-	9.21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(b) As at March 31, 2018 (₹ in Lakhs)

Particulars	Carrying amount / Fair value				Fair value hierarchy			
	FVTPL	FVTOCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Non-current financial assets								
Investments in equity instruments (quoted)	0.07	-	-	0.07	0.07	-	-	0.07
Investments in equity instruments (unquoted)	-	129.09	-	129.09	-	129.09	-	129.09
Trade receivables	-	-	-	-	-	-	-	-
Loans	-	-	157.79	157.79	-	-	-	-
Other financial assets	-	-	15.03	15.03	-	-	-	-
Current financial assets					-	-	-	-
Trade receivables	-	-	2190.40	2190.40	-	-	-	-
Cash and cash equivalents	-	-	46.86	46.86	-	-	-	-
Bank balances other than above	-	-	87.06	87.06	-	-	-	-
Other financial assets	0.22	-	19.81	20.03	-	0.22	-	0.22
Total financial assets	0.29	129.09	2516.95	2646.33	0.07	129.31	-	129.38
Non-current financial liabilities								
Borrowings	-	-	263.34	263.34	-	-	-	-
Trade payables	-	-	33.89	33.89	-	-	-	-
Other financial liabilities	-	-	107.63	107.63	-	-	-	-
Current financial liabilities								
Borrowings	-	-	1747.79	1747.79	-	-	-	-
Trade payables	-	-	2330.28	2330.28	-	-	-	-
Other financial liabilities	-	-	568.57	568.57	-	-	-	-
Total financial liabilities	-	-	5051.50	5051.50	-	-	-	-

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

The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.

The fair value of long term quoted investment in equity instruments are measured at quoted market price.

The fair values of the unquoted instruments and other financial assets and liabilities have been estimated using a discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.

The Company executed derivative financial instruments such as cross currency interest rate swap being valued using valuation techniques, which employs use of market observable inputs. The Company uses mark to market valuation provided by bank for its valuation.

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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.

56) FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management monitors these risks and provides assurance that the financial risk activities are governed by appropriate policies and procedures. The financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

risk management purposes are carried out by teams that have the appropriate skills, experience and supervision. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business.

Trade receivables

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The credit worthiness are monitored at periodical intervals. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

The Company has used expected credit loss (ECL) model for assessing the impairment loss. For the purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

(₹ in Lakhs)

Particulars	**As at March 31, 2019**	As at March 31, 2018
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	**4.11**	5.75
180 - 365 days	**0.69**	0.24
1 year to 2 years	**0.82**	1.61
2 years to 3 years	**1.71**	1.76
above 3 years	**7.71**	6.44
Total	**15.04**	15.80

(₹ in Lakhs)

Particulars	**As at March 31, 2019**	As at March 31, 2018
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	**15.80**	15.72
Addition	**13.27**	21.41
Write - offs	**-**	-
Recoveries	**14.03**	21.33
Balance at the end of the year	**15.04**	15.80

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows on daily, monthly and yearly basis. The Company ensures that there is a free credit limit available at the start of the year which is sufficient for repayments getting due in the ensuing year. Loan arrangements, credit limits with various banks including working capital and monitoring of operational and working capital issues are always kept in mind for better liquidity management

The Company has unutilised working capital limits from banks of ₹ 690.62 lakhs as on March 31, 2019; ₹ 752.21 lakhs as on March 31, 2018.

The table below provides details regarding the contractual maturities of significant financial liabilities :

As at March 31, 2019 (₹ in Lakhs)

Particulars	**Less than 1 year**	**1-5 years**	**More than 5 years**	**Total**
Non derivative				
Borrowings	**1,822.60**	**15.23**	**319.55**	**2,157.38**
Trade payables	**1,923.20**	**38.66**	**-**	**1,961.86**
Other financial liabilities	**655.40**	**30.64**	**85.22**	**771.26**
Derivative				
Forward exchange contracts	**9.21**	**-**	**-**	**9.21**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

As at March 31, 2018 (₹ in Lakhs)

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Non derivative				
Borrowings	1,812.43	-	263.34	2,075.77
Trade payables	2,330.28	33.89	-	2,364.17
Other financial liabilities	503.93	38.93	68.70	611.56
Derivative				
Forward exchange contracts	-	-	-	-

Market Risk- Foreign Currency Risk

This is the risk that the Company may suffer losses as a result of adverse exchange rate movement during the relevant period. As a policy, the Company is covering foreign exchange risk on account of import to avoid any loss situation due to adverse fluctuations in currency rates. There is periodical review of foreign exchange transactions and hedging by the Company's executives.

Derivative instruments and unhedged foreign currency exposure:

(a) Derivative outstanding as at the reporting date

Particulars	**As at March 31, 2019**	As at March 31, 2018
Trade payable on account of purchase of goods		
Forward contracts to buy USD ($ in lakhs)	**4.20**	2.80
Amount outstanding in Indian Rupee (₹ in lakhs)	**301.06**	183.11

Derivative financial instruments such as foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

(b) Particulars of unhedged foreign currency exposures as at the reporting date

Particulars	**As at March 31, 2019**	As at March 31, 2018
Trade payable on account of purchase of goods		
Amount outstanding in USD ($ in lakhs)	**2.27**	2.01
Amount outstanding in Euro (€ in lakhs)	**-**	0.13
Amount outstanding in Indian Rupee (₹ in lakhs)	**157.79**	141.45

Market Risk- Price Risk Exposure

Equity Price Risk is related to the change in market reference price of the investments in equity securities. The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments. Profit for the year would increase/ (decrease) as a result of gains/ losses on equity securities as at fair value through profit or loss.

Sensitivity

The table below summarizes the impact of increases/decreases of the BSE index on the Company's equity and Gain/Loss for the period. The analysis is based on the assumption that the index has increased by 5% or decreased by 5% with all other variables held constant, and that all the Company's equity instruments moved in line with the index

Impact on Profit before tax

(₹ in Lakhs)

Particulars	**As at March 31, 2019**	As at March 31, 2018
BSE Sensex 30- Increase 5%	**0.00**	0.00
BSE Sensex 30- Decrease 5%	**(0.00)**	(0.00)

Above referred sensitivity pertains to quoted equity investment. Profit for the year would increase/ (decrease) as a result of gains/ losses on equity securities as at fair value through profit or loss. Since the Company has nominal investments in quoted equity and hence, sensitivity analysis is reflecting zero value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Foreign Currency Risk Sensitivity
A change of 5% in Foreign currency would have following Impact on profit before tax

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
USD and Euro		
5% Increase	**(22.94)**	(16.23)
5% Decrease	**22.94**	16.23

Interest Rate Risk

The Company has loan facilities on floating interest rate, which exposes the Company to the risk of changes in interest rates. The management monitors the interest rate movement and manages the interest rate risk by evaluating interest rate swaps etc. based on the market / risk perception.

For the years ended March 31, 2019 and March 31, 2018, every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would increase the Company's profit before tax by approximately ₹ 6.66 Lakhs and ₹ 8.92 Lakhs respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

Commodity Rate Risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of newsprint paper including the raw material components for such active newsprint paper. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's some of the raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's business are generally more volatile. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2019, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

57) RELATED PARTY DISCLOSURES

a) List of related parties:

i) Key Management Personnel:

Mr. Narendra Kumar Pasari	Managing Director
Mr. Sanjiv Kumar Agarwal	Chief Financial Officer
Mrs. Sonam Katyal	Company Secretary
Mr. Bishwanath Pasari	Non-Executive Director
Mr. Prakash Narayan Singh	Non-Executive Independent Director
Mr. Lal Chand Sharma	Non-Executive Independent Director
Mr. Rajesh Mujoo	Non-Executive Independent Director
Mrs. Rakhi Verma	Non-Executive Director

ii) Relatives of Key Management Personnel:

Mr. Birendra Pasari
Mr. Pradeep Pasari
Mr. Naynesh Pasari
Mrs. Shilpa Pasari
Mrs. Shradha Pasari

iii) Enterprise where Key Management Personnel/Relative of Key Management Personnel has significant influence:

Laxmi Traders
Gopala Sales Pvt. Ltd.
SKCS Finvest Pvt. Ltd.
Bishwanath Traders & Investments Ltd.
Dilwara Leasing and Investment Ltd.
Inficore Visions Pvt. Ltd.
Amer Hotels Ltd.
Bishwanath Industries Ltd.
Govinda Power & Products Pvt. Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

b) Details of transactions with the related parties:

(₹ in Lakhs)

Nature of transactions	2018-2019			2017-2018		
	Referred in (i) above	**Referred in (ii) above**	**Referred in (iii) above**	Referred in (i) above	Referred in (ii) above	Referred in (iii) above
Expenses :						
Employee benefit expense*						
(short term employee benefits)						
Mr. Narendra Kumar Pasari	**16.08**	**-**	**-**	15.43	-	-
Mr. Sanjiv Kumar Agarwal	**13.03**	**-**	**-**	11.78	-	-
Mrs. Sonam Katyal	**4.80**	**-**	**-**	4.25	-	-
Consultancy paid						
Mr. Naynesh Pasari	**-**	**6.00**	**-**	-	6.00	-
Finance costs						
Gopala Sales Pvt. Ltd.	**-**	**-**	**2.62**	-	-	2.59
Bishwanath Industries Ltd.	**-**	**-**	**25.74**	-	-	23.07
Bishwanath Traders & Investments Ltd.	**-**	**-**	**2.53**	-	-	2.28
Dilwara Leasing & Investment Ltd.	**-**	**-**	**2.15**	-	-	-
Raw material purchase						
Gopala Sales Pvt. Ltd.	**-**	**-**	**55.44**	-	-	-
Govinda Power & Products Pvt. Ltd.	**-**	**-**	**68.75**	-	-	7.91
Packing material purchase						
Gopala Sales Pvt. Ltd.	**-**	**-**	**134.66**	-	-	106.09
Govinda Power & Products Pvt. Ltd.	**-**	**-**	**56.11**	-	-	30.49
Income :						
Sale of products						
Gopala Sales Pvt. Ltd.	**-**	**-**	**800.16**	-	-	-
Other operating revenues						
Gopala Sales Pvt. Ltd.	**-**	**-**	**9.10**	-	-	5.81
Govinda Power & Products Pvt. Ltd.	**-**	**-**	**12.56**	-	-	7.50
Other income						
Gopala Sales Pvt. Ltd.	**-**	**-**	**0.72**	-	-	0.72
Govinda Power & Products Pvt. Ltd.	**-**	**-**	**0.66**	-	-	0.66
SKCS Finvest Pvt. Ltd.	**-**	**-**	**0.06**	-	-	0.06
Inficore Visions Pvt. Ltd.	**-**	**-**	**0.12**	-	-	0.07
Non-current financial liabilities-Borrowings:						
Loan taken						
Dilwara Leasing & Investment Ltd.	**-**	**-**	**25.57**	-	-	-

*it does not include provision for gratuity and leave encashment as the same is not determinable since the actuarial valuation is done for the Company as a whole.

c) Closing balances receivables/payables: (₹ in Lakhs)

Particulars	**As at March 31, 2019**	As at March 31, 2018
Referred in (i) above		
Current financial liabilities-Others		
Mr. Narendra Kumar Pasari	**1.72**	1.61
Mr. Sanjiv Kumar Agarwal	**1.45**	1.35
Mrs. Sonam Katyal	**0.52**	0.45
Referred in (ii) above		
Current financial liabilities-Trade payables		
Mr. Naynesh Pasari	**0.45**	0.45

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Referred in (iii) above		
Current financial assets-Trade receivables		
SKCS Finvest Pvt. Ltd.	-	0.07
Inficore Visions Pvt. Ltd.	0.22	0.08
Gopala Sales Pvt. Ltd.	14.15	-
Other current assets		
Gopala Sales Pvt. Ltd.	33.85	8.73
Govinda Power & Products Pvt. Ltd.	2.95	0.07
Non-current financial liabilities-Borrowings*		
Bishwanath Traders & Investments Ltd.	25.51	22.98
Bishwanath Industries Ltd.	249.63	223.89
Gopala Sales Pvt. Ltd.	16.69	16.47
Dilwara Leasing & Investment Ltd.	27.72	-
Current financial liabilities-Trade payables		
Laxmi Traders	1.08	1.08
Amer Hotels Ltd.	0.15	0.15
Govinda Power & Products Pvt. Ltd.	-	3.98
Current financial liabilities-Others		
Gopala Sales Pvt. Ltd.	2.16	2.16
Amer Hotels Ltd.	0.15	0.15
Other current liabilities		
Bishwanath Traders & Investments Ltd.	1.63	1.63

*These figures are at amortised cost as per Ind AS 109, the original values are given below:

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Bishwanath Traders & Investments Ltd.	50.00	50.00
Bishwanath Industries Ltd.	508.64	508.64
Gopala Sales Pvt. Ltd.	20.00	20.00
Dilwara Leasing & Investment Ltd.	58.77	-

d) Terms and conditions of transactions with related parties:
The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and will be settled in cash. There have been no guarantees received or provided for any related party receivables or payables.

e) The Company does not have any subsidiary/associates.

58) Comparative corresponding figures for the previous year have been regrouped and/or re-arranged wherever considered necessary.

59) There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet date.

As per our attached report of even date
For Radheshyam Sharma & Co.
Firm Registration No. 016172N
Chartered Accountants

CA Radheshyam Sharma
Proprietor
Membership No. 097127

Place: New Delhi
Date: May 20, 2019

For and on behalf of the Board of Directors of
Shree Krishna Paper Mills & Industries Limited

Sanjiv Kumar Agarwal
Chief Financial Officer

Narendra Kumar Pasari
Managing Director
DIN : 00101426

Sonam Katyal
Company Secretary
Membership No. 33550

Rakhi Verma
Director
DIN : 07995132