INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CYGNET INDUSTRIES LIMITED

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Cygnet Industries Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended, and a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's

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Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance including Other Comprehensive Income, cash flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other Legal and Regulatory Requirement

1. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014.

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,as amended in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

(i) The Company has disclosed the impact, if any, of pending litigations as at March 31, 2019 on its financial position in its standalone financial statements – Refer Note 30.

(ii) The Company did not have any long-term contracts including derivative contracts as at March 31, 2019.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended March 31, 2019.

2. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Neha Bothra & Company
Chartered Accountants
FR No.326938E

NEHA BOTHRA & COMPANY
KOLKATA
FR No.-326938E
CHARTERED ACCOUNTANTS

Neha Bothra

Neha Bothra
Partner
Mem No– 067036

Kolkata
Date: 14th May,2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 1(f) of the Independent Auditors' Report of even date to the members of **Cygnet Industries Limited** on the standalone financial statements for the year ended March 31, 2019.

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

We have audited the internal financial controls over financial reporting of **Cygnet Industries Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included

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KOLKATA
FR No.-326938E
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obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

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Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Neha Bothra& Company
Chartered Accountants
FR No.326938E

NEHA BOTHRA & COMPANY
KOLKATA
FR No.-326938E
CHARTERED ACCOUNTANTS

Neha Bothra

Neha Bothra
Partner
Mem No – 067036

Kolkata
Date: 14th May,2019

Annexure B to Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Cygnet Industries Limited of even date.)

i. In respect of the Company's fixed assets:
(a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets,

(b) The company has a program of verification to cover all the item of fixed assets in a phased manner which, in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c)According to the information and explanations given to us and records examined by us the title deeds of immovable properties, as disclosed in Note -3 on fixed assets to the standalone financial statements are held in the name of the Company, except for:

Total number of cases	Whether leasehold/freehold	Gross block (Rs. In lakhs)	Net Block (Rs. In lakhs)	Remarks
48	Freehold	13,660.27	13,660.27	42 deeds for freehold land and 6 deeds for office at Surat.
1	Leasehold	234.92	234.92	

ii. The physical verification of inventory excluding stock with third parties has been conducted at reasonable intervals by the management during the period. In respect of inventories lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory, as compared to book records were not material and have been appropriately dealt with in the books of account.

iii. The Company has not granted unsecured loan, to a company covered in the register maintained under Section 189 of the Act. The company has not granted any secured/unsecured loans to firms/LLPs/other parties covered in the said register maintained under Section 189 of the Act.

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iv. In our opinion, and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security in respect of any loans to any party covered under Section 185 of the Act. In respect of security provided on the behalf of loan taken by 100% holding company, the provisions of Section 186 of the Act have been complied with.

v. The company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the Rules framed there under to the extent notified. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified, with regard to the deposits accepted from the public prior to the commencement of the Act.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed account and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, goods and service tax (GST), income tax, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no undisputed amounts payable in respect of income-tax, goods and service tax (GST), sales tax, service tax, value added tax and duty of customs as at March 31, 2019 for a period of more than six months from the date they became payable, except the following:

Nature of the statute	Nature of dues	Amount (Rs. In lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Central Excise	1.12	September 2015-June 2016	Commissioner of Central Excise (Appeals-II)
West Bengal Value Added Tax, 2003	Entry Tax	153.32	April 2016 – June 2017	Calcutta High Court

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viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to Debenture holders as at the Balance Sheet date.

ix. According to the information and explanation given to us, no money has been raised by way of Initial Public Offer or Further Public Offer (including debt instrument) and term loans have been applied for the purposes for which they were obtained.

x. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the period, nor have we been informed of any such case by the management.

xi. According to the information and explanations given to us and the records of the Company examined by us, the Company has not paid managerial remuneration and hence reporting under clause (xiv) of CARO 2016 is not applicable to the company.

xii. The Company is not a Nidhi Company and hence the provisions of Clause 3 (xii) of the Order and Nidhi Rules, 2014 are not applicable to the Company.

xiii. In our opinion and according to the information and explanation given to us the company is in compliance with section 177 and 188 of Companies Act, 2013, where applicable, for all transaction with the related parties and the details of related parties transaction have been disclosed in the financial statement as required by the applicable standards.

xiv. During the year the company has not made any preferential allotment or private placement for shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act are not applicable.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Neha Bothra & Company
Chartered Accountants
FRNo. 326938E
Neha Bothra
Neha Bothra
Partner
Mem No: 067036

Kolkata
Date: 14th May,2019

Cygnet Industries Limited
Balance Sheet as at 31st March, 2019

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Notes	31 March 2019	31 March 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	51,081.56	52,416.55
(b) Capital work-in-progress		1,226.11	927.28
(c) Other intangible assets	4	23.33	44.51
(d) Financial assets			
(i) Investments	5	452.75	64,165.25
(ii) Other financial assets	7	449.65	1,180.30
(e) Income tax asset (Net)		151.56	2.90
(f) Other non-current assets	8	5.58	37.28
Total non-current assets		**53,390.54**	**1,18,774.07**
(2) Current assets			
(a) Inventories	9	6,022.36	7,074.80
(b) Financial assets			
(i) Trade receivables	10	3,133.56	3,777.19
(ii) Cash and cash equivalents	11	32.84	918.38
(iii) Loans	6	615.50	
(iv) Other financial assets	7	582.95	0.92
(c) Other current assets	8	638.84	895.94
Total current assets		**11,026.05**	**12,667.23**
Total assets		**64,416.63**	**1,31,441.30**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12 (a)	43,005.00	43,005.00
(b) Other equity	12 (b)	(41,788.36)	(24,621.31)
Total equity		**1,216.64**	**18,383.69**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	11,193.62	61,894.29
(b) Provisions	18	419.41	485.71
(c) Deferred tax liabilities (net)	14	-	-
Total non-current liabilities		**11,613.03**	**62,380.00**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	42,238.26	44,926.96
(ii) Trade payable			
Total Outstanding dues of micro enterprises and small enterprises	15(a)	9.71	-
Total Outstanding dues of creditors other than micro enterprises and small enterprises	15(b)	3,537.02	3,712.91
(iii) Other financial liabilities	16	4,911.46	843.33
(b) Provisions	18	307.72	164.89
(c) Other current liabilities	17	582.79	1,029.52
Total current liabilities		**51,586.96**	**50,677.61**
Total liabilities		**63,199.99**	**1,13,057.61**
Total equity and liabilities		**64,416.63**	**1,31,441.30**
Notes forming part of the financial statements	1-40		

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

For and on behalf of Board of Directors of Cygnet Industries Limited

For Neha Bothra & Co.
Firm Registration Number: 326938E
Chartered Accountants

NEHA BOTHRA & COMPANY KOLKATA FR No.-326938E CHARTERED ACCOUNTANTS

Neha Bothra

Neha Bothra
Partner
Membership No.: 067036

Ravi Chandran
Chief Executive Officer

S. Nath

Sharmila Nath
Director
DIN: 07041921

Kashi Prasad Khandelwal
Director
DIN: 00748523

H. L.

Harish Kr. Kandoi
Chief Financial Officer

Gautam Ganguli
Director
DIN: 00871416

Sneha Kajaria

Sneha Kajaria
Director
DIN: 08311236

Cygnet Industries Limited Kolkata

Gandey.

Govind Pandey
Company Secretary

Deepak Kumar Sharma

Deepak Kumar Sharma
Director
DIN: 02555564

Place: Kolkata
Date : 14th May, 2019

Cygnet Industries Limited
Statement of Profit and Loss for the year ended 31st March, 2019

(All amounts in Rupees Lakhs, unless otherwise stated)

	Particulars	Notes	31 March 2019	31 March 2018
I	Revenue from operations	19	32,335.62	29,124.49
II	Other income	20	1,915.38	217.78
III	**Total Income (I+II)**		**34,251.00**	**29,342.27**
IV	**Expenses:**			
	(a) Cost of material consumed	21	12,124.92	11,820.21
	(b) Changes in inventories of finished goods and work in progress	22	1,292.80	(2,150.26)
	(c) Excise duty on sale of goods		-	517.90
	(d) Employee benefit expenses	23	8,402.07	8,786.54
	(e) Depreciation and amortisation expense	24	2,006.69	1,787.09
	(f) Finance costs	25	11,085.41	8,463.36
	(g) Other expenses	26	10,245.86	11,452.42
	Total expenses		**45,157.75**	**40,677.26**
V	**Profit/(Loss) before exceptional items and tax (III-IV)**		**(10,906.75)**	**(11,334.99)**
VI	**Exceptional Items**	27	-	(70.88)
VII	**Profit/(Loss) before tax (V+VI+VII)**		**(10,906.75)**	**(11,405.87)**
VIII	**Tax expense:**	28		
	(1) Current tax charge / (credit)		-	-
	(2) Deferred tax / (credit)		-	-
	Total tax expense		-	-
IX	**Profit/(Loss) for the year (VIII-IX)**		**(10,906.75)**	**(11,405.87)**
X	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	Remeasurement of post-employment benefit plans		(65.06)	51.24
	Fair value changes of investments in equity shares		(6,195.24)	(8,410.64)
	Total other comprehensive income/(loss)		**(6,260.30)**	**(8,359.40)**
XI	**Total comprehensive income/(loss) for the year (X+XI)**		**(17,167.05)**	**(19,765.27)**
XII	**Earnings per share**	29		
	Basic (Rs.)		-2.54	-21.95
	Diluted (Rs.)		-2.54	-21.95
XIII	**Notes forming part of the financial statements**	1 - 40		

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

For Neha Bothra & Co.
Firm Registration Number: 326938E
Chartered Accountants

Neha Bothra

Neha Bothra
Partner
Membership No.: 067036

NEHA BOTHRA & COMPANY
KOLKATA
FR No.-326938E
CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors of Cygnet Industries Limited

Ravi Chandran
Chief Executive Officer

Sharmila Nath
Director
DIN: 07041921

Kashi Prasad Khandelwal
Director
DIN: 00748523

H. L.

Harish Kr. Kandoi
Chief Financial Officer

Gautam Ganguli
Director
DIN: 00871418

Sneha Kajaria

Sneha Kajaria
Director
DIN: 08311236

Cygnet Industries Limited
Kolkata

Gandey

Govind Pandey
Company Secretary

Deepak Kumar Sharma

Deepak Kumar Sharma
Director
DIN: 02555564

Place: Kolkata
Date : 14th May, 2019

Cygnet Industries Limited
Statement of Changes in Equity for the year ended 31st March, 2019

A. Equity share capital

(All amounts in Rupees Lakhs, unless otherwise stated)

Description	Notes	Amount
As at 01 April 2017		3,005.00
Changes in equity share capital	12 (a)	40,000.00
As at 31 March 2018		**43,005.00**
Changes in equity share capital	12 (a)	-
As at 31 March 2019		**43,005.00**

B. Other equity

Particulars	FVOCI - equity instruments	Retained earnings	Total other equity
Balance at 01 April 2018	(8,410.64)	(16,210.67)	(24,621.31)
Profit for the year	-	(10,906.75)	(10,906.75)
Other comprehensive income/(expense)	(6,195.24)	(65.06)	(6,260.30)
Total comprehensive income for the year	(6,195.24)	(10,971.81)	(17,167.05)
Issue of equity shares and warrants			
Transfer within equity	14,423.96	(14,423.96)	-
Balance as at 31 March 2019	**(181.92)**	**(41,606.44)**	**(41,788.36)**

Particulars	FVOCI - equity instruments	Retained earnings	Total other equity
Balance at 01 April 2017	-	(4,856.04)	(4,856.04)
Profit for the year	-	(11,405.87)	(11,405.87)
Other comprehensive income/(expense)	(8,410.64)	51.24	(8,359.40)
Total comprehensive income for the year	(8,410.64)	(11,354.63)	(19,765.27)
Transfer within equity	-	-	-
Balance at 31 March 2018	**(8,410.64)**	**(16,210.67)**	**(24,621.31)**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

For Neha Bothra & Co.
Firm Registration Number: 326938E
Chartered Accountants

Neha Bothra
Neha Bothra
Partner
Membership No.: 067036

NEHA BOTHRA & COMPANY KOLKATA FR No.-326938E CHARTERED ACCOUNTANTS

Place: Kolkata
Date : 14th May, 2019

Cygnet Industries Limited Kolkata

For and on behalf of Board of Directors of Cygnet Industries Limited

Ravi Chandran
Chief Executive Officer

S. Nath
Sharmila Nath
Director
DIN: 07041921

Kashi Prasad Khandelwal
Director
DIN: 00748523

H. K. Kandoi
Harish Kr. Kandoi
Chief Financial Officer

Gautam Ganguli
Director
DIN: 00871416

Sneha Kajaria
Sneha Kajaria
Director
DIN: 08311236

Gandey..
Govind Pandey
Company Secretary

Deepak Kumar Sharma
Deepak Kumar Sharma
Director
DIN: 02555564

Cygnet Industries Limited
Cash flow statement for the year ended 31st March, 2019

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before tax	(10,906.76)	(11,405.87)
Adjustments for:	-	-
Depreciation and amortisation	2,006.69	1,787.09
Provision for bad and doubtful debts/advances and others	287.32	23.56
Finance costs	11,085.41	8,460.00
Unrealised loss/(gain) on foreign currency fluctuation	3.89	25.12
Loss/ (gain) on sale of property, plant and equipment (net)	4.89	8.29
Loss/ (gain) on sale of investments (net)	(1.97)	-
Liabilities/Provision no longer required written back (net)	(20.74)	(178.36)
Dividend Income	(31.82)	-
Interest income	(1,487.01)	(27.80)
Operating profit/(loss) before working capital changes	**939.90**	**-1,307.96**
Changes in Working Capital:		
Increase / (decrease) in trade and other payables	(462.58)	321.03
(Increase) / decrease in trade and other receivables	987.34	(1,278.70)
(Increase) / decrease in inventories	1,052.43	(2,289.80)
Cash Generated from Operations	-	-
Taxes paid (net of refunds)	(148.65)	(2.82)
Net cash generated/(used) in operating activities	**2,368.44**	**-4,558.25**
B. Cash flow from Investing Activities:	-	-
Purchase of fixed assets/Capital Advance given	(925.30)	(1,746.26)
Proceeds from sale of property, plant and equipment	2.76	12.27
Sale of equity shares and units of mutual fund	57,519.23	(72,575.19)
Loan to body corporate	(24,668.06)	-
Repayment of Loan by body corporate	24,052.56	-
Dividend received	31.82	-
Interest received	1,457.81	4.67
Net cash generated/(used) in investing activities	**57,470.82**	**(74,304.51)**
C. Cash flow from Financing Activities		
Finance cost paid	(15,328.38)	(8,908.69)
Proceeds from	-	-
- Short term borrowings	1,54,019.82	1,07,150.80
- Long term borrowings	15,000.00	65,815.00
Repayment of	-	-
- Short term borrowings	(1,52,629.73)	(80,766.39)
- Long term borrowings	(61,786.48)	(1,800.00)
Net cash generated from financing activities	**(60,724.78)**	**81,490.72**
Net (decrease)/increase in cash and cash equivalents	(885.53)	2,627.96
Cash and cash equivalents at the beginning of the year	918.38	106.52
Less: Cash credits at the beginning of the year	-	(1,816.09)
Adjusted cash & cash equivalents at the beginning of the year	918.38	(1,709.58)
Cash and cash equivalents at the end of the year	**32.84**	**918.38**
Non-cash financing and investing activities		
Shares issued for conversion of Inter Corporate Debt (ICD) from parent company into equity	-	40,000
	-	**40,000**

	31 March 2019	31 March 2018
Cash and Cash Equivalents comprise :		
Cash on hand	0.37	0.35
Balances with banks on current account	32.47	228.04
Cash credits at the end of the year	-	89.99
Deposit with original maturity for less than three months	-	600.00
	32.84	**918.38**

Figures in bracket represents outflows.
This is the Cash Flow Statement referred to in our report of even date.

For Neha Bothra & Co.
Firm Registration Number: 326938E
Chartered Accountants

Neha Bothra

Neha Bothra
Partner
Membership No.: 067036

NEHA BOTHRA & COMPANY KOLKATA FR No.-326938E CHARTERED ACCOUNTANTS

Place: Kolkata
Date : 14th May, 2019

Cygnet Industries Limited Kolkata

Ravi Chandran
Chief Executive Officer

H. L. Kandoi

Harish Kr. Kandoi
Chief Financial Officer

Gandey.

Govind Pandey
Company Secretary

For and on behalf of Board of Directors
of Cygnet Industries Limited

S. Nath

Sharmila Nath
Director
DIN: 07041921

Kashi Prasad Khandelwal
Director
DIN: 00748523

Gautam Ganguli
Director
DIN: 00871416

Sneha Kajaria

Sneha Kajaria
Director
DIN: 08311236

Deepak kumar sharma

Deepak Kumar Sharma
Director
DIN: 02555564

Cygnet Industries Limited

Notes forming part of financial statements

1. Company Information

Cygnet Industries Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company was incorporated on 15th June, 2015. The Company is primarily engaged in the business of manufacturing Rayon, Transparent paper and Chemicals at Kuntighat, District Hooghly, West Bengal with registered office at Kolkata, West Bengal.

The financial statements as at 31 March 2019 present the financial position of the Company.

The financial statements for the year ended 31 March 2019 were approved by the Board of Directors and authorized for issue on 14th May 2019.

2. Summary of significant accounting policies

2.1 Basis of preparation

(i) Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1 April 2017.

Up to the year ended 31 March 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS.

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.

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2.2 Property, plant and equipment

a) Property, plant and equipment are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase cost, borrowing costs if capitalization criteria are met and other directly attributable cost of bringing the assets to its working condition for intended use. The cost also comprises of exchange differences arising on translation / settlement of long term foreign currency monetary items pertaining to acquisition of such depreciable asset. Any trade discounts and rebates are deducted in arriving at the purchase price.

b) Subsequent expenditure related to an item of property, plant & equipment is added to its carrying amount only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.

c) Capital work in progress is stated at cost (including borrowing cost, where applicable and adjustment for exchange difference referred on Note 2.13 below) incurred during construction/installation period relating to items or projects in progress.

d) Losses arising from the retirement of and gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognized in the Statement of profit and loss.

e) *Depreciation methods, estimated useful lives and residual value*

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Class of assets	Estimated useful life (in years)
Buildings	3 to 60 Years
Plant and Equipment	5 to 40 Years
Furniture and Fixtures	3 to 10 Years
Office Equipment	3 to 10 Years
Vehicles	8 Years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

2.3 Intangible assets

Intangible property, plant and equipment are capitalized where it is expected to provide future enduring economic benefits and amortized on a straight line basis. Capitalization costs include license fees and the cost of implementation/ system integration services. The Costs are capitalized in the year in which the relevant intangible asset is implemented for use.

Class of assets	Estimated useful life (in years)
Software	3 Years

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2.4 Impairment

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.5 Lease

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.6 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined on weighted average / first-in, first-out (FIFO) basis, as considered appropriate by the Company. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Provision is made for obsolete/slow moving/defective stocks, wherever necessary.

2.7 Financial Instruments

Financial assets and financial liabilities are recognized 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 and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss.

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Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocatinginterest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(a) Financial assets

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Other bank balances

Other bank balances include deposits with maturity less than twelve months but greater than three months and balances and deposits with banks that are restricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized 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 measured at fair value

Financial assets are measured at 'Fair value through other comprehensive income' (FVOCI) if these 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 these 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.

The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortized cost or at fair value through other comprehensive income is carried at 'Fair value through the statement of profit and loss' (FVPL).

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Impairment of financial assets

The Company assesses on a forward looking basis the 'Expected credit losses' (ECL) associated with its assets carried at amortized cost and FVOCI debt instruments. The Company recognizes loss allowance for expected credit losses on financial asset.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 *Financial Instruments,* which requires expected lifetime losses to be recognized from initial recognition of the receivables.

De-recognition of financial assets

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to controlthe transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts itmay have to pay.
If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) **Financial liabilities and equity instruments**

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in the statement of profit and loss.

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De-recognition of financial liabilities

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.8 Employee Benefits

Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit plans

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/(asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/(asset) is treated as a net expense within employment costs.

Past service cost is recognized as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognized, whichever is earlier.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

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Compensated absences

Accumulated compensated absences which are expected to be availed or encashed within twelve months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlements as at the year end.

Accumulated compensated absences which are expected to be availed or encashed beyond twelve months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial loss/gains are recognized in the Statement of Profit and Loss in the year in which they arise.

Short-term Employee Benefits (i.e. benefits payable within one year) are recognized in the period in which employee services are rendered.

2.9 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

2.10 Provision and Contingent Liabilities

Provisions: Provisions are recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

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

2.11 Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred tax is not accounted for if it arisesfrom initial recognition of an asset or liability in a transaction other than a businesscombination that at the time of the transaction affects neither accounting profit nor taxableprofit (tax loss).

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

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2.12 Revenue Recognition

Revenue shall be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

Sales of goods

Sales are recognized when control of the products has been transferred to the buyer, the buyer has full discretion over the channel and price to sell and there is no unfulfilled obligation that could affect the buyer's acceptance of the products per the terms of the contract and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. It includes excise duty and excludes value added tax/sales tax/Goods and Service tax.

Revenue is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due, which are otherwise recorded as contract assets.

Interest Income
Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable

Dividend Income
Dividend income from investments is recognized when the shareholder's rights to receive payment have been established.

Rental Income
Rental income from investment properties and subletting of properties is recognized on a time proportion basis over the term of the relevant leases.

2.13 Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are

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• the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
• the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

2.17Segment reporting

The Company is mainly engaged in the business of manufacturing Rayon, Transparent Paper and Chemicals. The Company operates in local and export segments geographically.

The Company's organizational structure and governance processes are designed to support effective management of Rayon, Transparent Paper and Chemicals business. The business results have been reported in a manner consistent with the internal reporting provided to the Board of Directors, which is the Chief Operating Decision Maker (Refer note 36).

2.18 Use of estimates and critical accounting judgements

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about thecarrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associatedassumptions are based on historical experience and other factors that are considered to be relevant. Actual results maydiffer from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates arerecognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property,plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

2.19 Recent accounting pronouncements
a. Ind AS 116 – "Leases"

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The Statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

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assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Premium in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan using effective interest rate method. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

2.14 Foreign currency transactions and translations

Functional and presentation currency

The financial statements of the Company are presented in Indian rupees (INR), which is the functional currency of the Company and the presentation currency for the financialstatements.

Transactions and balances

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains/losses arising out of fluctuations in the exchange rates are recognised in the statement of profit and loss in the period in which they arise.

Effective April 1, 2018 the company has adopted Appendix B to Ind AS 21 Foreign Currency transaction & advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

2.15 Research and Development Expenditure

Revenue Expenditure on Research and Development is charged to the Statement of Profit andLoss in the year in which it is incurred and Capital Expenditure relating to Research and Development are included in property, plant and equipment.

2.16 Earnings per share

(i) Basic earnings per shore

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

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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 2020 to show the impact of adopting Ind AS 116.

b. Ind AS 12:- Income Taxes-Appendix C, 'Uncertainty over Income Tax Treatments'

This appendix was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

The appendix explains how to recognize and measure deferred and current income tax assets andliabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predictsthe resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

Presently, the Company is in the process of evaluating the impact that application of this appendix is expected to have on its financial statements. The Company intends to apply this appendix retrospectively, with the cumulative effect of initially applying the appendix recognized at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).

2.20 Rounding off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

Cygnet Industries Limited
Notes forming part of financial statements

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 3: Property, plant and equipment

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK
	Deemed cost as at 1 April 2018	Additions during the Year	Adjustments Sold during the Year	As at 31 March 2019	Upto 1 April 2018	Provided during the Year	Adjustments during the Year	Upto 31 March 2019	As at 31 March 2019
I. Tangible Assets: *									
Land :									
- Freehold #	13,660.27	-	-	13,660.27	-	-	-	-	13,660.27
- Leasehold ##	234.92	-	-	234.92	9.70	4.85	-	14.55	220.37
Buildings	16,815.66	87.74	-	16,903.40	1,019.85	517.52	-	1,537.37	15,366.03
Plant and Equipment	24,761.44	566.14	1.31	25,326.27	2,246.51	1,427.18	0.20	3,673.49	21,652.78
Furniture and Fixtures	176.21	1.55	1.64	176.12	28.79	17.49	0.41	45.87	130.24
Office Equipment	57.18	2.74	1.05	58.87	21.08	13.77	0.89	33.96	24.91
Vehicles	42.07	-	7.52	34.55	5.27	4.70	2.38	7.59	26.96
	55,747.75	**658.17**	**11.52**	**56,394.40**	**3,331.20**	**1,985.51**	**3.88**	**5,312.83**	**51,081.56**

\# Transfer of title of the entire land measuring 100.7246 acres is under process.
\## The registration of leasehold land is in process.
* Property, plant and equipment continues to be mortgaged against loan taken by the holding company, namely Kesoram Industries Limited.

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK
	Deemed cost as at 1 April 2017	Additions during the Year	Adjustments Sold during the Year	As at 31 March 2018	Upto 1 April 2017	Provided during the Year	Adjustments during the Year	Upto 31 March 2018	As at 31 March 2018
I. Tangible Assets: *									
Land :									
- Freehold #	13,660.27	-	-	13,660.27	-	-	-	-	13,660.27
- Leasehold ##	234.92	-	-	234.92	4.85	4.85	-	9.70	225.22
Buildings	16,456.05	359.61	-	16,815.66	507.71	512.14	-	1,019.85	15,795.81
Plant and Equipment	22,353.31	2,415.30	7.17	24,761.44	1,022.96	1,224.31	0.76	2,246.51	22,514.93
Furniture and Fixtures	159.29	18.74	1.82	176.21	13.69	16.03	0.93	28.79	147.42
Office Equipment	54.86	6.40	4.08	57.18	10.28	13.12	2.32	21.08	36.10
Vehicles	21.02	34.25	13.20	42.07	2.50	4.47	1.70	5.27	36.80
	52,939.72	**2,834.30**	**26.27**	**55,747.75**	**1,562**	**1,774.92**	**5.71**	**3,331.20**	**52,416.55**

\# Transfer of title of the entire land measuring 100.7246 acres is under process.
\## The registration of leasehold land is in process.
* Property, plant and equipment continues to be mortgaged against loan taken by the holding company.

(i) Property, plant and equipment pledged as security
Refer to note 13 for information on property, plant and equipment pledged as security by the Company.

(ii) Contractual obligations
Refer to note 31 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Note 4: Intangible assets

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK
	Deemed cost as at 1 April 2018	Additions during the Year	Adjustments Sold during the Year	As at 31 March 2019	Upto 1 April 2018	Provided during the Year	Adjustments during the Year	Upto 31 March 2019	As at 31 March 2019
Computer Software	63.56	-	-	63.56	19.05	21.18	-	40.23	23.33
	63.56	-	-	63.56	19.05	21.18	-	40.23	23.33

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK
	Deemed cost as at 1 April 2017	Additions during the Year	Adjustments Sold during the Year	As at 31 March 2018	Upto 1 April 2017	Provided during the Year	Adjustments during the Year	Upto 31 March 2018	As at 31 March 2018
Computer Software	**27.49**	**36.07**	-	**63.56**	**6.87**	**12.18**	-	**19.05**	**44.51**
	27.49	36.07	-	63.56	6.87	12.18	-	19.05	44.51

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(All amounts in Rupees Lakhs, unless otherwise stated)

Note 5 : Investments

Particulars	Face value	31 March 2019	31 March 2018
Non-current			
A. Investments carried at amortised cost:			
NSC savings certificate #		0.70	0.70
B. Investments carried at fair value through other comprehensive income (FVTOCI):			
Investments in Equity shares			
(i) Quoted			
NIL (31 March, 2018: 22,85,278) shares of Aditya Birla Capital Ltd.	Rs 10 each	-	3,335.36
NIL (31 March, 2018: 27,46,100) shares of Century Textiles & Industries Ltd.	Rs 10 each	-	31,376.94
NIL (31 March, 2018: 16,32,342) shares of Grasim Industries Ltd.	Rs 2 each	-	17,154.28
NIL (31 March, 2018: 53,586) shares of Hindalco Industries Ltd.	Rs 1 each	-	114.97
NIL (31 March, 2018: 31,93,642) shares of Aditya Birla Fashion and Retail Ltd.	Rs 10 each	-	4,817.61
Nil (31 March, 2018: 81,268) shares of Ultratech Cement Ltd.	Rs 10 each	-	3,210.09
NIL (31 March, 2018: 4,15,680) shares of Century Enka Ltd.	Rs 10 each	-	1,252.65
1,27,000 (31 March, 2018: 8,00,000) shares of Mangalam Cement Ltd.*	Rs 10 each	339.98	2,570.00
6,53,462 (31 March, 2018: 6,53,462) shares of Mangalam Timber Products Ltd.	Rs 10 each	112.07	145.72
C. Investments carried at fair value through profit and loss (FVTPL):			
Investments in Mutual Funds			
(i) Quoted			
NIL (31 March, 2018: 9,697.829) units of Axis Liquid Fund - Direct Growth	Rs 1000 each	-	186.93
		452.75	**64,165.25**

Classified as:		
Current	-	-
Non-Current	452.75	64,165.25
	452.75	**64,165.25**

(i) The carrying value and market value of quoted and unquoted investments are as below:

(a) Quoted		
Carrying value	452.05	64,164.55
Market value	452.05	64,164.55
(b) Unquoted		
Carrying value	0.70	0.70

Pledged with govt. authorities

*** Note:**

(i) Investments in equity shares of Mangalam Cement Limited (1,27,000 shares) has been pledged for loan taken by holding company.

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(All amounts in Rupees Lakhs, unless otherwise stated)

Note 6: Loans

Particulars	31 March 2019	31 March 2018
A. Non-current		
Unsecured, considered good		
(a) Loan to joint venture company	-	-
Less: Allowance for credit loss	-	-
(c) Loan to others	-	-
	-	-
B. Current		
(a) Loan to body corporate*	615.50	-
(b) Loan to employees	-	-
(c) Loan to others	-	-
	615.50	-

* Unsecured bearing interest

Note 7: Other Financial Asset

Particulars	31 March 2019	31 March 2018
Non-current		
Security Deposits (Unsecured-Considered Good)	25.65	25.52
Deposit with Bank #	402.60	1,132.57
Interest accrued on deposits	21.40	22.21
	449.65	**1,180.30**
Current		
Deposit with Bank /Financial Institutions	552.02	-
Interest accrued on deposits	30.93	0.92
	582.95	**0.92**
# Deposit with Bank includes:-		
- Deposits pledged with the govt. authorities	5.10	5.10
- Deposits pledged with HDFC Bank for DSRA for secured borrowings (Refer Note 13)	397.50	1,127.47

Note 8: Other assets

Particulars	31 March 2019	31 March 2018
Non-Current		
Capital Advances	5.58	37.28
	5.58	**37.28**
Current		
Advance recoverable in cash or kind	407.87	378.49
Balances with statutory/Government Authorities	171.61	453.90
Prepaid Expenses	54.13	62.99
Accruals under duty exemption scheme	5.23	0.56
	638.84	**895.94**

Note 9: Inventories

Particulars	31 March 2019	31 March 2018
Raw Materials	1,585.09	1,619.46
Work-in-Progress	684.72	589.61
Finished Goods	1,886.42	3,274.33
Stores and Spare Parts	1,866.13	1,591.40
	6,022.36	**7,074.80**
Included above, goods-in-transit:		
Raw materials	126.57	7.03
Finished goods	7.99	14.06
Stores and spare parts	-	56.19
	134.56	**77.28**

The cost of inventories recognised as an expense includes Rs. 2.30 lakhs (31 March 2018 - Rs. 11.50 lakhs) in respect of write-downs of slow moving and obsolete inventory.

Refer Note no 13 for information on current assets pledged as security by the company.

Note 10: Trade receivables

Particulars	31 March 2019	31 March 2018
Current		
Trade Receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	3,133.56	3,777.19
(c) Significant increase in credit risk	-	-
(d) Credit impaired	188.58	160.02
	3,322.14	**3,937.21**
Allowance for credit losses	(188.58)	(160.02)
	3,133.56	**3,777.19**

Refer Note no 13 for information on current assets pledged as security by the company.

Note 11 : Cash and cash equivalents

Particulars	31 March 2019	31 March 2018
Cash and cash equivalents		
Cash on hand	0.37	0.35
Balances with bank		
On Current accounts #	32.47	228.04
On Cash Credit Accounts	-	89.99
Deposit with original maturity for less than three months	-	600.00
	32.84	**918.38**

Includes old bank accounts which are pending to be transferred in the name of Company

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Note 12: Equity share capital and other equity

Note 12 (a): Equity share capital

(All amounts in Rupees Lakhs, unless otherwise stated)

Authorised equity share capital

Particulars	31 March 2019	31 March 2018
100,00,00,000 Equity Shares of Rs 10 each (31 March 2018: 1,00,00,00,000 Equity Shares of Rs. 10 each; Equity Shares of Rs. 10 each)	1,00,000.00	1,00,000.00
	1,00,000.00	**1,00,000.00**

Issued, subscribed and paid-up equity share capital

Particulars	31 March 2019	31 March 2018
43,00,50,000 Equity Shares of Rs 10 each fully paid up (31 March 2018: 43,00,50,000) Equity Shares of Rs. 10 each fully paid up	43,005.00	43,005.00
	43,005.00	**43,005.00**

(i) Movement in equity share capital

Particulars	31 March 2019	31 March 2018
Number of shares outstanding at the beginning of the period	4300,50,000	300,50,000
Add: Shares issued during the period	-	4000,00,000
Number of shares outstanding at the end of the period	**4300,50,000**	**4300,50,000**

Terms and rights attached to equity shares
The Company has equity shares having a par value of Rs. 10 per share. All equity shareholders are entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion to their shareholdings.

(ii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company.

Name of the shareholders	31 March 2019		31 March 2018	
	Number of shares	% holding	Number of shares	% holding
Kesoram Industries Limited	4300,50,000	100%	4300,50,000	100%
	4300,50,000	**100%**	**4300,50,000**	**100%**

(iii) Aggregate number of shares issued for consideration other than cash

Particulars	31 March 2019	31 March 2018
Shares issued as consideration for conversion of Inter Corporate Debt (ICD) from Kesoram Industries Limited into equity #	-	4000,00,000.00

As per Section 62 (3) of the Companies Act 2013, the company has converted loan of Rs 400 crores from holding company into 40,00,00,000 equity shares of Rs 10 each at par aggregating to Rs 400 crores vide board resolution dated 12 March 2018.

Note 12 (b) : Other Equity

Particulars	31 March 2019	31 March 2018
(i) Retained earnings	(41,606.44)	(16,210.67)
(ii) Fair value through other comprehensive income (FVOCI)- equity instruments	(181.92)	(8,410.64)
Total reserves and surplus	**(41,788.36)**	**(24,621.31)**

(i) Retained earning

Particulars	31 March 2019	31 March 2018
Opening balance	(16,210.67)	(4,856.04)
Net profit/(loss) for the period	(10,906.75)	(11,405.87)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurement of post-employment benefit obligation, net of tax	(65.06)	51.24
Transfer in equity	(14,423.96)	
Closing balance	**(41,606.44)**	**(16,210.67)**

(ii) Fair value through other comprehensive income (FVOCI)- equity instruments

Particulars	31 March 2019	31 March 2018
Opening balance	(8,410.64)	-
Change in fair value of FVOCI equity instruments	(6,195.24)	(8,410.64)
Transfer in equity	14,423.96	-
Closing balance	**(181.92)**	**(8,410.64)**

Nature and purpose of other reserves

(iv) Fair value through other comprehensive income (FVOCI)- equity instruments

The cumulative gains and losses arising on fair value changes of equity investments measured at fair value through other comprehensive income are recognised in FVOCI - equity instruments reserve. The balance of the reserve represents such changes recognised net of amounts reclassified to retained earnings on disposal of such investments.

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(All amounts in Rupees Lakhs, unless otherwise stated)

Note 13: Borrowings (measured at amortised cost)

	31 March 2019	31 March 2018
Non-Current		
(a) Secured		
Term Loan from banks [Refer note (a) below)]	-	48,024.69
Term Loan from Financial Institutions [Refer note (b),(c) below)]	14,943.62	8,559.47
(b) Unsecured		
Term Loan from banks	-	-
Term Loan from Financial Institutions [Refer note (d) below)]	-	5,202.32
	14,943.62	**61,786.48**
Less: Current maturities of long term borrowings	3,750.00	-
Add: Interest accrued on long term borrowings	-	107.81
	11,193.62	**61,894.29**
Current		
(a) Secured		
Working Capital Loan from banks [Refer note (e) below)]		
Overdraft/ Cash credit	3,314.08	-
Foreign currency Loan -Buyer's credit	-	1,951.05
Term Loan from banks	2,365.26	
(b) Unsecured		
Short term Loan from bank	3,200.00	-
Borrowings from holding company	32,951.77	38,624.72
	41,831.11	**40,575.77**
Add: Interest accrued on short term borrowings	407.15	4,351.19
	42,238.26	**44,926.96**

Net debt reconciliation

This section sets out an analaysis of debt and the movements in net debt for the current period

Particulars	31 Mar 19	31 Mar 18
Cash and cash equivalents	32.84	918.38
Non-current borrowings	(11,193.62)	(61,894.29)
Current borrowings	(42,238.26)	(44,926.96)
Total	**(53,399.04)**	**(1,05,902.87)**

	Other assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Non current borrowings	Current borrowings	
Net debt as at 1 April 2018	918.38	(61,894.29)	(44,926.97)	(1,05,902.88)
Cash flows	(879.96)	46,786.48	(1,390.08)	44,516.44
Interest expenses	-	(1,192.07)	(9,893.34)	(11,085.41)
Interest paid	-	1,356.25	13,972.13	15,328.38
Changes in current maturities	-	3,750.00	-	3,750.00
Net debt as at 31 March 2019	**38.42**	**(11,193.63)**	**(42,238.26)**	**(53,393.47)**

	Other assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Non current borrowings	Current borrowings	
Net debt as at 1 April 2017	106.52	-	(58,838.01)	(58,731.49)
Cash flows	2,627.96	(64,015.00)	(26,384.41)	(87,771.45)
Cash credit/overdraft considered as part of cash and cash equivalents fc	(1,816.09)	-	1,816.09	-
Interest expenses	-	(2,171.14)	(6,288.86)	(8,460.00)
Interest paid	-	4,279.87	4,628.81	8,908.68
TDS on interest accrued (not included in borrowings)	-	11.98	165.50	177.48
Non-cash movements:				
Loan from parent company converted to equity	-	-	40,000.00	40,000.00
Foreign exchange adjustment	-	-	(26.09)	(26.09)
Net debt as at 31 March 2018	**918.39**	**(61,894.29)**	**(44,926.97)**	**(1,05,902.87)**

Cygnet Industries Limited Kolkata

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(a) Repayment terms and nature of securities given for indian rupee term loan from Banks

Bank	31 March 2019	31 March 2018	Nature of Security	Repayment Terms
Term Loan from Bank:				
IndusInd Bank	-	48,024.69	Second charge by way of hypothecation, upon all current assets of the company; present and future. Subservient charge, by way of hypothecation upon all movable fixed assets of the company, present and future.	20% of the loan amount to be repaid after 18 months from first disbursement; and balance 80% shall be repaid after 36 months of first disbursement.
			First exclusive charge, by way of mortgage of land of 25.70 acres and building thereof located at Garden Reach Road, Metiaburz, Kolkata, West Bengal, held by M/s Kesoram Textile Mills Ltd.	Interest rate is linked to 1 year MCLR (8.85% p.a. at the time of disbursement); interest is payable monthly.
			Listed shares has been pledged as collateral security. Minimum listed share cover of 1.00x on the date of creation of secondary security.	
			Unconditional and irrevocable Corporate Guarantee of holding company.	
			Unconditional and irrevocable Corporate Guarantee of Kesoram Textile Mills Limited to the extent of the property value mortgaged.	

(b) Repayment terms and nature of securities given for indian rupee term loan from Financial institutions

Bank	31 March 2019	31 March 2018	Nature of Security	Repayment Terms
Term Loan from Financial Institutions:				
WBIDFC	14,943.62	-	First pari-passu charge on all fixed assets of cement and tyre division of Kesoram Industries Ltd. excluding Hindustan Heavy Chemicals, Kesoram Spun Pipes and Foundries and divison and corporate assets and first pari-passu charge on fixed assets of Cygnet Industries . Second pari-passu charge on current asssets of Kesoram Industries Ltd excluding assets relating to Hindustan Heavy Chemicals, Kesoram Spun Pipes and Foundries divison and Corporate assets.	By way of 16 equal quarterly installments after moratorium of 1 year.
				Indusind Bank 1Year MCLR + 125 Basis points which works out currently to 9.35%+1.25% i.e 10.6% p.a with monthly rest.

(c) Repayment terms and nature of securities given for indian rupee term loan from Financial institutions

Bank	31 March 2019	31 March 2018	Nature of Security	Repayment Terms
Term Loan from Financial Institutions:				
IIFL Wealth Finance Limited	-	8,559.47	Against pledge of specified securities (Equity shares).	Bullet repayment at the end of tenure (36 months).
				Interest rate is 9.95% p.a. (review at 12 months from date of disbursement) payable monthly.

(d) Repayment terms for unsecured indian rupee term loan from Financial institutions

Bank	31 March 2019	31 March 2018	Nature of Security	Repayment Terms
Term Loan from Financial Institutions:				
IIFL Wealth Finance Limited	-	5,202.32	Unsecured	Bullet repayment at the end of tenure (36 months).
				Interest rate is 10.25% p.a. (review at 12 months from date of disbursement) payable monthly.

(e) Repayment terms and nature of securities given for short term borrowings

1. Secured by way of hypothecation, exclusive first charge on entire current assets of the company.
2. Cash credit is repayable on demand. Buyer credit has been availed generally for 180 days.
3. Interest payable on Short Term Borrowings is in the range of 10.00% to 12.50%.
4. Loan from holding company is repayable on demand, interest payable @10.5% p.a.
5. Exclusive charge and mortgage on land and building and property owned by the parent company Kesoram Industries Ltd that is -

(a)Spun pipes and foundaries , 165-225 acres of land located at Mithapukur , Bansberia (p.s. Mugra Hugli)
(b)Hindutan Heavy Chemicals 21.74 acres land located at 19B B.T Road, Kharga 24, Pargans, North Kolkata
(c)Corporate Guarantee from Kesoram Industries Ltd.

6. Short term loan from IndusInd Bank of Rs. 2,500 lakh is to be repaid in 3 equal monthly installments after morotorium of 3 months.
7. Short term loan from IndusInd Bank of Rs. 3,200 lakh is to payable on demand.

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Note 14: Deferred tax liabilities
The balance comprsies temporary differences attributable to:

Particulars	31 March 2019	31 March 2018
Deferred tax liabilities		
Timing difference w.r.t Property, plant and equipment	5,260.32	4,683.51
Others	66.78	
Gross deferred tax liability	**5,327.10**	**4,683.51**
Deferred tax assets		
Unabsorbed depreciation	636.46	636.46
Business losses	4,067.08	3,201.40
Others	623.56	845.65
Gross deferred tax asset	**5,327.10**	**4,683.51**
Net deferred tax liability	-	-

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Note 15: Trade payables

Particulars	31 March 2019	31 March 2018
Current		
(a) Total outstanding dues of micro, small and medium enterprises (Refer Note 32)	9.71	-
(b) Total outstanding dues of creditors other than micro, small and medium enterprises		
(i) Acceptances	-	-
(ii) Others	2,897.76	3,314.30
Employee's benefits payable	639.26	398.61
	3,537.02	**3,712.91**

Note 16: Other financial liabilities

Particulars	31 March 2019	31 March 2018
Current		
Retention & Earnest deposits	117.53	159.53
Current Maturity of long term Debt (Refer note no. 13)	3,750.00	-
Other Payables	1,043.93	683.80
	4,911.46	**843.33**

Note 17: Other liabilities

Particulars	31 March 2019	31 March 2018
Current		
Advance from customers	40.16	52.94
Statutory dues	542.63	976.58
Others	-	-
	582.79	**1,029.52**

(a) There are no amount due and outstanding to be credited to Investor Education and Protection Fund as at Balance Sheet Date.

Note 18: Provision

Particulars	31 March 2019	31 March 2018
Non current		
Provision for Employee Benefits		
Provision for gratuity	-	-
Provision for leave encashment (unfunded)	419.41	485.71
Total Non-Current provisions	**419.41**	**485.71**
Current		
Provision for Employee Benefits		
Provision for gratuity	230.69	134.22
Provision for leave encashment (unfunded)	77.03	30.67
Total current provisions	**307.72**	**164.89**

Refer to note 23 for disclosure on employee benefits.

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Note 19: Revenue from operations

Particulars	31 March 2019	31 March 2018
Revenue from contracts with customers #		
Sale of products	32,312.07	29,117.20
Other operating revenues	23.55	7.29
	32,335.62	**29,124.49**

 # The entire revenue is being recorded at a point in time.

The Company has recognised the following revenue-related contract liabilities

Particulars	31 March 2019	31 March 2018
Contract liabilities - Advance from customers	40.64	106.23
Total contract liabilities	**40.64**	**106.23**

Note 20: Other Income

Particulars	31 March 2019	31 March 2018
(a) Liabilities no longer required written back (net)	20.74	178.37
(b) Interest income	-	-
- on financial instruments at amortised cost	62.11	26.11
- on loan and others	1,424.90	1.68
(c) Miscellaneous income	405.66	10.85
(d) Gain on investments carried at fair value through profit or loss	-	0.77
(e) Profit on sale of Investments(net)	1.97	
	1,915.38	**217.78**

Note 21: Cost of Materials Consumed

Particulars	31 March 2019	31 March 2018
Opening inventory	1,619.47	1,642.60
Add: Purchases	12,090.54	11,797.08
Less: Closing Stock	1,585.09	1,619.47
	12,124.92	**11,820.21**

Note 22: Changes in stock of finished goods and work-in-progress

Particulars	31 March 2019	31 March 2018
Opening Stock		
- Work - in - Process	589.61	576.74
- Finished Goods	3,274.33	1,136.94
Less: Closing Stock		
- Work - in - Process	684.72	589.61
- Finished Goods	1,886.42	3,274.33
	1,292.80	**(2,150.26)**

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Note 23: Employee benefit expenses

Particulars	31 March 2019	31 March 2018
Salaries, Wages, Bonus etc.	7,075.70	7,365.14
Contribution to Provident Fund	745.93	775.31
Contribution to Labour Welfare Fund	0.43	0.26
Contribution to Gratuity Fund (Refer detail below)	165.63	185.46
Contribution under Employees State Insurance Scheme	25.47	35.32
Workmen and Staff Welfare	388.91	425.05
	8,402.07	**8,786.54**

During the year, the Company recognised an amount of Rs. **Nil** (2017-18: Rs. Nil) as remuneration to key managerial personnel.

(i) Compensated absences

Compensated absences cover the Company's liability for sick and earned leave. As the Company does not have an unconditional right to defer the payment beyond 12 months the entire amount has been treated as current.

(ii) Defined benefit plan

a) Gratuity

The Company operates a gratuity plan through the "KICM Gratuity Fund". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

b) Provident fund

Provident fund for certain eligible employees is managed by the Company through the "B. K. Birla Group of Companies Provident Fund Institution" and "Birla Industries Provident Fund", in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at 31 March 2019 and 31 March 2018 respectively.

The details of fund and plan asset position are given below:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
as at 31 March 2018	18,747.40	21,190.35	2,442.95
as at 31 March 2019	20,033.28	22,732.61	2,699.33

The plan assets have been primarily invested in government securities.
Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	31 March 2019	31 March 2018
Discount Rate (per annum)	8.65%	8.55%
Expected Rate of Return on Plan Assets (per annum)	8.83%	9.13%

The Company contributed Rs. 7,45,92,893 and Rs. 7,75,31,332 during the year ended 31 March 2019 and 31 March 2018 respectively.

(iii) Balance sheet recognition

a) Gratuity

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
01 April 2018	3,042.46	2,908.24	134.22
Current service cost	163.99	-	163.99
Interest expense/(income)	219.75	(218.12)	1.63
Total amount recognised in profit or loss	**383.74**	**218.12**	**165.62**
Remeasurement			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(138.68)	138.68
Actuarial (gain)/loss from change in financial assumptions	58.33	-	58.33
Actuarial (gain)/loss from unexpected experience	(131.96)	-	(131.96)
Total amount recognised in other comprehensive income	**(73.63)**	**(138.68)**	**65.05**
Employer contributions/ premium paid	-	134.22	(134.22)
Benefit payments	224.81	224.81	-
31 March 2019	**3,127.76**	**2,897.09**	**230.67**

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Particulars	Present value of obligation	Fair value of plan assets	Net amount
01 April 2017	3,152.28	2,633.39	518.89
Current service cost	162.57	-	162.57
Acquisition Adjustment	-	-	-
Interest expense/(income)	226.98	(204.09)	22.89
Total amount recognised in profit or loss	**389.55**	**204.09**	**185.46**
			-
Remeasurement			-
Return on plan assets, excluding amounts included in interest expense/(income)	-	(1.00)	1.00
Actuarial (gain)/loss from change on plan assets	(59.12)	-	(59.12)
Actuarial (gain)/loss from change in financial assumptions	6.88	-	6.88
Actuarial (gain)/loss from obligations	-	-	-
Total amount recognised in other comprehensive income	**(52.24)**	**(1.00)**	**(51.24)**
Employer contributions/ premium paid	-	518.89	(518.89)
Benefit payments	447.13	447.13	-
31 March 2018	**3,042.46**	**2,908.24**	**134.22**

(iv) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	31 March 2019	31 March 2018
Discount rate	7.50%	7.75%
Salary growth rate	5.00%	5.00%
Attrition rate	10 per thousand	10 per thousand
Mortality rate	IALM (2006-2008) ULTIMATE	IALM (2006-2008) ULTIMATE

(v) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	**Impact on defined benefit obligation**			
	31 March 2019		**31 March 2018**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate **(-/+ 0.5%)**	3,009.42	3,252.98	2,921.86	3,170.37
% change compared to base due to sensitivity	-3.78%	0.00%	-3.96%	4.20%
Salary growth rate **(-/+ 0.5%)**	3,254.74	3,006.83	3,172.44	2,918.94
% change compared to base due to sensitivity	4.06%	-3.87%	4.27%	-4.06%
Attrition rate **(-/+ 0.5%)**	3,131.31	3,124.25	3,046.29	3,038.63
% change compared to base due to sensitivity	0.11%	-0.11%	0.13%	-0.13%
Life expectancy/ mortality rate **(-/+ 10%)**	3,145.73	3,109.83	3,060.72	3,024.21
% change compared to base due to sensitivity	0.57%	-0.57%	0.60%	-0.60%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vi) The major categories of plans assets

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. Thus the composition of each major category of plan assets has not been disclosed.

(vii) Risk exposure

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies.
The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.

Life expectancy:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

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Note 24: Depreciation and amortisation expense

Particulars	31 March 2019	31 March 2018
Depreciation on tangible assets	1,985.51	1,774.92
Amortisation of intangible assets	21.18	12.17
	2,006.69	**1,787.09**

Note 25: Finance cost

Particulars	31 March 2019	31 March 2018
Interest expense	11,043.20	8,615.81
Exchange differences regarded as an adjustment to borrowing costs	134.87	3.36
	11,178.07	8,619.17
Less: Interest capitalised	92.66	155.81
	11,085.41	8,463.36

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowing used for capex during the year, in this case is 10.50%, (31 March 2018: 10.50%)

Note 26: Other expenses

Particulars	31 March 2019	31 March 2018
Consumption of Stores and Spare Parts	1,868.81	2,244.13
Power and fuel [Refer note (a) below]	4,931.57	5,269.89
Rent	120.04	104.18
Repairs and Maintenance [Refer note (b) below]		
Building	46.21	52.79
Plant and Machinery	588.29	780.95
Others	91.36	144.24
Insurance	70.07	78.14
Rates and Taxes	29.36	276.23
Brokerage	1.99	4.49
Packing, Carriage and Shipping	457.07	447.43
Commission to Selling Agents	208.42	163.55
Sales Promotion	225.07	207.93
Management Services Fee	344.37	504.39
Foreign currency translation loss (net)	(44.19)	27.26
Debts/ Advances/ Deposits written off	-	0.05
Loss on sale of property, plant and equipment sold/discarded (net)	4.89	8.29
Provision for doubtful debts/advances	89.31	23.55
Payment to auditor [Refer note (c) below]	20.35	14.72
Guarantee Commission	37.81	13.44
Excise Duty [Refer note (e) below]	-	90.88
Miscellaneous Expenses [Refer note (d) below]	1,155.06	995.89
	10,245.86	**11,452.42**

(a) Power and Fuel includes consumption of stores and spares (coal)	4,511.01	4,180.68
(b) Repair and Maintenance includes:		
Salaries and wages	473.97	651.53
(c) Details of auditors' remuneration and out-of-pocket expenses are as below:		
As Auditors :		
Audit Fees (Including other certification fees)	18.10	13.00
Tax Audit Fees	2.00	1.50
Reimbursement of Expenses	0.25	0.22
(d) Miscellaneous expenses include the following:		
Payment to cost auditor	2.50	2.20
(e) Represents excise duty related to the difference between the closing stock and opening stock		

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Note 27: Exceptional items

Particulars	31 March 2019	31 March 2018
Voluntary Separation expenses #	-	70.88
	-	70.88

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During the year 2017-18, the Company floated a VSS scheme and has made a total payment of Rs. 70,87,727. A total number of 10 employees have availed the scheme during the year 2017-18

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Note 28: Income tax expense

This note provides an analysis of the Company's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

Particulars	31 March 2019	31 March 2018
(a) Income tax expense		
Current tax	-	-
Current tax on profits for the year	-	-
Total current tax expense	-	-
Deferred tax		
Decrease (increase) in deferred tax assets	(643.60)	(904.43)
(Decrease) increase in deferred tax liabilities	643.60	904.43
Total deferred tax expense/(benefit)	-	-
Income tax expense	-	-

(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

Particulars	31 March 2019	31 March 2018
Profit before tax	(10,906.76)	(11,405.87)
	-	-
Tax at the rate of 34.944% (2017-18 – 34.608%)	(3,811.26)	(3,947.34)
Reason for differences to be documented below		
Tax losses for which no deferred tax was recognised	3,825.07	3,931.79
Tax on permanent differences	11.15	73.20
Impact on account of changes / difference in tax rates	-	(57.65)
Exempt Income	(11.12)	
Others	(13.83)	
Total income tax expense/(credit)	-	-

(c) Tax losses

Particulars	31 March 2019	31 March 2018
Unused tax losses for which no deferred tax has been recognised:		
Tax losses	-	-
Business loss	16,206.83	8,941.60
- Capital loss: Short term	13,922.78	-
- Capital loss: Long term	436.74	-
Unabsorbed tax depreciation	12,355.76	8,674.72
Potential tax benefit @ 34.944% on Business loss (FY 2017-18 @34.944%)	**9,980.91**	**6,155.85**
Potential tax benefit @ 17.472% on Capital loss short term (FY 2017-18 @17.472%)	**2,432.59**	-
Potential tax benefit @ 11.648% on Capital loss long term (FY 2017-18 @NIL)	**50.87**	-

(a) Unabsorbed depreciation does not have any expiry period.
(b) Business losses have an expiry ranging from 5 to 8 years as at the reporting date.

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Note 29: Earnings per shares

Particulars		31 March 2019	31 March 2018
(i) **Basic**			
Number of equity shares at the beginning of the year		4300,50,000	300,50,000
Number of equity shares at the end of the year		4300,50,000	4300,50,000
Weighted average number of equity shares outstanding during the year	(A)	4300,50,000	519,67,808
Nominal value of each equity Share (Rs.)		10.00	10.00
Profit / (Loss) for the year (Rs. in crore)	(B)	(10,906.75)	(11,405.87)
Earnings per share (Basic) (Rs.)	(B/A)	(2.54)	(21.95)
(ii) **Diluted**			
Weighted average number of equity shares outstanding during the year		4300,50,000	1955,29,452
Earnings per share (Diluted) (Rs.)		(2.54)	(21.95)

Note 30: Contingent liabilities

Particulars	31 March 2019	31 March 2018
(a) Guarantees given -		
(i) to excise authorities	5.50	5.50
(b) Claims against the Company not acknowledged as debts		
(i) Rates, Taxes, Duties etc. demanded by various Authorities	1.12	2.31
(ii) Others	-	124.90
(c) Income Tax matters	-	-
	6.62	**132.71**

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

Note 31: Capital and other commitments

Particulars	31 March 2019	31 March 2018
(a) Capital Commitments		
Estimated value of contracts in capital account remaining to be executed [net of advances Rs. 5.58 lakhs] (31 March 2018: Rs. 37.28 lakhs)	47.44	485.83
	47.44	**485.83**

Note 32: The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006

('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

remaining unpaid as at year end

Particulars	31 March 2019	31 March 2018
Principal amount due to supplier registered underr the MSMED Act and remaining unpaid as at the year end	9.71	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

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Note 33: Capital management

(a) Risk management

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the Company which comprises issued share capital and accumulated reserves disclosed in the Statement of Changes in Equity.

The Company's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Company's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due.

Note 34 : Fair value measurements

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.
The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Financial instruments by category

Particulars	31 March 2019			Total Carrying Value	Total Fair Value
	FVPL	FVOCI	Amortised cost		
Financial assets				-	-
Cash and cash equivalents	-	-	32.84	32.84	32.84
Trade receivables	-	-	3,133.56	3,133.56	3,133.56
Loans	-	-	615.50	615.50	615.50
Investments	-	452.05	0.70	452.75	452.75
Other financial assets	-	-	1,032.60	1,032.60	1,032.60
Total financial assets	**-**	**452.05**	**4,815.20**	**5,267.25**	**5,267.25**
Financial liabilities					
Borrowings	-	-	53,431.88	53,431.88	53,431.88
Trade and other payables	-	-	3,546.73	3,546.73	3,546.73
Other financial liabilities	-	-	4,911.46	4,911.46	4,911.46
Total financial liabilities	**-**	**-**	**61,890.07**	**61,890.07**	**61,890.07**

Particulars	31 March 2018			Total Carrying Value	Total Fair Value
	FVPL	FVOCI	Amortised cost		
Financial assets					
Cash and cash equivalents	-	-	918.38	918.38	918.38
Trade receivables	-	-	3,777.19	3,777.19	3,777.19
Loans	-	-	-	-	-
Investments	186.93	63,977.62	0.70	64,165.25	64,165.25
Other financial assets	-	-	1,181.22	1,181.22	1,181.22
Total financial assets	**186.93**	**63,977.62**	**5,877.49**	**70,042.04**	**70,042.04**
Financial liabilities					
Borrowings	-	-	1,06,821.25	1,06,821.25	1,06,821.25
Trade and other payables	-	-	3,712.91	3,712.91	3,712.91
Other financial liabilities	-	-	843.33	843.33	843.33
Total financial liabilities	**-**	**-**	**1,11,377.49**	**1,11,377.49**	**1,11,377.49**

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Note 35: Financial risk management

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

(A) Credit risk

The Company takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Financial assets that potentially expose the Company to credit risks are listed below:

	31-Mar-19	31-Mar-18
Trade receivables	3,133.56	3,777.19
Other financial assets	1,032.60	1,181.22
Total	**4,166.16**	**4,958.41**

Other receivables as stated above are due from the parties under normal course of the business and as such the Company believes exposure to credit risk to be minimal.

i) Trade and other receivables

Customer credit risk is managed by the Company through established policy and procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying upto 90 days credit terms. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. Trade receivables are consisting of a large number of customers. Where credit risk is high, domestic trade receiavbles are backed by security deposits. Export receivables are backed by letters of credit.

In determining the allowances for credit losses of trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

The Company's exposure to customers is diversified and there is no significant credit exposure on account of any single customer as at 31 March 2019 & 31 march 2018

The company is making provisions on trade receivables based on Expected Credit Loss (ECL) model. The reconciliation of ECL is as follows:

Particulars	2018-19	2017-18
Opening balance	160.02	136.47
Charge in statement of profit and loss	28.56	23.55
Release to statement of profit and loss	-	-
Utilised during the year	-	-
Balance at the end of the year	**188.58**	**160.02**

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(B) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from othersources. The Company invests its surplus funds in bank fixed deposit and in equity shares, which carry no or low market risk.

(i) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:
• all financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 31 March 2019	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	47,245.79	9,439.04	3,750.00	-	60,434.83
Trade payables	3,546.73	-	-	-	3,546.73
Other financial liabilities	4,911.46	-	-	-	4,911.46
Total financial liabilities	55,703.98	9,439.04	3,750.00	-	68,893.02

Contractual maturities of financial liabilities 31 March 2018	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	53,583.68	69,954.32	-	-	1,23,538.00
Trade payables	3,712.91	-	-	-	3,712.91
Other financial liabilities	843.33	-	-	-	843.33
Total financial liabilities	**58,139.92**	**69,954.32**	-	-	**1,28,094.24**

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(ii) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1):
This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Valuation techniques with observable inputs (Level 2):
This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Valuation techniques with significant unobservable inputs (Level 3):
This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Particulars	31 March 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments	452.05	-	-	**452.05**
	452.05	**-**	**-**	**452.05**

Particulars	31 March 2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments	64,164.55	-	-	**64,164.55**
	64,164.55	**-**	**-**	**64,164.55**

(iii) Valuation technique used to determine fair value

(a) Investments carried at fair value are generally based on market price quotations. However in cases where quoted prices are not available the management has involved valuation experts to determine the fair value of the investments. Different valuation techniques have been used by the valuers for different investments. Equity Instruments carried at fair value through other comprehensive income. These investments in equity instruments are not held for trading. Instead, they are held for long term strategic purpose. The Company has chosen to designate this investments in equity instruments at FVOCI since, it provides a more meaningful presentation.

(b) Fair value of borrowings is estimated by discounting expected future cash flows. The carrying amounts of other borrowings with floating rate of interest are considered to be close to the fair value.

(c) The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values.

(d) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

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(C) Market risk

(i) Foreign currency risk

The Company deals with foreign currency loan, trade payables etc and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

Foreign currency risk exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:-

As at 31 March 2019 *(Values in Lakhs)*

Particulars	USD		EUR	
	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency
Financial assets				
Trade receivables	0.48	31.90	-	-
Derivative Asset	-	-	-	-
Financial liabilities				
Trade payables	8.80	608.42	-	-
Borrowings	-	-	-	-
Derivative liability	-	-	-	-
Net exposure to foreign currency risk	**(8.32)**	**(576.53)**	-	-

As at 31 March 2018 *(Values in Lakhs)*

Particulars	USD		EUR	
	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency
Financial assets				
Trade receivables	0.91	59.47	-	-
Derivative Asset	-	-	-	-
Financial liabilities				
Trade payables	8.81	574.38	-	-
Borrowings	30.08	1,960.58	-	-
Derivative liability	-	-	-	-
Net exposure to foreign currency risk	**(37.98)**	**(2,475.50)**	-	-

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(INR in lakhs)

	Impact on loss before tax/equity	
	31 March 2019	31 March 2018
USD sensitivity		
INR/USD appreciates by 5% (31 March 2018 - 5%)	28.83	123.78
INR/USD depreciates by 5% (31 March 2018 - 5%)	(28.83)	(123.78)
EUR sensitivity		
INR/EUR appreciates by 5% (31 March 2018 - 5%)	-	-
INR/EUR depreciates by 5% (31 March 2018 - 5%)	-	-

* Holding all other variables constant

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(All amounts in Rupees Lakhs, unless otherwise stated)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31 March 2019 and 31 March 2018, the Company's borrowings at variable rate were mainly denominated in INR.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

On Financial Liabilities:
The exposure of the Company's financial liabilities to interest rate risk is as follows:

Particulars	31-Mar-19	31-Mar-18
Variable rate borrowings	54,057.18	1,04,590.77
Fixed rate borrowings	-	-
Total borrowings	**54,057.18**	**1,04,590.77**

(b) Sensitivity
Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

	Impact on loss before tax/equity	
	31 March 2019	31 March 2018
Interest expense rates – increase by 50 basis points (50 bps)*	(270.29)	(522.95)
Interest expense rates – decrease by 50 basis points (50 bps)*	270.29	522.95

* Holding all other variables constant

(iii) Price risk

(a) Exposure
The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through OCI. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. In general, these investments are not held for trading purposes.

(b) Sensitivity
The table below summarizes the impact of increases/decreases of the share prices on the Company's equity.

	Impact on equity	
	31-Mar-19	31-Mar-18
Share price - Increase 5%	23.00	3,208.00
Share price - Decrease 5%	(23.00)	(3,208.00)

Cygnet Industries Limited Kolkata

Bothra & Company Kolkata FR No. 326938E Chartered Accountants

Cygnet Industries Limited
Notes forming part of financial statements

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 36: Segment reporting

The Company's Chief operating decision makers viz. board of directors examine the Company's performance as a single segment, viz. "Rayon, Transparent paper and Chemicals business".

a. Geographical information
Revenue from external customers:

Particulars	31 March 2019	31 March 2018
	Total Segment Revenue	Total Segment Revenue
Rayon,Transparent paper and Chemicals business		
India	30,958.26	28,332.37
Other countries	1,353.81	784.83
Total Segment revenue	**32,312.07**	**29,117.20**

b. Two of the customers of the entity accounts for approximately 15% and 10% of the sales being made for the year ened 31 March 2019 (One of the customer of the entity accounts for approximately to 18% of the sales being made for the year ened 31 March 2018)

Cygnet Industries Limited Kolkata

NEHA BOTHRA & COMPANY KOLKATA FR No.-326938E CHARTERED ACCOUNTANTS

Cygnet Industries Limited
Notes forming part of financial statements

Note 37 : Related Party Transactions

List of Related Parties and relationship
A) Holding
Kesoram Industries Limited
B) Post Retirement Benefit Plan
B.K. Birla Group of Companies Provident Fund Institution.
Birla Industries Provident Fund Institution.
KICM Gratuity Fund
C) Others (With whom transaction has taken place)
MSK Travels and Tours Ltd

(All amounts in Rupees Lakhs, unless otherwise stated)

(A) The following transactions were carried out with the related parties in the ordinary course of business.

Nature of Transaction Relationship	2018-19	2017-18
Rent Expense:		
Holding	17.66	17.14
Management Service Fee Expense:		
Holding	344.37	503.78
Interest Expense:		
Holding	3,694.78	6,281.64
Other expenses through reimbursements		
Holding	-	311.84
Advance given		
Holding	12.50	-
Interest paid (net of TDS)		
Holding	7,561.55	4,164.00
Loan Taken		
Holding	59,144.91	94,419.91
Loan Repayment		
Holding	65,232.93	70,181.57
Business advance taken		
Holding	-	3,799.91
Business advance repaid		
Holding	-	3,799.91
Issue of equity shares		
Holding	-	40,000.00
Sale of Machinery		
Holding	-	1.32
Tours & Travels Services		
Others	33.74	-
Provident Fund Contribution		
Post Retirement Benefit Plan	1382.68	1,702.79
Reimbursement claimed		
Post Retirement Benefit Plan	224.81	518.89

Cygnet Industries Limited Kolkata

NEHA BOTHRA & COMPANY KOLKATA FR No.-326938E CHARTERED ACCOUNTANTS

(B) Outstanding balances

(All amounts in Rupees Lakhs, unless otherwise stated)

Nature of Transaction / Relationship	Year Ended as at 31st March 31, 2019	Year Ended as at 31st March 31, 2018
Payable :		
Post Retirement Benefit Plan	142.66	147.02
Payable-Loan :		
Holding	32,951.76	38,624.72
Payable-Interest (Net of TDS)		
Holding	405.42	4,341.66
Share Capital		
Holding	43,005.00	43,005.00
Payable :		
Tours & Travels services	2.82	-
Receivable		
Post Retirement Benefit Plan	-	141.15

* as certified by the management of the company

Also refer note 13 regarding guarantee received from holding company amounting to Rs. 22,500 lakh (previous year Rs. 55,000 lakh) for borrowing / finacing obligation.

Cygnet Industries Limited Kolkata

NEHA BOTHRA & COMPANY KOLKATA FR No.-326938E CHARTERED ACCOUNTANTS

Cygnet Industries Limited
Notes forming part of financial statements

Note 38: Disclosure pursuant to Section 186 (4) of the Companies Act 2013 regarding security given are mentioned in respective notes of Fixed Assets and investments, refer note no. 3 and 5 respectively.

Note 39: Goods and services tax (GST) has been implemented w.e.f 1st July 2017 consequently, central excise, Value added Tax (VAT), Service tax etc have been replaced by GST. GST, VAT, Service Tax etc are not included in Revenue from operations. However, excise duty was included in revenue from operations till 30th June 2017. Hence reported revenue for the period upto 30th June 2017 are not comparable with those thereafter.

Note 40 : Previous years figure has been re-grouped/re-arranged where ever necessary to make it comparable with current years figure.

For and on behalf of Board of Directors
of Cygnet Industries Limited

For Neha Bothra & Co.
Firm Registration Number: 326938E
Chartered Accountants

Neha Bothra

Neha Bothra
Partner
Membership No.: 067036

NEHA BOTHRA & COMPANY
KOLKATA
FR No.-326938E
CHARTERED ACCOUNTANTS

Ravi Chandran
Chief Executive Officer

S. Nath

Sharmila Nath
Director
DIN: 07041921

Kashi Prasad Khandelwal
Director
DIN: 00748523

Harish Kr. Kandoi
Chief Financial Officer

Gautam Ganguli
Director
DIN: 00871416

Sneha Kajaria

Sneha Kajaria
Director
DIN: 08311236

Place: Kolkata
Date : 14th May, 2019

Cygnet Industries Limited
Kolkata

Pandey..

Govind Pandey
Company Secretary

Deepak Kumar Sharma

Deepak Kumar Sharma
Director
DIN: 02555564