

K.P.R. SUGAR MILL LIMITED

SEVENTH ANNUAL REPORT 2012 - 13

BOARD OF DIRECTORS	Sri. K.P. Ramasamy Sri. KPD Sigamani Sri. P. Nataraj Sri. C.R. Anandkrishnan Sri. A. Sekar Sri. Mohan D Hosamani
REGISTERED OFFICE	No. 5, A.K.S. Nagar Thadagam Road Coimbatore -641 001.
FACTORY ADDRESS	SF.No. 121,122, Almel Village Sindgi Taluk, Bijapur District Karnataka - 586202
AUDITORS	Sri. A.Vetrivel B.Sc, FCA Chartered Accountant No. 1/1, Seth Narayan Das Layout, IInd Street, Tatabad, Coimbatore-641 012.
BANKER	Bank of Baroda IDBI Bank Limited The Karnataka Bank Limited Allahabad Bank Corporation Bank

“CERTIFIED TRUE COPY OF BALANCE SHEET AND CONNECTED DOCUMENTS DULY AUTHENTICATED BY THE BOARD OF DIRECTORS OF THE COMPANY AND ADOPTED AT THE 7th ANNUAL GENERAL MEETING OF THE COMPANY HELD ON TUESDAY THE 27TH DAY OF AUGUST,2013 AT 10.30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY AT NO.5, THADAGAM ROAD, COIMBATORE - 641 001.”

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“CERTIFIED TRUE COPY OF PROFIT & LOSS AND CONNECTED DOCUMENTS DULY AUTHENTICATED BY THE BOARD OF DIRECTORS OF THE COMPANY AND ADOPTED AT THE 7th ANNUAL GENERAL MEETING OF THE COMPANY HELD ON TUESDAY THE 27TH DAY OF AUGUST,2013 AT 10.30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY AT NO.5, THADAGAM ROAD, COIMBATORE - 641 001.”

K.P.R SUGAR MILL LIMITED

NOTICE TO THE SHARE HOLDERS

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of the Company will be held on Tuesday the 27th day of August 2013 at 10.30 A.M. at the Registered Office of the Company at No.5, A.K.S. Nagar, Thadagam Road, Coimbatore - 641 001 to transact the following business:

AGENDA

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the period ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri.P.Nataraj who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri.C.R.Anandkrishnan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Note:

A Member entitled to attend and vote at the Meeting is entitled to appoint one or more Proxy (ies) to attend and vote instead of himself and a Proxy need not be a Member of the Company. Proxies in order to be effective must be received at the Company's Registered Office not later than 48 hours before the commencement of the Meeting.

FOR AND ON BEHALF OF THE BOARD

Coimbatore
16.05.2013

**K.P.Ramasamy
Chairman**

K.P.R. SUGAR MILL LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Seventh Annual Report including the Audited Financial Statement of the Company for the year ended 31st March 2013.

FINANCIAL RESULTS

Particulars	2012-13 Rs. in Lakhs
Sales and Other Income:-	
Domestic Sales (Net of Excise Duty)	6,557
Other Income	60
	6,617
Profit before Interest & Depreciation	2,315
Less : Interest	1,343
Depreciation	897
Profit Before Tax	75
Less : Taxation:-	
Provision for Current Tax	15
Less : MAT Credit Entitlement	15
	-
Provision for Deferred Tax Liability	11
Profit After Tax	65

REVIEW OF OPERATIONS.

We are proud to take on record the establishment of Sugar cum Cogen Factory with 5000 TCD and 30 M.W. at Almel Village, Sindagi Taluka, Bijapur District, Karnataka, in a record time, much ahead of the stipulated period. The dynamic Management Team, support from the Holding Company, Suppliers, Consultants, Bankers etc have enabled the achievement. After obtaining the crushing License and Code Number from the Government, commercial production of Sugar and Co-gen were commenced from November 2012 onwards. During five months of its maiden year of operation, produced 7.23 Crores units of Power, out of which 5.24 Crores Units were sold and the remaining 1.99 Crores units captively consumed: 66000 MT of Sugar was produced, out of which 8939 MT were sold. Adequate availability of Men, Material, and strategic Management Policies enabled a profitable operation in its first year itself.

FUTURE PROSPECTS

It is delighted to note that the Government has partially deregulated the sugar sector and the system of imposition of levy obligation on the sugar mills has been dispensed with from 2012-13 season onwards. Levy sugar for the PDS will now be procured by the State Governments from the open market at prevailing market price. Also, the Government dispensed with the regulated release mechanism for non-levy sugar. Under this system, factories can sell their sugar at their disposal in the open market as per their cash flow need and ruling sugar prices in the market.

These Policy changes of the Government would cheer up the Sugar Market sentiments paving way for better performance in future.

FINANCE

M/s. Bank of Baroda and Corporation Bank have extended Working Capital facilities to the Company, upon our request.

DIVIDEND

Considering the financial requirements, your Directors have not recommended any dividend for the year.

SHARE CAPITAL

During the year, with the approval of the Share Holders of the Company in General Meeting, the Capital Structure has been amended so as to include Preference Shares also. The Share Application Money received from the Holding Company has been converted into Equity and Preference Share Capital. The Paid-Up capital of the Company has been enhanced to Rs.4,83,30,000/-(from Rs.5,00,000/).

DEPOSITS

The Company has not accepted any fixed deposits from public during the year under review.

DIRECTORS

Sri.P.Nataraj and Sri.C.R.Anandakrishnan, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

CONSERVATION OF ENERGY ETC IN ACCORDANCE WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS RULES 1988:

a. CONSERVATION OF ENERGY:

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 217(1)(e) of the Companies Act 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are provided in the Annexure to the Report.

b. FOREIGN EXCHANGE EARNING & OUTGO:

- I. Earnings in Foreign Exchange (FOB) : Rs. NIL
- II. Outgo in Foreign Currency (CIF) Rs. NIL

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956:

There are no employees, in respect of whom information pursuant to the requirement of section 217(2A) of the Companies Act,1956 read with the Companies(Particular of Employees Rules 1975) as amended is to be given.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirements under section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that;

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

- ii. The Directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have arranged preparation of the accounts for the year ended 31st March 2013 on a going concern basis.

AUDITORS

Sri.A.Vetrivel, Chartered Accountant, Coimbatore, the Statutory Auditor of the Company retires at the ensuing Annual General Meeting and is eligible for re-appointment. A Certificate under section 224(1B) of the Companies Act 1956 has been obtained from him.

COMPLIANCE CERTIFICATE

Pursuant to proviso to Section 383A (1) of the Companies Act, 1956 Compliance Certificate obtained from Mr. K.V. Murugan, Practicing Company Secretary is annexed herewith.

ACKNOWLEDGEMENT

Your Directors thank the Government Authorities, Sugar Cane and Capital Goods Suppliers, Holding Company, Project Consultants, Bankers for their support & co-operation and the Employees at all level for their dedicated involvement

FOR AND ON BEHALF OF THE BOARD

Coimbatore
16.05.2013

K.P.Ramasamy
Chairman

AUDITOR'S REPORT

I have audited the accompanying financial statements of M/S.K.P.R. SUGAR MILL LIMITED, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

In my opinion and to the best of my information and according to the explanations given to me, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. *in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;*

- b. *in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and*
- c. *in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, I give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a. *I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;*
- b. *in my opinion proper books of account as required by law have been kept by the Company so far as appears from my examination of those books*
- c. *the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.*
- d. *in my opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;*
- e. *on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.*

DATE : 16.05.2013
PLACE : COIMBATORE

A.VETRIVEL
CHARTERED ACCOUNTANT

Annexure of the Auditor's Report for the year ended 31st March 2013

The Annexure referred to in paragraph 1 of the my Report of even date to the members of **M/S.K.P.R. SUGAR MILL LIMITED**, on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as I considered appropriate and according to the information and explanation given to me during the course of my audit, I report that:

1. In respect of Fixed assets

- a. *The company has maintained proper records of the fixed assets showing full particulars including quantitative details and situation of the fixed assets.*
- b. *Some of the fixed assets physically verified by the management in accordance with program of verification, which my opinion provides for the physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to me no material discrepancies were noticed on such verification.*
- c. *The company has not sold/disposed off any substantial portion of fixed assets, during the year.*

2. In respect of inventory

- a. *As explained to me, the inventories were physically verified during the year by the Management at reasonable intervals.*
- b. *In my opinion and according to the information and explanation given to me, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.*
- c. *In my opinion and according to the information and explanations given to me, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.*

3. *In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to me:*

- (a) *The Company has not granted any loans to firms or other parties list in the Register maintained under section 301 of the Companies Act, 1956.*
- (b) *The Company has accepted loans from its holding company during the year 2012-13 Rs.17,66,14,511/-(Incl. Int. accrued) (Max Amount Rs.17,65,14,511/-)*

At the year end, the outstanding balance of such loan was Rs.17,64,43,517/- Lakhs (Previous year O/S.balance Rs.Nil).

- (c) There is no stipulation as to repayment of principal of loans and interest taken from parties listed in the register maintained under section 301 of the Companies Act' 1956.*
- 4. In my opinion and accounting to the information and explanations given to me, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods and services. During the course of my audit, I have not observed any major weakness in internal control system.*
- 5. In respect of the transaction entered in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of my knowledge and belief and according to the information and explanation given to me:*
- (a) The particulars of contracts or arrangements referred to section 301 that needed to be entered in the register maintained under the said section have been so entered.*
- (b) Where each of such transaction is in excess of Rs.5.00 Lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.*
- 6. According to the information and explanations given to me, the Company has not accepted any deposit from the public during the period. Therefore, the provision of clause (vi) of the CARO are not applicable to the Company.*
- 7. In my opinion, the Company has an Internal audit system which is commensurate with its size and nature of its business*
- 8. I have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. I have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.*
- 9. According to the information and explanations given to me, the company has been regular in depositing Income tax dues and other statutory dues with the appropriate authorities to the extent applicable to the company during the year.*
- 10. The Company has not incurred cash losses during the financial year covered by my audit and the immediately preceding financial year.*

11. *In my opinion and according to the information and explanations given to me, the Company has not defaulted in the repayment of dues to banks and financial institutions.*
12. *The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.*
13. *The company is not a chit fund or nidhi mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.*
14. *The company is not dealing in or trading in shares, securities, debentures and other investments. Hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 is not applicable.*
15. *In my opinion and according to the information and explanations given to me, the Company has not given any guarantee for loans taken by others from banks and financial institutions during the year.*
16. *In my opinion and according to the information and explanations given to me, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.*
17. *In my opinion and according to the information and explanations given to me, and on an overall examination of the Balance sheet, I report that funds raised on short-term basis have not been used during the year for long-term investment.*
18. *According to the information and explanations given to me, the Company has made preferential allotment of shares to parties covered in the Register maintained under section 301 of the Companies Act, 1956 at a price which is prima facie not prejudicial to the interest of the Company.*
19. *The Company has not issued debentures and shares during the year. Therefore the provisions of clause 4 (xix) and (xx) of the Companies (Auditor's Report) Order 2003, (CARO) are not applicable to the Company.*
20. *To the best of my knowledge and belief and according to the information and explanations given to me, no fraud on or by the company was noticed or reported during the year.*

DATE : 16.05.2013
PLACE : COIMBATORE

A.VETRIVEL
CHARTERED ACCOUNTANT

K.P.R. SUGAR MILL LIMITED
BALANCE SHEET AS AT 31.03.2013

	Note	As at 31.03.2013	As at 31.03.2012
(₹ in Lakhs)			
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	483	298
(b) Reserves and Surplus	4	9,245	2,191
		9,728	2,489
2 Share Application Money Pending Allotment		-	2,604
3 Non-Current Liabilities			
(a) Long-Term Borrowings	5	20,127	6,429
(b) Deferred Tax Liabilities (Net)	6	10	-
(c) Other Long - Term Liabilities	7	1,764	120
		21,902	6,549
4 Current Liabilities			
(a) Short-Term Borrowings	8	12,290	-
(b) Trade Payables	9	3,142	14
(c) Other Current Liabilities	10	3,490	62
(d) Short-Term Provisions	11	13	1
		18,935	77
		50,565	11,719
B ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	30,516	123
(ii) Capital Work-in-Progress		-	5,702
		30,516	5,825
(b) Long-Term Loans and Advances	13	60	5,543
		30,576	11,368
2 Current Assets			
(a) Inventories	14	17,066	-
(b) Trade Receivables	15	492	-
(c) Cash and Cash Equivalents	16	566	173
(d) Short-Term Loans and Advances	17	1,774	168
(e) Other Current Assets	18	91	10
		19,989	351
		50,565	11,719

Accompanying notes form part of the financial statements

For and on behalf of the Board

"To be read with my report of even date"

K.P.Ramasamy
Director

A.Vetrivel
Chartered Accountant

KPD Sigamani
Director

P.Nataraj
Director

Coimbatore
16.05.2013

K.P.R. SUGAR MILL LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31.03.2013

	Note	Year Ended
		31.03.2013
		(₹ in Lakhs)
I. Revenue from Operations	19	6,899
Less: Excise Duty		293
Revenue from Operations (Net)		6,606
II. Other Income	20	11
III. Total Revenue		6,617
IV. Expenses		
Cost of Materials Consumed	21	19,633
Purchase of Stock-in-Trade		-
Changes in Inventories of Finished Goods, Work- in-Progress and Stock in Trade	22	(16,988)
Employee Benefits Expenses	23	313
Finance Costs	24	1,344
Depreciation and Amortization Expenses	12	897
Other Expenses	25	1,343
Total Expenses		6,542
V. Profit Before Tax		75
Tax Expense		
1. Current Tax Expense for Current Year		15
2. Less: MAT Credit Entitlement		15
3. Deferred Tax		10
Net Tax Expenses		10
VI. Profit for the year		65
VII. Earnings per equity share of Rs 10 each		
1. Basic & Diluted (in Rs)		6

Accompanying notes form part of the financial statements

For and on behalf of the Board

"To be read with my report of even date"

K.P.Ramasamy
Director

A.Vetrivel
Chartered Accountant

KPD Sigamani
Director

P.Nataraj
Director

Coimbatore
16.05.2013

K.P.R. SUGAR MILL LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013

(₹ in Lakhs)

PARTICULARS	Year Ended 31.03.2013	Period Ended 31.03.2012
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	75	-
Depreciation	897	-
Finance Costs	1,344	-
Interest Income	(11)	-
Dividend from Mutual Funds	0	-
Operating profit before Working Capital adjustments	2,305	-
(Increase) / Decrease in Sundry Debtors	(492)	-
(Increase) / Decrease in Loans and Advances	(1,606)	(5,710)
(Increase) / Decrease in Inventories	(17,066)	-
(Increase) / Decrease in Other Current Assets	4,910	(6)
Increase / (Decrease) in Current Liabilities	18,845	76
Bank Balance not considered as Cash and Cash Equivalents		
(i) Margin deposit account	(54)	(100)
Cash Generated from Operations	6,842	(5,740)
Net Income Tax (Paid) / Refunds	12	(1)
Net Cash from Operating Activities	(A) 6,854	(5,741)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(25,588)	(3,322)
Dividend income	0	-
Interest Receipts	20	-
Net Cash flow used in Investing Activities	(B) (25,568)	(3,322)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital	4,498	2,604
Proceeds from Securities Premium	-	-
Proceeds from Long-Term Borrowings	15,566	6,430
Repayment of Long-Term Borrowings	-	-
Proceeds from Other Short-Term Borrowings	332	-
Repayment of Other Short-Term Borrowings	-	-
Finance Costs	(1,343)	-
Dividend Paid	-	-
Tax on Dividend	-	-
Net Cash used in Financing Activities	(C) 19,053	9,034
Net Increase in Cash and Cash Equivalents	(A+B+C) 339	(29)
Opening Balance of Cash and Cash Equivalents	73	102
Cash and cash equivalents at the end of the year	412	73
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents (Refer Note 16)	566	173
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		
- Balances held as margin money or security against borrowings, guarantees and other commitments	154	100
Cash and cash equivalents at the end of the year	412	73

For and on behalf of the Board

"To be read with my report of even date"

K.P.Ramasamy
Director

A.Vetrivel
Chartered Accountant

KPD Sigamani
Director

P.Nataraj
Director

Coimbatore
16.05.2013

1 Company Overview

K.P.R.Sugar Mill Limited is the Wholly owned Subsidiary Company of K.P.R.Mill Limited. The Company commenced its operations on 23rd November 2012. Plant Located at Bijapur District, Karnataka State. It produces Sugar along with Green Energy viz., Co-Gen Power.

2 Significant Accounting Policies

A) BASIS OF ACCOUNTING

(i) The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with the Accounting Principles generally accepted in India (Indian GAAP) and comply with mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable.

(ii) The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

B) USE OF ESTIMATES

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Actual results could differ from those estimates.

C) FIXED ASSETS AND DEPRECIATION

- i) Fixed assets and intangibles are stated at cost less accumulated depreciation. Cost includes all costs relating to acquisition and installation of fixed assets including any incidental costs of bringing the assets to their working condition for their intended use.
- ii) Borrowing costs directly attributable to acquisition or construction of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized.
- iii) Expenditure during construction period in respect of new projects is included under capital work-in-progress and the same is allocated to the fixed assets on the commissioning of the respective projects
- iv) Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

D) INVENTORIES

- i) The cost for the finished goods is inclusive of cost of purchase, cost of conversion, excise duty, cess if any and other costs incurred in bringing the inventories to their present location and condition.
- ii) Stock-in-process, Stores, Spares, Consumables, Packing and Other Materials are valued at lower of Cost or Net Realizable Value.
- iii) Waste and Scrap are valued at Net Realizable Value.

E) REVENUE RECOGNITION

All income and expenses are recognized on accrual basis other than dividend.

F) EXCISE DUTY

The Excise Duty on sale of finished goods is deducted from turnover to arrive at net sales as shown in the statement of profit and loss. The Excise Duty appearing in the statement of profit and loss as an expenditure represents excise duty provision for closing stock of finished goods.

G) INVESTMENTS

Long term investments are stated at cost. The diminution, if any, in the value of investments is not recognised unless such diminution is considered permanent in nature. Current investments are stated at lower of cost or market value.

H) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes on accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

I) CASH FLOW STATEMENT

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 Cash Flow Statement.

Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

J) RETIREMENT BENEFITS

(a) Short Term

Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

(b) Long Term Post Retirement

Post Retirement Benefits comprise of Provident Fund and Gratuity which are accounted for as follows:

i) Provident Fund

This is a defined contribution plan, and contributions made to the Fund are charged to Revenue. The Company has no further obligations for future provident fund benefits other than monthly contributions.

ii) Gratuity Fund

This is a defined benefit plan. The Company makes annual contribution to a Gratuity Fund. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur. The Retirement Benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

iii) Leave encashment

There is no scheme for encashment of unavailed leave on retirement.

K) TAXATION

Provision for current tax is made on the basis of taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

The deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

Deferred tax assets in case of unabsorbed losses are recognized only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

L) EARNINGS PER SHARE

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding for the period. The weighted average numbers of shares outstanding during the period are adjusted for events of bonus issue and share split.

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

K.P.R.SUGAR MILL LIMITED
Notes forming part of the Financial Statements

		As at 31.03.2013	As at 31.03.2012		
		(₹ in Lakhs)			
3	SHARE CAPITAL				
	Authorised Share Capital				
	12,17,000 (Pr.Yr 50,00,000) Equity Shares of ₹10 each	122	500		
	37,83,000 (Pr Yr Nil) 7% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 10 each	378	-		
		500	500		
	Issued, Subscribed & Paid up Capital				
	10,50,000 (Pr.Yr 50,000) Equity Shares of ₹10 each fully paid-up	105	5		
	37,83,000 (Pr Yr Nil) 7% Redeemable Cumulative Non-Convertible Preference Shares of ₹10 each	378	-		
	Share Forfeiture *	-	293		
		483	298		
	* Share Forfeiture reissued during the year Details to Share Forfeiture				
	Particulars	As at 31.03.2013		As at 31.03.2012	
		Number of shares	(₹ in Lakhs)	Number of shares	(₹ in Lakhs)
	At the beginning of the period	39,87,000	293	39,87,000	293
	Changes during the period	-39,87,000	-293	-	-
	Outstanding at the end of the period	-	-	39,87,000	293
3.1	Term / Rights to Shares				
	Equity Shares: As per the provisions of the Companies Act,1956 and Articles of Association of the Company.				
	Preference Shares: 7% Redeemable Cumulative Non-Convertible Preference Shares are redeemable at the end of 7th year but within a period of 10 years from the date of issue at a premium of 7% IRR.				
3.2	Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period				
	Equity Shares	As at 31st March, 2013		As at 31st March, 2012	
	Particulars	Number of Shares	(₹ in Lakhs)	Number of Shares	(₹ in Lakhs)
	At the beginning of the period	50,000	5	50,000	5
	Issued during the year	10,00,000	100	-	-
	Outstanding at the end of the period	10,50,000	105	50,000	5
3.3	7% Redeemable Cumulative Non-Convertible Preference Shares				
	Particulars	Number of Shares	(₹ in Lakhs)	Number of Shares	(₹ in Lakhs)
	At the beginning of the period	-	-	-	-
	Issued during the year	37,83,000	378	-	-
	Outstanding at the end of the period	37,83,000	378	-	-

3.4 Details of Shareholders holding more than 5% of Shares in the Company

a. Equity Shares

Particulars	Number of Shares	%	Number of Shares	%
M/s K.P.R Mill Limited	10,50,000	100	50,000	100

b. 7% Redeemable Cumulative Non-Convertible Preference Shares

Particulars	Number of Shares	%	Number of Shares	%
M/s K.P.R Mill Limited	37,83,000	100	-	-

4 RESERVES AND SURPLUS

Capital Reserve

Opening Balance

Add: Additions during the year

Closing Balance

Securities Premium Account

Opening Balance

Changes during the year

Closing Balance

Surplus in Statement of Profit and Loss

Opening Balance

Add: Profit for the year

Closing Balance

5 LONG TERM BORROWINGS

From Banks Secured

i) Term Loans

Interest Free Sales Tax Loan

	As at 31.03.2013	As at 31.03.2012
(₹ in Lakhs)		
Capital Reserve	-	-
Opening Balance	-	-
Add: Additions during the year	293	-
Closing Balance	293	-
Securities Premium Account		
Opening Balance	3,863	3,863
Changes during the year	6,696	-
Closing Balance	10,559	3,863
Surplus in Statement of Profit and Loss		
Opening Balance	(1,672)	(1,672)
Add: Profit for the year	65	-
Closing Balance	(1,607)	(1,672)
	9,245	2,191
From Banks Secured		
i) Term Loans	19,795	6,429
Interest Free Sales Tax Loan	332	-
	20,127	6,429

5.1 Term Loans from banks are secured by pari-passu first charge on fixed assets of the company and the second charge on current assets has been given on pari-passu basis to Banks.

5.2 i) Loan amounting to Rs 20,995 Lakhs (Pr. Yr. Rs 6,429 Lakhs) is repayable in 34 quarterly instalments commencing from June 2013.

ii) Loan amounting to Rs 999 Lakhs (Pr. Yr. Nil) is repayable before September 2014.

5.3 Interest rate relating to term loans from banks is in the range of 11.95% to 12.00%.

5.4 The Company has not defaulted in its repayments of the loans and interest.

6 DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liabilities

i) On difference between book balance and tax balance of fixed assets

Deferred Tax Assets

i) Unabsorbed Depreciation Carry Forward

ii) Others

Closing Balance

Opening Balance

Net Deferred Tax Charge / (Credit)

	10	-
Deferred Tax Liabilities		
i) On difference between book balance and tax balance of fixed assets		
Deferred Tax Assets		
i) Unabsorbed Depreciation Carry Forward	-	-
ii) Others	-	-
Closing Balance	10	-
Opening Balance	10	-
Net Deferred Tax Charge / (Credit)	-	-
OTHER LONG TERM LIABILITIES		
Payables on Purchase of Fixed Assets	-	120
Loan from Holding Company	1,764	-
	1,764	120

7 OTHER LONG TERM LIABILITIES

Payables on Purchase of Fixed Assets

Loan from Holding Company

		As at 31.03.2013	As at 31.03.2012
8 SHORT TERM BORROWINGS		(₹ in Lakhs)	
From Banks Secured			
	Loans for Working Capital	12,290	-
		12,290	-
8.1	Working capital loans are secured by first charge on inventories and bookdebts and second charge on fixed assets to lending banks on pari-passu basis.		
8.2	The Company has not defaulted in its repayments of the loans and interest.		
		As at 31.03.2013	As at 31.03.2012
		(₹ in Lakhs)	
9 TRADE PAYABLES			
	Other than Acceptance	3,142	14
		3,142	14
10 OTHER CURRENT LIABILITIES			
Current Maturities of			
	Long Term Loan	2,199	-
	Interest accrued and not due on borrowings	344	61
	Other Liabilities #	947	1
		3,490	62
	# Includes Statutory dues Rs 947 Lakhs (Pr Yr Rs 1 Lakh).		
11 SHORT TERM PROVISIONS			
	Provision for Income Tax (Net of Advance Tax paid) *	13	1
		13	1
	* Net of Advance Tax Paid Rs 2 Lakhs (Pr Yr Rs 1 Lakh)		

12. TANGIBLE ASSETS

(₹ in Lakhs)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION AND IMPAIRMENT					NET BLOCK	
	Cost As On 31.03.2012	Addition	Disposals	Cost As On 31.03.2013	Upto 31.03.2012	For the Year	Eliminated on disposal of assets	Upto 31.03.2013	As on 31.03.2013	As on 31.03.2012
Land	123	55	-	178	-	-	-	-	178	123
Factory Building		6,962	-	6,962	-	70	-	70	6,892	-
Non Factory Building		2,169	-	2,169	-	2	-	2	2,167	-
Plant & Machinery		21,421	-	21,421	-	1,141	-	1,141	20,280	-
Electrical		635	-	635	-	21	-	21	614	-
Furniture & Fixtures		235	-	235	-	5	-	5	230	-
Computers & Accessories		11	-	11	-	1	-	1	10	-
Vehicles		152	-	152	-	7	-	7	145	-
Total	123	31,640	-	31,763	-	1,247	-	1,247	30,516	123
Previous Year		123	-	123	-	-	-	-	123	-

Note : Depreciation for the year includes Rs 350 Lakhs relating to Trial run production period capitalised as per AS 10

		As at 31.03.2013	As at 31.03.2012
(₹ in Lakhs)			
13	<u>LONG TERM LOANS AND ADVANCES</u>		
	Capital Advances	40	5,535
	Balance with Government Authorities and Others	5	8
	MAT Credit Entitlement	15	-
		60	5,543
14	<u>INVENTORIES</u>		
	Stock-in-process	152	-
	Finished Goods	16,836	-
	Stores, Spares, Packing & Others	79	-
		17,066	-
15	<u>TRADE RECEIVABLES</u>		
	<u>Unsecured and Considered good</u>		
	Over six months from the payment due date	-	-
	Others	492	-
		492	-
16	<u>CASH AND CASH EQUIVALENTS</u>		
	(a) Cash on Hand	165	61
	(b) Balance with Banks		
	i) In Current Accounts	247	12
	ii) In Deposit Accounts #	154	100
		566	173
	# Deposits Accounts includes Margin Deposits of Rs 154 Lakhs (Pr.Yr. Rs 100 Lakhs).		
17	<u>SHORT TERM LOANS AND ADVANCES</u>		
	<u>Unsecured and Considered good</u>		
	Loans and Advances Others (Cenvat / Service Tax Capital Goods)	1,523	161
	Loans and Advances to Employees	1	-
	Advance for Purchase	239	5
	Others (Primarily prepaid expenses)	11	2
		1,774	168
18	<u>OTHER CURRENT ASSETS:</u>		
	Interest accrued on Deposits	1	10
	Income Receivables (Service Tax / Excise Duty Credit)	90	-
		91	10

K.P.R. SUGAR MILL LIMITED
Notes Forming part of the Financial Statements

		Year Ended
		31.03.2013
		(₹ in Lakhs)
19	<u>REVENUE FROM OPERATIONS</u>	
	Sale of Products	6,850
	Other Operating Income	49
		6,899
19.1	<u>Sale of Products</u>	
	Sugar	2,655
	Molasses	1,501
	Co-Gen Power	2,694
		6,850
19.2	<u>Other Operating Income</u>	
	Others (Primarily Waste)	49
		49
20	<u>OTHER INCOME</u>	
	Interest from	
	Bank Deposits	11
	Dividend	0
		11
21	<u>COST OF MATERIALS CONSUMED</u>	
	a) Opening Stock	
	Sugar Cane	-
		-
	b) Add: Purchases	
	Sugar Cane	19,633
		19,633
	c) Less : Closing Stock	
	Sugar Cane	-
		-
		19,633

		Year Ended
		31.03.2013
		(₹ in Lakhs)
22	<u>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN - PROGRESS AND STOCK IN TRADE</u>	
	A) OPENING STOCK	
	Finished Goods	-
	Stock-in-Process	-
		-
	B) CLOSING STOCK	
	Finished Goods	16,836
	Stock-in-Process	152
		16,988
		(16,988)
23	<u>EMPLOYEE BENEFITS EXPENSES</u>	
	Salaries, Wages & Bonus	250
	Contribution to Provident Fund & Other Funds	21
	Welfare Expenses	42
		313
24	<u>FINANCE COSTS</u>	
	Term Loans	937
	Working Capital Loans	327
	Bank Charges	80
		1,344
25	<u>OTHER EXPENSES</u>	
	<u>Manufacturing Expenses</u>	
	Power & Fuel	187
	Consumption of Stores & Packing materials	321
	Insurance Charges	3
	<u>Repairs and Maintenance</u>	
	Building	3
	Machinery	75
	Others	24
	<u>Administration Expenses</u>	
	Professional Fees	38
	Rent	1
	Duties, Rates & Taxes	626
	Payment to Auditor (Refer Note 27)	0
	Travelling Expenses	23
	General Expenses	17
	<u>Selling Expenses</u>	
	Freight & Forwarding	24
	Other Selling expenses	0
		1,343

K.P.R.SUGAR MILL LIMITED

26 Contingent Liabilities and Commitments (to the extent not provided for).

26.1 The Company has issued Bank Guarantee amounting to Rs.Nil (Pr.Yr. Rs.100 Lakhs).

26.2 At the request of the Company the Bankers have established Letter of Credits in favour of the suppliers of the Company as under:

- i) Foreign letter of Credit - Rs.1,392 Lakhs (Pr.Yr. Nil)
- ii) Inland Letter of Credits - Rs.Nil (Pr.Yr. Rs.11,929 Lakhs)

26.3 Estimated amount of contracts on capital account remaining to be executed (net of advances) aggregate to Rs.126 Lakhs (Pr.Yr. Rs.3,944 Lakhs).

27 Payment to Auditors

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Period ended 31.03.2012
Audit Fees	0.20	0.15
Tax Audit and Tax Matters	-	-
Other Services	-	-
Cost Audit	-	-
Expenses (incl. Service Tax)	0.02	0.02
Total	0.22	0.17

28 Micro, Small and Medium Enterprises

In accordance with the Notification No: GSR 719 (E) dated 16.11.2007 issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Development Act, 2006. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in these Financial Statements. However, in the considered view of the management and as relied upon by the auditors, impact of interest, if any that may be payable in accordance with the provisions of this Act is not expected to be material.

29 Related Party disclosures

In accordance with Accounting Standard 18 – "Related Party Disclosure", the company has compiled the required information as detailed below, as identified and disclosed by the management and relied upon by the Auditors:

29.1 Name of related parties and nature of relationship where control exists are as under

Holding Company	M/s. K.P.R.Mill Limited
Key Management Personnel	Sri K.P.Ramasamy Sri KPD Sigamani Sri P.Nataraj Sri C.R.Anandkrishnan
Enterprises owned or significantly influenced by key management personnel/Directors or their relatives	M/s K.P.R.Developers Limited M/s K P R Cements Private Limited M/s K P R Holdings Private Limited M/s K P R Agro Farms Private Limited M/s Jahnvi Motors Private Limited M/s K P R Charities M/s Quantum Knits Pvt. Limited

29.2 Transactions during the year with related parties / Key Management Personnel are as under

(₹ in Lakhs)

Nature of Transaction	Holding Company	Total as on 31/03/2013
Purchase of Goods / Asset	58 (12)	58 (12)
Sales of Goods / Asset	639 -	639 -
Interest Paid	69 -	69 -
Investment	7,175 (2,604)	7,175 (2,604)
Amount Receivable	63 -	63 -
Amount Payable - Loan	1,764 -	1,764 -

(Previous year figures are in Brackets)

29.3 Details of major transactions with related parties

a. Purchase of Goods / Asset

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Period ended 31.03.2012
M/s.K.P.R.Mill Limited	58	12

b. Sale of Goods / Asset

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Period ended 31.03.2012
M/s.K.P.R.Mill Limited	639	-

c. Interest paid

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Period ended 31.03.2012
M/s.K.P.R.Mill Limited	69	-

d. Investment

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Period ended 31.03.2012
M/s.K.P.R.Mill Limited	7,250	2,679

e. Amount Receivable

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Period ended 31.03.2012
M/s.K.P.R.Mill Limited	63	-

f. Amount Payable - Loan

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Period ended 31.03.2012
M/s.K.P.R.Mill Limited	1,764	-

30 Earnings Per Share (EPS)

Particulars	2012-13	2011-12
Profit After Tax (Rs.in Lakhs)	65	-
Weighted average number of Shares	10,50,000	-
EPS (Rs.) Basic & Diluted	6	-
Face Value Per Share (Rs)	10	-

(₹ in Lakhs)

	2012-13	2011-12
31 Defined Contribution Plan		
Provident Fund	15.87	
31.1 Defined Benefit Plan		
Gratuity		
A Changes in Present value of obligation		
PV of obligation as the beginning of the year	0.00	
Current Service Cost	2.22	
Interest Cost	0.00	
Actuarial (gain) / Loss on obligation	0.61	
PV of obligation as at end of the year	2.83	
B Change in Assets during the year ended 31st March		
FV of Plan Asset as at beginning of the year	-	
Expected return on Plan Assets	0.00	
Actuarial gain / (loss)	-	
Contributions by the employer	0.00	
FV of Plan Asset as at end of the year	0.00	
C Net Asset/(Liability) recognized in the Balance Sheet		
PV of obligation as at end of the year	-2.83	
FV of Plan Asset as at end of the year	0.00	
Funded Status [Surplus/(Deficit)]	-2.83	
D Expenses recognized during the period ended 31st March		
Current Service Cost	2.22	
Interest Cost	0.00	
Expected return on Plan Assets	0.00	
Actuarial (gains) / Losses	0.61	
Net amount recognised in the year	2.83	
E Categories of plan assets as a percentage of total plan assets		
Equity instruments	-	
Debt instruments	-	
Property	-	
Insurer managed asset	100%	
Assumptions used in accounting for the gratuity Plan		
Discount Rate (per annum)	8.05%	
Rate of increase in compensation levels (per annum)	5.00%	
Rate of return on plan assets (per annum)	0.00%	
Expected average remaining working lives of employees (years)	29.79	
In the absence of detailed information regarding Plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed. The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not readily available in the valuation report and hence, are not furnished.		
The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors including supply and demand in the employment market.		

32 Previous Year's Figures

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.