



Ref :

Date :

**AUDITOR'S REPORT**

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF**  
**M/S.K.P.R. SUGAR MILL LIMITED**

**Report on the Ind AS financial statements**

I have audited the accompanying Ind AS financial statements of **M/S.K.P.R. SUGAR MILL LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2018, Statement of Profit and Loss and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS 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 Ind AS financial statements that 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) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



**M/S.K.P.R. SUGAR MILL LIMITED  
COIMBATORE**

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.

**Auditor's Responsibility**

My responsibility is to express an opinion on these Ind AS financial statements based on my audit.

In conducting my audit, I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

I conducted my audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.





**M/S.K.P.R. SUGAR MILL LIMITED  
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I am also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

I believe that the audit evidence obtained by me is sufficient and appropriate to provide a basis for my audit opinion on the Ind AS financial statements.

**Other Matters**

The Ind AS financial statements of the Company for the year ended March 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on April 22, 2017. Our opinion is not modified in respect of this matter.

**Opinion**

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid Ind AS 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, I give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.



**M/S.K.P.R. SUGAR MILL LIMITED**  
**COIMBATORE**

2. As required by Section 143(3) of the Act, based on my audit I report that:

- a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.
- b) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d) In my opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- 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 my separate Report in "Annexure B". My 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in my opinion and to the best of our information and according to the explanations given to me:
  - i. There were no pending litigations which would impact the financial position of the Company.



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- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December 2016 have not been made since they do not pertain to the financial year ended March'2018. However amounts as appearing in the audited Ind AS financial statements for the year ended March 31' 2017 have been disclosed.

**DATE : 19.04.2018**  
**PLACE : COIMBATORE**

  
**MRAMASAMY**  
**CHARTERED ACCOUNTANT**  
**MEMBERSHIP NUMBER : 200518**

**CA. M. RAMASAMY B.Sc., F.C.A.,**  
Chartered Accountant  
Seethalakshmi Ammal Plaza,  
120, Venkatakrishna Road, R.S. Puram,  
Coimbatore - 641 002.  
Membership No: 200518



**M/S.K.P.R. SUGAR MILL LIMITED  
COIMBATORE**

**Annexure "A" to the Independent Auditor's Report for the year ended 31<sup>st</sup> March 2018**  
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements'  
section of my report of even date)

**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 were physically verified by the management in accordance with program of verification, which in 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) According to the information and explanations given to me and the records examined by me and based on the examination of the registered sale deed provided to me, I report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

**2. In respect of inventories:**

- a) As explained to me, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
3. According to the information and explanations given to me, the Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 during the year.
4. In my opinion and according to the information and explanations given to me, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.



**M/S.K.P.R. SUGAR MILL LIMITED  
COIMBATORE**

5. In my opinion and according to the information and explanations given to me, the Company has not accepted any deposits covered under section 73 to 76 or any other relevant provisions of the Act. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
6. I have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2014 as amended and prescribed by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. I have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to me, in respect of statutory dues:
  - a. The company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, income tax, sales tax, Wealth Tax, Service Tax, Duty of Customs, Excise Duty, Value Added Tax, GST, Cess and any other material statutory dues applicable to it with the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Excise Duty, Value Added Tax, GST, Cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.
8. In my opinion and according to the information and explanations given to me, the Company has not defaulted in repayment of loans or borrowings to banks. The Company has not taken any borrowings from financial institutions or government, and has not issued any debenture during the year.



**M/S.K.P.R. SUGAR MILL LIMITED  
COIMBATORE**

9. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and in my opinion and according to the information and explanations given to me term loans have been applied by the Company during the year for the purposes for which they were raised.
10. To the best of my knowledge and according to the information and explanations given to me, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In my opinion and according to the information and explanations given to me, the Company has not paid / provided managerial remuneration during the year and hence provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable to the Company.
12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
13. In my opinion and according to the information and explanations given to me the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
14. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.





**M/S.K.P.R. SUGAR MILL LIMITED**  
**COIMBATORE**

15. In my opinion and according to the information and explanations given to me, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
16. The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

**DATE : 19.04.2018**  
**PLACE : COIMBATORE**



**M.RAMASAMY**  
**CHARTERED ACCOUNTANT**  
**MEMBERSHIP NUMBER : 200518**

**CA. M. RAMASAMY B.Sc., F.C.A.,**  
Chartered Accountant  
Seethalakshmi Ammal Plaza,  
120, Venkatakrishna Road, R.S. Puram,  
Coimbatore - 641 002,  
Membership No: 200518

**M/S.K.P.R. SUGAR MILL LIMITED  
COIMBATORE**

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' of my report of even date)

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

I have audited the internal financial controls over financial reporting of K.P.R. SUGAR MILL LIMITED ("the Company") as of 31.03.2018 in conjunction with my audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that I 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.



**M/S.K.P.R. SUGAR MILL LIMITED  
COIMBATORE**

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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





**M/S.K.P.R. SUGAR MILL LIMITED  
COIMBATORE**


**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In my opinion, to the best of our information and according to the explanations given to me, 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, 2018, 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.

DATE : 19.04.2018  
PLACE : COIMBATORE

  
**M. RAMASAMY**  
**CHARTERED ACCOUNTANT**  
**MEMBERSHIP NUMBER : 200518**

**CA. M. RAMASAMY B.Sc., F.C.A.,**  
Chartered Accountant  
Seethalakshmi Ammal Plaza,  
120, Venkatakrishna Road, R.S. Puram,  
Coimbatore - 641 002.  
Membership No: 200518

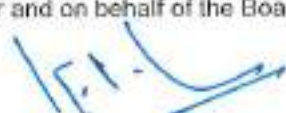
**K.P.R. SUGAR MILL LIMITED**  
**BALANCE SHEET AS AT 31.03.2018**

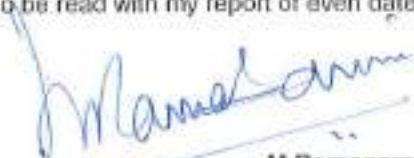
	Note	As at 31.03.2018	As at 31.03.2017
(₹ in Lakhs)			
<b>ASSETS</b>			
(1) Non-current assets			
(a) Property, plant and equipment	4	34,570	37,647
(b) Capital work-in-progress	5	-	-
(c) Other non current assets	5	2,949	3,094
<b>Total non - current assets</b>		<b>37,524</b>	<b>40,741</b>
(2) Current assets			
(a) Inventories	6	23,615	20,518
(b) Financial assets			
(i) Trade receivables	7	9,186	12,568
(ii) Cash & cash equivalents	8	345	1,809
(iii) Other financial assets	9	2,455	1,125
(c) Other current assets	10	4,623	669
<b>Total current assets</b>		<b>40,224</b>	<b>36,689</b>
<b>Total assets</b>		<b>77,748</b>	<b>77,430</b>
<b>EQUITY AND LIABILITIES</b>			
(1) Equity			
(a) Equity share capital	11	583	583
(b) Other equity	12	27,518	21,018
<b>Total equity</b>		<b>28,101</b>	<b>21,601</b>
(2) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	5,577	9,677
(b) Deferred tax liabilities (Net)	14	2,051	1,781
(c) Other non-current liabilities	15	6,653	14,375
<b>Total non - current liabilities</b>		<b>14,281</b>	<b>25,833</b>
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	21,948	14,525
(ii) Trade payables	17	11,470	5,015
(iii) Other financial liabilities	18	1,393	2,494
(b) Other current liabilities	19	159	7,777
(c) Current tax liabilities(Net)	20	396	185
<b>Total current liabilities</b>		<b>35,366</b>	<b>29,996</b>
<b>Total equity &amp; liabilities</b>		<b>77,748</b>	<b>77,430</b>

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

"To be read with my report of even date"

  
K.P. Ramasamy  
Director  
DIN: 00003736

  
M. Ramasamy  
Chartered Accountant

  
KPD Sigamani  
Director  
DIN: 00003744

  
P. Nataraj  
Director  
DIN: 00229137

  
P. Kandaswamy  
Company Secretary

CA. M. RAMASAMY B.Sc., F.C.A.,  
Chartered Accountant  
Seethalakshmi Ammal Plaza,  
120, Venkatakrishna Road, R.S. Puram,  
Coimbatore - 641 002.  
Membership No: 200518

Coimbatore  
19.04.2018

**K.P.R. SUGAR MILL LIMITED**  
**STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED 31.03.2018**

(₹ in Lakhs)

	Note	Year Ended	
		31.03.2018	31.03.2017
<b>I. Revenue from Operations</b>	21	78,916	63,844
<b>II. Other Income</b>	22	244	357
<b>III. Total revenue (I+II)</b>		<b>79,160</b>	<b>64,201</b>
<b>IV. Expenses</b>			
Cost of Materials Consumed	23	58,802	38,834
Purchase of Stock-in-Trade		-	1,677
Changes in Inventories of Finished Goods, Work- in-Progress and Stock in Trade	24	(4,052)	729
Employee Benefits Expense	25	6,323	7,970
Finance Costs	26	1,929	1,558
Depreciation and Amortization Expenses	4	3,359	3,070
Other Expenses	27	3,973	3,775
<b>V. Total Expenses</b>		<b>70,334</b>	<b>57,613</b>
<b>VI. Profit Before Tax (III-V)</b>		<b>8,826</b>	<b>6,588</b>
<b>VII. Tax Expenses</b>			
Current Tax			
- Pertaining to current year		2,025	1,406
Less: MAT Credit Entitlement		26	1,414
- Pertaining to prior year		26	8
Deferred Tax		270	1,781
<b>Income tax expense</b>		<b>2,295</b>	<b>1,781</b>
<b>VIII. Profit for the year (VI-VII)</b>		<b>6,531</b>	<b>4,807</b>
<b>IX. Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss :			
Remeasurement of Actuarial gain / loss on employee defined benefit plans		-	-
<b>X. Total Comprehensive Income for the year (VIII+IX)</b>		<b>6,531</b>	<b>4,807</b>
<b>Earnings per equity share (EPS)</b>			
Basic and diluted EPS (in ₹)	35	317.07	232.98

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

"To be read with my report of even date"

  
**K.P. Ramasamy**  
 Director  
 DIN: 00003736

  
**M. Ramasamy**  
 Chartered Accountant

  
**KPD Sigamani**  
 Director  
 DIN: 00003744

  
**P. Nataraj**  
 Director  
 DIN: 00229137

  
**P. Kandaswamy**  
 Company Secretary

**CA. M. RAMASAMY B.Sc., F.C.A.,**  
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 120, Venkateswara Road, R.S. Puram,  
 Coimbatore - 641 002.  
 Membership No: 200518

Coimbatore  
 19.04.2018



**K.P.R. SUGAR MILL LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018**

PARTICULARS	Year Ended 31.03.2018	Year Ended 31.03.2017
	(₹ in Lakhs)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	6,531	4,807
Adjustments for:		
Income Tax Expenses recognised in the statement of profit and loss	2,295	1,781
Depreciation and amortisation expense	3,359	3,070
Loss on Sale of Assets	8	-
Finance Costs	1,929	1,558
Interest Income	-	(3)
Impairment loss on financial assets	7	-
<b>Operating Profit Before Working Capital Changes</b>	<b>14,129</b>	<b>11,213</b>
Changes in Working Capital:		
Adjustments For (Increase) / Decrease in Operating Assets:		
Inventories	(3,097)	739
Trade Receivables	3,375	1,895
Bank Balance not Considered as Cash and Cash Equivalents - Margin Deposit Account	-	223
Other Current Assets	(3,954)	(76)
Other Non-Current Assets	17	(10)
Other Financial Asset	(1,330)	(652)
Adjustments for Increase / (Decrease) in Operating Liabilities:		
Trade Payables	6,455	(11,708)
Other Current Liabilities	(7,786)	5,046
Other Non Current Liabilities	(7,560)	2,341
<b>Cash Generated From Operations</b>	<b>249</b>	<b>9,011</b>
Net Income Tax (Paid)	(1,840)	(2,319)
<b>Net Cash Generated from Operating Activities</b>	<b>(A) (1,591)</b>	<b>6,692</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Expenditure on Property, Plant & Equipments	(263)	(6,427)
Proceeds from Sale of Property, Plant & Equipments	5	-
<b>Net Cash Flow Used In Investing Activities</b>	<b>(B) (258)</b>	<b>(6,427)</b>





**K.P.R. SUGAR MILL LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018**

PARTICULARS	Year Ended 31.03.2018	Year Ended 31.03.2017
	(₹ in Lakhs)	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Long-Term Borrowings	-	5,811
Repayment of Long-Term Borrowings	(5,045)	(2,842)
Net Increase / (Decrease) in Working Capital Borrowings	7,423	(1,826)
Finance Costs Paid	(1,962)	(1,525)
Dividends Paid	(26)	(26)
Tax on Dividend Paid	(5)	(5)
<b>Net Cash Flow Used In Financing Activities</b>	<b>(C) 385</b>	<b>(413)</b>
Net Increase in Cash and Cash Equivalents	<b>(A+B+C) (1,464)</b>	<b>(148)</b>
Add: Opening Cash and Cash Equivalents	1,809	1,957
<b>Closing Cash and Cash Equivalents (Refer Note No 8)</b>	<b>345</b>	<b>1,809</b>
<b>Closing Cash and Cash Equivalents Comprises</b>		
(a) Cash on Hand	10	5
(b) Balance with Banks:		
i) In Current Accounts	238	1,171
ii) In EEFC Accounts	97	633
	<b>345</b>	<b>1,809</b>
See accompanying notes forming part of the financial statements		

For and on behalf of the Board of Directors


"To be read with my report of even date"

  
**K.P. Ramasamy**  
 Director  
 DIN: 00003736

  
**M. Ramasamy**  
 Chartered Accountant

  
**KPD Sigamani**  
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**P. Nataraj**  
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 P. Kandaswamy 20, Venkatakrishna Road, R.S. Puram,  
 Coimbatore - 641 002,  
 Company Secretary Membership No: 200518

Coimbatore  
 19.04.2018

# K.P.R.SUGAR MILL LIMITED

## Statement of changes in Equity for the year ended March 31, 2018

### a. Equity Share Capital

(₹ in Lakhs)

Balance as at April 01, 2016	205
Changes during the year	-
Balance as at March 31, 2017	205
Changes during the year	-
Balance as at March 31, 2018	<u>205</u>

### b. Preference Share Capital

Balance as at April 01, 2016	378
Changes during the year	-
Balance as at March 31, 2017	378
Changes during the year	-
Balance as at March 31, 2018	<u>378</u>


### c. Other Equity

(₹ in Lakhs)

Particulars	Securities Premium Reserve	Capital Reserve	General Reserve	Retained Earnings	Total Other Equity
Balance as at April 01, 2016	10,559	293	-	5,390	16,242
Profit for the year	-	-	-	4,807	4,807
Preference dividend	-	-	-	(26)	(26)
Tax on Dividend	-	-	-	(5)	(5)
Balance as at March 31, 2017	10,559	293	-	10,166	21,018
Profit for the year	-	-	-	6,531	6,531
Preference dividend	-	-	-	(26)	(26)
Tax on Dividend	-	-	-	(5)	(5)
Balance as at March 31, 2018	10,559	293	-	16,666	27,518

For and on behalf of the Board of Directors

"To be read with my report of even date"

  
K.P. Ramasamy

Director  
DIN: 00003736

  
KPD Sigamani

Director  
DIN: 00003744

  
P. Nataraj

Director  
DIN: 00229137

  
P. Kandaswamy

Company Secretary

  
M. Ramasamy

Chartered Accountant

CA. M. RAMASAMY B.Sc., F.C.A.,  
Chartered Accountant  
Seethalakshmi Ammal Plaza,  
120, Venkatakrisna Road, R.S. Puram,  
Coimbatore - 641 002,  
Membership No: 200518

Coimbatore  
19.04.2018



## 1 COMPANY OVERVIEW

K.P.R.Sugar Mill Limited is the Wholly owned Subsidiary Company of K.P.R.Mill Limited. Plant Located at Vijayapur District, Karnataka State. It produces Sugar along with Green Energy viz., Co-Gen Power. The Company also has Garment manufacturing facility at Arasur, Coimbatore and commenced its operation from November 2013.

## 2 BASIS OF PREPARATION

### A STATEMENT OF COMPLIANCE

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the requirements prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, as amended from time to time.

These financial statements for the year ended March 31, 2018 (including comparatives) are authorised by the Board on April 19, 2018.

### B Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All financial information has been rounded-off to the nearest lakhs, unless otherwise indicated.

### C BASIS OF MEASUREMENT

These financial statements have been prepared on a historical cost basis and on an accrual basis, except for the following items:

- i. Derivative financial instruments measured at fair value through profit and loss;
- ii. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments) and
- iii. Net defined (asset) / liability measured at fair value & plan assets less present value of obligations.

### D USE OF ESTIMATES AND JUDGEMENT

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### Assumptions and estimation uncertainties:

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is mentioned below. Actual results may be different from these estimates.

#### (i) Recognition of deferred tax assets:

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, careful judgment is exercised in assessing the impact of any legal or economic limits or uncertainties in various tax issues. (also Refer Note 14)

#### (ii) Impairment of non-financial assets:

In assessing impairment, management has estimated economic use of assets, the recoverable amount of each asset or cash-generating units based on expected future cash flows and use an interest rate to discount them. Estimation of uncertainty relates to assumptions about future operating cash flows and determination of a suitable discount rate. (also refer Note 3)

#### (iii) Useful lives of depreciable assets:

Management reviews its estimate of useful lives of depreciable assets at each reporting date, based on expected utility of assets. Uncertainties in these estimates relate to technological obsolescence that may change utility of assets (also refer Note 3).

#### (iv) Inventories:

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes (also refer Note 3).



(v) Defined benefit obligation (DBO):

The actuarial valuation of the DBO is based on a number of critical underlying management's assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (also Refer Note 39)

(vi) Recognition and measurement of provisions and contingencies:

Key assumptions about the likelihood and magnitude of an outflow of resources (also refer Note 33).

(vii) Impairment of financial assets - Refer Note 3

## **E MEASUREMENT OF FAIR VALUES**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. The inputs used to measure the fair value of assets or a liability fall into different levels of the fair value hierarchy. Accordingly, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the low level input that is significant to the entire measurement.

Management uses various valuation techniques to determine fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based on its assumptions on observable data as far as possible but where it not available, the management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (also refer Note 36). The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## **F CURRENT AND NON-CURRENT CLASSIFICATION**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A) INVENTORIES**

Inventories are valued at lower of cost and net realizable value including necessary provision for obsolescence. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The comparison of cost and net realisable value is made on an item by item basis. The cost of raw materials, components, consumable stores and spare parts are determined using first-in first-out / specific identification method, and includes freight, taxes and duties, net of duty credits wherever applicable, and any other expense incurred in bringing them to their present location and condition. Work-in-progress and finished goods include conversion costs in addition to the landed cost of raw materials. Finished goods, including stock in trade and work-in-progress are valued at lower of cost and net realisable value. Cost includes all direct costs including excise duty and applicable manufacturing overheads incurred in bringing them to their present location and condition.





## **B) 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.

## **C) CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. In cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of three months or less.

## **D) PROPERTY, PLANT AND EQUIPMENTS**

### **Recognition and measurement:**

Free hold land is stated at historical cost. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises

a. purchase price, including import duties and non-refundable taxes on purchase (goods and service tax, value added tax), after deducting trade discounts and rebates.

b. any directly attributable cost of bringing the item to its working condition for its intended use estimated costs of dismantling and removing the item and restoring the site on which it is located.

c. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Any gain/ loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

### **Subsequent expenditure**

Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company.

### **Component accounting**

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

### **Depreciation:**

Depreciation is recognized on a straight-line basis, over useful life of buildings and other equipment as prescribed under Schedule II of Companies Act, 2013, except in respect of certain assets, where useful life is different from those prescribed under Schedule II. Freehold land is not depreciated.

Depreciation on property, plant and equipment is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated on technical assessment on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

Estimated useful lives of the assets are as follows:

Factory Building	~ 30 Years
Non Factory Building	~ 60 Years
Plant & Equipments	~ 10-20 Years
Electricals	~ 14 Years
Computers & accessories	~ 3 Years
Furniture's & fixtures	~ 10 Years
Vehicles	~ 8-10 Years
Windmill	~ 12 Years





Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if necessary, for each reporting period.

On property, plant and equipment added/ disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset is ready for use.

#### Capital work-in-progress

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. They are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

### INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The estimated amount of intangible asset consisting software license is 3 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### E) REVENUE RECOGNITION

Revenue from sale of goods is recognized when the significant risks and rewards of ownership is transferred. The Company has considered the detailed criteria for the recognition of revenue from the sale of goods and from rendering of services set out in Ind AS 18 "Revenue" and in particular transfer of risks and rewards of ownership of the goods and flow of economic benefits associated with the transaction. Revenue from sales is stated net of discounts, rebates and taxes.

Revenue from sale of services is recognised when related services are rendered.

### F) OTHER INCOME

Dividend from investments is recognized when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists.

Rental income under operating leases is recognized in the statement of profit and loss on a straight line basis over the term of the lease except where such receipts are structured to increase in line with the expected general inflation to compensate for the Company's (lessor) expected inflationary costs increases.

Interest income is recognised using effective interest rate method. Interest income on overdue receivables is recognized only when there is a certainty of receipt.

Export incentives are accounted in the year of exports based on eligibility and expected amount on realisation.

### G) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in other comprehensive income :



- equity investments at fair value through other comprehensive income
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective ; and
- qualifying cash flow hedges to the extent that the hedges are effective.

## H) FINANCIAL INSTRUMENTS

### (i) Initial Recognition

Trade receivables are initially recognised when they are originated.

All other financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

The 'trade payable' is in respect of the amount due on account of goods purchased in the normal course of business. They are recognised at their transaction and services availed value if the transaction do not contain significant financing component.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL), non derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

### (ii) Classification and subsequent measurement

#### a) Non-derivative financial assets

##### *Financial assets at amortised cost*

A financial asset shall be measured at amortised cost if both of the following conditions are met and is not designated as at FVTPL :

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

##### *Debt instruments at FVTOCI*

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met and is not designated as at FVTPL:

(a) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

##### *Equity instruments at FVTOCI*

All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss.





### **Financial assets at FVTPL**

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### **b) Non-derivative financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### **(iii) Derecognition**

#### **Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### **Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

### **(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### **(v) Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities and forecasted cash flows denominated in foreign currencies. The counterparty for these contracts is generally a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit and loss.

## **1) GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES**

Government grants are recognised when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in statement of profit and loss as other operating revenue / other income on a systematic basis.

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they intended to compensate and presented in other operating income.





Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

#### **J) INVESTMENTS**

Long term investments (excluding investment properties) are carried at cost less provision for diminution other than temporary in the value of such investments. Current investments are stated at lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

#### **k) EMPLOYEE BENEFITS**

##### **(a) Short Term**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

##### **(b) Long Term Post Employment**

Post Employment Benefits comprise of Provident Fund, Employees State Insurance and Gratuity which are accounted for as follows:

##### **i) Provident Fund & Employee State Insurance**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

##### **ii) Gratuity Fund**

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

#### **L) BORROWING COSTS**

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are 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.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **M) SEGMENT REPORTING**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.



The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

#### **N) LEASE**

##### **Determining whether an arrangement contains a lease**

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of arrangement that contains a lease, payments and other consideration required by such an arrangement are separated into those for lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

##### **Assets held under leases**

###### **i. Assets leased out**

As per terms of lease agreements there is no substantial transfer of risk and reward of the property to the lessee. Accordingly such leased out assets are treated as belonging to the Company.

###### **ii. Assets taken on lease**

As per the terms of lease agreements there is no substantial transfer of risk and reward of the property to the Company and hence such leases are treated as operating lease.

The payments on operating lease are recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Associated costs, such as maintenance and insurance, are expensed.

##### **Lease payments**

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

#### **O) EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). 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 considered for the effects of all dilutive potential equity shares.

#### **P) INCOME TAXES**

Income tax expense represents current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.





### **i) CURRENT TAX**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax liabilities and current tax assets are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### **ii) DEFERRED TAX**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by same tax authority on same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or its tax assets and liabilities will be realised simultaneously.

### **iii) Recognition**

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.





## Q) IMPAIRMENT

### Impairment of Financial Instruments

The Company recognises loss allowance for expected credit loss on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit - impaired includes the following observable data:

- significant financial difficulty;
- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are credit losses that result from all possible default events over expected life of financial instrument. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. The Company assumes that credit risk on a financial asset has increased significantly if it is past due.

The Company considers a financial asset to be in default when:

- the recipient is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is past due.

### Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### Impairment of Non-Financial Assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.



The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine recoverable amount. Such a reversal is made only to an extent that asset's carrying amount does not exceed carrying amount that would have been determined, net of depreciation/ amortisation, if no impairment loss was recognised.

## **R) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

### **Provisions:**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

### **Contingent liabilities:**

Whenever there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability.

### **Contingent assets:**

The Company does not recognise contingent assets. These are assessed continually to ensure that the developments are appropriately disclosed in these financial statements.

## **NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

### **New standard - Ind AS 115, Revenue from Contracts with Customers**

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 on Revenue, Ind AS 11 on Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. This standard is effective from annual periods beginning on or after April 1, 2018 and will be applied accordingly. In this regard, the Company is in process of carrying out assessment of potential impact on adoption of Ind AS-115 on accounting policies followed and accordingly impact on its financial statements on initial application of this standard is not reasonably estimable at present.

### **Amendment to existing standard - Ind AS 21 – The effect of changes in Foreign Exchange rates**

The amendment to Ind AS 21 clarifies on accounting of transactions that include receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. In this regard, the Company is in the process of carrying out its assessment of potential impact on adoption of this amendment on accounting policies followed in its financial statements.









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

	As at 31.03.2018	As at 31.03.2017
	(₹ in Lakhs)	
<b>FINANCIAL ASSETS</b>		
<b>5 OTHERS NON CURRENT ASSETS</b>		
(i) Capital Advances	-	154
(ii) Advances other than capital advances		
Security Deposit	7	24
(iii) Others		
MAT Credit Entitlement		
Opening Balance	2,916	1,502
Changes during the year	26	1,414
Closing Balance	2,942	2,916
	<b>2,949</b>	<b>3,094</b>
<b>6 INVENTORIES</b>		
(At lower of cost & Net realisable value)		
Raw Materials	1,761	2,236
Stock-in-process *	191	272
Finished Goods	20,737	16,604
Stores, Spares, Packing and Others	926	1,406
	<b>23,615</b>	<b>20,518</b>
* Includes Garments ₹ 191 Lakhs (Pr. Yr. ₹ 272 Lakhs).		
The Mode of Valuation of inventories has been stated in Note 3		
For the carrying value of inventories pledged as securities for borrowings, Refer Note 13 & 16.		
Average age of inventory is less than 90 days only.		
<b>FINANCIAL ASSETS</b>		
<b>7 TRADE RECEIVABLES</b>		
Trade Receivables - Outstanding for a period more than six months		
- Doubtful	20	20
Other trade receivables		
- Unsecured, considered good	9,186	12,568
- Doubtful	-	-
	<b>9,206</b>	<b>12,588</b>
Allowance for credit loss	(20)	(20)
	<b>9,186</b>	<b>12,568</b>
(i) For receivables secured against borrowings, Refer Note 16		
(ii) The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in Note 33		



## K.P.R.SUGAR MILL LIMITED

## Notes forming part of the Financial Statements

		As at 31.03.2018	As at 31.03.2017
		(₹ in Lakhs)	
<b>8 CASH AND CASH EQUIVALENTS</b>			
Cash on Hand		10	5
Balance with Banks			
i) In Current Accounts		238	1,171
ii) In EEFC Accounts		97	633
		<b>345</b>	<b>1,809</b>
During the previous year, the Company had specified bank notes and other denomination notes. As defined in the MCA notification G.S.R. 308 (E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:			
(in ₹)			
Particulars	SBN	Other Notes	Total
Closing cash on hand as on 08.11.2016	50,86,500	1,48,130	52,34,630
Add : Permitted receipts	-	43,79,313	43,79,313
Less : Permitted payments	-	38,59,895	38,59,895
Less : Amount deposited in Banks	50,86,500	28,952	51,15,452
Closing cash on hand as on 30.12.2016	-	6,38,596	6,38,596
<b>9 OTHER FINANCIAL ASSET</b>			
Income Receivable		2,455	1,125
		<b>2,455</b>	<b>1,125</b>
<b>10 OTHER CURRENT ASSETS</b>			
Advance for Purchase		3,949	194
Loans and Advances to Employees (Unsecured and Considered good unless otherwise stated)		18	13
<b>OTHERS</b>			
Others (Primarily prepaid expenses)		31	39
Balances with government authorities - GST/ VAT credit receivable		625	423
		<b>4,623</b>	<b>669</b>







		As at 31.03.2018	As at 31.03.2017
		(₹ in Lakhs)	
12	<b>OTHER EQUITY</b>		
	<b>Capital Reserve</b>		
	Opening Balance	293	293
	Closing Balance (A)	293	293
	<b>Securities Premium</b>		
	Opening Balance	10,559	10,559
	Changes during the year	-	-
	Closing Balance (B)	10,559	10,559
	Balance in securities premium represents amount received on issue of shares in excess of par value.		
	<b>Retained Earnings</b>		
	Opening Balance	10,166	5,390
	Add: Profit for the year	6,531	4,807
	<b>Less:</b>		
	Preference dividend	26	26
	<b>Tax on Dividend</b>		
	Tax on Preference Dividend	5	5
		5	5
	Closing balance (C)	16,666	10,166
	Retained earnings represents profits generated and retained by the Company post distribution of dividends to the equity shareholders in the respective years. This reserve can be utilized for distribution of dividend by the Company considering the requirements of the Companies Act, 2013.		
	<b>Total (A+B+C)</b>	<b>27,518</b>	<b>21,018</b>
	<b>FINANCIAL LIABILITIES</b>		
13	<b>BORROWINGS</b>		
	<b>Term Loan</b>		
	From banks (secured)	6,133	11,178
	Less : amount included under 'other financial liabilities' (Refer Note 18)	(1,098)	(1,998)
		5,035	9,180
	<b>From Others (Unsecured)</b>		
	Interest Free Sales Tax Loan - NPV	542	497
		<b>5,577</b>	<b>9,677</b>
13.1	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.		
	i) The Company has availed a term loan from ICICI Bank Limited in respect of which balance as at 31.03.2018 was ₹ 5,876 lakhs. The loan is repayable in 24 quarterly installments commencing from March 2017. This term loan is secured by equitable mortgage on the factory and hostel building constructed out of the loan and hypothecation of machineries purchased out of the loan.		
	ii) The Company has availed a term loan from Bank of Baroda in respect of which balance as at 31.03.2018 was ₹ 29 lakhs. The loan is repayable in 12 quarterly installments commencing from June 2016. This term loan is secured by second charge on fixed asset.		
	iii) The Company has availed a term loan from Corporation Bank in respect of which balance as at 31.03.2018 was ₹ 227 lakhs. The loan is repayable in 12 quarterly installments commencing from September 2016. This term loan is secured by second charge on fixed asset.		
13.2	Interest rate relating to term loans from banks is in the range of 9.75% to 11.50%.		
13.3	The Company has not defaulted in its repayments of the loans and interest.		
13.4	For the current maturities of long-term borrowings, refer note 18 Other Financial Liabilities.		



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

	As at 31.03.2018	As at 31.03.2017
	(₹ in Lakhs)	
<b>14 DEFERRED TAX</b>		
Deferred Tax Liabilities	2,051	1,781
Deferred Tax Assets	-	-
<b>Net deferred tax liabilities</b>	<b>2,051</b>	<b>1,781</b>
<b>15 OTHER NON CURRENT LIABILITIES</b>		
Advance received from Customers	6,323	6,367
Trade Payable	-	7,516
Payables on purchase of Fixed Assets	-	117
<b>Others</b>		
Deferred Revenue arising from Government Grants	330	375
	<b>6,653</b>	<b>14,375</b>
<b>CURRENT LIABILITIES</b>		
<b>FINANCIAL LIABILITIES</b>		
<b>16 BORROWINGS</b>		
Loans repayable on demand		
From Banks (Secured)		
Loans for Working Capital	4,681	564
Packing Credit	17,267	13,961
	<b>21,948</b>	<b>14,525</b>
Information about the company's exposure to interest rate and liquidity risks is included in Note 33		
<b>16.1</b>	i) Loans for working capital and packing credit are secured by pari passu first charge on the current assets of the Company and pari passu second charge on entire block of assets of the Company.	
<b>16.2</b>	The Company has not defaulted in its repayments of the loans and interest during the year.	
<b>16.3</b>	Interest rate relating to Working capital loans from banks is in the range of 8.60% to 11%.	
<b>17 TRADE PAYABLES</b>		
(A) Total outstanding dues of micro and small enterprises	-	-
(B) Total outstanding dues of creditors other than micro and small enterprises	11,470	5,015
	<b>11,470</b>	<b>5,015</b>
<b>18 OTHER FINANCIAL LIABILITIES</b>		
i) Current Maturities of Long Term Loan	1,098	1,998
ii) Interest accrued	-	33
Statutory dues payable	285	454
Others	10	9
	<b>1,393</b>	<b>2,494</b>
<b>19 OTHER CURRENT LIABILITIES</b>		
Advance payment from customers (related party - refer Note 34)	159	7,777
	<b>159</b>	<b>7,777</b>
<b>20 CURRENT TAX LIABILITIES</b>		
Provision for Tax (net of advance tax)	396	185
	<b>396</b>	<b>185</b>





## K.P.R. SUGAR MILL LIMITED

## Notes Forming part of the Financial Statements

(₹ in Lakhs)

		Year Ended	
		31.03.2018	31.03.2017
<b>21</b>	<b>REVENUE FROM OPERATIONS</b>		
	Sale of Products	73,117	59,098
	Sale of Service	683	254
	Other Operating Revenues	5,116	4,492
	Revenue from operations (gross)	78,916	63,844
<b>21.1</b>	<b>Sale of Products</b>		
	Garment	46,377	37,925
	Yarn	11	1,914
	Fabric	276	206
	Sugar	21,246	16,508
	Molasses	2,044	1,589
	Co-Gen Power	3,163	956
		73,117	59,098
<b>21.2</b>	<b>Sale of Service</b>		
	Fabrication Income	683	254
		683	254
<b>21.3</b>	<b>Other Operating Revenues</b>		
	Export Incentives	4,345	3,902
	Others	771	590
		5,116	4,492
<b>22</b>	<b>OTHER INCOME</b>		
	Interest from:		
	Bank Deposits	-	3
	Miscellaneous Income	244	354
		244	357
<b>23</b>	<b>COST OF MATERIALS CONSUMED</b>		
	<b>a) Inventory of materials at the beginning of the year</b>		
	Yarn and Fabric	2,236	2,103
		2,236	2,103
	<b>b) Add: Purchases and Production Expenses</b>		
	Yarn, Fabric and Garments	23,797	13,692
	Production Expenses	7,234	8,999
	Trims, Packing & Others	2,565	3,929
	Sugar Cane & Coal	24,616	11,381
		58,212	38,001
	<b>c) Less : Inventory of materials at the end of the year</b>		
	Yarn and Fabric	1,761	2,236
		1,761	2,236
	Excise duty on sale of goods	115	966
		58,802	38,834



		Year Ended	
		31.03.2018	31.03.2017
24	<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN - PROGRESS AND STOCK IN TRADE</b>		
	<b>A) Inventories at the beginning of the year</b>		
	Finished Goods	18,604	15,749
	Stock-in-Process	272	478
	Stock in Trade	-	1,378
		18,876	17,605
	<b>B) Inventories at the end of the year</b>		
	Finished Goods	20,737	16,604
	Stock-in-Process	191	272
		20,928	16,876
	<b>Net (Increase) / Decrease</b>	<b>(4,052)</b>	<b>729</b>
25	<b>EMPLOYEE BENEFITS EXPENSE</b>		
	Salaries, wages and bonus	5,363	6,591
	Contribution to provident and other funds	300	616
	Staff welfare expenses	660	763
		<b>6,323</b>	<b>7,970</b>
26	<b>FINANCE COSTS</b>		
	<b>Interest Expense on</b>		
	Term Loans	782	482
	Working Capital Loans	973	794
	Others	129	237
	Interest on IFST Loan	45	45
		<b>1,929</b>	<b>1,558</b>
27	<b>OTHER EXPENSES</b>		
	<b>Manufacturing Expenses</b>		
	Power and fuel	568	720
	Consumption of stores, spares and packing materials	416	337
	<b>Repairs and Maintenance</b>		
	Building	184	133
	Machinery	708	512
	Others	63	86
	Insurance Charges	48	44
	<b>Administration Expenses</b>		
	Professional Fees	74	99
	Rent	224	240
	Duties, Rates & Taxes	190	56
	Payment to Auditor (Refer Note 28)	1	1
	Loss on Sale of Fixed Assets (Net)	8	2
	Travelling Expenses	160	240
	Expenditure on Corporate Social Responsibility (CSR) (Refer Note 32)	91	45
	Donations	1	2
	Impairment loss on financial assets	7	-
	General Expenses	94	152
	<b>Selling Expenses</b>		
	Freight & Forwarding	793	751
	Sales Commission	30	39
	Other Selling Expenses	313	316
		<b>3,973</b>	<b>3,775</b>





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

28 Payment to Auditors (₹ in Lakhs)

Particulars	2017-18	2016-17
Audit Fees	1.00	1.00
Tax Audit and Tax Matters	-	-
Total	1.00	1.00

29 INCOME TAX (₹ in Lakhs)

Particulars	2017-18	2016-17
29.1 Income tax recognised in profit or loss		
Current tax		
Current income tax charge	2,025	1,406
Adjustment in respect of current income tax of prior years	26	8
Mat Credit entitlement	(26)	(1,414)
	2,025	-
Deferred tax		
In respect of current year	270	1,761
Total	2,295	1,781

29.2 Reconciliation with effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows

Particulars	Effective Tax Rate		Amount	
	2017-18	2016-17	2017-18	2016-17
Profit before tax			8,826	6,588
Tax using the Company's domestic tax rate	34.61%	34.61%	3,055	2,280
Effect of deductions under Chapter VI-A of the Income Tax Act, 1961	-22.41%	5.57%	(1,978)	367
Effect of non-deductible expenses and others	13.51%	-13.27%	1,192	(874)
	25.71%	26.91%	2,269	1,773
Adjustments recognised in the current year in relation to the current tax of prior years	0.29%	0.12%	26	8
Income tax recognised in profit or loss	26.00%	27.03%	2,295	1,781

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

I. Contingent Liabilities :

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
(a) Claims against the Company not acknowledged as debts #		
(i) Income Tax demands	-	3
(b) Discounted sales invoices	-	592

# Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.



II.Commitments

(₹ in Lakhs)

Particulars	31.03.2018	31.03.2017
(a) Capital Commitments :		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	308
(b) Other Commitments :		
The Company had given Corporate guarantee to banks for the loans taken by our Sugar Cane suppliers (Farmers)	NIL	11,000
(ii) Export obligations against the import licenses taken for import of capital goods under the Export Promotion Capital Goods Scheme. The duty implication involved is ₹ NIL (Pr.Yr. ₹ 1,250 Lakhs)	NIL	7,505

31 Disclosure with respect to Micro, Small and Medium

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 28, 2008 which recommends that the Micro, Small and Medium Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number in accordance with the Micro, Small and Medium Development Act, 2006. In this regard, the Company had circulated letters to suppliers about their coverage under the said Act. Since there was no response from suppliers, necessary disclosures as required under section 22 of the Micro, Small and Medium Development Act, 2006 have not been made in these financial statements. Further, in view of the Management, the impact of interest, if any that may be payable in accordance with the provisions of this Act is not expected to be material. The Company has not received any claim for interest from any such supplier as at the balance sheet date.

32 Corporate Social Responsibility Expenditure

The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility (CSR) as per the provision of section 135 of the Companies Act, 2013 amounts to ₹ 91 Lakhs (Pr.Yr. ₹ 45 Lakhs). Amount spent during the year on CSR activities (included in note 27 of the Statement of Profit & Loss) as under:

(₹ in Lakhs)

Particulars	For the year Ended	
	31.03.2018	31.03.2017
Promotion of Education	91	44
Rural Development Projects	-	1
Total	91	45

33 Financial Instruments

Accounting Classification and Fair Values:

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

31.03.2018

(₹ in Lakhs)

Particulars	Carrying amount				Fair value
	Mandatorily at FVTPL - Others	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount	
Financial assets measured at fair value					
Investments	-	-	-	-	-
Financial assets not measured at fair value					
Loans	-	-	-	-	-
Trade receivables	-	9,186	-	9,186	-
Cash and cash equivalents	-	345	-	345	-
Other financial assets	-	2,455	-	2,455	-
Financial liabilities not measured at fair value					
Borrowings	-	-	27,525	27,525	-
Trade payables	-	-	11,470	11,470	-
Other financial liabilities	-	-	1,393	1,393	-



31.03.2017

(₹ in Lakhs)

Particulars	Carrying amount				Fair value
	Mandatorily at FVTPL - Others	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount	
Financial assets measured at fair value				-	
Investments	-	-	-	-	
Financial assets not measured at fair value					
Loans	-	-	-	-	-
Trade receivables	-	12,568	-	12,568	-
Cash and cash equivalents	-	1,809	-	1,809	-
Other financial assets	-	1,125	-	1,125	-
Financial liabilities not measured at fair value					
Borrowings	-	-	24,202	24,202	-
Trade payables	-	-	5,015	5,015	-
Other financial liabilities	-	-	2,494	2,494	-

For those financial assets and liabilities, which are not carried at its fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

#### Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through optimisation of debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 13, 16 and 18 off set by cash and bank balances) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

The Company's net debt to equity ratio as at March 31, 2018 was as follows

Particulars	(₹ in Lakhs)	
	31.03.2018	31.03.2017
Debt *	28,623	26,200
Less : Cash and bank balances	345	1,809
Net debt	28,278	24,391
Total equity	28,101	21,601
Net debt to equity ratio	100.63%	112.92%

\* Debt is defined as long-term borrowings, short-term borrowings and current maturities of long term borrowings as described in notes 13,16 and 18.Cash and Bank balances include cash and cash equivalents and other bank balances as described in Notes 8

#### Financial Risk Management

##### Risk Management Framework

The Company's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risk relating to the operation of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivatives financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company does not enter into or trade financial instrument, including derivative financial instruments, for speculative purposes.



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

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of holding of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**(i) Foreign currency risk**

The Company's sales and purchases activities expose it primarily to the financial risk of changes in foreign currency exchange rates. The Company enters into plain vanilla forward contracts to manage its exposure to foreign currency risk.

**Details of hedged and unhedged foreign currency exposures:****(a) Outstanding forward exchange contracts for hedging purposes as on 31.03.2018**

Currency	Cross Currency	Amount (₹ in Lakhs)	Buy / Sell
USD	INR	10,240	Sell
		(6,280)	Sell
GBP	INR	1,147	Sell
		(Nil)	Sell

Note: Figures in brackets relates to the previous year

**(b) The year-end unhedged foreign currency exposures are given below \***

As at 31.03. 2018		As at 31.03. 2017	
Receivables / (Payables)		Receivables / (Payables)	
₹ in Lakhs	FC in Lakhs	₹ in Lakhs	FC in Lakhs
1,112	\$17	Nil	Nil

\* Includes firm commitments

**Sensitivity Analysis:**

Sensitivity analysis is carried out for un-hedged foreign exchange risk as at March 31, 2018. For every 1% strengthening of Indian Rupees against all relevant uncovered foreign currency transactions profit before tax would be impacted by loss of approximately ₹ 11 lakhs. Similarly, for every 1% weakening of Indian Rupee against these transactions, there would be an equal and opposite impact on the profit before tax.

**(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 debt obligations with floating interest rates.

**Interest rate exposure****(₹ in Lakhs)**

Particulars	31.03.2018	31.03.2017
Non-current borrowings	5,577	9,677
Current borrowings	21,948	14,525
Other financial liabilities (Refer Note 18)	1,098	1,998
Total	28,623	26,200

**Sensitivity analysis:**

Sensitivity analysis is carried out for floating rate borrowings as at March 31, 2018. For every 1% increase in average interest rates, profit before tax would be impacted by loss of approximately ₹ 19 lakhs. Similarly, for every 1% decrease in average interest rates, there would be an equal and opposite impact on the profit before tax. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

The Company does not expect any change in interest rates on fixed rate borrowings and accordingly have not presented any sensitivities on such borrowings.

**(ii) Equity price risk**

Equity price risk is related to the change in market reference price of the investments in equity securities. The Company's investments are predominantly towards unquoted equity securities in subsidiary companies. The management contends that such investments do not expose the Company to equity price risks. In general, these securities are not held for trading purposes.





**K.P.R.SUGAR MILL LIMITED****Notes forming part of the Financial Statements****Credit risk management**

Credit risk is the risk that the counterparty will not meet its obligations under customer contract, leading to a financial loss. Credit risk primarily arises from the Company's trade receivables.

The maximum exposure to credit risk for trade receivables is as follows:

Particulars	31.03.2018	31.03.2017
Trade receivables	9,186	12,568

**Trade receivables:**

The Company mitigates credit risk by strict receivable management, procedures and policies. The Company has a dedicated independent team to review credit and monitor collection of receivables. In addition, the Company mitigates credit risk substantially through availing of credit insurance for both domestic and export buyers.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, the management believes that unimpaired amounts that are past due by more than 90 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to customers that have defaulted on their payments to the Company are not expected to be able to pay their outstanding dues, mainly due to economic circumstances.

The concentration of credit risk is limited due to the customer base being large and unrelated. Further, the Company constantly evaluates the quality of trade receivable and provides allowance towards doubtful debts based on expected credit loss model.

**Cash and cash equivalents:**

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of the banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

**C Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

All current financial liabilities are repayable within one year. The contractual maturities of non current financial liabilities are disclosed in Note 13.



**K.P.R.SUGAR MILL LIMITED****Notes forming part of the Financial Statements****34 Related Party disclosures**

Disclosures under "Ind AS" 24 – Related Party Disclosure, as identified and disclosed by the management and relied upon by the Auditors:

**34.1 Name of related parties and nature of relationships:**

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.Anandakrishnan
Relatives of Key Management Personnel	Sri E.K.Sakthivel (Daughter's Husband of Sri.KPD Sigamani) Smt. D.Geetha (Daughter of Sri.KPD Sigamani)
Enterprises owned 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 Jahnavi Motors Private Limited M/s K.P.R.Charities M/s Quantum Knits Private Limited

**34.2 Transactions during the year and the balance outstanding at the balance sheet date**

(₹ in Lakhs)

Nature of Transaction	Enterprises owned by key management personnel / Directors or their relatives	Holding Company	Total as on 31/03/2018
Purchase of Goods	-	22,556	22,556
	-	(8,192)	(8,192)
Sale of Goods	-	8,550	8,550
	(187)	(985)	(1,172)
Lease Rent paid	-	212	212
	-	(224)	(224)
Processing and Fabrication Income	-	686	686
	-	(56)	(56)
CSR Contribution	-	91	91
	-	(45)	(45)
Processing and Fabrication Expenses	-	5,089	5,089
	-	(6,595)	(6,595)
Amount Payable	1,976	4,347	6,323
	(2,020)	(11,866)	(13,886)
Advance received from customer	-	3,614	3,614
	-	-	-

(Previous year figures are shown in brackets)





34.3 Details of transactions with related parties

a. Purchase of Goods / Asset (₹ in Lakhs)

Particulars	2017-18	2016-17
M/s.K.P.R.Mill Limited	22,556	8,192

b. Sale of Goods / Asset (₹ in Lakhs)

Particulars	2017-18	2016-17
M/s.K.P.R.Mill Limited	8550	985
M/s.Quantum Knits Private Limited	-	187
	8,550	1,172

c. Lease Rent paid (₹ in Lakhs)

Particulars	2017-18	2016-17
M/s.K.P.R.Mill Limited	212	224

d. Processing / Service Charges Income (₹ in Lakhs)

Name	2017-18	2016-17
M/s.K.P.R.Mill Limited	685	56

e. CSR Contribution (₹ in Lakhs)

Name	2017-18	2016-17
M/s.K.P.R.Charities	91	45

f. Processing / Service Charges Expenses (₹ in Lakhs)

Name	2017-18	2016-17
M/s.K.P.R.Mill Limited	5,089	6,595

g. Amount Payable (₹ in Lakhs)

Particulars	2017-18	2016-17
M/s.K.P.R.Mill Limited	4,347	11,866
M/s.Quantum Knits Private Limited	1,976	2,020
	6,323	13,886

h. Advance received from customer (₹ in Lakhs)

Particulars	2017-18	2016-17
Advance received from customer	3,614	-

35 Earnings Per Share (EPS) (₹ in Lakhs)

Particulars	2017-18	2016-17
Profit for the year attributable to equity shareholders	6531	4807
Less: Preference Dividend and Tax thereon	31	31
Weighted average number of equity shares	20,50,000	20,50,000
Face Value Per Share (₹)	10	10
Earnings Per Share (₹) - Basic and Diluted	317.07	232.98



36 Segment Reporting

The Company is operating in two business segments, viz., Textile and Sugar as follows

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2018		
	Business segments		Total
	Textile	Sugar	
Revenue	52,410	26,506	78,916
	(44,760)	(19,084)	(63,844)
Total	52,410	26,506	78,916
	(44,760)	(19,084)	(63,844)
Segment result	5,982	2,600	8,582
	(5,779)	(452)	(6,231)
Unallocable expenses (net)			-
			-
Operating income			8,582
			(6,231)
Other income (net)			244
			(357)
Profit before taxes			8,826
			(6,588)
Tax expense			2,295
			(1,781)
Profit for the year			6,531
			(4,807)

Note: Figures in bracket relate to the previous year

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2018		
	Business segments		Total
	Textile	Sugar	
Segment assets	31,604	43,202	74,806
	(39,134)	(35,380)	(74,514)
Unallocated Assets			2,942
			(2,916)
Total assets			77,748
			(77,430)
Segment liabilities	26,775	20,425	47,200
	(40,436)	(13,427)	(53,863)
Unallocated Liabilities			2,447
			(1,966)
Total liabilities			49,647
			(55,829)
Other information			
Capital expenditure	241	54	295
	(16,305)	(11)	(16,316)
Depreciation and amortization	608	2,751	3,359
	(341)	(2,729)	(3,070)
Capital Employed	4,829	22,777	28,101
(Segment asset - Segment Liabilities)			

Note: Figures in bracket relate to the previous year





**K.P.R.SUGAR MILL LIMITED****Notes forming part of the Financial Statements****Geographical information on revenue and assets:****Revenue from sale of products and services by Geographic Location of Customers****(₹ in Lakhs)**

36.3	Particulars	2017-18	2016-17
	India	37,532	37,345
	Overseas	36,268	22,007
	<b>Total</b>	<b>73,800</b>	<b>59,352</b>

**Geographic Location of Assets****(₹ in Lakhs)**

	particulars	2017-18	2016-17
	<b>Receivables</b>		
	India	70,721	66,170
	Overseas	7,027	11,260
	<b>Total</b>	<b>77,748</b>	<b>77,430</b>

**36.4 Information about major Customers**

Name of the customer	% of Sales	
	2017-18	2016-17
KMART AUSTRALIA LIMITED	10.60	14.60
CAC EL PRAT DE LLOBREGAT	11.00	14.17



37 Disclosure of Employee Benefits:

37.1 Defined Contribution Plan

(₹ in Lakhs)

Particulars	2017-18	2016-17
Provident Fund	295	631
Employee State Insurance	216	226

37.2 Defined Benefit Plan - Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The Company's obligation towards Gratuity is a defined benefit plan and the details of actuarial valuation as at the year-end are given below:

**Reconciliation of the net defined benefit (asset)/ liability**

The following table shows a reconciliation from the opening balances to the closing balances for the net defined (asset) / liability and its components.

<b>A</b>	<b>Changes in Present value of obligation</b>		
	PV of obligation as the beginning of the year	116.38	112.60
	Current Service Cost	18.91	21.36
	Interest Cost	5.35	5.58
	Actuarial (gain) / Loss on obligation	(14.59)	(23.16)
	<b>Balance at the end of the year</b>	<b>126.05</b>	<b>116.38</b>
<b>B</b>	<b>Reconciliation of fair value of plan assets:</b>		
	FV of Plan Asset as at beginning of the year	73.68	69.51
	Expected return on Plan Assets	5.73	4.17
	Contributions by the employer	-	-
	FV of Plan Asset as at end of the year	79.41	73.68
<b>C</b>	<b>Net Asset/(Liability) recognized in the Balance Sheet</b>		
	PV of obligation as at end of the year	126.05	116.38
	FV of Plan Asset as at end of the year	79.41	73.68
	Funded Status [Surplus/(Deficit)]	(46.64)	(42.70)
<b>D</b>	<b>Expense recognized in the Statement of Profit and Loss</b>		
	Current Service Cost	18.91	21.36
	Interest Cost	5.35	5.58
	Expected return on Plan Assets	(5.73)	(4.17)
	Actuarial (gains) / Losses	(14.59)	(23.16)
	Net amount recognized in the year	3.94	(0.39)
<b>E</b>	<b>Assumptions used in accounting for the gratuity Plan</b>		
	Discount Rate ( per annum)	8.00%	8.00%
	Rate of increase in compensation levels (per annum)	7.50%	7.50%
	Rate of return on plan assets (per annum)	7.72%	8.00%
	Expected average remaining working lives of employees (years)	29.68	27.80

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.





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

38 Previous Year's Figures


The previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

The notes from 1 to 38 are an integral part of these financial statements.

For and on behalf of the Board of Directors


"To be read with my report of even date"

  
K.P. Ramasamy  
Director  
DIN: 00003736

  
M. Ramasamy  
Chartered Accountant

  
KPD Sigamani  
Director  
DIN: 00003744

  
P. Nataraj  
Director  
DIN: 00229137

  
P. Kandaswamy  
Company Secretary

CA. M. RAMASAMY B.Sc., F.C.A.,  
Chartered Accountant  
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Membership No: 200518

Coimbatore  
19.04.2018