

# K.P.R. SUGAR MILL LIMITED

FINANCIALS FOR THE FY – 2016-17



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, 2017, Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management'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**

**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.

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.

**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, 2017, 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.
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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.





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

- 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.
  - 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 Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016. Based on audit procedures performed and the representations provided to me by the management I report that the disclosures are in accordance with the books of account maintained by the Company and as produced to me by the Management.

**DATE : 22.04.2017**

**PLACE : COIMBATORE**



**A.VETRIVEL**

**CHARTERED ACCOUNTANT**

**MEMBERSHIP NUMBER : 025028**

**A.VETRIVEL, B.Sc., F.C.A.**

**CHARTERED ACCOUNTANT**

**M.No. 25028**

**1/1, SETH NARAYANDAS LAY-OUT-II**

**TATABAD, COIMBATORE - 641 012**

**Phone : 2495760, 4378813**

Annexure "A" to the Independent Auditor's Report for the year ended 31<sup>st</sup> March 2017  
(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.




5. According to the information and explanations given to me, the Company has not accepted any deposit during the year.
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, 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, Cess and other material statutory dues in arrears as at 31st March, 2017 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 the repayment of loans and borrowings to financial institutions, banks and Government. The Company has not issued any debentures.
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.



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

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.
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-I of the Reserve Bank of India Act, 1934.

**DATE : 22.04.2017  
PLACE : COIMBATORE**

  
**A. VETRIVEL**  
**CHARTERED ACCOUNTANT**  
**MEMBERSHIP NUMBER : 025028**  
A. VETRIVEL, B.Sc., F.C.A.  
CHARTERED ACCOUNTANT  
M.No. 25028  
1/1, SETH NARAYANDAS LAY-OUT-II  
TATABAD, COIMBATORE - 641 012  
Phone : 2495760, 4378813



**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 31.03.2017 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. 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



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

financial reporting was established and maintained and if such controls operated effectively in all material respects.

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, 2017, 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 : 22.04.2017**

**PLACE : COIMBATORE**



**A.VETRIVEL**

**CHARTERED ACCOUNTANT**

**MEMBERSHIP NUMBER : 025028**

**A.VETRIVEL, B.Sc., F.C.A.**

**CHARTERED ACCOUNTANT**

**M.No. 25028**

**1/1, SETH NARAYANDAS LAY-OUT-II**

**TATABAD, COIMBATORE - 641 012**

**Phone : 2495760, 4378813**



**K.P.R. SUGAR MILL LIMITED**  
**BALANCE SHEET AS AT 31.03.2017**


	Note	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>(₹ in Lakhs)</b>				
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant & Equipment	5	37,647	24,406	26,988
(b) Capital Work-in-Progress		-	3,443	-
(c) Financial Assets				
(i) Investments	6	-	-	5,818
(d) Other Non Current Asset	7	3,094	8,046	387
<b>Total Non - Current Assets</b>		<b>40,741</b>	<b>35,895</b>	<b>33,193</b>
<b>(2) Current Assets</b>				
(a) Inventories	8	20,518	21,257	20,197
(b) Financial Assets				
(i) Trade Receivables	9	12,568	14,463	4,819
(ii) Cash & Cash Equivalents	10	1,809	2,180	1,323
(iii) Other Financial Assets	11	1,125	473	702
(c) Other Current Assets	12	669	593	676
<b>Total Current Assets</b>		<b>36,689</b>	<b>38,966</b>	<b>27,717</b>
<b>Total Assets</b>		<b>77,430</b>	<b>74,861</b>	<b>60,910</b>
<b>EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share Capital	13	583	583	583
(b) Other Equity	14	21,018	16,242	11,091
<b>Total Equity</b>		<b>21,601</b>	<b>16,825</b>	<b>11,674</b>
<b>(2) Non - Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	15	9,677	8,324	8,700
(b) Deferred Tax Liabilities (Net)	16	1,781	-	-
(c) Other Non-Current Liabilities	17	14,375	11,971	8,291
<b>Total Non - Current Liabilities</b>		<b>25,833</b>	<b>20,295</b>	<b>16,991</b>
<b>(3) Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	18	14,525	16,351	4,622
(ii) Trade Payables	19	5,015	16,723	20,224
(iii) Other Financial Liabilities	20	2,494	1,124	640
(b) Other Current Liabilities	21	7,777	2,452	6,559
(c) Current Tax Liabilities(Net)	22	185	1,091	200
<b>Total Current Liabilities</b>		<b>29,996</b>	<b>37,741</b>	<b>32,245</b>
<b>Total Equity &amp; Liabilities</b>		<b>77,430</b>	<b>74,861</b>	<b>60,910</b>


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

  
**A. Vetrivel**  
Chartered Accountant

  
**KPD Sigamani**  
Director

  
**P. Nataraj**  
Director

  
**P. Kandaswamy**  
Company Secretary

**A. VETRIVEL, B.Sc., F.C.A.**  
CHARTERED ACCOUNTANT  
M.No. 25028

1/1, SETH NARAYANDAS LAY-OUT-II  
TATABAD, COIMBATORE - 641 012  
Phone : 2495760, 4378813

Coimbatore  
22.04.2017



**K.P.R. SUGAR MILL LIMITED**  
**STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED 31.03.2017**

(₹ in Lakhs)


	Note	Year Ended	
		31.03.2017	31.03.2016
<b>I. Revenue from Operations (Gross)</b>	23	63,844	66,115
<b>II. Other Income</b>	24	357	263
<b>III. Total Revenue</b>		<b>64,201</b>	<b>66,378</b>
<b>IV. Expenses</b>			
Cost of Materials Consumed	25	38,834	43,608
Purchase of Stock-in-Trade		1,677	5,067
Changes in Inventories of Finished Goods, Work- in-Progress and Stock in Trade	26	729	(1,150)
Employee Benefits Expenses	27	7,970	6,351
Finance Costs	28	1,558	905
Depreciation and Amortization Expenses	5	3,070	2,727
Other Expenses	29	3,775	3,670
<b>V. Total Expenses</b>		<b>57,613</b>	<b>61,178</b>
<b>VI. Profit Before Tax (III-V)</b>		<b>6,588</b>	<b>5,200</b>
<b>VII. Tax Expense</b>			
Current Tax			
- Pertaining to Current Year		1,406	1,110
Less: MAT Credit Entitlement		1,414	1,119
- Pertaining to Prior Years		8	9
Deferred Tax Expense		1,781	-
<b>Net Tax Expenses</b>		<b>1,781</b>	<b>-</b>
<b>VIII. Profit for the year (VI-VII)</b>		<b>4,807</b>	<b>5,200</b>
<b>IX. Other Comprehensive Income</b>			
Item that will be reclassified to profit or loss			
Mutual Fund NAV as per "Ind AS"		-	(18)
<b>X. Total Comprehensive Income for the year (VIII+IX)</b>		<b>4,807</b>	<b>5,182</b>
<b>Earnings per equity share:</b>			
Basic & Diluted (in ₹)	38	233	251
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

  
**A. Vetrivel**  
 Chartered Accountant

  
**KPD Sigamani**  
 Director

  
**P. Nataraj**  
 Director

  
**P. Kandaswamy**  
 Company Secretary

**A. VETRIVEL, B.Sc., F.C.A.**  
**CHARTERED ACCOUNTANT**  
 M.No. 25028  
 1/1, SETH NARAYANDAS LAY-OUT-II  
 TATABAD, COIMBATORE - 641 012  
 Phone : 2495760, 4378813

Coimbatore  
 22.04.2017

**K.P.R. SUGAR MILL LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017**

PARTICULARS	Year Ended 31.03.2017	Year Ended 31.03.2016
	(₹ in Lakhs)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit for the year</b>	<b>4,807</b>	5,182
Adjustments for:		
Income Tax Expenses recognised in the statement of profit and loss	1,781	-
Depreciation and amortisation expense	3,070	2,727
Finance Costs	1,558	905
Interest Income	(3)	(8)
Dividend Income	-	(51)
Bad Debts Written-off & Provision for Doubtful Trade and Other Receivables	-	(3)
<b>Operating Profit Before Working Capital Changes</b>	<b>11,213</b>	8,752
Changes in Working Capital:		
Adjustments For (Increase) / Decrease in Operating Assets:		
Inventories	739	(1,060)
Trade Receivables	1,895	(9,644)
Bank Balance not Considered as Cash and Cash Equivalents - Margin Deposit Account	223	(217)
Other Current Assets	(76)	83
Other Non-Current Assets	(10)	(9)
Other Financial Asset	(652)	229
Adjustments for Increase / (Decrease) in Operating Liabilities:		
Trade Payables	(11,708)	(3,501)
Other Current Liabilities	5,046	(4,005)
Other Non Current Liabilities	2,341	3,626
<b>Cash Generated From Operations</b>	<b>9,011</b>	(5,746)
Net Income Tax (Paid)	(2,319)	(200)
<b>Net Cash Generated from Operating Activities</b>	<b>(A) 6,692</b>	(5,946)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Expenditure on Property Plant & Equipments	(6,427)	(10,064)
Dividend Received:		
- Others	-	51
<b>Net Cash Flow Used In Investing Activities</b>	<b>(B) (6,427)</b>	(10,013)




**K.P.R. SUGAR MILL LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017**

PARTICULARS		Year Ended 31.03.2017	Year Ended 31.03.2016
		(₹ in Lakhs)	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds From Long-Term Borrowings		5,811	7,761
Repayment of Long-Term Borrowings		(2,842)	(7,755)
Net Increase / (Decrease) in Working Capital Borrowings		(1,826)	11,729
Finance Costs Paid		(1,525)	(905)
Dividends Paid		(26)	(26)
Tax on Dividend Paid		(5)	(5)
<b>Net Cash Flow From Used In Financing Activities</b>	<b>(C)</b>	<b>(413)</b>	<b>10,799</b>
Net Increase in Cash and Cash Equivalents	<b>(A+B+C)</b>	<b>(148)</b>	<b>(5,160)</b>
Add: Opening Cash and Cash Equivalents		1,957	7,117
<b>Closing Cash and Cash Equivalents (Refer Note No 10)</b>		<b>1,809</b>	<b>1,957</b>
<b>Closing Cash and Cash Equivalents Comprises</b>			
(a) Cash on Hand		5	41
(b) Balance with Banks:			
i) In Current Accounts		1,171	565
ii) In EEFC Accounts		633	1,351
		<b>1,809</b>	<b>1,957</b>
See accompanying notes forming part of the financial statements			


For and on behalf of the Board of Directors


e read with my report of even date"

  
**K.P. Ramasamy**  
 Director

  
**A. Vetrivel**  
 Chartered Accountant

  
**KPD Sigamani**  
 Director

  
**P. Nataraj**  
 Director

  
**P. Kandaswamy**  
 Company Secretary

**A. VETRIVEL, B.Sc., F.C.A.**  
 CHARTERED ACCOUNTANT  
 M.No. 25028

1/1, SETH NARAYANDAS LAY-OUT-II  
 TATABAD, COIMBATORE - 641 012  
 Phone : 2495760, 4378813

Coimbatore  
 22.04.2017

**K.P.R.SUGAR MILL LIMITED**

**Statement of changes in Equity for the year ended March 31, 2017**

**a. Equity Share Capital**

(₹ in Lakhs)

Balance as at April 01, 2015	205
Changes during the year	-
Balance as at March 31, 2016	205
Changes during the year	-
<b>Balance as at March 31, 2017</b>	<b>205</b>

**b. Preference Share Capital**

Balance as at April 01, 2015	378
Changes during the year	-
Balance as at March 31, 2016	378
Changes during the year	-
<b>Balance as at March 31, 2017</b>	<b>378</b>

**c. Other Equity**


(₹ in Lakhs)


Particulars	Securities Premium Reserve	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	Total Other Equity
Balance as at April 01, 2015	10,559	293	-	-	239	11,091
Transfer from Surplus in the Statement of Profit & Loss	-	-	-	-	-	-
Profit for the year	-	-	-	-	5182	5182
Preference dividend	-	-	-	-	(26)	(26)
Tax on Dividend	-	-	-	-	(5)	(5)
<b>Balance as at March 31, 2016</b>	<b>10,559</b>	<b>293</b>	<b>-</b>	<b>-</b>	<b>5,390</b>	<b>16,242</b>
Profit for the year	-	-	-	-	4,807	4,807
Preference dividend	-	-	-	-	(26)	(26)
Tax on Dividend	-	-	-	-	(5)	(5)
<b>Balance as at March 31, 2017</b>	<b>10,559</b>	<b>293</b>	<b>-</b>	<b>-</b>	<b>10,166</b>	<b>21,018</b>

For and on behalf of the Board of Directors

"To be read with my report of even date"

  
**K.P. Ramasamy**  
Director

  
**A. Vetrivel**  
Chartered Accountant

  
**KPD Sigamani**  
Director

  
**P. Nataraj**  
Director

  
**P. Kandaswamy**  
Company Secretary

**A. VETRIVEL**, B.Sc., F.C.A.  
CHARTERED ACCOUNTANT  
M.No. 25028  
1/1, SETH NARAYANDAS LAY-OUT-II  
TATABAD, COIMBATORE - 641 012  
Phone : 2495760, 4378813

Coimbatore  
22.04.2017



## 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 SIGNIFICANT ACCOUNTING POLICIES

### A) BASIS OF PREPARATION AND PRESENTATION

#### STATEMENT OF COMPLIANCE

i)The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Companies (Indian Accounting Standards) Amendment Rules, 2016.

(ii)For all periods up to and including the year ended 31 March 2016, the Company prepared and presented its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP"). These financial statements for the year ended 31 March 2017 are the first financial statements the Company has prepared in accordance with Ind AS. Reconciliation and description of the effect of the transition from Indian GAAP to Ind AS is given in Note 4.

#### BASIS OF PREPARATION AND MEASUREMENT

The financial statements have been prepared on a historical cost basis, except for certain financial assets measured at fair value at the end of the reporting period (refer accounting policy regarding fair value measurement)

The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

### B) BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS.

- i. Derivative financial instruments;
- ii. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments)
- iii. Defined benefit and other long-term employee benefits.

### B) USE OF ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with Ind AS requires management to make 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 a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

### A) INVENTORIES

Inventories are valued at the lower of cost (e.g. on FIFO / specific identification method) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

### 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 flow 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.

#### **D) DEPRECIATION**

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

#### **E) REVENUE RECOGNITION**

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Sale of Service is recognised when services are rendered and related costs are incurred.

#### **F) OTHER INCOME**

Dividend Income is recognised when right to receive the income is established. Interest income is recognised on time proportion basis (accrual basis) taking into account the amount outstanding and rate applicable. Export incentives are accounted for in the year of exports based on eligibility and expected amount on realisation.

#### **G) PROPERTY PLANT AND EQUIPMENTS**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Machinery Spares including spare parts, stand-by and servicing equipment are capitalised as property, plant and equipment if they meet the definition of property, plant and equipment i.e. if the company intends to use these for more than a period of 12 months. These spare parts capitalized are depreciated as per Ind AS 16.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset

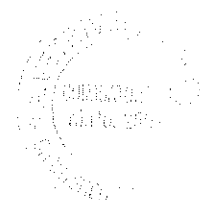
##### **INTANGIBLE ASSETS**

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.

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.

Estimated useful lives of the assets are as follows:

Factory Building	~ 30 Years
Non Factory Building	~ 60 Years
Plant & Equipments	~ 10 Years
- Garment	~ 21 Years
Electrical	~ 14 Years
Computers	~ 3 Years
Furnitures	~ 10 Years
Vehicles	~ 8 -10 Years
Wind Mill	~ 12 Years
Intangible assets	~ 3 Years



## Capital work-in-progress

Properties 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. Such properties 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.

## H) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within the account caption pertaining to the nature of transaction.

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

## I) FINANCIAL INSTRUMENTS

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While loans, borrowings and payables are recognised at net of directly attributable transaction costs.

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.

### a) Non-derivative financial assets

#### (i) Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(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.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.

For the purpose of the cash flow statement, cash and cash equivalents including cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

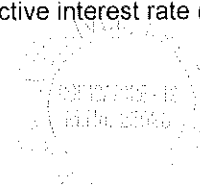
#### (ii) Debt instruments at FVTOCI

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

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

(b) the asset's contractual cash flow represent SPPI

Debt instruments included in FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction costs. Fair value movements are recognised in other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss. Interest earned is recognised under the effective interest rate (EIR) model.



(iii) 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.

(iv) Financial assets at FVTPL

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

In addition the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The Company has not designated any financial asset as FVTPL.

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

b) Non-derivative financial liabilities

(i) Financial liabilities at amortised cost

Financial liabilities at amortised cost are represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

(ii) Financial liabilities at FVTPL

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and loss.

c) 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.

**J) GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES**

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidies will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge

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 in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

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.

**K) 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.





## **L) 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. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

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

Post Retirement 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.

#### **iii) Leave encashment**

There is no scheme for encashment of unavailed leave.

## **M) 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.

## **N) 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".

## **O) LEASE**

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.



#### **P) EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

#### **Q) TAXATION**

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### **i) CURRENT TAX**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### **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

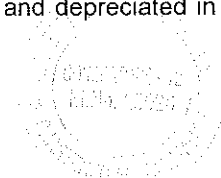
The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

##### **iii) CURRENT AND DEFERRED TAX FOR THE YEAR**

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.

#### **R) RESEARCH AND DEVELOPMENT EXPENSES**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.



#### **S) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units, for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

#### **T) PROVISIONS**

Provision are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **U) INSURANCE CLAIMS**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

#### **V) SERVICE TAX INPUT CREDIT**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

#### **W) EXCISE DUTY**

##### **a) Textiles**

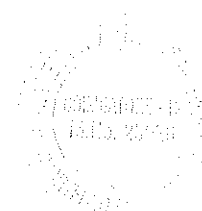
The Company has opted to adopt 'Exempted Route' under Central Excise Rules for local sales. Accordingly, CENVAT credit on inputs is not available to the Company and no excise duty is payable on sales of manufactured goods.

##### **b) Sugar**

The Company manufacturing Sugar and Molasses at its factory, both are excisable goods. The Company is availing Cenavt credit on Input and paying excise duty for its outputs.

#### **X) OPERATING CYCLE**

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.



#### 4 EXPLANATION OF TRANSITION TO IND AS

The Company's financial statements for the year ended 31 March ,2017 are the first annual financial statement prepared by the company in order to comply with Ind AS. The adoption of Ind AS was carried out in accordance with Ind AS 101, using 1 April,2015 as the transition date. The transition was carried out from previous GAAP(based on the AS framework) to Ind AS. The effect of adopting Ind As has been summarized in the reconciliations provided below.

Ind AS 101 generally requires full retrospective application of the standards in force at the first reporting date. However, Ind AS 101 allows certain exemptions in the application of particular Standards to prior periods in order to assist companies with the transition process.

##### Reconciliations

The Accounting policies as stated above in note 3 have been applied in preparing the financial statements for the year ended 31 March, 2017, the financial statement for the year ending 31 March,2016 and the preparation of an opening Ind AS statement of financial position as at 1 April, 2015. In Prpearing its opening Ind AS balance sheet and Statement of Profit and Loss for the year ended 31 March ,2016, the company has adjusted amounts reported in financial statements prepared in accordance with previous GAAP.

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance is set out in the following tables.

##### i. Reconciliations of Other Equity

(₹ in Lakhs)

Particulars	As at 31.03.2016	As at 01.04.2015
Equity as per previous GAAP	16,211	11,042
Add : Dividend as per "Ind AS"	31	31
Mutual Fund NAV	-	18
<b>Equity as per "Ind AS"</b>	<b>16,242</b>	<b>11,091</b>

##### ii. Reconciliations of Total Comprehensive Income

(₹ in Lakhs)

Particulars	For the Year Ended 31.03.2016
Net Profit as per previous GAAP	5,200
Mutual Fund NAV as per "Ind AS"	(18)
<b>Total Comprehensive Income (Net of Tax) under "Ind AS"</b>	<b>5,182</b>

##### iii. Explanation of material adjustments to statement of cash flows for the year ended 31 March, 2016

The transition from previous GAAP to Ind AS has no material impact on the Statement of cash Flows except bank overdraft which has been considered as part of cash & cash equivalent.



**K.P.R. SUGAR MILL LIMITED**

**5. Property, Plant & Equipment**

(₹ in Lakhs)

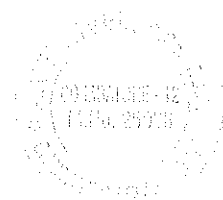
Particulars	Freehold Land	Factory Building	Non Factory Building	Plant & Equipment	Wind Mill	Electricals	Furniture & Fixture	Computers & Accessorie	Vehicles	Total
Cost										
Gross Block as on April 01, 2015	178	7,149	2,282	22,795	-	699	282	15	173	33,573
Accumulated Depreciation as on April 01, 2015	-	(531)	(73)	(5,756)	-	(116)	(48)	(12)	(49)	(6,585)
<b>Cost as on April 01, 2015</b>	<b>178</b>	<b>6,618</b>	<b>2,209</b>	<b>17,039</b>	<b>-</b>	<b>583</b>	<b>234</b>	<b>3</b>	<b>124</b>	<b>26,988</b>
Additions	-	25	9	92	-	4	14	1	1	146
Disposals	-	-	-	-	-	-	-	-	(1)	(1)
Depreciation expense	-	(227)	(36)	(2,365)	-	(50)	(29)	(1)	(19)	(2,727)
<b>Balance as at March 31, 2016</b>	<b>178</b>	<b>6,416</b>	<b>2,182</b>	<b>14,766</b>	<b>-</b>	<b>537</b>	<b>219</b>	<b>3</b>	<b>105</b>	<b>24,406</b>
Additions		4,117	6,192	4,891	-	456	420	206	34	16,316
Disposals		(296)	(103)	(2,491)	-	(73)	(52)	(34)	(9)	(9)
Depreciation expense									(21)	(3,070)
Eliminated on Disposal of Asset									4	4
<b>Balance as at March 31, 2017</b>	<b>178</b>	<b>10,237</b>	<b>8,271</b>	<b>17,166</b>	<b>-</b>	<b>920</b>	<b>587</b>	<b>175</b>	<b>113</b>	<b>37,647</b>





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

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	(₹ in Lakhs)		
<b>FINANCIAL ASSETS</b>			
<b>6 NON CURRENT INVESTMENTS</b>			
In Mutual Funds	-	-	5,818
	-	-	5,818
<b>7 OTHERS NON CURRENT ASSETS</b>			
(i)Capital Advances	154	6,530	-
(ii)Advances other than capital advances			
Security Deposit	24	14	5
(iii) Others			
<b>MAT Credit Entitlement</b>			
Opening Balance	1,502	382	144
Changes during the year	1,414	1,120	238
Closing Balance	2,916	1,502	382
	<b>3,094</b>	<b>8,046</b>	<b>387</b>
<b>8 INVENTORIES</b>			
(At lower of cost & Net realisable value)			
Raw Materials	2,236	2,103	2,160
Stock-in-process *	272	478	383
Finished Goods	16,604	15,749	16,072
Stock-in-trade	-	1,378	-
Stores, Spares, Packing & Others	1,406	1,549	1,582
	<b>20,518</b>	<b>21,257</b>	<b>20,197</b>
* Includes Sugar Nil (Pr. Yr. Nil) and Garments ₹ 272 Lakhs (Pr. Yr. ₹ 478 Lakhs).			
The Cost of Inventories recognised during the year was ₹ 41,240 Lakhs(pr.Yr. ₹ 47,525 Lakhs)			
The Mode of Valuation of inventories has been stated in Note 3A			
Average age of inventory is less than 90 days only.			
<b>FINANCIAL ASSETS</b>			
<b>9 TRADE RECEIVABLES</b>			
<b>Unsecured and Considered good</b>			
Trade Receivables	12,588	14,483	4,842
Less: Provision for Doubtful Trade Receivables	20	20	23
	<b>12,568</b>	<b>14,463</b>	<b>4,819</b>
(i)The average credit period ranges from 30 days to 90 days.			
(ii) Since we are having whole turnover insurance policy for our domestic as well as export business, expected credit loss provision does not required.			



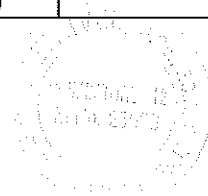
**K.P.R.SUGAR MILL LIMITED**
**Notes forming part of the Financial Statements**

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	(₹ in Lakhs)		
<b>10 CASH AND CASH EQUIVALENTS</b>			
Cash on Hand *	5	41	25
Balance with Banks			
i) In Current Accounts	1,171	565	773
ii) In EEFC Accounts	633	1,351	519
	1,809	1,957	1,317
<b>Other Bank Balances</b>			
i) In Deposit Accounts #	-	223	6
<b>Total as per IND AS 7</b>	<b>1,809</b>	<b>2,180</b>	<b>1,323</b>
Of the above, the balances that meet the definition of cash and cash equivalents as per Ind AS 7 Cash Flow Statements is ₹ 1,809 Lakhs (Pr.Yr. ₹ 1,957 Lakhs).			
# Margin Deposits is Nil (Pr. Yr. ₹ 223 Lakhs)			
* The details of Specified Bank Notes (SBN) held and transacted during the period November 08, 2016 to December 30, 2016 are:			
	(in ₹)		
Particulars	SBN	Other Notes	Total
Closing cash on hand as on November 08, 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 December 30, 2016	-	6,38,596	6,38,596
<b>11 OTHER FINANCIAL ASSET</b>			
Income Receivable	1,125	473	702
	<b>1,125</b>	<b>473</b>	<b>702</b>
<b>12 OTHER CURRENT ASSETS</b>			
Advances other than Capital Advances			
Advance for Purchase	194	75	178
Loans and Advances to Employees			
(Unsecured and Considered good unless otherwise stated)	13	14	14
<b>OTHERS</b>			
Others (Primarily prepaid expenses)	39	30	16
<b>Balances with Government Authorities</b>			
Advances Others (Cenvat - ED & ST)	-	-	106
VAT Credit Receivable	423	474	362
	<b>669</b>	<b>593</b>	<b>676</b>



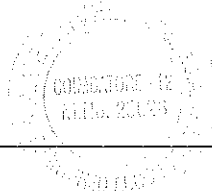
**K.P.R.SUGAR MILL LIMITED**
**Notes forming part of the Financial Statements**

		As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
		(₹ in Lakhs)		
<b>13 EQUITY SHARE CAPITAL</b>				
<b>a) Authorised</b>				
24,17,000 (March 31, 2016: 24,17,000 and April 1, 2015: 24,17,000) Equity Shares of ₹10 each		242	242	242
47,83,000 (March 31,2016: 47,83,000 and April1, 2015: 47,83,000) 7% Optionally Convertible Non-Cumulative Redeemable Preference Shares of ₹ 10 each		478	478	478
		720	720	720
<b>b) Issued, Subscribed &amp; Fully Paid up</b>				
20,50,000 (March 31,2016: 20,50,000 and April1,2015: 20,50,000) Equity Shares of ₹ 10 each fully paid-up		205	205	205
37,83,000 (March 31,2016:37,83,000 and April 1, 2015: 37,83,000) 7% Optionally Convertible Non- Cumulative Redeemable Preference Shares of ₹ 10 each		378	378	378
		583	583	583
<b>13.1 Term / Rights to Shares</b>				
<b>Equity Shares:</b>				
The Company has issued only one class of equity shares having a face value of ₹ 10 per share. The holder of each equity share is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.				
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after settling the dues of preferential and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.				
<b>Preference Shares:</b> 7% Optionally Convertible Non- Cumulative Redeemable Preference Shares are redeemable at the end of 7th year but within a period of 10 years from the date of issue at a premium of 7% IRR.				
<b>13.2 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period</b>				
<b>Equity Shares with voting rights</b>	<b>For the Year Ended 31.03.2017</b>	<b>For the Year Ended 31.03.2016</b>		
<b>Particulars</b>	<b>Number of Shares</b>	<b>(₹ in Lakhs)</b>	<b>Number of Shares</b>	<b>(₹ in Lakhs)</b>
At the beginning of the period	20,50,000	205	20,50,000	205
Issued during the year	-	-	-	-
	-	-	-	-
Outstanding at the end of the period	20,50,000	205	20,50,000	205
<b>13.3 7% Optionally Convertible Non-Cumulative Redeemable Preference Shares</b>				
<b>Particulars</b>	<b>Number of Shares</b>	<b>(₹ in Lakhs)</b>	<b>Number of Shares</b>	<b>(₹ in Lakhs)</b>
At the beginning of the period	37,83,000	378	37,83,000	378
Add: Issued during the year	-	-	-	-
Less: Redemption during the year	-	-	-	-
Outstanding at the end of the period	37,83,000	378	37,83,000	378
<b>13.4 Details of Shareholders holding more than 5% of Shares in the Company</b>				
<b>a. Equity Shares</b>				
<b>Particulars</b>	<b>Number of Shares</b>	<b>%</b>	<b>Number of Shares</b>	<b>%</b>
M/s K.P.R Mill Limited	20,50,000	100	20,50,000	100
<b>b.7% Optionally Convertible Non-Cumulative Redeemable Preference Shares</b>				
<b>Particulars</b>	<b>Number of Shares</b>	<b>%</b>	<b>Number of Shares</b>	<b>%</b>
M/s K.P.R Mill Limited	37,83,000	100	37,83,000	100



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

		As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
		(₹ in Lakhs)		
14	<b>OTHER EQUITY</b>			
	<b>Capital Reserve</b>			
	Opening Balance	293	293	293
	Closing Balance	293	293	293
	<b>Securities Premium</b>			
	Opening Balance	10,559	10,559	20,459
	Changes during the year	-	-	(9,900)
	Closing Balance	10,559	10,559	10,559
	Amount received on issue of shares in excess of the par value has been classified as security share premium			
	<b>Retained Earnings</b>			
	Opening Balance	5,390	239	(964)
	Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax)		-	3
	Add: Profit for the year	4,807	5,182	1,206
	<b>Less:</b>			
	Preference dividend	26	26	-
	<b>Tax on Dividend</b>			
	Tax on Preference Dividend	5	5	-
		5	5	-
	<b>Closing Balance</b>	10,166	5,390	239
		21,018	16,242	11,091
	<b>NON CURRENT LIABILITIES</b>			
	<b>FINANCIAL LIABILITIES</b>			
15	<b>BORROWINGS</b>			
	<b>From Banks (Secured)</b>			
	Term Loans	9,180	7,850	8,352
	<b>From Others (Unsecured)</b>			
	Interest Free Sales Tax Loan - NPV	497	474	348
		9,677	8,324	8,700
15.1	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.			
15.2	i) Loan amounting to ₹ 6,776 Lakhs (Pr. Yr. ₹ 5,536 Lakhs) is repayable in 23 quarterly installments. ii) Loan amounting to ₹ 3,947 Lakhs (Pr. Yr. ₹ 2,099 Lakhs) is repayable in 16 quarterly installments iii) Loan amounting to ₹ 455 Lakhs (Pr. Yr. ₹ 597 Lakhs) is repayable in 9 quarterly installments.			
15.3	Interest rate relating to term loans from banks is in the range of 9.75% to 11.50%.			
15.4	The Company has not defaulted in its repayments of the loans and interest.			
15.5	For the current maturities of long-term borrowings, refer Note 20 Other Financial Liabilities.			
16	<b>DEFERRED TAX LIABILITIES (Net)</b>			
	<b>Deferred Tax Liabilities</b>			
	i) On difference between book balance and tax balance of fixed assets	-	-	-
	<b>Deferred Tax Assets</b>			
	i) Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	1,781	-	-
	Closing Balance	1,781	-	-
	Opening Balance	-	-	-
	Net Deferred Tax Charge / (Credit)	1,781	-	-
17	<b>OTHER NON CURRENT LIABILITIES</b>			
	Advance received from Customers	6,367	6,169	2,500
	Trade Payable	7,516	5,329	5,467
	Payables on purchase of Fixed Assets	117	54	-
	<b>Others</b>			
	Deferred Revenue arising from Government Grants	375	419	324
		14,375	11,971	8,291



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

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	(₹ in Lakhs)		
<b>CURRENT LIABILITIES</b>			
<b>FINANCIAL LIABILITIES</b>			
<b>18 BORROWINGS</b>			
Loans repayable on demand			
From Banks (Secured)			
Loans for Working Capital	564	6,399	1,494
Packing Credit	13,961	9,952	3,128
	<b>14,525</b>	<b>16,351</b>	<b>4,622</b>
<b>18.1</b> The above loans are secured by first charge on inventories and book debts, and second charge on fixed assets to lending banks on pari-passu basis.			
<b>18.2</b> The Company has not defaulted in its repayments of the loans and interest during the year.			
<b>19 TRADE PAYABLES</b>			
Total outstanding dues of creditors other than micro and small enterprises:			
Other than Acceptances (Refer Note 32)	5,015	16,723	20,224
	<b>5,015</b>	<b>16,723</b>	<b>20,224</b>
The average credit period on purchase of goods and services are with in 60 days. Trade payable are non -interest bearing.			
<b>20 OTHER FINANCIAL LIABILITIES</b>			
Current Maturities of:			
i) Long Term Loan (Refer Note 15.1 to 15.5)	1,998	382	-
ii) Interest accrued but not due on borrowings	33	-	-
Statutory payables	454	732	630
Other Liabilities	9	10	10
	<b>2,494</b>	<b>1,124</b>	<b>640</b>
<b>21 OTHER CURRENT LIABILITIES</b>			
Advance from Customers	7,777	2,452	6,559
	<b>7,777</b>	<b>2,452</b>	<b>6,559</b>
<b>22 CURRENT TAX LIABILITIES</b>			
Provision for Tax *	185	1,091	200
	<b>185</b>	<b>1,091</b>	<b>200</b>
* Net of Advance Tax Paid ₹ 1,221 Lakhs (Pr.Yr. ₹ 19 Lakhs)			
<b>22.1 INCOME TAX RECOGNISED IN PROFIT &amp; LOSS</b>	<b>For the Year Ended 31.03.2017</b>	<b>For the Year Ended 31.03.2016</b>	
<b>Current Tax</b>			
Current Income Tax Charge	1,406	1,110	
Adjustment in respect of Current income tax of prior years	8	9	
Mat Credit entitlement	(1,414)	(1,119)	
	-	-	
<b>Deferred Tax</b>			
In respect of current year	1,781	-	
	<b>1,781</b>	<b>-</b>	
<b>The Income tax expense for the year can be reconciled to the accounting profit as follows</b>			
Profit Before Tax	6,588	5,200	
Income Tax Expense calculated @ 21.3416%	1,406	1,110	
Effect of expenses that is exempt from taxation	-	-	
Effect of expenses that are not deductible in determining taxable profit	-	-	
	<b>1,406</b>	<b>1,110</b>	
Adjustments recognised in the current year in relation to the current tax of prior years	8	9	
MAT Credit entitlement	(1,414)	(1,119)	
Deferred Tax for current year	1,781	-	
<b>Total Income Tax Recognised</b>	<b>1,781</b>	<b>-</b>	



## K.P.R. SUGAR MILL LIMITED

## Notes Forming part of the Financial Statements

(₹ in Lakhs)

		Year Ended	
		31.03.2017	31.03.2016
<b>23</b>	<b>REVENUE FROM OPERATIONS</b>		
	Sale of Products (Refer Note 23.1)	59,098	63,319
	Sale of Service (Refer Note 23.2)	254	84
	Other Operating Revenues (Refer Note 23.3)	4,492	2,712
		<b>63,844</b>	<b>66,115</b>
<b>23.1</b>	<b>Sale of Products</b>		
	Garment	37,925	35,874
	Yarn	1,914	4,918
	Fabric	206	114
	Sugar	16,508	16,382
	Molasses	1,589	1,818
	Co-Gen Power	956	4,213
		<b>59,098</b>	<b>63,319</b>
<b>23.2</b>	<b>Sale of Service</b>		
	Fabrication Income	254	84
		<b>254</b>	<b>84</b>
<b>23.3</b>	<b>Other Operating Revenues</b>		
	Export Incentives	3,902	2,152
	Others	590	560
		<b>4,492</b>	<b>2,712</b>
<b>24</b>	<b>OTHER INCOME</b>		
	Interest from:		
	Bank Deposits	3	8
	Dividend Income:		
	From Current Investments:		
	Others	-	51
	From Long-Term Investments:		
	Miscellaneous Income	354	204
		<b>357</b>	<b>263</b>
<b>25</b>	<b>COST OF MATERIALS CONSUMED</b>		
	<b>a) Opening Stock</b>		
	Yarn & Fabric	2,103	2,160
		<b>2,103</b>	<b>2,160</b>
	<b>b) Add: Purchases &amp; Production Expenses</b>		
	Yarn, Fabric & Garments	13,692	12,731
	Production Expenses	8,999	9,653
	Trims, Packing & Others	3,929	4,039
	Sugar Cane & Coal	11,381	16,234
		<b>38,001</b>	<b>42,657</b>
	<b>c) Less : Closing Stock</b>		
	Yarn & Fabric	2,236	2,103
		<b>2,236</b>	<b>2,103</b>
	Excise duty on sale of goods	966	894
		<b>38,834</b>	<b>43,608</b>



		Year Ended	
		31.03.2017	31.03.2016
26	<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	15,749	16,072
	Stock-in-Process	478	383
	Stock in Trade	1,378	-
		17,605	16,455
	<b>B) Inventories at the end of the year</b>		
	Finished Goods	16,604	15,749
	Stock-in-Process	272	478
	Stock In Trade	-	1,378
		16,876	17,605
	<b>Net (Increase) / Decrease</b>	<b>729</b>	<b>(1,150)</b>
27	<b>EMPLOYEE BENEFITS EXPENSES</b>		
	Salaries & Wages	6,591	5,111
	Contribution to Provident & Other Funds	616	581
	Staff Welfare Expenses	763	659
		<b>7,970</b>	<b>6,351</b>
28	<b>FINANCE COSTS</b>		
	<b>Interest Expense on</b>		
	Term Loans	482	502
	Working Capital Loans	794	285
	Others	237	84
	Interest on IFST Loan	45	34
		<b>1,558</b>	<b>905</b>
	Average Interest Cost Refer Note 15.3		
29	<b>OTHER EXPENSES</b>		
	<b>Manufacturing Expenses</b>		
	Power & Fuel	720	631
	Consumption of Stores & Packing materials	337	403
	<b>Repairs and Maintenance</b>		
	Building	133	138
	Machinery	512	997
	Others	86	105
	Insurance Charges	44	38
	<b>Administration Expenses</b>		
	Professional Fees	99	41
	Rent	240	250
	Duties, Rates & Taxes	56	136
	Payment to Auditor (Refer Note 31)	1	2
	Loss on Sale of Fixed Assets (Net)	2	-
	Travelling Expenses	240	218
	Expenditure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013	45	11
	Donations	2	-
	Bad Debts Written Off	-	(3)
	General Expenses	152	93
	<b>Selling Expenses</b>		
	Freight & Forwarding	751	460
	Sales Commission	39	55
	Other Selling Expenses	316	95
		<b>3,775</b>	<b>3,670</b>

**K.P.R.SUGAR MILL LIMITED****Notes forming part of the Financial Statements****30 Contingent Liabilities and Commitments (to the extent not provided for)****I. Contingent Liabilities :** (₹ in Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Disputed Liabilities in Appeal:</b>		
(i) Income Tax demands	3	3
<b>(b) Letter of Credit Facility in favour of Suppliers</b>		
(i) Foreign Letter of Credit	-	801
<b>(c) Discounted sales invoices</b>	592	520

**II. Commitments** (₹ in Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Capital Commitments :</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	308	2,449
<b>(b) Other Commitments :</b>		
The Company had given Corporate guarantee to banks for the loans taken by our Sugar Cane suppliers (Farmers)	11,000	19,000
(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 ₹ 1,250 Lakhs (Pr.Yr. ₹ 1,242)	7,505	7,449

**31 Payment to Auditors** (₹ in Lakhs)

Particulars	2016-17	2015-16
Audit Fees	1.00	1.05
Tax Audit and Tax Matters	-	0.63
<b>Total</b>	<b>1.00</b>	<b>1.68</b>

**32 Micro, Small and Medium Enterprises**

In accordance with the Notification No: G.S.R.679 (E) dated 04.09.2015 issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Development Act, 2006. The Company is in the process of compiling relevant information of its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in these Financial Statements. However, in the considered view of the management and as relied upon by the auditors, impact of interest, if any that may be payable in accordance with the provisions of this Act is not expected to be material.

**33 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 ₹ 45 Lakhs (Pr.Yr. ₹ 11 Lakhs). Amount spent during the year on CSR activities (included in note 29 of the Statement of Profit & Loss) as under:

(₹ in Lakhs)

Particulars	For the year Ended 31.03.2017	For the Year Ended 31.03.2016
Promotion of Education	44.00	
Rural Development Projects	1.00	4.00
Eradicating Hunger, Poverty and Malnutrition	-	0.50
Sanitation of safe drinking water	-	6.50
<b>Total</b>	<b>45.00</b>	<b>11.00</b>



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

**34 Financial Instruments**

**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 15, 18 and 20 off set by cash and bank balances) and total equity of the Company.

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

**Gearing Ratio**

The Gearing ratio at the end of the reporting period was as follows

(₹ in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Debt *	26,200	25,057	13,322
Less : Cash and bank balances	1,809	2,180	1,323
Net debt	24,391	22,877	11,999
Total equity	21,601	16,825	11,674
Net debt to equity ratio	112.92%	135.97%	102.78%

\* Debt is defined as long-term borrowings, short-term borrowings and current maturities of long term borrowings as described in notes 15,18 and 20.

**Financial Risk Management objectives**

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

**Market Risk**

The Company's 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 including:

**Details of hedged and unhedged foreign currency exposures:**

(i) Outstanding forward exchange contracts for hedging purposes as on 31st March, 2017:

Currency	Cross Currency	Amount (₹ in Lakhs)	Buy / Sell
USD	INR	6,279.50 (3296.71)	Sell Sell
GBP	INR	Nil (864.21)	Sell Sell
USD	INR	Nil (415.26)	Buy Buy
EURO	INR	Nil (266.55)	Buy Buy

(ii) The year-end unhedged foreign currency exposures are given below:

As at 31st March, 2017		As at 31st March, 2016	
Receivables / (Payables)		Receivables / (Payables)	
₹ in Lakhs	FC in Lakhs	₹ in Lakhs	FC in Lakhs
Nil	Nil	116.94	JPY 198.00

Note: Figures in brackets relates to the previous year

- Forward foreign exchange contracts to hedge the exchange rate risk arising on imports and exports.
- The Company covering its currency billing under forward cover and hence sensitivity analysis is not required.



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

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed through plain vanilla forward foreign exchange contracts.

**Interest risk**

The Company borrow funds from banks is only at fixed rates, the rates are reviewed every year by the bank. There is no material interest risk relating to the Company's financial liabilities

**Credit risk management**

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Company. The Company's domestic & export receivables are covered under credit insurance.

**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 liabilities are disclosed in note no.15.

**35 Related Party disclosures**

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

**35.1 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
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 Jahnvi Motors Private Limited M/s K.P.R.Charities M/s Quantum Knits Private Limited

**35.2 Transactions during the year with related parties / Key Management Personnel are as under****(₹ in Lakhs)**

Nature of Transaction	Enterprises owned by key management personnel / Directors or their relatives	Holding Company	Total as on 31/03/2017
Purchase of Goods / Asset	- (560)	8,192 (9,848)	8,192 (10,408)
Sales of Goods / Asset	187 (7,764)	985 (527)	1,172 (8,291)
Lease Rent paid	- -	224 (212)	224 (212)
Processing / Service Charges income	- -	56 -	56 -
Processing / Service Charges Expenses	- -	6,595 (7,948)	6,595 (7,948)
Amount Payable	2,020 (1,822)	11,866 (6,740)	13,886 (8,562)

(Previous year figures are in Brackets)

**35.3 Details of transactions with related parties****a. Purchase of Goods / Asset****(₹ in Lakhs)**

Particulars	2016-17	2015-16
M/s.K.P.R.Mill Limited	8,192	9,848
M/s.Quantum Knits Private Limited	-	560
	8,192	10,408





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

**b. Sale of Goods / Asset** (₹ in Lakhs)

Particulars	2016-17	2015-16
M/s.K.P.R.Mill Limited	985	527
M/s.Quantum Knits Private Limited	187	7,764
	1,172	8,291

**c. Lease Rent paid** (₹ in Lakhs)

Particulars	2016-17	2015-16
M/s.K.P.R.Mill Limited	224	212
	224	212

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

Name	2016-17	2015-16
M/s.K.P.R.Mill Limited	56	-

**e. Processing / Service Charges Expenses** (₹ in Lakhs)

Name	2016-17	2015-16
M/s.K.P.R.Mill Limited	6,595	7,948

**f. Amount Payable** (₹ in Lakhs)

Particulars	2016-17	2015-16
M/s.K.P.R.Mill Limited	11,866	6,740
M/s.Quantum Knits Private Limited	2,020	1,822
	13,886	8,562

**36 Expenditure in Foreign Currency and CIF Value of Imports** (₹ in Lakhs)

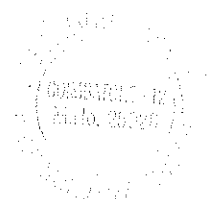
Particulars	2016-17	2015-16
Travel, sales commission etc.,	59	105
Professional Fees	9	6
Salary	32	-
Others	51	-
Value of imports on CIF basis		
Raw Material	897	253
Stores and Spare parts	-	39
Capital Goods	30	2,875
Total	1,078	3,278

**37 Earnings in Foreign Exchange** (₹ in Lakhs)

Particulars	2016-17	2015-16
Export of Goods at FOB value	37,091	28,073
Total	37,091	28,073

**38 Earnings Per Share (EPS)**

Particulars	2016-17	2015-16
Profit After Tax (₹ in Lakhs)	4807	5182
Less: Preference Dividend and Tax thereon	31	31
Weighted average number of Shares	20,50,000	20,50,000
EPS (₹) Basic & Diluted	233	251
Face Value Per Share (₹)	10	10



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

**39 Segment Reporting**

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

(₹ in Lakhs)

39.1	Particulars	For the year ended 31 March, 2017			
		Business segments		Eliminations	Total
		Textile	Sugar		
	Revenue	44,760 (43,552)	19,084 (22,563)	- -	63,844 (20,989)
	Total	44,760 (43,552)	19,084 (22,563)	- -	63,844 (20,989)
	Segment result	5,779 (5,201)	452 (641)		6,231 (5,842)
	Unallocable expenses (net)				- (871)
	Operating income				6,231 (4,971)
	Other income (net)				357 (229)
	Profit before taxes				6,588 (5,200)
	Tax expense				1,781 (-)
	Profit for the year				4,807 (5,200)

Note: Figures in bracket relate to the previous year

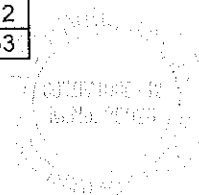
(₹ in Lakhs)

39.2	Particulars	For the year ended 31 March, 2017		
		Business segments		Total
		Textile	Sugar	
	Segment assets	41,234 (33,070)	35,397 (43,075)	76,631 (76,145)
	Unallocated Assets			2,916 (1,572)
	Total assets			79,547 (77,717)
	Segment liabilities	26,256 (19,751)	31,690 (19,316)	57,946 (39,067)
	Unallocated Liabilities			- (-)
	Total liabilities			57,946 (39,067)
	<u>Other information</u>			
	Capital expenditure	16,305 (-)	11 (146)	16,316 (146)
	Depreciation and amortization	341 (-)	2,729 (2,727)	3,070 (2,727)

Note: Figures in bracket relate to the previous year

(₹ in Lakhs)

39.3	Geographic Segment	Sales		Receivables	
		2016-17	2015-16	2016-17	2015-16
	Europe	22,564	17,534	6,137	6,831
	Asia	1,518	534	484	323
	USA	1,326	1,643	66	279
	Others	11,683	8,362	4,573	2,618
	Domestic	22,007	35,246	1,308	4,412
	Total	59,098	63,319	12,568	14,463



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

**39.4 Information about major Customers**

Name of the customer	% of Sales	
	2016-17	2015-16
KMART AUSTRALIA LIMITED	14.60	10.31
MARKS & SPENCERS SCM LTD	14.17	-
QUANTUM KNITS PRIVATE LIMITED	-	12.26
DECATHLON SA	-	17.66

**40 Disclosure of Employee Benefits:**

**40.1 Defined Contribution Plan**

(₹ in Lakhs)

	2016-17	2015-16
Provident Fund	631	544
Employee State Insurance	226	182
<b>40.2 Defined Benefit Plan - Gratuity</b>		
<b>A Changes in Present value of obligation</b>		
PV of obligation as the beginning of the year	112.60	82.74
Current Service Cost	21.36	31.96
Interest Cost	5.58	4.38
Actuarial (gain) / Loss on obligation	(23.16)	(6.48)
PV of obligation as at end of the year	116.38	112.60
<b>B Change in Assets during the year ended 31st March</b>		
FV of Plan Asset as at beginning of the year	69.51	51.84
Expected return on Plan Assets	4.17	4.96
Actuarial gain / (loss)	-	-
Contributions by the employer	-	12.71
FV of Plan Asset as at end of the year	73.68	69.51
<b>C Net Asset/(Liability) recognized in the Balance Sheet</b>		
PV of obligation as at end of the year	116.38	112.60
FV of Plan Asset as at end of the year	73.68	69.51
Funded Status [Surplus/(Deficit)]	(42.70)	(43.09)
<b>D Expenses recognized during the period ended 31st March</b>		
Current Service Cost	21.36	31.96
Interest Cost	5.58	4.38
Expected return on Plan Assets	(4.17)	(4.96)
Actuarial (gains) / Losses	(23.16)	(6.48)
Net amount recognized in the year	(0.39)	24.90
<b>E 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)	8.00%	8.00%
Expected average remaining working lives of employees (years)	27.80	31.39

**F Gratuity**

**Interest risk and Investment risk :** Fund managed by LIC hence risk does not arise

**Longevity risk :** LIC is taking insurance cover to protect the longevity risk. It covers upto the retirement age of the employee.

**Salary risk :** Since it is funded benefit Company's liability restricted to the extent of salary revision during the year

**41 Previous Year's Figures**

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

  
**P. Nataraj**  
 Director

