K SUGAR C AND P IND COR

# K.C.P. SUGAR AND INDUSTRIES CORPORATION LTD.

**Regd. Office :** "Ramakrishna Buildings", Post Box No. 727, No.239, (Old No.183), Anna Salai, Chennai - 600 006.
Ph : 044 2855 5171 to 5176, 6551 4966 Fax : 044 2854 6617 / 2855 5863 E-mail : kcpsugar@vsnl.com
CIN - L15421TN1995PLC033198

Ref: KSICL /STK.EX/2017-18

17.09.2018

**MANAGER**
**CORPORATE RELATIONSHIP**
**DEPT OF CORP SERVICES**
**BOMBAY STOCK EXCHANGE LTD**
Floor 25, PJ Towers
Dalal Street,
**Mumbai 400 001**

**Scrip ID: KCPSUGIND**
**Scrip Code: 533192**

Dear Sir,

**Sub: Compliance Reports as per SEBI guidelines**

Please find attached soft copy of Twenty Third Annual Report of our Company under Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 for the period ended 31.03.2018

Thanking you

Yours faithfully,
For **K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED.**

**S CHIDAMBARAM**
**GM (ACCOUNTS) AND COMPANY SECRETARY**

Encl: a/a

K SUGAR
C AND
P IND COR

# K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

## *Twenty Third Annual Report*
## 2017 - 2018

# CONTENTS

## BOARD OF DIRECTORS

| WHOLETIME DIRECTORS: | DIN | |
|---|---|---|
| Shri.Vinod R. Sethi | 00106598 | Executive Chairman |
| Smt.Irmgard Velagapudi M. Rao | 00091370 | Managing Director |
| Smt.V.Kiran Rao | 00091466 | Executive Director |

| NON-WHOLETIME DIRECTORS: | | |
|---|---|---|
| Shri.Ranvir R.Shah | 00041398 | Independent Director |
| Dr.Vithal Rajan | 00021571 | Independent Director |
| Shri.M.S.V.M.Rao | 00432640 | Independent Director |
| Shri.Prathap K. Moturi | 00020630 | Independent Director |
| Shri K.R.Adivarahan | 00019844 | Independent Director |

**Board Committees**

| Audit Committee | Nomination & Remuneration Committee | Stakeholders Relationship Committee | C S R Committee |
|---|---|---|---|
| **Chairman**<br>Shri.M.S.V.M.Rao<br>**Members**<br>Shri. Vinod R. Sethi<br>Dr.Vithal Rajan<br>Shri. Ranvir R.Shah<br>Shri.Prathap K.Moturi<br>Shri K.R.Adivarahan | **Chairman**<br>Dr. Vithal Rajan<br>**Members**<br>Shri. Vinod R. Sethi<br>Shri. Ranvir R.Shah<br>Shri.K.R.Adivarahan | **Chairman**<br>Shri.K.R.Adivarahan<br>**Members**<br>Smt.Irmgard Velagapudi M.Rao,<br>Smt.V.Kiran Rao, | **Chairperson**<br>Smt.Irmgard Velagapudi M.Rao<br>**Members**<br>Shri.Vinod R.Sethi<br>Shri.M.S.V.M.Rao<br>Shri.K.R.Adivarahan |

**Chief Financial Officer** — Shri.R. Ganesan

**Company Secretary & Compliance Officer** — Shri.S.Chidambaram, B.Sc.,ACMA, ACS,

**Auditors**
M/s. Suri & Siva (FRN. 004284S)
Chartered Accountants
C-8, 3rd Floor, Shanti Apartments, New No.18,
1st Cross Street, TTK Road
Alwarpet, Chennai 600018

**Cost Auditor**
M/s. SRR & Associates, (Reg. No. 000992)
Cost Accountants,
No.20, Valluvar Street, 2nd Floor,
Thiru Nagar, Jafferkhanpet, Chennai 600083.

**Secretarial Auditors**
M/s. V.Mahesh & Associates - CP No. 2473
Company Secretaries
No.39/19, III floor, Aspen Court , 6th Main Road,
R.A. Puram - Chennai 600028

**Internal Auditor**
Mr.S.Manisekaran
Chartered Accountant,
'Venkatesam', No.20/22, Ramanujam Street,
Nungambakkam, Chennai 600034.

**Bankers**
State Bank of India
ICICI Bank Ltd
Axis Bank Ltd

**Registered & Corporate Office**
"Ramakrishna Buildings"
239, Anna Salai, Chennai - 600 006.
Telephone: 044-28555171-76 / E-mail: kcpsugar@vsnl.com
Website: www.kcpsugar.com

**Plant Locations:**
1) **Vuyyuru, Krishna Dist, Andhra Pradesh 521 165**
Sugar, Industrial Chemicals, Incidental Co-generation Power, Biotech, CO2, Calcium Lactate Divisions.
2) **Lakshmipuram, Krishna Dist, Andhra Pradesh 521 131**
Sugar, Incidental Co-generation Power.

**Registrars to Deposits** — Being handled In-House at the Registered Office of the Company.

**Registrars & Share Transfer Agent & Depository Registrars**
M/s Integrated Registry Management Services Private Limited
2nd Floor, "Kences Towers", No.1,Ramakrishna Street,
North Usman Road, T.Nagar, Chennai - 600 017.
Ph: 28140801 to 28140803 Fax: 28142479
Email : corpserv@integratedindia.in
Website: www.integratedindia.in

## FINANCIAL HIGHLIGHTS

Rs. in Lakhs – except Ratios

| Particulars | Year Ended | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 31.03.2018 | 31.03.2017 | 31.03.2016 | **31.03.2015** | **31.03.2014** | **31.03.2013** | **31.03.2012** | **31.03.2011** | **31.03.2010** | **31.03.2009** |
| Share Capital | **1,133.85** | **1,133.85** | **1,133.85** | 1,133.85 | 1,133.85 | 1,133.85 | 1,133.85 | 1,133.85 | 1,133.85 | 1,133.85 |
| Reserves and Surplus | **24,372.21** | **24,769.55** | **20,818.26** | 20,283.62 | 22,427.96 | 20,789.08 | 18,239.51 | 16,519.46 | 15,925.95 | 14,546.49 |
| Net Worth | **25,506.06** | **25,903.40** | **21,952.11** | 21,417.47 | 23,561.81 | 21,922.93 | 19,373.36 | 17,653.31 | 17,059.80 | 15,680.34 |
| Fixed Assets (Net) | **9,384.20** | **10,135.12** | **9,879.55** | 10,713.37 | 11,318.80 | 11,713.94 | 12,243.89 | 13,102.44 | 13,698.22 | 13,959.19 |
| Gross Income | **38,771.27** | **46,290.34** | **39,917.43** | 41,645.59 | 35,716.56 | 43,460.93 | 34,760.85 | 22,109.35 | 26,306.43 | 19,954.65 |
| Gross Profit / (Loss) | **1,600.03** | **9,,035.27** | **2,587.97** | (1,301.80) | 4,892.66 | 7,215.30 | 4,892.15 | 2,924.04 | 4,813.10 | 3,270.26 |
| Depreciation | **894.06** | **918.32** | **1,025.50** | 1,031.07 | 1,109.40 | 1,087.40 | 1,082.87 | 1,095.44 | 1,062.54 | 1,085.35 |
| Finance Cost | **1,440.73** | **1,128.40** | **684.45** | 421.38 | 455.47 | 567.58 | *634.16 | *500.57 | 319.62 | 360.18 |
| Profit / (Loss) before Tax | **(734.76)** | **6,988.55** | **878.02** | (2,754.25) | 3,327.79 | 5,560.32 | 3,175.12 | 1,328.03 | 3,430.94 | 1,824.73 |
| Profit / (Loss) after Tax | **836.53** | **5,488.75** | **875.81** | (1617.00) | 2,766.45 | 3,876.13 | 2,642.50 | 1,183.23 | 2,374.37 | 1,132.88 |
| Other Comprehensive Income | **(5.66)** | **(1.72)** | **Indian Accounting Standards (Ind As) was adopted for the first time from the F.Y.2017-18.** | | | | | | | |
| Total Comprehensive Income | **830.87** | **5,487.03** | | | | | | | | |
| Earnings per Share (Rs.) | **0.73** | **4.84** | **0.77** | (1.43) | 2.44 | 3.42 | 2.33 | 1.04 | 2.09 | 0.999 |
| Cash Earnings per Share (Rs.) | **1.52** | **5.65** | **1.68** | (0.52) | 3.42 | 4.38 | 3.29 | 2.01 | 3.03 | 1.96 |
| Book Value per Share (Rs.) | **22.50** | **22.85** | **19.36** | 19.01 | 20.78 | 19.33 | 17.09 | 15.57 | 15.05 | 13.83 |
| Dividends on Equity % | **10.00** | **90.00** | **25.00** | 10.00 | 85.00 | 100.00 | 70.00 | 45.00 | 75.00 | 70.00 |
| Long term Debt Equity Ratio (excluding working capital borrowings) | **0.16** | **0.19** | **0.21** | 0.26 | 0.21 | 0.09 | 0.26 | 0.26 | 0.25 | 0.25 |

* Finance cost from Financial Year 2010-11 onwards consists of Interest and other borrowing costs as per Revised Sch.VI. Rest of the Financial Years, it represents only Interest.

## SEASON WISE CANE CRUSHED, SUGAR BAGGED AND RECOVERY

| SEASON | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|---|---|---|---|---|---|---|---|---|---|---|
| **SUGAR UNIT, VUYYURU** | | | | | | | | | | |
| Cane Crushed in MTS | **7,19,878** | **5,06,541** | **8,98,654** | 8,33,277 | 8,03,318 | 7,69,209 | 8,71,574 | 7,86,393 | 4,89,522 | 5,38,686 |
| Sugar bagged in QTLS | **6,89,152** | **4,73,740** | **8,53,870** | 7,90,620 | 8,21,468 | 7,78,220 | 8,59,940 | 8,05,960 | 4,64,110 | 5,64,150 |
| Recovery ( % ) | **9.60** | **9.38** | **9.49** | 9.49 | 10.24 | 10.10 | 9.88 | 10.25 | 9.50 | 10.45 |
| **SUGAR UNIT, LAKSHMIPURAM** | | | | | | | | | | |
| Cane Crushed in MTS | **1,71,572** | **1,40,649** | **2,84,686** | 2,70,236 | 2,85,464 | 2,27,531 | 2,81,847 | 2,75,222 | 1,50,759 | 1,35,957 |
| Sugar bagged in QTLS | **1,55,121** | **1,14,241** | **2,53,263** | 2,34,100 | 2,74,470 | 2,06,768 | 2,41,447 | 2,50,160 | 1,29,206 | 1,22,686 |
| Recovery ( % ) | **9.06** | **8.12** | **8.90** | 8.67 | 9.62 | 9.11 | 8.87 | 9.09 | 8.58 | 9.05 |

CIN: L15421TN1995PLC033198
"Ramakrishna Buildings"
No.239, Anna Salai
Chennai 600 006.
T: 91 44 28555171 – 176
F: 91 44 28546617

Invesorservices@kcpsugar.com
www.kcpsugar.com

May 25, 2018

Dear Member,

You are cordially invited to attend the 23rd Annual General Meeting of the members of K.C.P.Sugar and Industries Corporation Limited ("the Company") to be held on 14th day of September 2018 at 10.00 AM at "Sathguru Gnanananda Hall" Narada Gana Sabha, 314, T.T.K.Road, Alwarpet, Chennai 600018.

The Notice of the meeting, containing the business to be transacted, is attached. As per section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and in pursuance of Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. The instructions for e-voting are attached.

Very truly yours,

**VINOD R. SETHI**
EXECUTIVE CHAIRMAN

Enclosures:

11. Notice to the 23rd Annual General Meeting
2. Instruction for e-voting
3. Proxy form
4. Attendance slip.

**NOTICE** is hereby given that the Twenty third Annual General Meeting of the Members of the Company will be held at "Sathguru Gnanananda Hall" Narada Gana Sabha, 314, T.T.K.Road, Alwarpet, Chennai 600018, on Friday, September 14, 2018 at 10.00 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited financial statements including audited consolidated financial statements of the Company for the financial year ended March 31, 2018 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri. Vinod R.Sethi (DIN: 00106598), who retires by rotation, and being eligible, offers himself for reappointment.

**SPECIAL BUSINESS**:

4. **Remuneration to Cost Auditor:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"*RESOLVED that the Company do hereby confirm and ratify in terms of section 148 and other applicable provisions of the Companies Act, 2013 and Rule 14 of the Companies (Audit & Auditors) Rules, 2014 (including any statutory modifications) or re-enactment thereof, the remuneration of Rs.2,25,000/- (Rupees Two lakhs and twenty five thousand only) plus GST as applicable and reimbursement of travel and out of pocket expenses, approved by the Board of Directors on the recommendations of the Audit Committee, to SRR Associates, Cost Accountants, Chennai (FRN 000992) for conducting the audit of cost records of the Company for the financial year ending 31st March 2019.*"

// **BY ORDER OF THE BOARD** //

**Place :** Chennai — **VINOD R. SETHI**

**Date :** 25.05.2018 — **EXECUTIVE CHAIRMAN**

**NOTES:**

a. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The **proxy form**, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty eight hours before the commencement of the meeting. As per section 105 of the Companies Act, 2013, read with Rule 19 of the Companies (Management and Administration) Rules, 2014, a person appointed as proxy can act on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other member.

b. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than 3 days of notice in writing is given to the company.

c. Members / Proxies / authorized representatives are requested to hand over the duly filled in Attendance Slip attached with this notice at the registration counter. Members holding shares in dematerialized form are requested to furnish their client ID / DP ID numbers for identification.

d. The Register of Directors and key-management personnel and their shareholding maintained under section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

e. A statement pursuant to section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the AGM is annexed hereto.

Relevant documents referred to in the accompanying Notice and the statement pursuant to section 102(1) of the Companies Act, 2013, are available for inspection at the Registered Office of the Company during business hours on all days, except Saturdays, Sundays and Public Holidays, upto the date of the Annual General Meeting.

**f.** The Register of Contracts or Agreements in which the directors are interested, maintained under section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

**g.** **The Register of Members, Register of Beneficial Owners and Share Transfer Books** of the Company will remain closed from 6th day of September 2018 to 14th day of September 2018, both days inclusive, for the purpose of payment of dividend for the financial year ended March 31, 2018 and the AGM.

**h.** **Dividend on equity shares**, recommended by the Board, if approved by the shareholders at the AGM, will be paid on or after 14.09.2018 but within the stipulated time of 30 days from the date of declaration:

i. to those Members whose names appear on the Register of Members of the Company as on 14th September 2018 or to their Mandates; and

ii. in respect of **shares held in electronic form**, the dividend will be paid to the beneficial owners of shares as on that date as per the details furnished by the National Securities Depository Ltd (NSDL) and the Central Depository Services (India) Ltd. (CDSL) for the purpose.

**i.** **M/s. Integrated Registry Management Services Pvt. Ltd,** Kences Towers, II Floor, No.1 Ramakrishna Street, T.Nagar, Chennai 600 017 are the Registrar and Transfer Agents and Depository Participants of the Company for physical / electronic shares and all correspondences with regard to transfer of shares etc may be addressed to them directly.

**j.** Securities and Exchange Board of India has made **trading** in the shares of the company **compulsory in dematerialized form** for all investors. Members are requested to open a Beneficiary owner account with a Depository Participant, if not done so far.

**k.** In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s. Integrated Registry Management Pvt. Ltd, Chennai, under the signature of the sole / first joint holder, the following information to be incorporated on dividend warrants:

i. Name of the Sole / First joint holder and the Folio Number.

ii. Particulars of Bank Account, viz, Name of the Bank, Name of the Branch, and Complete address of the Bank with PIN code, Account type and the Bank Account Number.

iii. Dividend warrants for physical payment will be issued by the Company payable at par at the designated branches of the bank, with a validity period of 3 months. Hence, members are advised to encash the warrants within the validity period.

iv. Dividend, on approval by the shareholders at the AGM, will be paid without deduction of tax, to shareholders. Taxability of dividend in the hands of recipients is as per the extant tax law.

**l.** **Members holding shares in dematerialized form**, may please note that while opening a depository account with participants they might have given **their bank account details**, which will be printed on their dividend warrants. However, if Members want to change/correct the Bank details, they should send the same immediately to the concerned Depository Participant. Members are also requested to give MICR code of their bank to their Depository Participant. **The Company will not entertain any direct request from Members for addition/deletion/change in bank account details furnished by Depository Participants to the Company.**

**m.** **Electronic Clearing System (ECS)** credit has been moved completely to the National Electronic Clearing System (NECS) platform through core banking system, effective from 01.10.2009. Accordingly, dividend will be credited to the shareholders bank account through NECS where complete core banking details are available with the Company. In the event any branch of a bank has not migrated to core banking system, or where core banking account is not furnished by the shareholders to the Depository / Company, as the case may be, the Company will print details available in its records on the Dividend Warrants to be issued to such shareholders. This service provides instantaneous credit to the shareholders and also protects against fraudulent interception and encashment of dividend warrants, besides eliminating dependence on the postal system, loss or damage of dividend warrants in transit and correspondence relating revalidation / issue of duplicate warrants.

**n.** Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar the details of all such folios together with the Share Certificates for **consolidation of their holdings into a single folio.**

**o.** Pursuant to Section 72 of the Companies Act, 2013, Members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination are requested to send their request in Form No. SH-13 pursuant to Rule 19(1) of the Companies (Share Capital & Debentures) Rules, 2014. Members holding shares in physical form can submit Form SH-13 to the Company's Registrar & Transfer Agents, M/s. Integrated Registry Management Services Private Limited, and the members holding shares in electronic form can submit the Form SH-13 to their respective Depository Participants.

**p.** Shareholders who have **not lodged their old share certificates of "The K.C.P.Ltd"** for exchange of new share certificates of both the Companies in terms of the approved Scheme of Arrangement are requested to surrender the same to The K.C.P.Ltd, No.2, Dr.P.V.Cherian Crescent, Chennai – 600 008 at the earliest with a copy marked to the Registrar. New share certificates of this Company will be despatched after receipt of confirmation from The K.C.P.Ltd.

**q.** Members are requested to **bring their copy of the Annual Report to the Meeting,** as copies will not be distributed at the Meeting Hall, as a measure of austerity. Corporate Members are requested to send to the Company's Registrar and Transfer Agents, a duly certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the AGM.

**r.** **Members desirous of obtaining any information** concerning the accounts and operations of the Company are requested **to address their queries in writing** to the Secretarial Division **at least two weeks before the Meeting** so that the information may be made available at the Meeting.

**s.** The members are requested to register their e-mail address / any change in the already registered e-mail address, to the Company / Registrar and Transfer Agents to enable service of documents through electronic mode, in line with the Green Initiatives in Corporate Governance taken by the Ministry of Corporate Affairs, allowing paperless compliance by the Companies.

**t.** The soft copy of full Annual Report is being sent by electronic mode to all the members whose e-mail address is registered with the Company / Depository Participant. If a member opts for the hard copy of the Annual Report, the same will be sent to such member. For members who have not registered their e-mail address, hard copies of the full Annual Report are being sent by the permitted mode.

**u.** **Remote E-voting**: Pursuant to section 108 of the Companies Act, 2013 read with Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended on 19.03.2015, the Company provides facility for its members to exercise their voting right by electronic means, and the business set out in the Notice may be transacted through such e-voting. Cut off date for remote e-voting is 7$^{th}$ September, 2018. Detailed instructions for e-voting is given in the Annexure.

**v.** **Voting at AG**M: The Company also provides facility for voting through polling paper at the venue of the Annual General Meeting in pursuance of Rule 20 of Companies (Management & Administration) Rules, 2015 read with clause 7 of Secretarial Standard 2 on General Meetings. Members who have availed the facility of remote e-voting cannot avail this facility but can attend the meeting.

**w.** Distribution of Gift, Gift Coupons or cash in lieu of gifts to members at or in connection with the General Meeting, is not permitted as per clause 14 of Secretarial Standard 2 on General Meetings., issued by the Institute of Company Secretaries of India.

**x.** Details of Director seeking reappointment at the forthcoming Annual General Meeting [in pursuance of Regulation 36(3) of SEBI (LODR) Regulations, 2015] (*Item 3 of this Notice*) :

| | |
|---|---|
| *Name of Director* | *Shri. Vinod R. Sethi* |
| *Date of Birth* | *22.05.1962* |
| *Nationality* | *Indian* |
| *Date of appointment on the Board* | *26.10.2005* |

| | |
|---|---|
| *Qualifications* | *B.Tech.(Chem.Engg.);*<br>*MBA (Finance);*<br>*Beta Gamma Sigma Graduate from New York University.* |
| *Expertise in specific functional area* | *An alumnus of IIT, Mumbai, MBA (Finance) and Beta Gamma Sigma Graduate from New York University. Has rich experience in investment banking for more than a decade, heading the Indian business of Morgan Stanley Investment Management Inc, New York.* |
| *No. of shares held in the Company* | *93010* |
| *List of Directorships held in other Companies* | *United Phosphorus Ltd – Director*<br>*Advanta Ltd - Director* |
| *Chairman / Member in the Committees of the Boards of Companies in which she / he is a director.* | *Member, Audit Committee – Advanta Ltd.* |
| *Directorships relate to Directorship in other Indian public companies and Committee memberships relate to Audit Committee and Stakeholders Relationship Committee of Public Limited companies (whether listed or not).* | |

**aa. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013:**

i. Item 4 – Remuneration to Cost Auditor:

The Board of Directors, on the recommendations of Audit Committee, has approved the reappointment and remuneration of M/s. SRR & Assocates, Cost Accountants, Chennai (FRN 000992) as Cost Auditors to conduct the audit the cost records of the Company for the financial year ending 31.03.2019. The Firm has confirmed that its appointment is within the limits of section 148 of the Companies Act, 2013 and has also certified that the Firm is free from any disqualification specified under section 148 of the Companies Act, 2013. The Audit Committee has also received a Certificate from the said Firm certifying its independence and arms length relationship with the Company. The remuneration of Rs.2,25,000/- plus GST as applicable and reimbursement of out of pocket expenses, as determined by the Board based on the recommendations of the Audit Committee, is now placed for ratification by the shareholders at this AGM in pursuance of section 148(3) of the Companies Act, 2013, read with rule 14 of the Companies (Audit & Auditors) Rules, 2014:

| **Product** | **Factory** |
|---|---|
| Sugar | Vuyyuru and Lakshmipuram (both in Krishna Dist., A.P.). |
| Electricity | Vuyyuru and Lakshmipuram (both in Krishna Dist., A.P.). |
| Industrial Alcohol | Vuyyuru at Krishna Dist., A.P. |
| Bio-fertilizers | Vuyyuru at Krishna Dist., A.P. |
| Calcium Lactate | Vuyyuru at Krishna Dist., A.P. |
| Carbon Dioxide | Vuyyuru at Krishna Dist., A.P. |

Copies of the relevant resolutions of the Audit Committee and the Board are available for inspection by members on any working day between 11.00 AM and 1.00 PM.

Memorandum of Interest

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the resolutions.

// **BY ORDER OF THE BOARD** //

**Place :** Chennai **VINOD R. SETHI**

**Date :** 25.05.2018 **EXECUTIVE CHAIRMAN**

# DIRECTORS' REPORT

Your Directors have pleasure in presenting the 23rd Annual Report and the audited financial statements for the year ended 31st March 2018.

**1. FINANCIAL RESULTS:**

| | For the Year ended 31.03.2018 | For the Year ended 31.03.2017 |
|---|---|---|
| Physical Performance | | |
| Cane crushed – in Tonnes | **868552** | **740826** |
| Sugar bagged – In Quintals | **819141** | **683988** |
| **Financial Performance – Rs. Crores** | | |
| Turnover | **425.27** | **519.29** |
| Other Income | **57.76** | **33.88** |
| Profit Before Tax | **(7.35)** | **69.89** |
| Profit After Tax | **8.37** | **54.89** |
| **Earnings per share** | **0.73** | **4.84** |

**2. PERFORMANCE:**

During the financial year under review your Company recorded a Turnover of Rs. 425.27 crores (Prev.Year: Rs. 519.29 cr.) including Excise Duty of Rs. 4.84 crores (Prev.Year: Rs.22.33 cr.) and Inter-divisional transfers of Rs. 95.32 crores (Prev. year: Rs.90.27 cr.). The profit before finance cost and depreciation is Rs.16.00 crores. Loss before tax is Rs.7.35 crores and after adjustments relating to Deferred Tax, the Profit after tax is Rs.8.36 crores.

**3. DIVIDEND:**

The Board of Directors recommends a dividend of Re. 0.10 per equity share of face value of Re.1/- each on the Paid-up Equity Capital for the year ended 31.03.2018 as against Re.0.90 per equity share, approved for the previous year ended 31.03.2017. The dividend recommended by your Directors, if approved at the ensuing Annual General Meeting by the Shareholders would be paid within the stipulated time.

**4. SHARE CAPITAL AND RESERVES:**

The share capital of the Company is Rs.11.33 crores. Other equity as at 01.04.2017 was Rs. 247.70 Crores. After transferring profit for the financial year 2017-18 i.e. Rs. 8.36 Crores and after adjusting provision for dividend and tax thereon Rs. 12.28 Crores and other comprehensive income less tax of (Rs. 0.06 Crores) other equity as at 31 March, 2018 stood at Rs. 243.72 Crores.

**5. SUBSIDIARY COMPANIES:**

Your Company has two wholly-owned Subsidiaries, viz, The Eimco-K.C.P. Limited and KCP Sugars Agricultural Research Farms Limited. Both the wholly-owned subsidiaries are unlisted companies and do not fall under the category 'Material Subsidiary' in terms of Regulations 16 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. There are no Associated Companies within the meaning of section 2(6) of the Companies Act, 2013 and there has been no material change in the nature of business of the subsidiaries. A statement containing salient features of the financial statement of subsidiaries in Form AOC-1, forms part of the Board's Report - Annexure X to Board's Report.

**6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

A comprehensive discussion and analysis report on the industry's structure as well as on the financial and operational performance of the Company is contained in the Management Discussion and Analysis Report, which forms an integral part of the Board's Report (Annexure I).

**7. CORPORATE GOVERNANCE REPORT:**

Pursuant to Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Corporate Governance Report together with the Certificate from the Company's Statutory Auditors confirming the compliance of conditions on Corporate Governance is given in Annexure II to Board's Report.

**8. EXTRACT OF ANNUAL RETURN:**

In pursuance of section 134(3) of the Companies Act, 2013, the extract of the Annual Return has provided under section 92(3) of the Companies Act, 2016, is given in Annexure III.

**9. DIRECTOR'S RESPONSIBILITY STATEMENT:**

As required by Section 134 of the Companies Act, 2013, your Directors certify as follows:

i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there were no material departures there-from;

ii. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2018 and of the Profit of the Company for that year;

iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. that the Directors had prepared the annual accounts on a going concern basis.

v. That the directors had laid down internal financial controls to be followed by the Company and that such financial controls are adequate and are operating effectively.

vi. That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

There is no loan / guarantee / investment covered under section 186 of the Companies Act, 2013, during the financial year 2017-18. In pursuance of Rule 11 of Companies (Meetings of Board and its powers) Rules, 2014, the requirement of section 186(3) is not applicable.

**11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**:

The Company has entered into Rental Lease Agreements with related parties in the ordinary course of business and on arms length basis. The value of such transactions is well within

the threshold limit prescribed under Rule 15 of Companies (Meetings of Board & its powers) Rules, 2014 and hence outside the ambit of section 188 of the Companies Act, 2013. Disclosure of particulars of contracts / arrangements entered into by the Company with the related parties in pursuance of section 188(1) of the Companies Act in Form AOC-2, forms part of the Board's Report.

**12. MATERIAL CHANGES AND COMMITMENT**:

There is no change in the nature of business of the Company during the financial year under review. There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of Board's Report.

**13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE INFLOW AND OUTGO**:

Information relating to Conservation of Energy, Technology absorption, Foreign Exchange inflow and outgo, as required under section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of Companies (Accounts) Rules, 2014, is furnished in Annexure IV.

**14. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

The CSR policy of the Company and the details about the measures taken by the Company on CSR activities during the financial year as required under Companies (Corporate Social Responsibility Policy) Rules, 2014, have been disclosed in Annexure V, in pursuance of section 135 of the Companies Act, 2013.

**15. PARTICULARS OF EMPLOYEES:**

Statement required under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not attached to this Report as none of the employees was in receipt of remuneration as prescribed under this Section and Rules.

The information required pursuant to section 197 of the Companies Act, 2013, read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is furnished in Annexure VI.

**16. PERSONNEL AND INDUSTRIAL RELATIONS:**

The Employee relations scenario continued to be harmonious and congenial. Acknowledging this, your Company has been awarded for outstanding efforts in maintaining cordial Industrial Relations and Labour Welfare by Government of Andhra Pradesh.

**17. DIRECTORS:**

**Director retiring by rotation:**

**Shri. Vinod R.Sethi**, Director, who retires by rotation at this AGM and is eligible for reappointment, is proposed to be reappointed as Director at this AGM. The Board recommends his reappointment and accordingly, resolution seeking approval of members for his reappointment has been included in the Notice for the forthcoming Annual General Meeting along with his brief profile.

**18. AUDITORS:**

M/s. Suri & Siva (FRN 004284S), Chartered Accountants, were first appointed as Statutory Auditors of the Company at the 22nd Annual General Meeting held on 15.09.2017. In terms of their appointment, they are holding office of Statutory Auditors of the Company upto the conclusion of the 27th Annual General Meeting, subject to ratification by members at every AGM. M/s. Suri & Siva, Chartered Accountants, have confirmed that their appointment is within the limits specified under section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified to be appointed as statutory auditors of the Company in terms of the provisions of the proviso to section 139(1), section 141(2) and section 141(3) of the Companies Act, 2013 read with the provisions of the Companies (Audit & Auditors) Rules, 2014.

The Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

As the Annual Ratification of the appointment of Statutory Auditors at every Annual General Meeting in pursuance of proviso to section 139(1) and Rule 3(7) of Companies (Audit & Auditors) Rules, 2014, has been dispensed with, with effect from 7th May 2018, the Company has not placed the matter relating to appointment of Auditors for ratification before the members at this Annual General Meeting.

**19. COST AUDIT:**

M/s. SRR & Associates, Cost Accountants, Chennai, (FRN 000992), had been appointed by the Board of Directors of the Company as Cost Auditor to conduct the Cost Audit in respect of Sugar, Industrial Alcohol, Electricity, Fertilizer, Calcium Lactate and $CO_2$ for the financial year 2016-17, and their remuneration was ratified by the members at the 22nd Annual General Meeting held on 15.09.2017. The Cost Audit Reports for 2017-18 are due for submission on or before 27.09.2018.

The Cost Audit reports for 2016-17 were e-filed with the Ministry of Corporate Affairs, New Delhi, vide, SRN G-52301405 dt. 07.09.2017.

M/s SRR & Associates confirmed that its appointment is within the limits of section 148 of the Companies Act, 2013 and has also certified that the Firm is free from any disqualifications specified under section 148 of the Companies Act, 2013. The Audit Committee has also received a certificate from the said Firm of Cost Auditors certifying its independence and arms length relationship with the Company.

**20. SECRETARIAL AUDIT & SECRETARIAL STANDARDS:**

In pursuance of section 204 of the Companies Act, 2013, the Board of Directors at its meeting held on 09.02.2018 appointed M/s. V.Mahesh & Associates, Company Secretaries in practice, as Secretarial Auditor for the financial year 2017-18 and their report is annexed with the Board's Report. (*refer Annex. VII*). Pursuant to section 118(10) of the Companies Act, 2013, the Company observes Secretarial Standards 1 and 2 relating to Board Meetings and General Meetings, prescribed by the Institute of Company Secretaries of

India.

There are no disqualifications, reservations or adverse remarks or disclaimers in the Statutory Auditors, Cost Auditor and Secretarial Auditor's Report.

The Company, since inception, remains in the regime of unqualified financial statements. The Company will comply with SEBI circular dt. 13.08.2012 and Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and submit Form A along with Annual Report.

**21. INTERNAL AUDIT:**

Pursuant to Section 138(1) of the Companies Act, 2013, the Company has appointed Shri.S.Manisekaran, Chartered Accountant (Membership No.026400) to conduct internal audit of the Company for the financial year 2018-19. The Internal Auditor reports to the Audit Committee and submits his reports on quarterly basis.

**22. CREDIT RATING:**

Credit Analysis & Research Ltd (CARE) has reaffirmed the Credit Rating on your Company as 'CARE 'A (Single A) for long term bank facilities and reaffirmed 'CARE A1' (A One) for short term bank facilities and for Fixed Deposit it is CARE A (FD) [Single A (Fixed Deposit] assigned to your Company for the current year. The ratings for the financial year 2018-19 are awaited on this date. Measured through industry yardstick these ratings are considered to be having adequate degree of safety for a sugar mill.

**23. ISO CERTIFICATION:**

Your Company has been certified consecutively for the past nine years under BS EN ISO 22000:2005, BS EN ISO 9001:2000, and OHSAS 18001:2007 for Manufacture of sugar, associated products and site activities, and Occupational Health and Safety Management system by Lloyd's Registry Quality Assurance Limited.

**24. FIXED DEPOSITS:**

As on 31.03.2018 your Company had held deposits of Rs. 68.78 crores (including unclaimed deposits) as against Rs.51.67 crores as on 31.03.2017. As at 31.03.2018, there were matured and unclaimed deposits amounting to Rs. 1.35 crores in respect of 124 deposits. As on the date of this report, amount of unclaimed deposits is Rs.0.57 crores.

In compliance with the provisions of Investors Education and Protection Fund constituted under Section 124 of the Companies Act, 2013, the Company has transferred 1 deposit amounting to Rs.0.30 lakhs which remained unclaimed beyond the period of seven years from the date of maturity to the Investor Education and Protection Fund.

**25. ACKNOWLEDGEMENT:**

Your Directors would like to take this opportunity to express their deep sense of gratitude to the Cane growers, the Shareholders, Banks, Institutions, Central and State governments, Depositors, Sugar Dealers, Business Associates, as also other regulatory authorities for their continued support and cooperation.

Your Directors would also to place on record their sincere appreciation for the total commitment, dedication and hard work put in by all the employees, which contributed to the Company's progress during the year under review.

For and on behalf of the Board of Directors

Place : Chennai **VINOD R. SETHI**

Date : 25.05.2018 EXECUTIVE CHAIRMAN

# Annexure I to Board's Report

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

a. **Sugar Industry - Opportunities, Threats and Future Outlook:**

**Opportunities:**

The long term outlook for sugar remains positive and promising on account of:

- ❖ Mandatory blending of Ethanol with petrol will boost the revenue of sugar mills and profitability.
- ❖ Growing energy consumption in India allowing the sugar industry to play a vital role.
- ❖ Environmental friendly power generated by Cogeneration Units equipped with high-pressure boilers and turbines that intelligently use the fuel to get optimum energy output.
- ❖ Expected flow of funds from Trading of Renewable Energy Certificate (REC).
- ❖ More emphasize on Bio-composting process and consequent efforts to convert organic and inorganic matter into bio-manure to ensure zero discharge from the distillery combining with press mud.
- ❖ Growing demand for bio manure, which works as the perfect soil conditioner Bio manure made from distillery and organic matter does not allow leaching of chemicals and hence can offer a solution to the problem of depletion of soil productivity.

**Threats:**

Sugar industry is at present confronted by the following threats:

- ❖ Dearth in availability of farm labour for harvesting, transportation, loading and unloading of sugar cane and sugar.
- ❖ The spurt in cane procurement prices is expected to remain volatile for a couple of years.
- ❖ Cyclical nature of industry and local climatic conditions over the crop affecting both the quantity and quality of cane available.
- ❖ Sugar weightage in WPI.
- ❖ Short crushing season.
- ❖ Shrinkage of sugarcane area under cultivation due to growing urbanisation and availability of many alternate cash crops.

**Future Outlook:**

The future outlook of sugar would depend on the following:

- ❖ Development of high breed varieties of sugarcane suitable for Indian climatic conditions and to achieve vertical growth in sugarcane productivity.
- ❖ Development of suitable sugarcane harvesting machine for Indian soil conditions and operable in fragmented land holdings.
- ❖ Swift adaptation of new cultivation method for mechanised harvesting.
- ❖ Agro-climatic conditions in major sugar-producing states.
- ❖ Permitting Green Energy producers to market directly to third parties.

**b. REVIEW OF OPERATIONS:**

**i. SUGAR UNITS AT VUYYURU AND LAKSHMIPURAM:**

The summary of cane crushed, sugar bagged, etc. of both the Sugar Units for the last two seasons and financial year wise are presented herein below:

**SEASONWISE**

| UNIT / SEASON PARTICULARS | VUYYURU | | LAKSHMIPURAM | |
|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Crushing commenced on | **03.12.2017** | 10.12.2016 | **07.12.2017** | 20.12.2016 |
| Crushing completed on | **08.04.2018** | 02.03.2017 | **03.03.2018** | 21.02.2017 |
| No. of days | **127** | 84 | **74** | 63 |
| Cane crushed (in MT) | **719878** | 506541 | **171572** | 140649 |
| Sugar Bagged (in qtls) | **689152** | 473740 | **155121** | 114241 |
| Recovery (%) | **9.60%** | 9.38% | **9.06%** | 8.12% |

**FINANCIAL YEARWISE**

| UNIT/YEAR ENDED DETAILS | VUYYURU | | LAKSHMIPURAM | |
|---|---|---|---|---|
| | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 |
| 2016-17 Season - From / To | | 06.12.2016 to 02.03.2017 | | 20.12.2016 to 21.02.2017 |
| 2017-18 Season - From / To | **03.12.2017 to31.03.2018** | ** | **17.12.2017 to03.03.2018** | ** |
| No. of days | **119** | 140 | **74** | 63 |
| Cane crushed (in MT) | **696980** | 600177 | **171572** | 140649 |
| Sugar Bagged (in qtls) | **664020** | 569747 | **155121** | 114241 |
| Recovery (%) | **9.68%** | 9.49% | **9.06** | 8.12% |

ii. **INDUSTRIAL CHEMICALS & ANHYDROUS ALCOHOL / COGENERATION / OTHER UNITS:**

Vuyyuru Distillery Unit produced 104.33 lakh litres during the year ended 31.03.2018 as against 118.67 lakh litres during the previous financial year. As against this, the said Unit sold 96.65 lakh litres valued at Rs. 39.43 crores during the year under review as against 103.41 lakh litres valued at Rs. 47.45 crores during the previous year.

The Bio-fertilizer unit at Vuyyuru sold about 1.33 lakh Qtls valued at Rs. 6.15 crores as against 1.70 lakh Qtls valued at Rs. 6.28 crores during the previous year.

Cogeneration Unit at Vuyyuru produced 29,903 MW of power during the financial year under review as against 26,710 MW in the previous year, and the Lakshmipuram Unit produced 4,401 MW of power as against 3,898 MW in the previous year. In all, total export of electrical energy was 9,248 MW resulting in a turnover of Rs. 3.76 crores as against 9,152 MW at a turnover of Rs. 3.67 crores during the previous year. The Calcium Lactate plant contributed Rs. 3.12 crores towards its turnover of the Company as against a turnover of Rs. 3.41 crores during the previous year.

**c. INTERNAL CONTROL SYSTEMS:**

Internal financial controls laid down by the Board of Directors are adequate and operating effectively. The Company has a well-established internal control system in place to ensure smooth functioning of operations. The control mechanism involves well-documented policies, authorisation guidelines commensurate with the level of responsibility and standard operating procedures. The Internal Auditor periodically reviews and makes continuous assessments of the adequacy and effectiveness of the internal control and systems. The Board, Audit Committee and the Management review the findings and recommendations of the Internal Auditor and take corrective action wherever necessary. The Company is committed in its endeavour to ensure an effective internal control environment that provides assurance on the effectiveness of operations, statutory compliance, and reliability of financial reporting and security of assets.

**d. HUMAN RESOURCES:**

The Company had 813 employees, including non-seasonal employees at the sugar units, as on 31.03.2018. The Company ensures high standards of safety for its employees and periodically conducts meetings to minimize operational hazards. The Company believes that people are the key to success and hence the human resources function pro-actively develops innovative and business focussed methods to attract, motivate, develop and retain talented, competitive manpower sources.

**e. AWARDS:**

During the year under review, your Company had received following Awards in the year 2017-18:

**Vuyyuru Unit**

- ❖ 2017 Best Management Award – from Sri N.Chandrababu Naidu, Chief Minister of Andhra Pradesh on May Day 1st May 2017 at Vijayawada.
- ❖ Runner-National Safety Award (Under Scheme VIII) – Based on Lowest Average Frequency Rate in Industry (Distillery) Performance Year 2015 – Awarded on 17.09.2017 at New Delhi by Minister of Labour, Government of India.
- ❖ Runner – National Safety Award (Under Scheme-III) – Based on Lowest Average Frequency Rate in Industry for the year 2015 – Awarded on 17.09.2017 at New Delhi by Minister of Labour, Government of India.

**Lakshmipuram Unit**

- ❖ Winner – National Safety Award (Under Scheme III) – Based on Lowest Average Frequency Rate in Industry for the year 2015 – Awarded on 17.09.2017 at New Delhi by Minister of Labour, Government of India.

**f. OTHERS:**

The valid licences for Air and Water (prevention and control of pollution) from APPCB are in place in respect of all Units at Vuyyuru and Lakshmipuram, Krishna District, Andhra Pradesh. The Company also takes adequate steps to safeguard the environment.

**g. RISK MANAGEMENT**:

The Company has an effective risk management under which all probable risks are periodically identified, assessed and acted upon to minimize and mitigate their impact. These processes are subject to periodical review by the Management. Some of the risks identified are enumerated below:

i. **Raw Material Risk:**

Sugarcane being the main raw material for sugar, any disturbance in its timely availability will have a substantial impact on the operational cost. This in turn has a significant adverse effect since the market value does not factor the variable cost determined by the climatic conditions and the cane economics.

**Mitigation Measure:**

The Company always maintains healthy relationship with its farmers. It is one among very few companies in sugar industry paying its farmers within the stipulated time. The risk of raw material short supply is mitigated to a large extent by the goodwill and reputation for ethical dealings earned by the Company since inception. The experiments in farm mechanisation, drip irrigation, improved cane varieties, carefully monitored scheduling of cane planting and harvesting boost the confidence of the Company in mitigation of the risk.

ii. **Policy Risk:**

Central and State governments regulate the cane policies and they have a larger control on this industry by determining the raw material price and also influence the sugar selling price. The controls exercised by the Union and State governments over command area demarcation from time to time. Molasses movement control.

**Mitigation Measure:**

The Company is a member of South Indian Sugar Mills Association (SISMA) and works closely with it towards developing appropriate policy recommendations to represent the industry needs to the government. Formulation of policy on Ethanol doping, review of cogeneration policy, and review of sugar weightage in WPI are some of the issues addressed in close liaison with SISMA.

iii. **Cyclicality / Commodity Risk:**

The sugar price is determined by the cyclicality of the sugar business and hence it affects the profitability. Sugar being a commodity traded across the world, its price is influenced by the various factors including the normal supply and demand.

**Mitigation Measure:**

The Company takes the following measures, which enable the Company to insulate itself against price risk.

- More focus on value-added downstream products
- Integration of sugar with cogeneration power and alcohol.

**h. CAUTIONARY NOTE:**

It is explicitly stated that some of the statements in this Management Discussion and Analysis report may be "forward looking" within the meaning of applicable laws and regulations. It may so happen that the actual events or results may be different from what the Board of Directors / Management perceives in terms of the future performance and outlook due to factors having a bearing on them and which are unforeseeable.

# Annexure II to Board's Report

1. **Company's philosophy on Code of Governance**

The Company firmly believes in high standards of corporate governance and adheres to sound corporate practices, constantly striving to improve them and adopt the best practices. The Company's objective is to go an extra mile beyond mere compliance of the statutory requirement. The Company is deeply committed to upholding the core values of integrity, transparency, responsibility, effective internal control and quality in all its activities and processes.

**2. Board of Directors**

1.1 **Composition:**

- ❖ In pursuance of section 149 of the Companies Act, 2013 read with Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. At present, the Board consists of eight members, with three promoter Directors (Executive) and four Independent Directors and one Non-Executive Director. Two of the whole-time Directors are women.
- ❖ The day-to-day management of the Company rests with the Managing Director.
- ❖ The Independent Directors on the Board are experienced and competent persons from their respective fields. They take active part at the Board and Committee Meetings which add value in the decision making process of the Board of Directors.
- ❖ None of the Directors on the Board is a Member of more than 10 Committees or act as Chairman of more than 5 Committees across all the Companies in which he/she is a Director as required under Regulation 26 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- ❖ None of the Directors serve as an independent director in more than seven listed companies.
- ❖ None of the whole-time directors serve as an independent director in more than three listed companies.
- ❖ The Independent Directors have confirmed that they satisfy the criteria of independence as required under section 149(7) of the Companies Act, 2013 and as stipulated under Regulation 25 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- ❖ No Independent Director is a relative of any other Director.

1.2 **Board Meetings / AGM - Attendance and Directorships / Committee Memberships:**

| **Name of Director** | **Category of Directorship** | **No. of Board Mtgs. attended** | **Attend-ance at the last AGMOn 15.09.2017** | ****No.of Directorships, Committee Membership / Chairmanship in other public companies** | | |
|---|---|---|---|---|---|---|
| | | | | **Directorship** | **Committee Membership** | **Committee Chairmanship** |
| **Shri.Vinod R.Sethi DIN 00106598** | Whole-time Director / Executive Chairman / Promoter Group | 5 | Yes | 2 | 1 | -- |
| **Smt.Irmgard Velagapudi M.Rao DIN 00091370** | Promoter and Managing Director | 5 | Yes | -- | -- | -- |
| **Smt.V.Kiran Rao DIN 00091466** | Promoter and Executive Director | 5 | Yes | -- | -- | -- |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Shri.Ranvir R. Shah DIN 00041398** | Non-Wholetime Independent Director | 5 | Yes | -- | -- | -- |
| **Dr.Vithal Rajan DIN 00021571** | Non-Wholetime Independent Director | 4 | No | -- | -- | -- |
| **Shri.M.S.V.M.Rao DIN 00432640** | Non-Wholetime Independent Director | 5 | Yes | -- | -- | -- |
| **Shri.Prathap K.Moturi DIN 0020630** | Non-Wholetime Independent Director | 5 | Yes | -- | -- | -- |
| **Shri.K.R.Adivarahan DIN 00019844** | Non-Wholetime Independent Director | 5 | Yes | -- | -- | -- |

*** In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only the Audit Committees & Shareholders / Investors Grievance Committees of all Public Limited Companies governed by Companies Act, 1956, have been considered.*

- ❖ Shri. Vinod R.Sethi, Smt. Irmgard Velagapudi M.Rao and Smt. V.Kiran Rao are relatives.
- ❖ Independent Directors do not have any direct or indirect material pecuniary relationship with the Company and they meet all the criteria of independence as provided in section 149(6) of the Companies Act, 2013, read with rules made thereunder and comply with the code for independent directors as per schedule IV of the Companies Act, 2013 and regulation 25 of SEBI (LODR) Regulations, 2015.
- ❖ None of the Directors received any loans / advances from the Company during the year under review, as per section 185 of the Companies Act, 2013.

❖ **Board Meetings held during the year :**

In compliance with section 173 of the Companies Act, 2013 read with Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, there were five Board Meetings held during the financial year 2017 - 18 on the following dates, and there was not a gap of 120 days between two consecutive Board Meetings:

| | | | |
|---|---|---|---|
| 1. | 29.05.2017 | 4. | 09.11.2017 |
| 2. | 11.08.2017 | 5 | 09.02.2018 |
| 3. | 15.09.2017 | | |

No Board Meeting was conducted through video conferencing or other audio visual means.

❖ **BOARD PROCEDURES**

Adequate notice of every board meeting is given to every director in writing at his/her address registered with the Company in pursuance of section 173(3) of the Companies Act, 2013. The Board Meetings are governed by well-structured agenda containing necessary information and details, which is circulated well in advance. Issues emerging on exigencies are at times placed at the Board Meeting with prior approval of the Chairman of the meeting and with the consent all directors present.

Review of compliance report relating to all laws applicable to the Company, is being done periodically by the Board of Directors. Instances of non-compliances, if any, are noted by the Board and appropriate remedial measures are taken. The reports which are required to be placed before the Board of Directors in pursuance of Regulation 17 of SEBI (LODR) Regulations, 2015, are placed before the Board at regular intervals. An action taken report on the resolutions passed / decisions taken at a board meeting, is placed before the Board in its next meeting.

❖ **BOARD EVALUATION:**

During the financial year, the Board of Directors adopted a formal mechanism for evaluation of its performance as well as that of its Committees and individual Directors including Chairman of the Board. Through a structured evaluation process covering various aspects of the Board's functioning such as governance issues, performance of specific duties and obligations, experience and competencies. Separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board based on the parameters such as attendance at Board / Committee Meetings, contribution at Board / Committee Meetings and guidance given to Management and also based on questionnaire and feedback from all the Directors as a whole, Committee and self-evaluation.

A separate meeting of Independent Directors was convened on 09.02.2018 which reviewed the performance of the Board as a whole, the Non-Independent Directors and the Chairman of the Board. After the conclusion of the Independent Directors Meeting, the feedback of Independent Directors were discussed by the Chairman of Nomination and Remuneration Committee with the Chairman of the Board, covering the performance of the Board as a whole, performance of Non-Independent Directors and the performance of Chairman of the Board.

The performance evaluation of the Board was carried out based on the following:

- ❖ Board's structure and composition
- ❖ Establishment and Delineation of responsibilities to Committees
- ❖ Efficacy of communication with external stakeholders
- ❖ Effectiveness of Board process, information and functioning.

The Performance Evaluation of Independent Directors is done by the entire Board of Directors, excluding the Director being evaluated.

❖ **INDUCTION AND TRAINING OF BOARD MEMBERS:**

On induction to the Board, the concerned director is issued a letter of appointment which spells out in detail, the terms of appointment, duties, responsibilities and other commitments. Each newly appointed director is taken through a formal induction programme which includes interactive sessions with Executive Committee members, functional heads and visit to the manufacturing site. The Managing Director and the Chairman of the Board apprise the appointee regarding the subtle aspects of Company's manufacturing, marketing, finance and other activities. The CFO and the Company Secretary brief the appointee regarding financial, legal and compliance related responsibilities.

3. **Audit Committee**

❖ **Composition and Terms of Reference :**

The Audit Committee presently comprises of six members, viz, five Non-Wholetime Independent Directors, and one Whole-time Director. The Chairman of the Audit Committee is Shri. M.S.V.M.Rao, an Independent Director, and is present at the Annual General Meetings of the Company. Shri. Vinod R. Sethi, Executive Chairman, Dr.Vithal Rajan, Shri.Prathap K.Moturi, Shri. Ranvir R.Shah, and Shri. K.R.Adivarahan (Independent Directors), are presently its other members. The composition of Audit Committee is in compliance with section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015.

The Terms of Reference of the Audit Committee:

a. The Committee has oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b. Recommends for appointment, remuneration and terms of appointment of auditors of the company.

c. Approves payment to statutory auditors for any other services rendered by the statutory auditors.

d. Reviews with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

i. Matters required to be included in the Director's Responsibility Statement being a part of the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;

ii. Changes, if any, in accounting policies and practices and reasons for the same.

iii. Major accounting entries involving estimates based on the exercise of judgment by management;

iv. Significant adjustments made in the financial statement arising out of audit findings;

v. Compliance with listing and other legal requirements relating to financial statements;

vi. Disclosure of any related party transactions

vii. Qualifications in the draft audit report.

e. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

g. Review and monitor the auditor's independence and performance, and effectiveness of audit process.

h. Approval or any subsequent modification of transactions of the company with related parties.

i. Scrutiny of inter-corporate loans and investments.

j. Valuation of undertakings or assets of the company, wherever it is necessary.

k. Evaluation of internal financial controls and risk management systems.

l. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

m. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

n. Discussion with internal auditors of any significant findings and follow up thereon.

o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

p. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

q. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

r. To review the functioning of the Whistle Blower mechanism.

s. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc, of the candidate.

t. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

u. Managing Director and Chief Financial Officer are present at the Audit Committee Meetings as permanent invitees. Internal Auditor, representatives of Statutory Auditor, Cost Auditor are also present in most of the meetings.

❖ **Meetings and attendance during the year:**

There were four meetings of the Audit Committee during the year, viz., on 29.05.2017, 11.08.2017, 09.11.2017, and 09.02.2018. The attendance of each Member of the Committee is given below:

| Name of Director | No. of Meetings attended |
|---|---|
| Shri.M.S.V.M.Rao | 4 |

| | |
|---|---|
| Shri. Vinod R.Sethi | 4 |
| Dr Vithal Rajan | 4 |
| Shri. Prathap K. Moturi | 4 |
| Shr. Ranvir R.Shah | 4 |
| Shri. K.R.Adivarahan | 4 |

4. **Nomination & Remuneration COMMITTEE :**

The Nomination and Remuneration Committee is chaired by Dr.Vithal Rajan, an Independent Director. The other three members of the Committee are Shri. Vinod R. Sethi, a whole-time Director, Shri. Ranvir R.Shah, an Independent Director, and Shri.K.R.Adivarahan, an Independent Director. The composition of Nomination & Remuneration Committee is in compliance with section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015. The terms of reference in pursuance of section 178 of the Companies Act, 2013, includes the following:

❖ Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment / removal, and shall carry out evaluation of every director's performance.

❖ Committee shall formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.

❖ Committee while formulating the policy, shall ensure:

i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the directors of the quality required to run the company successfully.

ii. Relationship of remuneration to performance is clear and needs appropriate performance bench-marks

iii. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

iv. Evaluation of Independent Directors and the Board.

The Whole-time Directors are paid salaries, allowances/perquisites, and in addition, commission if it arises, within the limits under the Companies Act, 2013 and subject to the further limits, if any as approved by the Shareholders. The remuneration paid to the Whole-time Directors during 2017-18 is as below:

**(Rs. in Lakhs)**

| Directors | Salary & Allowance | Contribution to PF | Contribution to Gratuity | Perquisites | Commission | Total |
|---|---|---|---|---|---|---|
| **Shri.Vinod R.Sethi** | 12.00 | 1.44 | 0.46 | 0.29 | 59.50 | 73.69 |
| **Smt.Irmgard Velagapudi M.Rao** | 48.00 | ** | ** | ** | 25.98 | 73.98 |
| **Smt.V.Kiran Rao** | 36.00 | 4.32 | 7.16 | 0.92 | 32.38 | 80.78 |

The Committee did not meet during the financial year 2017 – 18.

The Non Executive Directors are paid a sitting fees of Rs.30,000/- per Meeting of the Board and Rs.20,000/- per meeting of the Committee attended by them apart from daily allowance and out of pocket expenses. In addition, pursuant to Section 197 of the Companies Act, 2013, they are entitled to a remuneration by way of Commission not exceeding in aggregate, 1% of the net profits of the Company, subject to a maximum limit of Rs.1,75,000/- (Rupees One lakh and seventy five thousand only) per Director, for each of the financial years from 2016–17 to 2018-19, in terms of the approval granted by the Shareholders at the Twenty first Annual General Meeting held on 21.09.2016.

The details of the remuneration paid to the Non- Executive Directors during the year 2017 - 18 are given below:

**(Rs. in Lakhs)**

| Directors | Commission | Sitting Fees | Total |
|---|---|---|---|
| Shri. Ranvir R.Shah | 1.75 | 2.70 | 4.45 |
| Dr.Vithal Rajan | 1.75 | 2.40 | 4.15 |
| Shri.M.S.V.M.Rao | 1.75 | 2.50 | 4.25 |
| Shri.Prathap K. Moturi | 1.75 | 2.50 | 4.25 |
| Shri.K.A.Rangaswamy *(upto 21.09.2016)* | 0.83 | ** | 0.83 |
| Shri K.R. Adivarahan (from 21.09.2016) | 0.92 | 4.70 | 5.62 |
| **Total** | **8.75** | **14.80** | **23.55** |

5. **SHAREHOLDINGS OF NON EXECUTIVE DIRECTORS:**

The Shareholdings of the Non-Executive Directors are as below:

| Directors | No. of shares held *(F.V.of Re.1/-each)* |
|---|---|
| Shri. Ranvir R. Shah | 6,38,609 |
| Dr.Vithal Rajan | Nil |
| Shri.M.S.V.M.Rao | 10 |
| Shri.Prathap K. Moturi | Nil |
| Shri.K.R. Adivarahan | 1060 |

6. **STAKEHOLDERS RELATIONSHIP Committee:**

The Stakeholders Relationship Committee is vested with the powers to look into the problems / grievances of Shareholders/Investors as per SEBI norms. The Chairman of the Committee is Shri. K.R.Adivarahan a Non-Wholetime Director, with Smt.Irmgard Velagapudi M.Rao, and Smt.V.Kiran Rao, who are whole-time directors, as its other Members. The composition of Stakeholders Relationship Committee is in compliance with section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015.

The Committee normally meets once / twice in a month based on the volume of transfers. The terms of reference encompasses:

a. To approve requests for share transfers, transmissions, transpositions, dematerialization, split and duplicate shares.

b. To review and take all necessary steps for redressal of investor's grievances and complaints as may be required in the interests of the investors.

There were 10 meetings of the Stakeholders Relationship Committee held during the year. The attendance of each Member of the Committee is given below:

| Name of Director | No. of Meetings attended |
|---|---|
| Shri.K.R. Adivarahan | 10 |
| Smt.Irmgard Velagapudi M.Rao | 9 |
| Smt.V.Kiran Rao | 10 |

Shri.S.Chidambaram, General Manager (Accounts) & Company Secretary, is the Compliance Officer of the Company. M/s. Integrated Enterprises (India) Ltd are the Registrars, Transfer Agents and Depository Registrars of the Company for physical / electronic shares. All transfer of shares received by the Company/Registrars during the year has been processed. During the year, 238 queries / complaints were received from the shareholders, all of which have been resolved.

| Nature of Queries / Complaint | During the year ended 31.03.2018 | |
|---|---|---|
| | **Received** | **Attended to** |
| Non-receipt of Certificates | 0 | 0 |
| Non-receipt of Interest / Dividend Warrants/ Cheques / Drafts | 18 | 18 |
| Issue of Duplicate Share Certificates | 5 | 5 |
| Issuance of Duplicate Dividend Warrant / Cheque / Drafts / Revalidation | 77 | 77 |
| Correction in Share Cert./Dividend Warrant / Cheque / Drafts | 24 | 24 |
| Non-Receipt of Annual Report | 1 | 1 |
| General queries-request for change of address, procedure for transmission of shares/procedure for loss of share certificates/ Nomination | 113 | 113 |
| TOTAL | **238** | **238** |

In pursuance of Regulation 13 of SEBI (LODR) Regulations, 2015, the Company ensures that adequate steps are taken for expeditious redressal of investor complaints. The Company is registered on SCORES platform in order to handle investor complaints electronically. The Company also files a statement giving status of investor complaints with NSE and BSE on a quarterly basis. Action Taken Report (ATR) with supporting documents is submitted in SCORES.

7. **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

The Company has been voluntarily doing lot of social welfare activities in and around the places of Company's operations even before the Corporate Social Responsibility activities were made mandatory as per section 135 of the Companies Act, 2013. However, in compliance with the statutory provisions as per section 135 of the Companies Act, 2013, Corporate Social Responsibility Committee has been constituted by the Board of Directors at its meeting held on 30.10.2013 with Smt.Irmgard Velagapudi, Whole-time Director, as the Committee's Chairperson, and Shri.Vinod R.Sethi, Whole-time Director, Shri.M.S.V.M.Rao, and Shri.K.R.Adivarahan, Non-wholetime Directors, as members.

**CORPORATE SOCIAL RESPONSBILITY ACTIVITIES:**

As part of corporate social responsibility, the Company has been involving and participating in various events by organizing rallies, processions, campaigns to propagate and sensitize employees, colony residents and public of vicinity on the eve of:

- World Environment Day
- National Safety Day
- Celebration of Fire Service Week
- Celebration of World Health Day
- World Earth Hour.

The Company has been organizing Mega Health Checkup camps every year in coordination with Rotary Club, NGOs, to identify types of diseases by proper diagnosis and distribute medicines by involving doctors of corporate hospitals in various disciplines. Saplings plantation programme was organized by undertaking plantation in and around Vuyyuru, surrounding villages and our manufacturing facilities for the development of green cover. Further, the Company had developed avenue plantation on both sides of the highways and along the interior roads in Krishna District and this is an ongoing process every year.

The Company has been digging re-charge wells to conserve the water and also widely encouraging drip irrigation as part of best water management practices by enlightening the farmers. The Company has subsidized to the farmers to an extent of 25% of the cost of the re-charge bore wells.

As part of development of organic farming, the company has been propagating the use of Bio-fertilizers manufactured in the Company's Biotech facilities for application to the crops for better output and yield which enriches the land health and fertility. Bio insecticides are being used widely to discourage chemical insecticides.

The Company has also been putting its efforts to supply clean potable drinking water in participation with Naandi Foundation and other NGO's to nearby villages and educational institutions.

The Company has also been organizing every year Veterinary Camps, Eye Camps in massive scale in entire Krishna District. Further, blood donation camps were organized and also were arranging blood donors to the needy patients among the Company's employees.

The Company has been donating for the construction of panchayat buildings, police stations, fire stations, veterinary hospitals, cyclone shelters, school buildings. The Company is also conducting periodically Immunization camps, family welfare camps and AIDS and polio awareness camps, etc.

The Company has been conducting awareness programmes on pulse polio programme, AIDS, Population Day, World Olympic Day, etc, through involvement of voluntary organizations like Rotary Club, Lions Club, and Inner Wheel Club of Vuyyuru.

The Company has been organizing camps / rehabilitation centres for fire and flood victims by providing food / utensils / cloths / medicines in times of natural calamities and fire accidents.

The Company is donating liberally directly and through Rotary Club, NGOs and other Government agencies, for promotion of the following community development activities:

- Building houses for poor.
- Building Bus shelters and low cost individual toilets
- Building roads, bridges and culverts for better connectivity.
- Helping Educational Institutions and children of rural areas to promote literacy
- Liberally donating relief fund in times of natural disasters
- Environment and safety awareness sessions conducted in nearby schools and villages.
- Financial assistance to poor patients for surgery, treatment, etc.

Report on CSR activities in pursuance of Companies (Corporate Social Responsibility) Rules, 2014, is furnished in Annexure V to this Report.

The CSR Committee met on 09.11.2017 and 09.02.2018 to review Company's CSR activities in the specified areas.

8. **RISK MANAGEMENT COMMITTEE:**

As the constitution of Risk Management Committee is applicable only to top 100 listed companies, determined on the basis of market capitalization as at the end of the immediate previous financial year, the Company is not mandated to constitute a Risk Management Committee. However, the Board of Directors of the Company on its own, had laid down procedures for Risk Assessment and Minimization.

**9. Venue and Time OF LAST three Annual General MEETINGS:**

| AGM for the financial year ended | Date / Time | No of Special resolutions | Members Present | |
|---|---|---|---|---|
| | | | in Person | By Proxy |
| 31.03.2015 | 20.08.2015 at 10.30 a.m. | 4 | 659 | 8 |
| 31.03.2016 | 21.09.2016 at 10.30 a.m. | 1 | 567 | 10 |
| 31.03.2017 | 15.09.2017 at 10.00 a.m. | 0 | 502 | 4 |

a. All the three AGMs were held at “Sathguru Gnanananda Hall”, Narada Gana Sabha, 314, TTK Road, Alwarpet, Chennai 600018.

b. No postal ballots were required to be used for voting on any of the items of business at the above meetings. At the ensuing AGM, there is no item on the agenda that needs approval by postal ballot.

**10. Disclosures:**

❖ **CEO and CFO Certification -**

The Managing Director and the Chief Financial Officer have provided the compliance certificate to the Board of Directors as specified under Part B of Schedule II in accordance with Regulation 17(8) of SEBI (LODR) Regulations, 2015, which was placed before the Board at its Meeting on 25.05.2018 - Annexure VIII to Board's Report.

❖ **Related Party Transactions**:

All transactions entered into by the Company with Related Parties during the financial year 2017-18 were in ordinary course of business and on arms length basis. The details of Related Party transactions are set out in Note No.40 in the Notes to the Finance Statements, forming part of the Annual Report. All the Related Party transactions undertaken by the Company were in compliance with section 188 of the Companies Act, 2013, read with Regulation 23 of SEBI (LODR) Regulations, 2015. All related party transactions have prior approval of the Audit Committee as required under Regulation 23(2) of SEBI (LODR) Regulations, 2015. Particulars of Contracts / Agreements entered into by the Company with Related Parties referred to in Section 188(1) of the Companies Act, 2013 including certain arms length transactions under Third proviso to section 188(1) are furnished in Form No.AOC-2. (refer Annexure IX).

❖ **Compliance with Corporate Governance Norms & Transfer / Transmission / Transposition of Securities Norms:**

The Company has complied with mandatory requirements of the Code of Corporate Governance as stipulated under Regulation 27 of SEBI (LODR) Regulations, 2015 with the Stock Exchanges. The Company has submitted its Compliance Report in the prescribed format to the Stock Exchanges for the quarters ended 30.06.2017, 30.09.2017, 31.12.2017 and 31.03.2018. The statutory auditors have certified that the Company has complied with the Corporate Governance norms as stipulated under para (E) of Schdule V of the Listing Regulations with the Stock Exchanges. The said certificate is annexed to the Directors Report.

**Details of Compliance as per Regulation 27 of SEBI (LODR) Regulations, 2015:**

| Particulars | Regulation No.` | Compliance Status (Yes/No/NA) |
|---|---|---|
| Independent director(s) have been appointed in terms of specified criteria of ‘independence’ and/or ‘eligibility’. | 16(1)(b) & 25(6) | Yes |
| Board Composition | 17(1) | Yes |
| Meeting of Board of Directors | 17(2) | Yes |
| Review of Compliance Reports | 17(3) | Yes |
| Plans for orderly succession for appointments | 17(4) | Yes |
| Code of Conduct | 17(5) | Yes |
| Fees / Compensation | 17(6) | Yes |
| Minimum Information | 17(7) | Yes |
| Compliance Certificate | 17(8) | Yes |
| Risk Assessment & Management | 17(9) | Yes |
| Performance Evaluation of Independent Directors | 17(10) | Yes |
| Composition of Audit Committee | 18(1) | Yes |
| Meeting of Audit Committee | 18(2) | Yes |

| | | |
|---|---|---|
| Composition of Nomination & Remuneration Committee | 19(1) & (2) | Yes |
| Composition of Stakeholder Relationship Committee | 20(1) & (2) | Yes |
| Composition and role of Risk Management Committee | 21(1),(2),(3),(4) | NA |
| Vigil Mechanism | 22 | Yes |
| Policy for Related Party Transactions | 23(1),(5),(6),(7),(8) | NA - There is no material related party transactions as per regulation 23(1). |
| Prior or Omnibus approval of Audit Committee for all Related Party Transactions | 23(2),(3) | Yes – Approval of Audit Committee & Board is obtained for routine related party transactions within the threshold limit. |
| Approval for material related party transactions | 23(4) | NA |
| Composition of Board of Directors of unlisted material subsidiary | 24(1) | NA |
| Other Corporate Governance requirements with respect to subsidiary of listed entity | 24(2),(3),(4),(5), & (6) | 24(2),(3),(4) – Yes<br>24(5) & (6) - NA |
| Maximum Directorship & Tenure | 25(1) & (2) | Yes |
| Meeting of Independent Directors | 25(3) & (4) | Yes |
| Familiarization of Independent Directors | 25(7) | Yes |
| Memberships in Committees | 26(1) | Yes |
| Affirmation with compliance to code of conduct from members of Board of Directors and Senior Management Personnel. | 26(3) | Yes |
| Disclosure of shareholding by Non-Executive Directors | 26(4) | Yes |
| Policy with respect to Obligations of Directors and Senior Management Personnel. | 26(2) & 26(5) | Yes |

**Reconciliation of Share Capital Audit:**

As stipulated by Securities and Exchange Board of India (SEBI), a qualified Chartered Accountant carries out the Reconciliation of Share Capital Audit to reconcile the total admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total Issued and Listed Capital. The Audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges, NSDL and CDSL and is also placed before the Board of Directors, within the stipulated time.

**Electronic Filing**

**NEAPS:**

Quarterly Reports to be filed with the National Stock Exchange Ltd are filed through NSE Electronic Application Processing System (NEAPS) effective from quarter ended 31.12.2011.

**BSE Listing Centre**

Quarterly Reports to be filed with the National Stock Exchange Ltd are filed through BSE Listing Centre effective from the financial year 2016-17.

**Quarterly Financial Results:**

In pursuance of Regulation 33 of SEBI (LODR) Regulations, 2015, quarterly financial results as approved by the Board on the recommendations of Audit Committee, are communicated to Stock Exchanges through NEAPS

/ BSE Listing Centre after conclusion of the Board Meeting. The results are also published in the prescribed format in English newspaper and one vernacular newspaper, having wide circulation. The results are also immediately posted on the Company's website.

❖ **Code of Conduct:**

The Board of Directors has laid down a Code of Conduct for the Members of the Board as well as to all connected persons in pursuance of Disclosures under Regulation 17 of SEBI (LODR) Regulations, 2015. The Managing Director has confirmed and declared that all the Members of the Board as well as all connected persons have affirmed compliance with the Code of Conduct. The Codes have been posted on the Company's website www.kcpsugar.com. All the Board Members and Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year 2017-18. The declaration to this effect signed by the Managing Director of the Company forms a part of this report.

❖ **Prevention of Insider Trading:**

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code is applicable to all the Directors / Officers and Designated Employees. The Code also aims to prevent dealing in the shares by persons having access to unpublished information. The trading window shall remain closed during the period when designated persons in terms of regulations can reasonably be expected to have possession of unpublished prize sensitive information which in any event shall not be earlier than 48 hours after the information becomes generaly available. The Company Secretary is designated as complience officer for this purpose.

**11. Means of COMMUNICATION :**

❖ The quarterly, half yearly and annual results are generally published in widely circulating national & local dailies such as *The Financial Express* (in English) and *Malai Sudar* (in Tamil).

❖ The Company has a website, www.kcpsugar.com under Regulation 46 of SEBI (LODR) Regulations, 2015. There were no presentations made to the institutional investors or analysts.

❖ **DOCUMENTS PLACED ON COMPANY'S WEBSITE (www.kcpsugar.com)**

Details of the Company's business.

Terms and conditions of appointment of Independent Directors

Composition of various Committees of the Board of Directors

Code of Conduct of Board of Directors and Senior Management Personnel.

Details of unpaid dividend as per section 124.

Corporate Social Responsibility Policy as per section 135(4)(a).

Stand-alone and Consolidated Financial statements of the Company along with relevant documents as per the 3rd proviso to section 136(1).

Separate audited accounts in respect of subsidiaries as per the 4th proviso to section 136(1).

Financial information including (1) Notice of meeting of the Board of Directors where financial results are discussed; (2) Financial results on the conclusion of meeting of the Board of Directors where the financial results are approved, together with the Limited Review Reports issued by the Statutory Auditors.

Details of Vigil Mechanism for Directors and Employees to report genuine concerns as per section 177(10) & Regulation 22 of SEBI (LODR), Regulations, 2015.

Disclosures under SEBI (Prohibition of Insider Trading) Regulations, 2015, and Code of Fair Disclosure and Conduct.

Shareholding pattern.

The Company ensures that the contents of the website are correct and updates, changes, if any, in the contents of the website, periodically.

❖ As required under Regulation 46(2)(j) of SEBI (LODR) Regulations, 2015, has created a dedicated email ID investorservices@kcpsugar.com for registration and redressal of investor's grievances.

**12. Vigil Mechanism**

The Company has established a Vigil Mechanism for Directors and Employees to report their genuine concerns, in pursuance of section 177(9) of the Companies Act, 2013 read with Regulation 22 of SEBI (LODR) Regulations, 2015, and Rule 7 of the Companies (Meetings of Board and its powers) Rules, 2014. The whistle mechanism policy has been uploaded in the Company's website. The said Vigil Mechanism policy provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

No complaint under this facility was received during the financial year 2017-18.

**13. Preservation of Documents:**

The Company has a policy in line with Regulation 9 of SEBI (LODR) Regulations, 2015, for preservation of documents maintained in electronic / physical form.

**14. Peer Review of Auditors:**

Pursuant to Regulation 33(d) of SEBI (LODR) Regulations, 2015, the statutory auditors of the Company have confirmed that they have subjected themselves to Peer Review Process of the Institute of Chartered Accountants of India and they hold the valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

**15. Business Responsibility Report:**

Inclusion of Business Responsibility Report as a part of Annual Report of the listed entities as mandated by SEBI Circular dt. 13.08.2012 and under Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015, is not applicable to the Company as only the top 500 listed entities are only covered at present.

**16. General Shareholder Information :**

❖ **AGM: Date, Time and Venue**: 23rd Annual General Meeting is scheduled on 14th day of September 2018 at 10.00 a.m. at "Sathguru Gnanananda Hall",Narada Gana Sabha, No.314, T.T.K.Road, Chennai 600018.

❖ **Date of Book Closure**

| **For the year ended 31.03.2018** | **Book Closure Date (s)** | **Dividend paid / payable** |
|---|---|---|
| DividendPayment date | 06.09.2018 to 14.09.2018 *(both dates inclusive)* | The Board of Directors at their Meeting held on 25.05.2018 has recommended a dividend of Re. 0.10 per equity share of face value Re.1/-, subject to the approval of Shareholders at the ensuing Annual General Meeting.On approval thereat, this dividend will be paid to the Shareholders on or after 14.09. 2018 but within the statutory time limit. |
| Cut off date for remote e-voting | 7th September, 2018 (Friday) | |

❖ **Tentative Financial calendar** : i Financial Year – 1st April to 31st March.

ii. First Quarter Results on or before 14.08.2018.

iii. Half-yearly Results on or before 14.11.2018.

iv. Third Quarter Results before 14.02.2019.

v. Results for the year ending 31.03.2019 on or before 30.05.2019.

❖ **Listing on Stock Exchanges** : National Stock Exchange of India Ltd and

The Bombay Stock Exchange Ltd.

Annual listing fees have been paid to the National Stock Exchange and there is no amount outstanding as on date.

❖ **Custodial Charges** : The Company has already paid Custodial Charges to NSDL and CDSL for the financial year 2018-19.

Shareholders who hold shares in physical mode are requested to convert their holding to demat mode considering the merits of depository system.

- **PAN requirement** :SEBI vide its circular dt. 27.04.2007 made PAN as the sole identification number for all participants transacting in the securities market, irrespective of the transaction amount. Further, SEBI vide its circular dt. 20.05.2009 made it mandatory to furnish a copy of the PAN card of the Transferee to the Company / RTA for registration of transfer of shares of the Listed Companies in physical form and off market / private transactions. Furnishing a copy of PAN card for transmission / transposition of shares has been made mandatory by SEBI vide its circular dt. 27.01.2010.

  Investors are requested to take note of the aforesaid circulars.

- **Stock Code - Physical** : **"KCPSUGIND "** on both the National Stock Exchange and Bombay Stock Exchange *(Scrip No. 533192)*

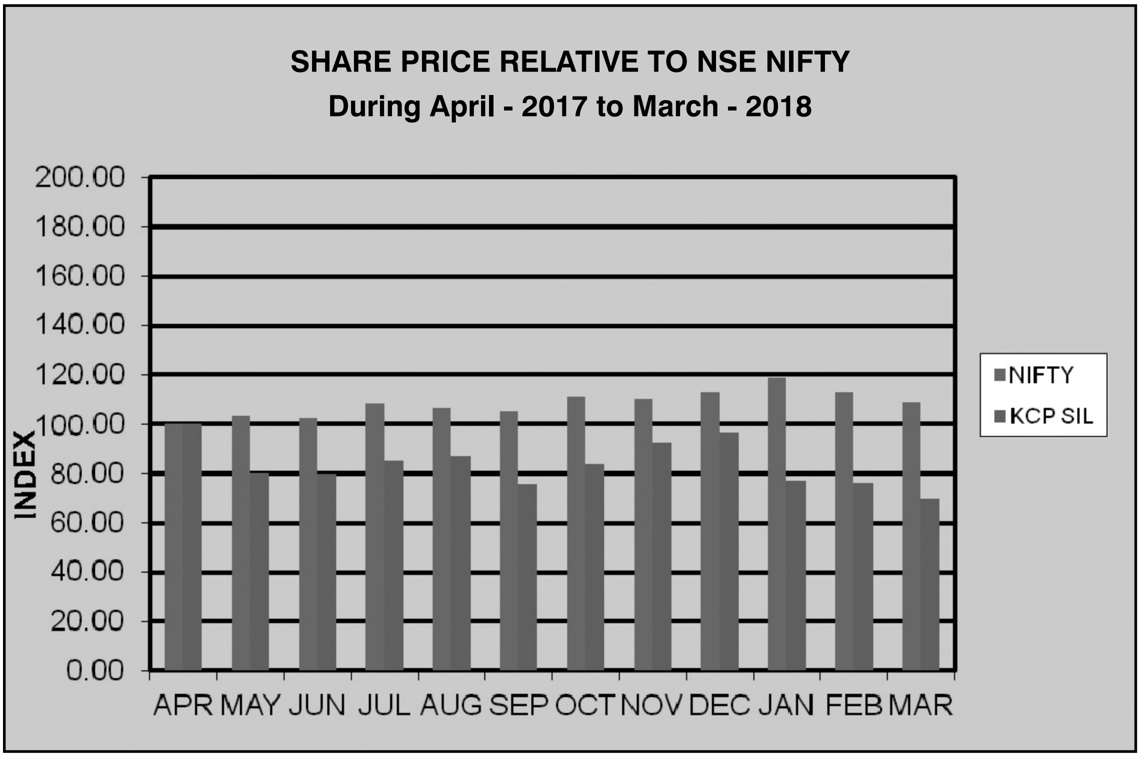
- **De-mat ISIN Number** : **INE790B01024.** *(The Equity shares of the Company are traded in 'Compulsory Demat' form.)*

- **CIN** **: L15421TN1995PLC033198**

- High / Low of market price of the Company's shares *(Face Value Re.1/-)* traded on the National Stock Exchange and Bombay Stock Exchange, during the financial year 2017 – 18 is furnished below:

**(Rs. per share)**

| **Period** | **High** | | **Low** | | **Period** | **High** | | **Low** | |
|---|---|---|---|---|---|---|---|---|---|
| | **NSE** | **BSE** | **NSE** | **BSE** | | **NSE** | **BSE** | **NSE** | **BSE** |
| **April '17** | 40.15 | 40.10 | 36.20 | 36.05 | **October '17** | 30.65 | 30.65 | 27.30 | 27.40 |
| **May '17** | 36.75 | 36.75 | 29.00 | 29.05 | **November '17** | 31.90 | 34.40 | 28.20 | 28.50 |
| **June '17** | 31.80 | 31.85 | 27.55 | 27.65 | **December '17** | 37.90 | 38.00 | 30.85 | 29.20 |
| **July '17** | 34.55 | 34.60 | 29.50 | 29.45 | **January '18** | 37.80 | 37.90 | 27.00 | 27.05 |
| **August'17** | 33.15 | 33.10 | 26.70 | 26.80 | **February'18** | 29.75 | 29.80 | 25.00 | 25.40 |
| **Sept '17** | 32.40 | 32.40 | 27.05 | 27.10 | **March' 18** | 27.85 | 27.60 | 22.60 | 22.85 |




**Registrar /Transfer Agents/ Depository Registrars** :Integrated Registry Management Services Pvt. Ltd.

Kences Towers, 2nd Floor, 1,Ramakrishna Road, North Usman Road, T.Nagar, Chennai 600017. Tel : 28140801 to 03 : Fax : 28142479

❖ **Share Transfer System:** The shares of the Company are included in the list of shares under the compulsory dematerialization and are transferable through the depository system. All documents received for physical transfer of shares are processed by the Registrar and Transfer Agents and are approved by the Stakeholders' Relationship Committee which normally meets twice / once in a month depending on the volume of transfers. Share transfers are registered and returned within a maximum of 15 days from the date of lodgment, if documents are complete in all respects. There is no pending share transfer request as on 31.03.2018.

❖ **Nomination facility:** Shareholders holding shares in physical form intending to make a Nomination are requested to submit Form No.SH-13 prescribed under Rule 19 of the Companies (Share Capital & Debentures) Rules, 2014 to the Company's Registrar and Transfer Agent. Shareholders holding share in electronic form can submit the said form to their respective Depository Participants. The said form can be obtained on request from the Company or can be downloaded from MCA website.

❖ **Distribution of Shareholding and shareholding pattern as on 31.03.2018**:

a. **By number of Shares held:**

| No of shares held | No. of Shareholders | % of Shareholders | Aggregate shares held | % of Shareholding |
|---|---|---|---|---|
| Upto 5000 | 27434 | 94.61 | 17041039 | 15.02 |
| 5001 – 10000 | 760 | 2.62 | 5725652 | 5.05 |
| 10001 – 20000 | 347 | 1.20 | 5092689 | 4.49 |
| 20001 – 30000 | 145 | 0.50 | 3571633 | 3.15 |
| 30001 – 40000 | 81 | 0.28 | 2852181 | 2.52 |
| 40001 – 50000 | 58 | 0.20 | 2628123 | 2.32 |
| 50001 – 100000 | 94 | 0.32 | 6452633 | 5.69 |
| 100001 and above. | 79 | 0.27 | 70021100 | 61.76 |
| **TOTAL** | **28998** | **100.00** | **11,33,85,050** | **100.00** |

b. **By ownership:**

**NAME OF THE COMPANY : K.C.P SUGAR AND INDUSTRIES CORPORATION LIMITED**

**Shareholding Pattern (Equity Share Capital Break-up as percentage of Total Equity)**

**(i) Category-wise Shareholding**

| Category of Shareholder | | No. of shares held at the beginning of the year (as on 01.04.2017) | | | | No. of shares held at the end of the year (as on 31.03.2018) | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A | SHAREHOLDING OF PROMOTER AND PROMOTER GROUP | | | | | | | | | |
| | | | | | | | | | | |
| (1) | Indian | | | | | | | | | |
| a | Individual/Hindu Undivided Family | 1882110 | 0 | 1882110 | 1.660 | 2097110 | 0 | 2097110 | 1.850 | |
| b | Central Government | | | | | | | | | |
| c | State Government | | | | | | | | | |
| d | Bodies Corporate | 43734156 | 0 | 43734156 | 38.570 | 43742656 | | 43742656 | 38.580 | |
| e | Financial Institutions/Banks | | | | | | | | | |
| f | Any other(specify) | | | | | | | | | |
| | SUB TOTAL A(1) | 45616266 | 0 | 45616266 | 40.230 | 45839766 | | 45839766 | 40.430 | 0.200 |
| | | | | | | | | | | |
| (2) | Foreign | | | | | | | | | |
| a | Individual(Non resident/ foreign) | | | | | | | | | |
| b | Bodies corporate | | | | | | | | | |
| c | Institutions | | | | | | | | | |
| d | Qualified Foreign Investor | | | | | | | | | |
| e | Any other(specify) | | | | | | | | | |
| | SUB TOTAL A(2) | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0.000 | |
| | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total Shareholding of promoter and Promoter Group(A)=A(1)+A(2) | 45616266 | 0 | 45616266 | 40.230 | 45839766 | | 45839766 | 40.430 | 0.200 |
| B | **Public Shareholding** | | | | | | | | | |
| | | | | | | | | | | |
| (1) | **Institutions** | | | | | | | | | |
| a | Mutual funds/UTI | 4750 | 6470 | 11220 | 0.010 | 4750 | 0 | 4750 | 0.000 | |
| b | Financial Institutions/Banks | 255685 | 21340 | 277025 | 0.240 | 227084 | 4840 | 231924 | 0.200 | |
| c | Central Government | 500 | 0 | 500 | 0.000 | 500 | 0 | 500 | 0.000 | |
| d | State Government(s) | | | | | | | | | |
| e | Venture Capital Funds | | | | | | | | | |
| f | Insurance Companies | | | | | | | | | |
| g | Foreign Institutional Investors | 0 | 500 | 500 | 0.000 | | | | | |
| h | Foreign Venture Capital Investors | | | | | | | | | |
| i | Qualified Foreign Investor | | | | | | | | | |
| j | Any other(specify) FOREIGN PORTFOLIO INVESTOR | 316608 | 0 | 316608 | 0.280 | 1822 | 0 | 1822 | 0.000 | |
| | SUB TOTAL B(1) | 577543 | 28310 | 605853 | 0.530 | 234156 | 4840 | 238996 | 0.200 | -0.320 |
| | | | | | | | | | | |
| (2) | **Non-Institutions** | | | | | | | | | |
| a | Bodies Corporate(Indian/ foreign/Overseas) | 11553857 | 386510 | 11940367 | 10.530 | 9410824 | 342460 | 9753284 | 8.600 | |
| b | Individuals(Redident/NRI/ Foreign National) | | | | | | | | | |
| (i) | Individual sharehodlers holding Nominal share Capital upto Rs.1 Lakh | 32928867 | 5832113 | 38760980 | 34.190 | 35132713 | 4803303 | 39936016 | 35.220 | |
| (ii) | Individual sharehodlers holding Nominal share Capital above Rs.1 Lakh | 13777484 | 1451180 | 15228664 | 13.430 | 14421852 | 1235090 | 15656942 | 13.810 | |
| c | **Any other(specify)** | | | | | | | | | |
| | Clearing Member | 1191250 | 0 | 1191250 | 1.050 | 718703 | 0 | 718703 | 0.630 | |
| | LLP | 12900 | 0 | 12900 | 0.010 | 123460 | 0 | 123460 | 0.110 | |
| | TRUST | 28770 | 0 | 28770 | 0.030 | 44078 | 0 | 44078 | 0.040 | |
| | IEPF | 0 | 0 | 0 | 0.000 | 1073805 | 0 | 1073805 | 0.950 | 0.130 |
| | SUB TOTAL B(2) | 59493128 | 7669803 | 67162931 | 59.230 | 60925435 | 6380853 | 67306288 | 59.360 | 0.130 |
| | Total Public Share Holding (B)=B(1)+B(2) | 60070671 | 7698113 | 67768784 | 59.770 | 61159591 | 6385693 | 67545284 | 59.570 | -0.200 |
| | TOTAL (A)+(B) | 105686937 | 7698113 | 113385050 | 100.000 | 106999357 | 6385693 | 113385050 | 100.00 | 0.000 |
| C | Shares held by Custodians and against which Depository Receipts have been issued | | | | | | | | | |
| | GRAND TOTAL (A)+(B)+(C) | 105686937 | 7698113 | 113385050 | 100.000 | 106999357 | 6385693 | 113385050 | 100.00 | 0.000 |

(ii) **Shareholding of Promoters**

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (as on 01.04.2017) | | | Shareholding at the end of the year (as on 31.03.2018) | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1 | DURGAMBA INVESTMENT PRIVATE LIMITED | 43734156 | 38.571 | 0 | 43742656 | 38.579 | 0 | 0.01 |
| 2 | SMT. IRMGARD VELAGAPUDI | 1583280 | 1.396 | 0 | 1738280 | 1.533 | 0 | 0.14 |
| 3 | SMT.KIRAN VELAGAPUDI | 265820 | 0.234 | 0 | 265820 | 0.234 | 0 | 0.00 |
| 4 | MR. VINOD SETHI | 33010 | 0.029 | 0 | 93010 | 0.082 | 0 | 0.05 |
| | TOTAL | 45616266 | 40.23 | 0 | 45839766 | 40.43 | 0 | 0.20 |

(iii) **Change in Promoters Shareholding**

| Sl No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| | Date wise Increase / Decrease in Promoters Share holding during the year | | | | |
| 1 | **M/S DURGAMBA INVESTMENT PRIVATE LIMITED** | | | | |
| | PAN :AABCD5483A | | | | |
| | Opening Balance as on 01/04/2017 | 43734156 | 38.571 | | |
| | 05/02/2018 | 8500 | 0.007 | 43742656 | 38.579 |
| | Closing Balance as on 31/03/2018 | | | 43742656 | 38.579 |
| 2 | **MRS. IRMGARD VELAGAPUDI** | | | | |
| | PAN :AAFPI6691A | | | | |
| | Opening Balance as on 01/04/2017 | 1583280 | 1.396 | | |
| | 31/01/2018 | 10000 | 0.009 | 1593280 | 1.405 |
| | 01/02/2018 | 10000 | 0.009 | 1603280 | 1.414 |
| | 20/02/2018 | 10000 | 0.009 | 1613280 | 1.423 |
| | 21/02/2018 | 20000 | 0.018 | 1633280 | 1.440 |
| | 22/02/2018 | 10000 | 0.009 | 1643280 | 1.449 |
| | 26/02/2018 | 5000 | 0.004 | 1648280 | 1.454 |
| | 06/03/2018 | 10000 | 0.009 | 1658280 | 1.463 |
| | 07/03/2018 | 10000 | 0.009 | 1668280 | 1.471 |
| | 08/03/2018 | 10000 | 0.009 | 1678280 | 1.480 |
| | 09/03/2018 | 20000 | 0.018 | 1698280 | 1.498 |
| | 12/03/2018 | 10000 | 0.009 | 1708280 | 1.507 |
| | 13/03/2018 | 10000 | 0.009 | 1718280 | 1.515 |
| | 14/03/2018 | 5000 | 0.004 | 1723280 | 1.520 |
| | 19/03/2018 | 5000 | 0.004 | 1728280 | 1.524 |
| | 20/03/2018 | 5000 | 0.004 | 1733280 | 1.529 |
| | 26/03/2018 | 5000 | 0.004 | 1738280 | 1.533 |

| | | | | | |
|---|---|---|---|---|---|
| | Closing Balance as on 31/03/2018 | | | 1738280 | 1.533 |

| | | | | | |
|---|---|---|---|---|---|
| 3 | **MR VINOD SETHI** | | | | |
| | PAN :BESPS5774Q | | | | |
| | Opening Balance as on 01/04/2017 | 33010 | 0.029 | | |
| | 01/02/2018 | 10000 | 0.009 | 43010 | 0.038 |
| | 21/02/2018 | 30000 | 0.026 | 73010 | 0.064 |
| | 22/02/2018 | 10000 | 0.009 | 83010 | 0.073 |
| | 26/02/2018 | 5000 | 0.004 | 88010 | 0.078 |
| | 12/03/2018 | 5000 | 0.004 | 93010 | 0.082 |
| | Closing Balance as on 31/03/2018 | | | 93010 | 0.082 |

(iii) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sl No. | **Name of the Shareholder** | **Shareholding at the beginning of the year (as on 01.04.2017)** | | **Cumulative Shareholding during the year (as on 31.03.2018)** | |
|---|---|---|---|---|---|
| | | **No. of Shares** | **% of total shares** | **No. of Shares** | **% of total shares** |
| 1 | **V. R. K. GRANDSONS INVESTMENT PRIVATE LTD.** | | | | |
| | PAN :AAACV3678A | | | | |
| | Opening Balance as on 01/04/2017 | 5726605 | 5.051 | | |
| | 07/04/2017 | -1584 | -0.001 | 5725021 | 5.049 |
| | 19/05/2017 | -24000 | -0.021 | 5701021 | 5.028 |
| | 16/06/2017 | -100000 | -0.088 | 5601021 | 4.940 |
| | 23/06/2017 | -97597 | -0.086 | 5503424 | 4.854 |
| | 30/06/2017 | -30800 | -0.027 | 5472624 | 4.827 |
| | 11/08/2017 | -76150 | -0.067 | 5396474 | 4.759 |
| | 13/10/2017 | -61740 | -0.054 | 5334734 | 4.705 |
| | 20/10/2017 | -6500 | -0.006 | 5328234 | 4.699 |
| | 27/10/2017 | -23500 | -0.021 | 5304734 | 4.679 |
| | 31/10/2017 | -15000 | -0.013 | 5289734 | 4.665 |
| | 03/11/2017 | -13500 | -0.012 | 5276234 | 4.653 |
| | 29/12/2017 | -44077 | -0.039 | 5232157 | 4.615 |
| | 05/01/2018 | -25000 | -0.022 | 5207157 | 4.592 |
| | 12/01/2018 | -22544 | -0.020 | 5184613 | 4.573 |
| | Closing Balance as on 31/03/2018 | | | 5184613 | 4.573 |
| 2 | **INDIA INFOLINE LIMITED** | | | | |
| | PAN :AAACI7397D | | | | |
| | Opening Balance as on 01/04/2017 | 1705518 | 1.504 | | |
| | 07/04/2017 | -1150 | -0.001 | 1704368 | 1.503 |
| | 14/04/2017 | 1321 | 0.001 | 1705689 | 1.504 |
| | 21/04/2017 | -1703239 | -1.502 | 2450 | 0.002 |
| | 28/04/2017 | 1686062 | 1.487 | 1688512 | 1.489 |
| | 05/05/2017 | -5165 | -0.005 | 1683347 | 1.485 |
| | 12/05/2017 | -18693 | -0.016 | 1664654 | 1.468 |
| | 19/05/2017 | -1664254 | -1.468 | 400 | 0.000 |
| | 26/05/2017 | 1664298 | 1.468 | 1664698 | 1.468 |

| | | | | | |
|---|---|---|---|---|---|
| | 02/06/2017 | -514581 | -0.454 | 1150117 | 1.014 |
| | 09/06/2017 | -487717 | -0.430 | 662400 | 0.584 |
| | 16/06/2017 | 350 | 0.000 | 662750 | 0.585 |
| | 23/06/2017 | -170 | 0.000 | 662580 | 0.584 |
| | 30/06/2017 | 9820 | 0.009 | 672400 | 0.593 |
| | 07/07/2017 | -9500 | -0.008 | 662900 | 0.585 |
| | 14/07/2017 | -100 | 0.000 | 662800 | 0.585 |
| | 21/07/2017 | 1040 | 0.001 | 663840 | 0.585 |
| | 28/07/2017 | 560 | 0.000 | 664400 | 0.586 |
| | 04/08/2017 | 3040 | 0.003 | 667440 | 0.589 |
| | 11/08/2017 | -40 | 0.000 | 667400 | 0.589 |
| | 18/08/2017 | -2684 | -0.002 | 664716 | 0.586 |
| | 25/08/2017 | 1275 | 0.001 | 665991 | 0.587 |
| | 01/09/2017 | 5070 | 0.004 | 671061 | 0.592 |
| | 07/09/2017 | -8661 | -0.008 | 662400 | 0.584 |
| | 08/09/2017 | 12960 | 0.011 | 675360 | 0.596 |
| | 15/09/2017 | -5748 | -0.005 | 669612 | 0.591 |
| | 22/09/2017 | -5153 | -0.005 | 664459 | 0.586 |
| | 30/09/2017 | -1909 | -0.002 | 662550 | 0.584 |
| | 06/10/2017 | -150 | 0.000 | 662400 | 0.584 |
| | 13/10/2017 | 1691 | 0.001 | 664091 | 0.586 |
| | 20/10/2017 | -1691 | -0.001 | 662400 | 0.584 |
| | 27/10/2017 | 5380 | 0.005 | 667780 | 0.589 |
| | 31/10/2017 | -130 | 0.000 | 667650 | 0.589 |
| | 03/11/2017 | -667150 | -0.588 | 500 | 0.000 |
| | 10/11/2017 | 662000 | 0.584 | 662500 | 0.584 |
| | 17/11/2017 | 251 | 0.000 | 662751 | 0.585 |
| | 24/11/2017 | 149 | 0.000 | 662900 | 0.585 |
| | 01/12/2017 | 9688 | 0.009 | 672588 | 0.593 |
| | 08/12/2017 | -9893 | -0.009 | 662695 | 0.584 |
| | 15/12/2017 | -245 | 0.000 | 662450 | 0.584 |
| | 22/12/2017 | -78915 | -0.070 | 583535 | 0.515 |
| | 29/12/2017 | 265 | 0.000 | 583800 | 0.515 |
| | 05/01/2018 | 196 | 0.000 | 583996 | 0.515 |
| | 12/01/2018 | -9135 | -0.008 | 574861 | 0.507 |
| | 19/01/2018 | 2300 | 0.002 | 577161 | 0.509 |
| | 26/01/2018 | 15597 | 0.014 | 592758 | 0.523 |
| | 02/02/2018 | -175344 | -0.155 | 417414 | 0.368 |
| | 09/02/2018 | -218729 | -0.193 | 198685 | 0.175 |
| | 16/02/2018 | -3815 | -0.003 | 194870 | 0.172 |
| | 23/02/2018 | 2795 | 0.002 | 197665 | 0.174 |
| | 02/03/2018 | -4945 | -0.004 | 192720 | 0.170 |
| | 09/03/2018 | 1941 | 0.002 | 194661 | 0.172 |
| | 16/03/2018 | -1727 | -0.002 | 192934 | 0.170 |
| | 23/03/2018 | -673 | -0.001 | 192261 | 0.170 |

| | | | | | |
|---|---|---|---|---|---|
| | 30/03/2018 | 5043 | 0.004 | 197304 | 0.174 |
| | Closing Balance as on 31/03/2018 | | | 197304 | 0.174 |
| 3 | **Indian Syntans Investments (P) Ltd** | | | | |
| | PAN :AAACI1775K | | | | |
| | Opening Balance as on 01/04/2017 | 950000 | 0.838 | | |
| | Closing Balance as on 31/03/2018 | | | 950000 | 0.838 |
| 4 | **PADMINI RAJAN** | | | | |
| | PAN :ACOPR5427J | | | | |
| | Opening Balance as on 01/04/2017 | 893000 | 0.788 | | |
| | Closing Balance as on 31/03/2018 | | | 893000 | 0.788 |
| 5 | **SAKUNTHALA DEVI BOPPANA** | | | | |
| | PAN :AFWPB3847H | | | | |
| | Opening Balance as on 01/04/2017 | 858600 | 0.757 | | |
| | Closing Balance as on 31/03/2018 | | | 858600 | 0.757 |
| 6 | **BOPPANA VINAY KUMAR** | | | | |
| | PAN :AFXPB0044B | | | | |
| | Opening Balance as on 01/04/2017 | 855250 | 0.754 | | |
| | Closing Balance as on 31/03/2018 | | | 855250 | 0.754 |
| 7 | **KOGANTY SRIHARI RAO** | | | | |
| | PAN :ASNPK3180C | | | | |
| | Opening Balance as on 01/04/2017 | 541113 | 0.477 | | |
| | Closing Balance as on 31/03/2018 | | | 541113 | 0.477 |
| 8 | **RANI S B** | | | | |
| | PAN :APXPS6609D | | | | |
| | Opening Balance as on 01/04/2017 | 509060 | 0.449 | | |
| | 22/12/2017 | 128280 | 0.113 | 637340 | 0.562 |
| | Closing Balance as on 31/03/2018 | | | 637340 | 0.562 |
| 9 | **DIWAN BAHADUR P.S.G. RANGASWAMY NAIDU** | | | | |
| | PAN :R00053 | | | | |
| | Opening Balance as on 01/04/2017 | 468270 | 0.413 | | |
| | Closing Balance as on 31/03/2018 | | | 468270 | 0.413 |
| 10 | **CHARU D SHAH** | | | | |
| | PAN :AAJPC2173K | | | | |
| | Opening Balance as on 01/04/2017 | 425000 | 0.375 | | |
| | Closing Balance as on 31/03/2018 | | | 425000 | 0.375 |
| 11 | **HAROON MAHMUD ADAM** | | | | |
| | PAN :AABPA0755F | | | | |
| | Opening Balance as on 01/04/2017 | 358000 | 0.316 | | |
| | 09/06/2017 | 10000 | 0.009 | 368000 | 0.325 |
| | 16/06/2017 | 30000 | 0.026 | 398000 | 0.351 |
| | 07/07/2017 | -40000 | -0.035 | 358000 | 0.316 |
| | 31/10/2017 | 50000 | 0.044 | 408000 | 0.360 |
| | 01/12/2017 | -35000 | -0.031 | 373000 | 0.329 |
| | 29/12/2017 | -15000 | -0.013 | 358000 | 0.316 |
| | 05/01/2018 | -2250 | -0.002 | 355750 | 0.314 |

| | | | | | |
|---|---|---|---|---|---|
| | 12/01/2018 | -50000 | -0.044 | 305750 | 0.270 |
| | Closing Balance as on 31/03/2018 | | | 305750 | 0.270 |
| 12 | **V L INDIRA DUTT** | | | | |
| | PAN :AAAPD6756A | | | | |
| | Opening Balance as on 01/04/2017 | 325000 | 0.287 | | |
| | Closing Balance as on 31/03/2018 | | | 325000 | 0.287 |
| 13 | **PREMIER INVESTMENT FUND LIMITED** | | | | |
| | PAN :AACCP9387L | | | | |
| | Opening Balance as on 01/04/2017 | 316608 | 0.279 | | |
| | 02/06/2017 | -11517 | -0.010 | 305091 | 0.269 |
| | 03/06/2017 | -305091 | -0.269 | 0 | 0.000 |
| | Closing Balance as on 31/03/2018 | | | 0 | 0.000 |
| 14 | **MALINI L NARASIMHAN** | | | | |
| | PAN :AAAPN8023G | | | | |
| | Opening Balance as on 01/04/2017 | 310120 | 0.274 | | |
| | Closing Balance as on 31/03/2018 | | | 310120 | 0.274 |
| 15 | **VIVEK KUMAR** | | | | |
| | PAN :ABYPK7069G | | | | |
| | Opening Balance as on 01/04/2017 | 175000 | 0.154 | | |
| | 16/06/2017 | 125000 | 0.110 | 300000 | 0.265 |
| | 20/10/2017 | 30000 | 0.026 | 330000 | 0.291 |
| | 26/01/2018 | -17769 | -0.016 | 312231 | 0.275 |
| | Closing Balance as on 31/03/2018 | | | 312231 | 0.275 |
| 16 | **HARSHA L SANGHVI** | | | | |
| | PAN :ALFPS8751G | | | | |
| | Opening Balance as on 01/04/2017 | 156125 | 0.138 | | |
| | 23/03/2018 | 15969 | 0.014 | 172094 | 0.152 |
| | 30/03/2018 | 139906 | 0.123 | 312000 | 0.275 |
| | Closing Balance as on 31/03/2018 | | | 312000 | 0.275 |
| 17 | **NEESHA HARICHAND TOLANI** | | | | |
| | PAN :BAFPT7798L | | | | |
| | Opening Balance as on 30/12/2017 | 300000 | 0.265 | | |
| | 09/02/2018 | 55000 | 0.049 | 355000 | 0.313 |
| | 16/02/2018 | 20000 | 0.018 | 375000 | 0.331 |
| | 16/03/2018 | 125000 | 0.110 | 500000 | 0.441 |
| | 23/03/2018 | 25000 | 0.022 | 525000 | 0.463 |
| | Closing Balance as on 31/03/2018 | | | 525000 | 0.463 |
| 18 | **INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS** | | | | |
| | PAN :EXEMPTCATG | | | | |
| | Opening Balance as on 02/12/2017 | 1073805 | 0.947 | | |
| | Closing Balance as on 31/03/2018 | | | | 0.947 |

(v) Shareholding of Directors and key managerial personnel

| Sl No. | Name of Director and KMP | Shareholding at the beginning of the year (as on 01.04.2017) | | Increase/ Decrease in Shareholding | Reason | Cumulative Shareholding during the year (as on 31.03.2018) | |
|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | | | No. of Shares | % of total shares of the Company |
| 1 | **ADIVARAHAN K R** | | | | | | |
| | PAN :ADOPA8601L | | | | | | |
| | Opening Balance as on 31/03/2017 | 1060 | 0.001 | | | | |
| | Closing Balance as on 31/03/2018 | | | | | 1060 | 0.001 |
| 2 | **RANVIR R SHAH** | | | | | | |
| | PAN :AAMPS5511Q | | | | | | |
| | Opening Balance as on 01/04/2017 | 370232 | 0.327 | | | | |
| | 28/04/2017 | | | 27400 | 0.024 | 397632 | 0.351 |
| | 05/05/2017 | | | 18129 | 0.016 | 415761 | 0.367 |
| | 12/05/2017 | | | 25500 | 0.022 | 441261 | 0.389 |
| | 19/05/2017 | | | 11371 | 0.010 | 452632 | 0.399 |
| | 07/07/2017 | | | 45000 | 0.040 | 497632 | 0.439 |
| | 28/07/2017 | | | 16000 | 0.014 | 513632 | 0.453 |
| | 04/08/2017 | | | 19249 | 0.017 | 532881 | 0.470 |
| | 11/08/2017 | | | 39751 | 0.035 | 572632 | 0.505 |
| | 01/09/2017 | | | 5977 | 0.005 | 578609 | 0.510 |
| | 02/02/2018 | | | 35000 | 0.031 | 613609 | 0.541 |
| | 09/03/2018 | | | 10000 | 0.009 | 623609 | 0.550 |
| | 16/03/2018 | | | 15000 | 0.013 | 638609 | 0.563 |
| | Closing Balance as on 31/03/2018 | | | | | 638609 | 0.563 |
| 3 | **R GANESAN** | | | | | | |
| | PAN :AAAPG2506Q | | | | | | |
| | Opening Balance as on 01/04/2017 | 1500 | 0.001 | | | | |
| | Closing Balance as on 31/03/2018 | | | | | 1500 | 0.001 |
| 4 | **SIDDHARTH VENKATA MARKANDEYA RAO MANIKYARAO** | | | | | | |
| | PAN :AFOPM9785K | | | | | | |
| | Opening Balance as on 01/04/2017 | 10 | 0.000 | | | | |
| | Closing Balance as on 31/03/2018 | | | | | 10 | 0.000 |

❖ **Shares in Physical and Electronic form:**

| Shareholders in | No.of Shareholders | % | No.of Shares | % |
|---|---|---|---|---|
| **Physical Mode** | 2706 | 9.33 | 6385693 | 5.63 |
| - **Sub-Total** | **2706** | **9.33** | **6385693** | **5.63** |
| **Electronic Mode** | | | | |
| - NSDL | 16413 | 56.60 | 86754073 | 76.51 |
| - CDSL | 9879 | 34.07 | 20245284 | 17.86 |
| - **Sub-Total** | **26292** | **90.67** | **106999357** | **94.37** |
| **Grand Total** | **28998** | **100.00** | **113385050** | **100.00** |

❖ The Company has not so far issued any GDRs/ADRs/Warrants or any other convertible instruments.

❖ Top ten individual shareholders of the Company other than Promoter category as on 31.03.2018:

| Sl. No | Name of the Shareholder | Shares | % to Capital |
|---|---|---|---|
| 1 | Padmini Rajan | 893000 | 0.79 |
| 2 | Sakunthala Devi Boppanna | 858600 | 0.76 |
| 3 | Boppanna Vinay Kumar | 855250 | 0.75 |
| 4 | Rani S.B. | 637340 | 0.56 |
| 5 | Koganty Srihari Rao | 541113 | 0.48 |
| 6 | Neesha Harichand Tolani | 525000 | 0.46 |
| 7 | Diwan Bahadur PSG Rangaswamy Naidu | 468270 | 0.41 |
| 8 | Charu D. Shah | 425000 | 0.37 |
| 9 | V.L.Indira Dutt | 325000 | 0.29 |
| 10 | Vivek Kumar | 312231 | 0.28 |
| | | **5840804** | **5.15** |

❖ **Unclaimed Shares**

In accordance with clause 5A(II) of the Listing Agreement and SEBI Circular No. CIR/CFD/10.2010 dt. 16.12.2010, the Company has identified 41 folios comprising of 41,200 equity shares of face value of Re.1/- each, which were unclaimed as on 31.03.2018. The voting rights in respect of these unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares. The status as on 31.03.2018 is as under:

| Particulars of Unclaimed shares | No. of shareholders | No. of shares |
|---|---|---|
| Aggregate number of shareholders and the outstanding in the suspense account lying as on 01-04-2017 | 200 | 225860 |
| LESS: Number of shareholders who approached the company for transfer of shares from suspense account during the period | 2 | 8570 |
| LESS: Shares were transferred from Unclaimed Securities suspense account to Investor Education and Protection Fund during the period | 157 | 176090 |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31-03-2018 | 41 | 41200 |

In terms of the provisions of Section 124 of the Companies Act, 2013 [section 205-A(5) of the Companies Act, 1956], the amount of dividend remaining unclaimed / unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account is required to be transferred to the **Investor Education and Protection Fund (IEPF).** Accordingly, dividend for the financial year ended 31.03.2010 had been transferred to IEPF during the financial year 2017-18. Dividend for the financial year ended 31st March, 2011 and thereafter, which remain unclaimed for a period of seven years will be transferred to the **Investor Education and Protection Fund (IEPF)** established by the Central Government.

Information in respect of such unclaimed dividend and the due date for transfer to the said Fund is given below:

| Financial year ended | Date of declaration of dividend | Last date for claiming unpaid dividend | Due date for transfer to IEP Fund |
|---|---|---|---|
| **31.03.2011** | 29.09.2011 | 28.09.2018 | 27.10.2018 |
| **31.03.2012** | 28.09.2012 | 27.09.2019 | 26.10.2019 |
| **31.03.2013** | 30.08.2013 | 29.08.2020 | 27.09.2020 |
| **31.03.2014** | 11.09.2014 | 10.09.2021 | 09.10.2021 |
| **31.03.2015** | 20.08.2015 | 19.08.2022 | 18.09.2022 |
| **31.03.2016** | 21.09.2016 | 20.09.2023 | 19.10.2023 |
| **31.03.2017** | 15.09.2017 | 14.09.2024 | 13.10.2024 |

Members are informed that the dividend for the financial year 2010-11 shall become due for transfer to IEPF on 28.09.2018. Any member who has not claimed dividend in respect of the said financial year is requested to approach the Company / Registrar and Share Transfer Agents of the Company for claiming the same as early as possible but not later than 21.09.2018. The Company has already sent reminders to all such members at their registered address in this regard. The details of Unclaimed Dividend are available in the Company's website.

❖ **Plant Locations** The Company has got Sugar, Distillery, Ethanol, Biotech, Incidental Cogeneration, CO2, Calcium Lactate units at Vuyyuru; Sugar and Incidental Cogeneration units at Lakshmipuram, both in Krishna District, Andhra Pradesh.

❖ **Address for Correspondence** Shareholders correspondence should be addressed to Registrar and Share Transfer Agents at the address mentioned above. Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant. Shareholders may also contact Shri.S.Chidambaram, General Manager (Accounts) & Company Secretary at the Registered Office of the Company for any assistance.

Tel.Nos. 28555171 – 76 Extn: 117
E-mail id: kcpsugar@vsnl.com. An exclusive
e-mail ID investorservices@kcpsugar.com has been created for registering investors complaints.

**For and on behalf of the Board of Directors**

Place : Chennai
Date : 25.05.2018

**VINOD R. SETHI**
EXECUTIVE CHAIRMAN

## Request to Shareholders

Section 88(1)(a) of the Companies Act, 2013, read with rule 3(1) of the Companies (Management & Administration) Rules, 2014 requires the Company to keep the Register of Members in Form No.MGT-1. As compared to the existing Register of members under the old Act, the new Law calls for certain additional information to be recorded. In order that the company is facilitated to comply with the same, shareholders are requested to send the following information to our Registrars and Transfer Agents, Integrated Registry Management Services Pvt.Ltd., Kences Towers, 2nd Floor, 1,Ramakrishna Road, North Usman Road, T.Nagar, Chennai 600017, for updating their records in the Register of Members:

| | | | |
|---|---|---|---|
| 1. | Name of the Member | 2. | Folio / DP ID – Client ID |
| 3. | Email address | 4. | Permanent Account Number (PAN) |
| 5. | CIN (in the case of Company) | 6. | Unique Identification Number |
| 7. | Father's / Mother's / Spouse's name | 8. | Occupation |
| 9. | Status | 10. | Nationality |
| 11. | In case of minor, name of guardian and date of birth of minor | 12. | Instructions, if any, for sending Notice, etc. |

Shareholders, who have not furnished the said particulars, are requested to furnish the same at the earliest.

**DECLARATION**

[Pursuant to Para D of Schedule V of the SEBI (LODR) Regulations, 2015]

I, IRMGARD VELAGAPUDI M.RAO, Managing Director of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED, hereby declare and confirm that all the members of the Board of Directors and the senior management personnel of the Company, have affirmed compliance with the code of conduct of Board of Directors and senior management personnel for the financial year 2017-18.

**For K.C.P. Sugar and Industries Corporation Limited**

Place : Chennai
Date : 25.05.2018

**IRMGARD VELAGAPUDI M. RAO**
Managing Director

# ANNEXURE III TO BOARD'S REPORT

**FORM NO. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31st March 2018.**

[*Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014*]

I. **REGISTRATION AND OTHER DETAILS:**

| | |
|---|---|
| CIN | L15421TN1995PLC033198 |
| Registration Date | 11th October 1995. |
| Name of the Company | K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED |
| Category / Sub-Category of the Company | Public Company Limited by Shares. |
| Address of the Registered Office and contact details | "Ramakrishna Buildings",<br>No.239 (Old No.183), Anna Salai,<br>Chennai 600006.<br>Telephone: 044-28555171 – 176<br>Fax: 044-28546617<br>E-mail: Kcpsugar@vsnl.com<br>Website: www.kcpsugar.com |
| Whether Listed Company [Yes / No] | YES |
| Name, Address and Contract details of Registrar and Transfer Agent, if any. | M/s. Integrated Registry Management Services Private Limited<br>2nd Floor, 'Kences Towers',<br>No.1, Ramakrishna Street – off North Usman Road<br>T.Nagar – Chennai 600017.<br>Telephone: 044-28140801 – 803<br>Fax: 044-28142479<br>E-mail: corpserv@integratedindia.in<br>Website: www.iepindia.com |

II. **PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY CONTRIBUTING 10% OR MORE OF THE TOTAL TURNOVER OF THE COMPANY:**

| S.No. | Name and Description of main products / services | NIC Code of the Products / Srvice | % to total turnover of the Company |
|---|---|---|---|
| 1 | Sugar | 10721 | 80.80% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| S.No. | Name and address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1. | The Eimco-K.C.P.Ltd. | U27209TN1967PLC005550 | Subsidiary | 100 | 2(87) |
| 2. | KCP Sugars Agricultural Research Farms Ltd. | U73100TN1998PLC041501 | Subsidiary | 100 | 2(87) |

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **NAME OF THE COMPANY : K.C.P SUGAR AND INDUSTRIES CORPORATION LIMITED** | | | | | | | | | | |
| **Shareholding Pattern (Equity Share Capital Break-up as percentage of Total Equity)** | | | | | | | | | | |
| **(i) Category-wise Shareholding** | | | | | | | | | | |
| **Category of Shareholder** | | **No. of shares held at the beginning of the year (as on 01.04.2017)** | | | | **No. of shares held at the end of the year (as on 31.03.2018)** | | | | **% Change during the year** |
| | | **Demat** | **Physical** | **Total** | **% of Total Shares** | **Demat** | **Physical** | **Total** | **% of Total Shares** | |
| A | **SHAREHOLDING OF PROMOTER AND PROMOTER GROUP** | | | | | | | | | |
| | | | | | | | | | | |
| (1) | Indian | | | | | | | | | |
| a | Individual/Hindu Undivided Family | 1882110 | 0 | 1882110 | 1.660 | 2097110 | 0 | 2097110 | 1.850 | |
| b | Central Government | | | | | | | | | |
| c | State Government | | | | | | | | | |
| d | Bodies Corporate | 43734156 | 0 | 43734156 | 38.570 | 43742656 | | 43742656 | 38.580 | |
| e | Financial Institutions/Banks | | | | | | | | | |
| f | Any other(specify) | | | | | | | | | |
| | SUB TOTAL A(1) | 45616266 | 0 | 45616266 | 40.230 | 45839766 | | 45839766 | 40.430 | 0.200 |
| | | | | | | | | | | |
| (2) | Foreign | | | | | | | | | |
| a | Individual(Non resident/ foreign) | | | | | | | | | |
| b | Bodies corporate | | | | | | | | | |
| c | Institutions | | | | | | | | | |
| d | Qualified Foreign Investor | | | | | | | | | |
| e | Any other(specify) | | | | | | | | | |
| | SUB TOTAL A(2) | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0.000 | |
| | | | | | | | | | | |
| | Total Shareholding of promoter and Promoter Group(A)=A(1)+A(2) | 45616266 | 0 | 45616266 | 40.230 | 45839766 | | 45839766 | 40.430 | 0.200 |
| B | **Public Shareholding** | | | | | | | | | |
| | | | | | | | | | | |
| (1) | **Institutions** | | | | | | | | | |
| a | Mutual funds/UTI | 4750 | 6470 | 11220 | 0.010 | 4750 | 0 | 4750 | 0.000 | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| b | Financial Institutions/Banks | 255685 | 21340 | 277025 | 0.240 | 227084 | 4840 | 231924 | 0.200 | |
| c | Central Government | 500 | 0 | 500 | 0.000 | 500 | 0 | 500 | 0.000 | |
| d | State Government(s) | | | | | | | | | |
| e | Venture Capital Funds | | | | | | | | | |
| f | Insurance Companies | | | | | | | | | |
| g | Foreign Institutional Investors | 0 | 500 | 500 | 0.000 | | | | | |
| h | Foreign Venture Capital Investors | | | | | | | | | |
| i | Qualified Foreign Investor | | | | | | | | | |
| j | Any other(specify) FOREIGN PORTFOLIO INVESTOR | 316608 | 0 | 316608 | 0.280 | 1822 | 0 | 1822 | 0.000 | |
| | SUB TOTAL B(1) | 577543 | 28310 | 605853 | 0.530 | 234156 | 4840 | 238996 | 0.200 | -0.320 |
| | | | | | | | | | | |
| (2) | **Non-Institutions** | | | | | | | | | |
| a | Bodies Corporate(Indian/ foreign/Overseas) | 11553857 | 386510 | 11940367 | 10.530 | 9410824 | 342460 | 9753284 | 8.600 | |
| b | Individuals(Redident/NRI/ Foreign National) | | | | | | | | | |
| (i) | Individual sharehodlers holding Nominal share Capital upto Rs.1 Lakh | 32928867 | 5832113 | 38760980 | 34.190 | 35132713 | 4803303 | 39936016 | 35.220 | |
| (ii) | Individual sharehodlers holding Nominal share Capital above Rs.1 Lakh | 13777484 | 1451180 | 15228664 | 13.430 | 14421852 | 1235090 | 15656942 | 13.810 | |
| c | **Any other(specify)** | | | | | | | | | |
| | Clearing Member | 1191250 | 0 | 1191250 | 1.050 | 718703 | 0 | 718703 | 0.630 | |
| | LLP | 12900 | 0 | 12900 | 0.010 | 123460 | 0 | 123460 | 0.110 | |
| | TRUST | 28770 | 0 | 28770 | 0.030 | 44078 | 0 | 44078 | 0.040 | |
| | IEPF | 0 | 0 | 0 | 0.000 | 1073805 | 0 | 1073805 | 0.950 | 0.130 |
| | SUB TOTAL B(2) | 59493128 | 7669803 | 67162931 | 59.230 | 60925435 | 6380853 | 67306288 | 59.360 | 0.130 |
| | Total Public Share Holding (B)=B(1)+B(2) | 60070671 | 7698113 | 67768784 | 59.770 | 61159591 | 6385693 | 67545284 | 59.570 | -0.200 |
| | TOTAL (A)+(B) | 105686937 | 7698113 | 113385050 | 100.000 | 106999357 | 6385693 | 113385050 | 100.00 | 0.000 |
| C | Shares held by Custodians and against which Depository Receipts have been issued | | | | | | | | | |
| | GRAND TOTAL (A)+(B)+(C) | 105686937 | 7698113 | 113385050 | 100.000 | 106999357 | 6385693 | 113385050 | 100.00 | 0.000 |

**(ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (as on 01.04.2017) | | | Shareholding at the end of the year (as on 31.03.2018) | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1 | DURGAMBA INVESTMENT PRIVATE LIMITED | 43734156 | 38.571 | 0 | 43742656 | 38.579 | 0 | 0.01 |
| 2 | SMT. IRMGARD VELAGAPUDI | 1583280 | 1.396 | 0 | 1738280 | 1.533 | 0 | 0.14 |
| 3 | SMT.KIRAN VELAGAPUDI | 265820 | 0.234 | 0 | 265820 | 0.234 | 0 | 0.00 |
| 4 | MR. VINOD SETHI | 33010 | 0.029 | 0 | 93010 | 0.082 | 0 | 0.05 |
| | TOTAL | 45616266 | 40.23 | 0 | 45839766 | 40.43 | 0 | 0.20 |

(iii) **Change in Promoters Shareholding**

| Sl No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| | Date wise Increase / Decrease in Promoters Share holding during the year | | | | |
| 1 | **M/S DURGAMBA INVESTMENT PRIVATE LIMITED** | | | | |
| | PAN :AABCD5483A | | | | |
| | Opening Balance as on 01/04/2017 | 43734156 | 38.571 | | |
| | 05/02/2018 | 8500 | 0.007 | 43742656 | 38.579 |
| | Closing Balance as on 31/03/2018 | | | 43742656 | 38.579 |
| 2 | **MRS. IRMGARD VELAGAPUDI** | | | | |
| | PAN :AAFPI6691A | | | | |
| | Opening Balance as on 01/04/2017 | 1583280 | 1.396 | | |
| | 31/01/2018 | 10000 | 0.009 | 1593280 | 1.405 |
| | 01/02/2018 | 10000 | 0.009 | 1603280 | 1.414 |
| | 20/02/2018 | 10000 | 0.009 | 1613280 | 1.423 |
| | 21/02/2018 | 20000 | 0.018 | 1633280 | 1.440 |
| | 22/02/2018 | 10000 | 0.009 | 1643280 | 1.449 |
| | 26/02/2018 | 5000 | 0.004 | 1648280 | 1.454 |
| | 06/03/2018 | 10000 | 0.009 | 1658280 | 1.463 |
| | 07/03/2018 | 10000 | 0.009 | 1668280 | 1.471 |
| | 08/03/2018 | 10000 | 0.009 | 1678280 | 1.480 |
| | 09/03/2018 | 20000 | 0.018 | 1698280 | 1.498 |
| | 12/03/2018 | 10000 | 0.009 | 1708280 | 1.507 |
| | 13/03/2018 | 10000 | 0.009 | 1718280 | 1.515 |
| | 14/03/2018 | 5000 | 0.004 | 1723280 | 1.520 |
| | 19/03/2018 | 5000 | 0.004 | 1728280 | 1.524 |
| | 20/03/2018 | 5000 | 0.004 | 1733280 | 1.529 |
| | 26/03/2018 | 5000 | 0.004 | 1738280 | 1.533 |
| | Closing Balance as on 31/03/2018 | | | 1738280 | 1.533 |
| 3 | **MR VINOD SETHI** | | | | |
| | PAN :BESPS5774Q | | | | |
| | Opening Balance as on 01/04/2017 | 33010 | 0.029 | | |
| | 01/02/2018 | 10000 | 0.009 | 43010 | 0.038 |
| | 21/02/2018 | 30000 | 0.026 | 73010 | 0.064 |
| | 22/02/2018 | 10000 | 0.009 | 83010 | 0.073 |
| | 26/02/2018 | 5000 | 0.004 | 88010 | 0.078 |
| | 12/03/2018 | 5000 | 0.004 | 93010 | 0.082 |
| | Closing Balance as on 31/03/2018 | | | 93010 | 0.082 |

(iii) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sl No. | Name of the Shareholder | Shareholding at the beginning of the year (as on 01.04.2017) | | Cumulative Shareholding during the year (as on 31.03.2018) | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares | No. of Shares | % of total shares |
| 1 | **V. R. K. GRANDSONS INVESTMENT PRIVATE LTD.** | | | | |
| | PAN :AAACV3678A | | | | |
| | Opening Balance as on 01/04/2017 | 5726605 | 5.051 | | |
| | 07/04/2017 | -1584 | -0.001 | 5725021 | 5.049 |
| | 19/05/2017 | -24000 | -0.021 | 5701021 | 5.028 |
| | 16/06/2017 | -100000 | -0.088 | 5601021 | 4.940 |
| | 23/06/2017 | -97597 | -0.086 | 5503424 | 4.854 |
| | 30/06/2017 | -30800 | -0.027 | 5472624 | 4.827 |
| | 11/08/2017 | -76150 | -0.067 | 5396474 | 4.759 |
| | 13/10/2017 | -61740 | -0.054 | 5334734 | 4.705 |
| | 20/10/2017 | -6500 | -0.006 | 5328234 | 4.699 |
| | 27/10/2017 | -23500 | -0.021 | 5304734 | 4.679 |
| | 31/10/2017 | -15000 | -0.013 | 5289734 | 4.665 |
| | 03/11/2017 | -13500 | -0.012 | 5276234 | 4.653 |
| | 29/12/2017 | -44077 | -0.039 | 5232157 | 4.615 |
| | 05/01/2018 | -25000 | -0.022 | 5207157 | 4.592 |
| | 12/01/2018 | -22544 | -0.020 | 5184613 | 4.573 |
| | Closing Balance as on 31/03/2018 | | | 5184613 | 4.573 |
| 2 | **INDIA INFOLINE LIMITED** | | | | |
| | PAN :AAACI7397D | | | | |
| | Opening Balance as on 01/04/2017 | 1705518 | 1.504 | | |
| | 07/04/2017 | -1150 | -0.001 | 1704368 | 1.503 |
| | 14/04/2017 | 1321 | 0.001 | 1705689 | 1.504 |
| | 21/04/2017 | -1703239 | -1.502 | 2450 | 0.002 |
| | 28/04/2017 | 1686062 | 1.487 | 1688512 | 1.489 |
| | 05/05/2017 | -5165 | -0.005 | 1683347 | 1.485 |
| | 12/05/2017 | -18693 | -0.016 | 1664654 | 1.468 |
| | 19/05/2017 | -1664254 | -1.468 | 400 | 0.000 |
| | 26/05/2017 | 1664298 | 1.468 | 1664698 | 1.468 |
| | 02/06/2017 | -514581 | -0.454 | 1150117 | 1.014 |
| | 09/06/2017 | -487717 | -0.430 | 662400 | 0.584 |
| | 16/06/2017 | 350 | 0.000 | 662750 | 0.585 |
| | 23/06/2017 | -170 | 0.000 | 662580 | 0.584 |
| | 30/06/2017 | 9820 | 0.009 | 672400 | 0.593 |
| | 07/07/2017 | -9500 | -0.008 | 662900 | 0.585 |
| | 14/07/2017 | -100 | 0.000 | 662800 | 0.585 |
| | 21/07/2017 | 1040 | 0.001 | 663840 | 0.585 |
| | 28/07/2017 | 560 | 0.000 | 664400 | 0.586 |
| | 04/08/2017 | 3040 | 0.003 | 667440 | 0.589 |
| | 11/08/2017 | -40 | 0.000 | 667400 | 0.589 |
| | 18/08/2017 | -2684 | -0.002 | 664716 | 0.586 |
| | 25/08/2017 | 1275 | 0.001 | 665991 | 0.587 |

| | | | | | |
|---|---|---|---|---|---|
| | 01/09/2017 | 5070 | 0.004 | 671061 | 0.592 |
| | 07/09/2017 | -8661 | -0.008 | 662400 | 0.584 |
| | 08/09/2017 | 12960 | 0.011 | 675360 | 0.596 |
| | 15/09/2017 | -5748 | -0.005 | 669612 | 0.591 |
| | 22/09/2017 | -5153 | -0.005 | 664459 | 0.586 |
| | 30/09/2017 | -1909 | -0.002 | 662550 | 0.584 |
| | 06/10/2017 | -150 | 0.000 | 662400 | 0.584 |
| | 13/10/2017 | 1691 | 0.001 | 664091 | 0.586 |
| | 20/10/2017 | -1691 | -0.001 | 662400 | 0.584 |
| | 27/10/2017 | 5380 | 0.005 | 667780 | 0.589 |
| | 31/10/2017 | -130 | 0.000 | 667650 | 0.589 |
| | 03/11/2017 | -667150 | -0.588 | 500 | 0.000 |
| | 10/11/2017 | 662000 | 0.584 | 662500 | 0.584 |
| | 17/11/2017 | 251 | 0.000 | 662751 | 0.585 |
| | 24/11/2017 | 149 | 0.000 | 662900 | 0.585 |
| | 01/12/2017 | 9688 | 0.009 | 672588 | 0.593 |
| | 08/12/2017 | -9893 | -0.009 | 662695 | 0.584 |
| | 15/12/2017 | -245 | 0.000 | 662450 | 0.584 |
| | 22/12/2017 | -78915 | -0.070 | 583535 | 0.515 |
| | 29/12/2017 | 265 | 0.000 | 583800 | 0.515 |
| | 05/01/2018 | 196 | 0.000 | 583996 | 0.515 |
| | 12/01/2018 | -9135 | -0.008 | 574861 | 0.507 |
| | 19/01/2018 | 2300 | 0.002 | 577161 | 0.509 |
| | 26/01/2018 | 15597 | 0.014 | 592758 | 0.523 |
| | 02/02/2018 | -175344 | -0.155 | 417414 | 0.368 |
| | 09/02/2018 | -218729 | -0.193 | 198685 | 0.175 |
| | 16/02/2018 | -3815 | -0.003 | 194870 | 0.172 |
| | 23/02/2018 | 2795 | 0.002 | 197665 | 0.174 |
| | 02/03/2018 | -4945 | -0.004 | 192720 | 0.170 |
| | 09/03/2018 | 1941 | 0.002 | 194661 | 0.172 |
| | 16/03/2018 | -1727 | -0.002 | 192934 | 0.170 |
| | 23/03/2018 | -673 | -0.001 | 192261 | 0.170 |
| | 30/03/2018 | 5043 | 0.004 | 197304 | 0.174 |
| | Closing Balance as on 31/03/2018 | | | 197304 | 0.174 |
| 3 | **Indian Syntans Investments (P) Ltd** | | | | |
| | PAN :AAACI1775K | | | | |
| | Opening Balance as on 01/04/2017 | 950000 | 0.838 | | |
| | Closing Balance as on 31/03/2018 | | | 950000 | 0.838 |

| | | | | | |
|---|---|---|---|---|---|
| 4 | **PADMINI RAJAN** | | | | |
| | PAN :ACOPR5427J | | | | |
| | Opening Balance as on 01/04/2017 | 893000 | 0.788 | | |
| | Closing Balance as on 31/03/2018 | | | 893000 | 0.788 |
| 5 | **SAKUNTHALA DEVI BOPPANA** | | | | |
| | PAN :AFWPB3847H | | | | |
| | Opening Balance as on 01/04/2017 | 858600 | 0.757 | | |

| | | | | | |
|---|---|---|---|---|---|
| | Closing Balance as on 31/03/2018 | | | 858600 | 0.757 |
| 6 | **BOPPANA VINAY KUMAR** | | | | |
| | PAN :AFXPB0044B | | | | |
| | Opening Balance as on 01/04/2017 | 855250 | 0.754 | | |
| | Closing Balance as on 31/03/2018 | | | 855250 | 0.754 |
| 7 | **KOGANTY SRIHARI RAO** | | | | |
| | PAN :ASNPK3180C | | | | |
| | Opening Balance as on 01/04/2017 | 541113 | 0.477 | | |
| | Closing Balance as on 31/03/2018 | | | 541113 | 0.477 |
| 8 | **RANI S B** | | | | |
| | PAN :APXPS6609D | | | | |
| | Opening Balance as on 01/04/2017 | 509060 | 0.449 | | |
| | 22/12/2017 | 128280 | 0.113 | 637340 | 0.562 |
| | Closing Balance as on 31/03/2018 | | | 637340 | 0.562 |
| 9 | **DIWAN BAHADUR P.S.G. RANGASWAMY NAIDU** | | | | |
| | PAN :R00053 | | | | |
| | Opening Balance as on 01/04/2017 | 468270 | 0.413 | | |
| | Closing Balance as on 31/03/2018 | | | 468270 | 0.413 |
| 10 | **CHARU D SHAH** | | | | |
| | PAN :AAJPC2173K | | | | |
| | Opening Balance as on 01/04/2017 | 425000 | 0.375 | | |
| | Closing Balance as on 31/03/2018 | | | 425000 | 0.375 |
| 11 | **HAROON MAHMUD ADAM** | | | | |
| | PAN :AABPA0755F | | | | |
| | Opening Balance as on 01/04/2017 | 358000 | 0.316 | | |
| | 09/06/2017 | 10000 | 0.009 | 368000 | 0.325 |
| | 16/06/2017 | 30000 | 0.026 | 398000 | 0.351 |
| | 07/07/2017 | -40000 | -0.035 | 358000 | 0.316 |
| | 31/10/2017 | 50000 | 0.044 | 408000 | 0.360 |
| | 01/12/2017 | -35000 | -0.031 | 373000 | 0.329 |
| | 29/12/2017 | -15000 | -0.013 | 358000 | 0.316 |
| | 05/01/2018 | -2250 | -0.002 | 355750 | 0.314 |
| | 12/01/2018 | -50000 | -0.044 | 305750 | 0.270 |
| | Closing Balance as on 31/03/2018 | | | 305750 | 0.270 |
| 12 | **V L INDIRA DUTT** | | | | |
| | PAN :AAAPD6756A | | | | |
| | Opening Balance as on 01/04/2017 | 325000 | 0.287 | | |
| | Closing Balance as on 31/03/2018 | | | 325000 | 0.287 |
| 13 | **PREMIER INVESTMENT FUND LIMITED** | | | | |
| | PAN :AACCP9387L | | | | |
| | Opening Balance as on 01/04/2017 | 316608 | 0.279 | | |
| | 02/06/2017 | -11517 | -0.010 | 305091 | 0.269 |
| | 03/06/2017 | -305091 | -0.269 | 0 | 0.000 |
| | Closing Balance as on 31/03/2018 | | | 0 | 0.000 |

| | | | | | |
|---|---|---|---|---|---|
| 14 | **MALINI L NARASIMHAN** | | | | |
| | PAN :AAAPN8023G | | | | |
| | Opening Balance as on 01/04/2017 | 310120 | 0.274 | | |
| | Closing Balance as on 31/03/2018 | | | 310120 | 0.274 |

| | | | | | |
|---|---|---|---|---|---|
| 15 | **VIVEK KUMAR** | | | | |
| | PAN :ABYPK7069G | | | | |
| | Opening Balance as on 01/04/2017 | 175000 | 0.154 | | |
| | 16/06/2017 | 125000 | 0.110 | 300000 | 0.265 |
| | 20/10/2017 | 30000 | 0.026 | 330000 | 0.291 |
| | 26/01/2018 | -17769 | -0.016 | 312231 | 0.275 |
| | Closing Balance as on 31/03/2018 | | | 312231 | 0.275 |
| 16 | **HARSHA L SANGHVI** | | | | |
| | PAN :ALFPS8751G | | | | |
| | Opening Balance as on 01/04/2017 | 156125 | 0.138 | | |
| | 23/03/2018 | 15969 | 0.014 | 172094 | 0.152 |
| | 30/03/2018 | 139906 | 0.123 | 312000 | 0.275 |
| | Closing Balance as on 31/03/2018 | | | 312000 | 0.275 |
| 17 | **NEESHA HARICHAND TOLANI** | | | | |
| | PAN :BAFPT7798L | | | | |
| | Opening Balance as on 30/12/2017 | 300000 | 0.265 | | |
| | 09/02/2018 | 55000 | 0.049 | 355000 | 0.313 |
| | 16/02/2018 | 20000 | 0.018 | 375000 | 0.331 |
| | 16/03/2018 | 125000 | 0.110 | 500000 | 0.441 |
| | 23/03/2018 | 25000 | 0.022 | 525000 | 0.463 |
| | Closing Balance as on 31/03/2018 | | | 525000 | 0.463 |
| 18 | **INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS** | | | | |
| | PAN :EXEMPTCATG | | | | |
| | Opening Balance as on 02/12/2017 | 1073805 | 0.947 | | |
| | Closing Balance as on 31/03/2018 | | | 1073805 | 0.947 |

| (v) Shareholding of Directors and key managerial personnel | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Sl No.** | **Name of Director and KMP** | **Shareholding at the beginning of the year (as on 01.04.2017)** | | **Increase/ Decrease in Shareholding** | **Reason** | **Cumulative Shareholding during the year (as on 31.03.2018)** | |
| | | **No. of Shares** | **% of total shares of the Company** | | | **No. of Shares** | **% of total shares of the Company** |
| 1 | **ADIVARAHAN K R** | | | | | | |
| | PAN :ADOPA8601L | | | | | | |
| | Opening Balance as on 31/03/2017 | 1060 | 0.001 | | | | |
| | Closing Balance as on 31/03/2018 | | | | | 1060 | 0.001 |
| 2 | **RANVIR R SHAH** | | | | | | |
| | PAN :AAMPS5511Q | | | | | | |
| | Opening Balance as on 01/04/2017 | 370232 | 0.327 | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 28/04/2017 | | | 27400 | 0.024 | 397632 | 0.351 |
| | 05/05/2017 | | | 18129 | 0.016 | 415761 | 0.367 |
| | 12/05/2017 | | | 25500 | 0.022 | 441261 | 0.389 |
| | 19/05/2017 | | | 11371 | 0.010 | 452632 | 0.399 |
| | 07/07/2017 | | | 45000 | 0.040 | 497632 | 0.439 |
| | 28/07/2017 | | | 16000 | 0.014 | 513632 | 0.453 |
| | 04/08/2017 | | | 19249 | 0.017 | 532881 | 0.470 |
| | 11/08/2017 | | | 39751 | 0.035 | 572632 | 0.505 |
| | 01/09/2017 | | | 5977 | 0.005 | 578609 | 0.510 |
| | 02/02/2018 | | | 35000 | 0.031 | 613609 | 0.541 |
| | 09/03/2018 | | | 10000 | 0.009 | 623609 | 0.550 |
| | 16/03/2018 | | | 15000 | 0.013 | 638609 | 0.563 |
| | Closing Balance as on 31/03/2018 | | | | | 638609 | 0.563 |
| 3 | **R GANESAN** | | | | | | |
| | PAN :AAAPG2506Q | | | | | | |
| | Opening Balance as on 01/04/2017 | 1500 | 0.001 | | | | |
| | Closing Balance as on 31/03/2018 | | | | | 1500 | 0.001 |
| 4 | **SIDDHARTH VENKATA MARKANDEYA RAO MANIKYARAO** | | | | | | |
| | PAN :AFOPM9785K | | | | | | |
| | Opening Balance as on 01/04/2017 | 10 | 0.000 | | | | |
| | Closing Balance as on 31/03/2018 | | | | | 10 | 0.000 |

**VI. Indebtedness:** **Rs.in Crores**

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year: | | | | |
| i. Principal Amount | 91.83 | 0.00 | 50.98 | 142.81 |
| ii. Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii. Interest accrued but not paid | 0.00 | 0.34 | 1.26 | 1.60 |
| **TOTAL (i + ii + iii)** | **91.83** | **0.34** | **52.24** | **144.41** |
| Change in Indebtedness during the financial year<br>Addition →<br>Reduction → | 49.39<br>0.00 | 0.00<br>0.00 | 17.80<br>0.00 | 67.19<br>0.00 |
| **Net Change** | **49.39** | **0.00** | **17.80** | **67.19** |
| Indebtedness **at the end of the financial year:** | | | | |
| i. Principal Amount | 141.22 | 0.00 | 68.78 | 210.00 |
| ii. Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii. Interest accrued but not paid | 0.00 | 0.34 | 2.31 | 2.31 |
| **TOTAL (i + ii + iii)** | **141.22** | **0.34** | **71.09** | **212.31** |

VII. **Remuneration of Directors and Key Managerial Personnel:**

A. Remuneration to Managing Director, Whole-time Directors:

| S. No. | Particulars of Remuneration | Name of MD / WTD | | | Total Amt.(Rs. In Lakhs |
|---|---|---|---|---|---|
| | | Irmgard Velagapudi – Managing Dir. | Vinod R.Sethi – Wholetime Dir. | V. Kiran Rao – Wholetime Dir. | |
| *1.* | *Gross Salary* | | | | |
| | a. *Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961* | *48.00* | *12.00* | *36.00* | *96.00* |
| | b. *Value of perquisites u/s 17(2) Income-tax Act, 1961* | *0.00* | *0.29* | *0.92* | *1.21* |
| | c. *Profits in lieu of salary u/s 17(3) Income-tax Act, 1961* | *0.00* | *0.00* | *0.00* | *0.00* |
| *2.* | *Stock Option* | *0.00* | *0.00* | *0.00* | *0.00* |
| *3.* | *Sweat Equity* | *0.00* | *0.00* | *0.00* | *0.00* |
| *4.* | *Commission – as percentage of profit (pertaining to 2016-17)* | *25.98* | *59.50* | *32.38* | *117.86* |
| *5.* | *Others – PF & Gratuity* | *0.00* | *1.90* | *11.02* | *12.92* |
| | *TOTAL (A)* | 73.98 | 73.69 | 80.32 | 227.99 |
| | *Ceiling as per the Act* | *10% of Nett Profit* | | | |

B. Remuneration to Other Directors:

| S. No. | Particulars of Remuneration | **Name of Directors** | | | | | | Total Amt – Rs./Lakhs |
|---|---|---|---|---|---|---|---|---|
| | | **Dr.Vithal Rajan** | **Sri. Ranvir R.Shah** | **Sri.M.S.V.M. Rao** | **Sri.Prathap K.Moturi** | **Sri. K.A. Rangaswamy** | **Sri. K.R. Adivarahan** | |
| | 1. Independent Directors | | | | | | | |
| | Fee for attending Board /Committee Meetings | 2.40 | 2.70 | 2.50 | 2.50 | 0.00 | 4.70 | 14.80 |
| | Commission *(pertaining to 2016-17)* | 1.75 | 1.75 | 1.75 | 1.75 | 0.83 | 0.92 | 8.75 |
| | Others | | | | | | | |
| | **Total (1)** | **4.15** | **4.45** | **4.25** | **4.25** | **0.83** | **5.62** | **23.55** |
| | Overall Ceiling as per the Act | **1% of Net profit** | **1% of Net profit** | **1% of Net profit** | **1% of Net profit** | **1% of Net profit** | **1% of Net profit** | |

**C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager:**

| S.No. | Particulars of Remuneration | Key Managerial Personnel | | Total – Rs./Lakhs |
|---|---|---|---|---|
| *1.* | *Gross salary* | *C F O* | *Company Secretary* | |
| | (a) *Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.* | *15.82* | *13.03* | *28.85* |
| | (b) *Value of perquisites u/s 17(2) of Income-tax Act, 1961* | *0.00* | *0.00* | *0.00* |
| | (c) *Profits in lieu of salary u/s 1&(3) of Income-tax Act, 1961.* | *0.00* | *0.00* | *0.00* |
| *2.* | *Stock Option* | *0.00* | *0.00* | *0.00* |
| *3.* | *Sweat Equity* | *0.00* | *0.00* | *0.00* |
| *4.* | *Commission* | *0.00* | *0.00* | *0.00* |
| *5.* | *Others* | *0.00* | *0.00* | *0.00* |
| | *TOTAL* | 15.82 | 13.03 | *28.85* |

VIII. Penalties / Punishments / Compounding of offences (Under the Companies Act): - NONE -

# ANNEXURE IV TO BOARD'S REPORT

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO PROVISIONS OF SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH rule 8(3) of the COMPANIES (ACCOUNTS) RULES, 2014.**

A. **CONSERVATION OF ENERGY**:

**Measures taken, additional proposals and impact on reduction of energy consumption:**

**Measures taken for reduction of Energy consumption:**

**Vuyyuru Unit:**

1. Saving of bagasse @ 10.75% on cane by implementation of steam and power conservation measures in the plant.
2. Run of motor VFD drive feed pumps for boiler which saved 400 kwh/hr, amounting to Rs.20 lakhs.
3. To run Boiler Motorized Feed Water Pumps instead of Steam Turbines. Total Energy saved was 3 Lakhs K.Cal of Energy consumption was reduced per hour.
4. Installation of VFD to 12 MW Condenser Cooling Water Pump Motor. Total saving is 45 KW per hour.
5. Multiple effect evaporator bodies configuration was rearranged along with the addition of 1300 M2 HS Evaporator Body for TEVC III effect, resulting in reduction in steam consumption.
6. Sulphited Juice heating was done with low pressure 3rd effect vapour instead of 2nd effect and achieved reduction in thermal energy consumption.
7. Reduction in steam consumption by 3% on cane in 5 and 6 points.

**Additional Proposals and Impact on reduction of energy consumption:**

1. Installation of Vapour line Juince Heater for Raw Juice 1st stage heating.
2. Quadruple 2nd vapour provision for Sulphited Juice 1st Stage heating.
3. Second Vapour provision for clear juice 1st stage heating.
4. Installation of E melting system for Film Type Sulphur Burners.
5. Installation of Horizontal Melter in place of vertical melter.
6. Installation of cooling tower and storage pond for excess hot condensate collection, storage and its reuse.

**ANNEXURE – FORM A**

**(See Rule 2)**

**FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:**

| | SUGAR UNITS AT | | | |
|---|---|---|---|---|
| | **VUYYURU** | | **LAKSHMIPURAM** | |
| | **31.03.2018** | **31.03.2017** | **31.03.2018** | **31.03.2017** |
| **A) Power and Fuel Consumption** | | | | |
| **Electricity** | | | | |
| **a. Purchased** | | | | |
| Units KWH | **879611** | 1048896 | **625855** | 681220 |
| Total Amount Rs. | **7715938** | 7662100 | **5086171** | 5176385 |
| Rate / Unit Rs. | **8.77** | 7.30 | **8.13** | 7.60 |
| **b. Own Generation** | | | | |

| | | | | |
|---|---|---|---|---|
| **i. Through Diesel Generator :** | | | | |
| Units KWH | **17274** | 21970 | **8804** | 10224 |
| Unit per ltr. Of Diesel Oil | **2.79** | 3.13 | **2.24** | 2.84 |
| Cost / Unit Rs. | **21.06** | 17.00 | **26.78** | 20.58 |
| **ii. Through SteamTurbine/ Generator :** | | | | |
| Unit KWH | **29960800** | 26841200 | **4420436** | 3912872 |
| KWH per tonne of bagasse | **271.59** | 261.19 | **176.87** | 183.42 |
| Cost / Unit | **3.09** | 2.79 | **2.71** | 4.85 |
| **B. Consumption per unit of production** Electricity KWH (per Tonne) | **249.31** | 254.11 | **276.76** | 315.27 |

**B. TECHNOLOGY ABSORPTION:**

FORM 'B' – FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO RESEARCH AND DEVELOPMENT (R & D)

**1 & 2 SPECIFIC AREA IN WHICH RESEARCH AND DEVELOPMENT IS CARRIED OUT BY THE COMPANY AND BENEFITS DERIVED THEREFROM:**

**Vuyyuru Unit:**

- ❖ After evaluating of 40 varieties, the Company selected and released 3 varieties, viz, IRM-3, 2008V257 and 2012V123 for commercial cultivation.
- ❖ For 2017-18, in 92% of the area was applied with organic manures and main component used was IRMA BIO WONDER to improve soil fertility and crop productivity. With the help of these organic manures, the Company has achieved 40 MTs average yield. Organic carbon percentage was increased from 0.55% (2017-17) to 0.83 (2017-18).
- ❖ For 2017-18 season, 31 lakh single bud seedlings were supplied to cane growers for direct seedling planting. The main advantage of this method is cost reduction and productivity improvement. The results at ground level are good and with this results, the Company will supply 1 crore seedling for next year.
- ❖ At present Indian agriculture is faving lot of labour problem at every operation, to overcome this problem in sugarcane cultivation, the Company implemented mechanization from planting to harvesting. Nearly 400 acres of area was planted with wider row spacing and in these plots inter cultivation, earthing up, fertilizer application, spraying of pesticides and weedicides were carried out by mini tractors. Harvesting of the cane in these fields will be done with mechanical harvester.

**Benefits derived:**

Stabilization of sugar cane area and crushing of more quantity of cane.

**3. FUTURE PLAN OF ACTION:**

- ❖ Introducing the latest sugar cane unloading Tipplers resulting in saving of around 75 man days per day, i.e., 75 x 320 x 150 days = Rs.36.0 Lakhs at cane yard and around 18 man days per day i.e., 18 x 320 x 150 days = Rs.8.64 Lakhs.
- ❖ The fields planted with single bud raised seedlings have synchronized tillering as well as good cane girth. The cost of planting and seed material cost was reduced significantly.

**4. EXPENDITURE ON R & D:**

| | Amt. in Rs. |
|---|---|
| a. Capital | --- |
| b. Recurring | 2,04,664 |
| c. Staff Cost | 25,58,044 |
| d. Total | 27,62,708 |
| Total R & D expenditure as a % age of total turnover: | 0.08 % |

5. **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

| | | | |
|---|---|---|---|
| Foreign Exchange Earnings | .. | .. | Rs. NIL |
| Foreign Exchange outgo | .. | .. | Rs. NIL |

**For and on behalf of the Board of Directors**

**Place :** Chennai

**Date :** 25.05.2018

**VINOD R. SETHI**

**EXECUTIVE CHAIRMAN**

# ANNEXURE V TO BOARD'S REPORT

## REPORT ON CSR ACTIVITIES

[*pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014*]

| | | |
|---|---|---|
| 1. | A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects. | The Company's CSR policy attempts to supplement the efforts of the Government in equitably delivering the benefits of growth and attempts to strike a balance between developmental growth and welfare based development. The Company's CSR activities broadly relate to:<br>1. Promoting health care including preventive health care and sanitation and making available safe drinking water;<br>2. Promoting education and employment enhancing vocational skills;<br>3. Eradication of poverty and ensuring better living conditions;<br>4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources and maintaining quality of soil, air and water;<br>5. Conducting relief operations in natural disaster hit areas and contrition to Government Disaster Relief Fund.<br>6. Joining hands with NGSs and Registered Trusts to achieve a balance of economic, environment and social imperatives. |
| 2. | The Composition of the CSR Committee | Smt.Irmgard Velagapudi M.Rao – Chairperson<br>Sri.Vinod R.Sethi – Member<br>Sri.M.S.V.M.Rao – Member.<br>Sri.K.R.Adivarahan – Member. |
| 3. | Average net profit of the Company for last three financial years (Amount in Lakhs) | Rs.161.36 lakhs |
| 4. | Prescribed CSR Expenditure (two per cent of the amount as in Item 3 above) (Amt in Lakhs) | Rs.3.23 Lakhs |
| 5. | Details of CSR spent during the financial year. | |
| | (a) Total amount spent for the F.Y. | Rs. 21.26 Lakhs |
| | (b) Amount unspent, if any; | ** |
| | (c) Manner in which the amount spent during the financial year. | Environmental sustainability & Promotion of Education. |

| S. No. | CSR project or activity identified | Sector in which the project is covered | Projects or Programs (1) local area or other (2) Specify the state and district where projects or programs was undertaken | Amt. Outlay (budget) project or program-wise (Rs./ Lakhs) | Amt spent on the projects or programs Sub-heads: (1)Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency. |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. | Promotion of Health care / sanitation | Health and Sanitation | Vuyyuru, Krishna Dist., Andhra Pradesh | NIL | NIL | NIL | -- |
| 2. | Environmental sustainability | Ensuring pollution-free environment | Vuyyuru, Krishna Dist., Andhra Pradesh | 3.00 | NIL | 22.30 | Direct |
| 3. | Promotion of Education and enhancement of vocational skills. | Education. | Vuyyuru, Krishna Dist., Andhra Pradesh | 15.00 | 21.26 | 41.54 | Direct |
| 4. | Eradication of poverty and ensuring better living conditions. | Economic and social equality. | Vuyyuru, Krishna Dist., Andhra Pradesh | 2.00 | NIL | 10.00 | .. |

7. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

MANAGING DIRECTOR &

CHAIRPERSON OF CSR COMMITTEE

# ANNEXURE VI TO BOARD'S REPORT

*(In pursuance of Section 134 of the Companies Act, 2013)*

1. **DISCLOSURE UNDER SECTION 197 (12) OF COMPANIES ACT, 2013, READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.**

   a. The ratio of remuneration of each Director to the median remuneration of the employees for the financial year 2016-17.

   b.

| S.No. | Particulars | Ratio |
|---|---|---|
| *1* | *Managing Director* | *8:1* |
| *2.* | *Executive Direcor* | *6:1* |
| *3.* | *Executive Chairman* | *2:1* |

   c. The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year.2015-16.

(Rs.in Lakhs)

| S. No. | DIRECTORS / CFO / CS | REMUNERATION PAID FOR | | VARIATION |
|---|---|---|---|---|
| | | 2017-18 | 2016-17 | |
| | **DIRECTORS** | | | |
| 1. | Smt.Irmgard Velagapudi M.Rao | 73.98 | 48.00 | NIL |
| 2. | Shri.Vinod R.Sethi | 73.69 | 14.48 | Commission on adjusted Net profit was paid in the FY 2016-17. |
| 3. | Smt.V.Kiran Rao | 80.32 | 41.60 | |
| 4. | Shri.K.A.Rangaswamy (upto 21.09.16) | 0.83 | 2.20 | |
| 5. | Dr.Vithal Rajan | 4.15 | 2.50 | |
| 6. | Shri. Ranvir R.Shah | 4.45 | 2.00 | |
| 7. | Shri. M.S.V.M. Rao | 4.25 | 2.50 | |
| 8. | Shri.Prathap K. Moturi | 4.25 | 2.50 | |
| 9. | Shri.K.R.Adivarahan (from 21.09.16) | 5.62 | 2.10 | |
| | **C F O / C S** | | | |
| 1. | Shri.R.Ganesan, C F O | 15.82 | 15.96 | |
| 2. | Shri.S.Chidambaram, C.S. | 13.03 | 13.23 | |

d. The percentage increase in the median remuneration of employees in the financial year 2017-18.

*Six (6) per cent*

e. No.of permanent employees on the Rolls of the Company:

*813*

f. Explanation on the relationship between the average increase in remuneration and company performance.

*The salary increase is determined in the normal course of business and in line with the industry norms. It does not have any direct correlation with the Company's performance.*

g. Comparison of the remuneration of key managerial personnel against the performance of the Company.

*The salary increase is determined in the normal course of business and in line with the industry norms. It does not have any direct correlation with the Company's performance.*

h. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase / decrease in the market quotations of the shares of the Company in comparison with the rate at which the company has come out with the last public offer:

| PARTICULARS | UNIT | AS ON 31.03.2018 | AS ON 31.03.2017 | VARIATION |
|---|---|---|---|---|
| *Closing rate of Share at NSE* | *Rs..* | *25.35* | *34.40* | *-9.05* |
| *EPS Consolidated* | *Rs.* | *1.07* | *3.00* | *-1.93* |
| *Market Capitalisation* | *Rs./Lakhs* | *28743.11* | *39004.46* | *-10261.35* |
| *Price Earnings Ratio* | *Ratio* | *23.69* | *11.47* | *12.22* |

i. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof, and point out if there are any exceptional circumstances for increase in the managerial remuneration.

*Salary escalation for employees other than the managerial personnel in the last financial year: Six (6) per cent. – same as Managerial personnel. This is determined in line with the industry norms.*

j. Comparison of each remuneration of the key managerial personnel against the performance of the Company.

*The salary increase is determined in the normal course of business and in line with the industry norms. It does not have any direct correlation with the Company's performance.*

k. Key parameters for any variable component of remuneration availed by the directors.

*The Whole-time Directors are eligible for Commission on profits at 3% each only when the Company earns profit. In the absence of profit or inadequacy of profits in any financial year, Commission on profits is not payable to the Whole-time Directors. Necessar provision has been made towards commission on profits as computed in accordance with section 198 of the Companies Act, 2013.*

*In respect of Non-Wholetime Directors, Members at the 21st Annual General Meeting held on 21.09.2016 approved payment of commission to the Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 2013, subject to a limit of Rs.1,75,000/- per director for each of the three financial years ending with 31st March 2019. Necessary provision has been made towards commission on profits in accordance with section 197 of the Companies Act, 2013.*

l. Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.

*NOT APPLICABLE*

m. Affirmation that the remuneration is as per the remuneration policy of the Company.

*Yes. Remuneration is as per the remuneration policy of the Company.*

2. **Pecuniary Relationship or Transactions of Non-Executive Directors**

*During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company.*

# ANNEXURE VII

**FORM MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

**K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED**

**CIN:** L15421TN1995PLC033198

Ramakrishna Building, New No.239 (old No.183)

Anna Salai, Chennai- 600 006

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED** (hereinafter called the ''**Company**''). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes book, forms and returns filed and other records maintained by the Company and also the information furnished by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period (01st April, 2017 to 31st March, 2018) covering the Financial year ended on 31st March 2018 compiled with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(v) Other laws specifically applicable to the Company (apart from General Laws such as Factories Act 1948 , Minimum wages Act 1948 etc) are as follows:

a. Boilers Act 1923

b. Essential Commodities Act 1955

c. Sugar ( Control Order) , 1966

d. Sugarcane ( Control Order ) , 1966

However during the year under purview there were no instances attracting the following Laws/regulations

1. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

2. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
3. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
4. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
5. (The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
6. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

We have also checked the compliance with the applicable clauses pertaining to the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange;

(iii) SEBI (Listing obligations and disclosure requirements) Regulations, 2015

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Additional Director Mr. Karaikurichi Rangaswamy Adivarahan who was appointed in the FY 16-17 has been appointed as Independent Director after due regularisation in the Annual General Meeting held on 15.09.2017.

Adequate notice was given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on agenda are being sent at least 7 days in advance in the manner provided under the Act and Secretarial Standards (SS-1), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions of the Board were taken upon the approval of majority of the members of the Board and the same was recorded in the minutes and duly signed by the Chairman.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We also state that** the Company has entered into uniform Listing Agreement with Bombay Stock Exchange Limited and National Stock Exchange of India Limited pursuant to Clause 109 of SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015 and have made the necessary compliance

V. Mahesh
Practicing Company Secretary

Place: Chennai — M. No. F 4162

Date: 16.05.2018 — C.P No. : 2473

# ANNEXURE – A

To,

The Members,

**K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED**

**CIN:** L15421TN1995PLC033198

Ramakrishna Building, New No.239 (old No.183)

Anna Salai, Chennai- 600 006

Our Secretarial Audit report dated Monday, 16th May 2018 is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis of our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

V. Mahesh
Practicing Company Secretary

Place: Chennai — M. No. F 4162

Date: 16.05.2018 — C.P No. : 2473

# ANNEXURE VIII TO BOARD'S REPORT

**CHIEF EXECUTIVE OFFICER (CEO) &**

**CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

**To:**

**The Board of Directors**

**K.C.P. Sugar and Industries Corporation Ltd.**

As stipulated under Regulation 17(8) of SEBI (LODR) Regulations, 2015, we hereby certify that::

1. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2018 and that to the best of our knowledge and belief:
   a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2018 which are fraudulent, illegal or in violation of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
   a. That there are no significant changes, in internal control over financial reporting during the year;
   b. That there are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   c. That there are no instances of significant frauds of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

| | | |
|---|---|---|
| Place: Chennai | **IRMGARD VELAGAPUDI M.RAO** | **R. GANESAN** |
| Date : May 25, 2018 | **MANAGING DIRECTOR** | **CHIEF FINANCIAL OFFICER** |

# ANNEXURE IX TO BOARD'S REPORT

## FORM NO.AOC-2

*[Pursuant to section 134(3)(h) of the Companies Act, 2013 & Rule 8(2) Of the Companies (Accounts) Rules, 2014]*

FORM FOR DISCLOSURE OF PARTICULARS OF CONTRACTS / ARRANGEMENTS ENTERED INTO BY THE COMPANY WITH RELATED PARTIES REFERRED TO SECTION 188(1) OF THE COMPANIES ACT, 2013 INCLUDING CERTAIN ARM LENGTH TRANSACTIONS UNDER 3RD PROVISO THERETO.

1. **Details of Contracts or Arrangements or Transactions not at Arms Length basis - NIL**
2. **Details of Contracts or Arrangements or Transactions at Arms Length basis.**

| **1.** | **Name of Related Party and nature of relationship** | **The Eimco-K.C.P.Limited** *(wholly-owned subsidiary)* | **KCP Sugars Agricultural Research Farms Ltd.** *(wholly-owned Subsidiary)* | **M/s. Amethyst Cafe Pvt. Ltd.** *(Entity in which Directors of the Company are interested)* | **M/s. Outhouse** *(Entity in which Directors of the Company are interested)* |
|---|---|---|---|---|---|
| **2.** | **Nature of Contract / Arrangement / Transaction** | Leasing of Property | NIL | Leasing of Property | Leasing of Property |
| **3.** | **Duration of Contract / Arrangement / Transaction** | 11 Months | Not Applicable | 11 Months | 11 Months |
| **4.** | **Salient Terms of the Contract / Arrangement / Transaction** | Leasing of premises on rental basis, option to renew for further periods by mutual consent. | Not Applicable | Leasing of premises on rental basis, option to renew for further periods by mutual consent. | Leasing of premises on rental basis, option to renew for further periods by mutual consent. |
| **5.** | **Date of approval by the Audit Committee / Board** | **28.07.2016** *(period covered: 01.09.2016 to 31.07.2017)* **11.08.2017** *(period covered: 01.08.2017 to 30.06.2018)* | Not Applicable | **26.05.2016** *(period covered: 01.062016 to 30.04.2017)* **09.02.2017** *(period covered: 01.052017 to 31.03.2018)* **09.02.2018** *(period covered: 3 Yrs - 01.04.2018 to 31.03.2021)* | **26.05.2016** *(period covered: 01.08.2016 to 30.06.2017* **29.05.2017** *(period covered: 01.07.2017 to 31.05.2018)* |
| **6.** | **Amount paid as Advance, if any.** | NIL | Not Applicable | Rs.3.00 Lakhs | Rs.1.25 lakhs |

**Place: Chennai** **VINOD R. SETHI**

**Date: 25.05.2018** **EXECUTIVE CHAIRMAN**

# ANNEXURE - X

## Form AOC-1

**Statement containing salient features of the financial statement of subsidiaries**

*[Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]*

**Part 'A': Subsidiaries**

**(Amt – Rs./Lakhs)**

| S.No. | PARTICULARS | THE EIMCO-K.C.P.LTD | KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD. |
|---|---|---|---|
| 1. | Sl. No. | 1 | 2 |
| 2. | Reporting period for the subsidiary concerned | 01.04.2017 to 31.03.2018 | 01.04.2017 to 31.03.2018 |
| 3. | Reporting Currency | Indian Rupees | Indian Rupees |
| 4. | Share Capital | 60.00 | 225.00 |
| 5. | Reserves & Surplus | 2445.45 | 227.58 |
| 6. | Total Assets | 4700.44 | 452.73 |
| 7. | Total Liabilities | 4700.44 | 452.73 |
| 8. | Investments | 630.26 | 341.93 |
| 9. | Turnover | 2668.00 | 13.64 |
| 10. | Profit before taxation | 434.71 | (0.78) |
| 11. | Provision for taxation | 120.50 | 0.00 |
| 12. | Profit after taxation | 314.21 | (0.78) |
| 13. | Total Comprehensive Income | 295.82 | 84.87 |
| 14. | Proposed Dividend | 0.00 | 0.00 |
| 15. | % of shareholding | 100.00 | 100.00 |

**INDEPENDENT AUDITOR'S REPORT**

**To The Members of of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED**

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting our audit, we 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 thereunder and the Order issued under section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its Profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

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

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

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

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

d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements (refer note no. 42 to the financial statements).

ii. the Company did not have any long-term contracts including derivative contracts for which there is no provision required for 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.

2. 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, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the order.

Chennai

Dated 25-05-2018

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

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED of even date)

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

We have audited the internal financial controls over financial reporting of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Board of Directors of the Company 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, 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**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**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 our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Chennai

Dated 25-05-2018

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

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED of even date)

(i) (a) the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets,

(b) the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets,

(c) according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company, except in respect of certain immovable properties (land and buildings), which have been transferred to the Company as per a scheme of demerger are in the name of the erstwhile demerged company.

(ii) The Management has conducted physical verification of Inventory at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) According to the information and explanations given to us, the company has not granted any loans, Secured or unsecured to the Companies, Firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and hence clause iii(a),iii(b) and iii (c) of the order are not applicable to the company for the year.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

(vi) We have broadly reviewed the books of accounts and records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) a) According to the information and explanations given to us and on the basis of our examination of the books and records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, goods and service tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities.

b) According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, income tax, sales tax, value added tax, goods and service tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at the year end for a period of more than six months from the date they became payable.

c) According to the information and explanations given to us and the records of the Company examined by us, there are no material dues of Income tax, sales tax, goods and service tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute, except the following amounts:

| Name of the Statute | Nature of the Dues | Amount (in Rs.) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Andhra Pradesh Value Added Tax Act, 2005 | Value Added Tax | 1661339 | April 2009 to March 2014 | Sales Tax Appellate Tribunal, Vizag |
| Central Excise Act,1944 | Central Excise (Sugar Cess) | 308144 | January 2011 to September 2016 | Commissioner of Central Excise & Service Tax, Guntur |
| Central Excise Act,1944 | Central Excise (Bagasse) | 10678712 | March 2015 to June 2017 | Commissioner of Central Excise & Service Tax, Guntur |
| Income Tax Act,1961 | Income Tax & Interest | 59701340 | Financial Year 2013-14 | Commissioner of Income Tax (Appeals), Chennai. |

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

Chennai

Dated 25-05-2018

# BALANCE SHEET AS AT 31ST MARCH, 2018

Amount in Rs.

| Particulars | Note | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| (a) Property, plant and equipment | 3 | 926787718 | 991811869 | 966482605 |
| (b) Capital work-in-progress | | 2923297 | 9201720 | 6078214 |
| (c) Other Intangible assets | 4 | 8709034 | 12498299 | 15394027 |
| (d) Non-current financial assets | | | | |
| (i) Investments | 5 | 872348185 | 622907000 | 328214453 |
| (ii) Other non current financial assets | 6 | 45888752 | 43917042 | 8614600 |
| (e) Deferred tax assets (net) | 19 | 33580753 | - | - |
| **Current assets** | | | | |
| (a) Inventories | 7 | 2075382060 | 2194991163 | 2674727798 |
| (b) Financial Assets | | | | |
| (i) Current Investments | 8 | 934064175 | 793628844 | - |
| (ii) Trade receivables | 9 | 225940320 | 232877136 | 442059144 |
| (iii) Cash and cash equivalents | 10 | 23059461 | 19274467 | 74777592 |
| (iv) Bank Balances other than (iii) above | 11 | 72052112 | 65288990 | 69495748 |
| (v) Other current financial assets | 12 | 10508029 | 3486552 | 3572788 |
| (c) Other current assets | 13 | 177568540 | 105162301 | 90062849 |
| **Total Assets** | | **5408812436** | **5095045383** | **4679479818** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| (a) Equity Share Capital | 14 | 113385050 | 113385050 | 113385050 |
| (b) Other Equity | 15 | 2437221121 | 2476955324 | 1962368930 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Long term Borrowings | 16 | 403524000 | 495515292 | 367217724 |
| (ii) Other Non- Current Financial liabilities | 17 | 11336213 | 14529379 | 19088089 |
| (b) Long term Provisions | 18 | 52293324 | 47805739 | 41378108 |
| (c) Deferred tax liabilities (net) | 19 | - | 123839581 | 73931803 |
| **Current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Short term Borrowings | 20 | 1605965451 | 808409132 | 549658565 |
| (ii) Trade Payables | 21 | 547486215 | 577169481 | 1129235225 |
| (iii) Other Financial Liablities | 22 | 178287134 | 218555346 | 171937913 |
| (b) Other Current Liabilities | 23 | 32733326 | 177597575 | 240933884 |
| (c) Short Term Provisions | 24 | 13073331 | 11951435 | 10344527 |
| (d) Current Tax Liabilities (Net) | 25 | 13507271 | 29332049 | - |
| **Total Equity and Liabilities** | | **5408812436** | **5095045383** | **4679479818** |

The significant accounting policies and accompanying notes form an integral part of these financial statements

In accordance with our report attached

For and on behalf of the Board of Directors

**Suri & Siva**
Chartered Accountants
Firm Regn No. 004284S

**IRMGARD VELAGAPUDI M. RAO**
Managing Director

**V.SIVAKUMAR**
Partner
Membership No. 022379

Chennai
Date: 25.05.2018

**R.GANESAN**
Chief Financial Officer

**S.CHIDAMBARAM**
Company Secretary

**V. KIRAN RAO**
Executive Director

**Amount in Rs.**

| Statement of profit or loss for the year ended March 31, 2018 | | | |
|---|---|---|---|
| **Particulars** | **Note** | **For Year Ended March 31, 2018** | **For Year Ended March 31, 2017** |
| I. Revenue from operations | 26 | 3299549988 | 4290246702 |
| II. Other income | 27 | 577577382 | 338787620 |
| **III. Total Income (I+II)** | | **3877127370** | **4629034322** |
| **IV. Expenses** | | | |
| Cost of material consumed | 28 | 2891228741 | 2317606394 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 29 | 120356042 | 474980451 |
| Excise duty on sale of goods | | 48387547 | 223289954 |
| Employee Benefits Expense | 30 | 351371333 | 430309655 |
| Finance Costs | 31 | 144072674 | 112839631 |
| Depreciation and Amortisation | 32 | 89406418 | 91832303 |
| Other Expenses | 33 | 305780191 | 279320977 |
| **Total expenses (IV)** | | **3950602946** | **3930179365** |
| **V. Profit/(loss) before exceptional items and tax (III - IV)** | | **(73475576)** | **698854957** |
| VI. Exceptional items | | - | - |
| **VII. Profit/(loss) Before tax (V - VI)** | | (73475576) | 698854957 |
| **VIII. Tax expense** | | | |
| - Current Tax | | - | 100073512 |
| - Deferred Tax | | (157128550) | 49907777 |
| - Reversal of excess provision for taxation relating to earlier years | | - | (1149) |
| **IX. Profit / (Loss) After Tax (VII – VIII)** | | **83652974** | **548874817** |
| **X. Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of defined benefit plan acturial gains/ (losses) | | (858188) | (245040) |
| Income tax expense on above | | 291784 | 73512 |
| | | **(566404)** | **(171528)** |
| **XI. Total Comprehensive Income for the period (Comprising profit and other comprehensive income for the period) (IX±X)** | | 83086570 | 548703289 |
| **XII. Earnings per equity share** | | | |
| (1) Basic | | 0.74 | 4.84 |
| (2) Diluted | | 0.74 | 4.84 |

The accompanying notes form an integral part of these financial statements

In accordance with our report attached

**Suri & Siva**
Chartered Accountants
Firm Regn No. 004284S

**V.SIVAKUMAR**
Partner
Membership No. 022379

Chennai
Date: 25.05.2018

For and on behalf of the Board of Directors

**IRMGARD VELAGAPUDI M. RAO**
Managing Director

**R.GANESAN**
Chief Financial Officer

**S.CHIDAMBARAM**
Company Secretary

**V. KIRAN RAO**
Executive Director

**Equity**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Authorised Share Capital** | | | |
| 25,00,00,000 Equity Shares of Re.1/- each | 250000000 | 250000000 | 250000000 |
| Total | **250000000** | **250000000** | **250000000** |
| **Issued, Subscribed and Paid Up** | | | |
| 11,33,85,050 Equity Shares of Re.1/- each | 113385050 | 113385050 | 113385050 |
| Total | **113385050** | **113385050** | **113385050** |

**Other Equity**

For the year ended March 31, 2018

| Particulars | Reserves and Surplus | | | | Other Components of Equity | Total |
|---|---|---|---|---|---|---|
| | General Reserve | Investment allowance reserve utilised | Capital redemption reserve | Retained Earnings | Remeasurement of Net Defined benefit Liability / Asset | |
| Balance as at April 01, 2017 | 1120941895 | 4505000 | 15545110 | 1336134847 | -171528 | **2476955324** |
| Provision For Dividend and taxes | - | | | -122820773 | - | **-122820773** |
| Profit / (Loss) for the period | - | | | 83652974 | | **83652974** |
| Other Comprehensive Income for the Year | | | | | -566404 | **-566404** |
| **Balance as at March 31, 2018** | **1120941895** | **4505000** | **15545110** | **1296967048** | **-737932** | **2437221121** |

For the year ended March 31, 2017

| Particulars | Reserves and Surplus | | | | Other Components of Equity | Total |
|---|---|---|---|---|---|---|
| | General Reserve | Investment allowance reserve utilised | Capital redemption reserve | Retained Earnings | Remeasurement of Net Defined benefit Liability/ Asset | |
| **Balance as at April 01,2016** | 1120941895 | 4505000 | 15545110 | 821376925 | - | **1962368930** |
| Provision For Dividend and taxes | - | | | -34116895 | - | **-34116895** |
| Profit / (Loss) for the period | - | | | 548874817 | - | **548874817** |
| Other Comprehensive Income for the Year | - | | | | -171528 | **-171528** |
| **Balance as at March 31, 2017** | **1120941895** | **4505000** | **15545110** | **1336134847** | **-171528** | **2476955324** |

| Particulars | For Year Ended March 31, 2018 | For Year Ended March 31, 2017 |
|---|---|---|
| **A. Cash flows from operating activities** | | |
| Total Income for the Period(PBT) | -73475576 | 698854957 |
| Adjustments: | | |
| - Interest income | -373170 | - |
| - Loss/(Profit) on sale of fixed assets | 90387 | -123117 |
| - Gain on sale of Investments | -73237665 | - |
| - Adjustment for Prior period taxes | | |
| - Adjustment for OCI | -858188 | -245040 |
| - Interest expense | 19520452 | 28072569 |
| - Provision for Dividend(s) | -122820773 | -34116895 |
| - Fair Value Adjustment | -400950278 | -277999495 |
| - Depreciation and amortization | 89406418 | 91832303 |
| Operating cash flow before working capital changes | **-562698392** | **506275282** |
| Changes in | | |
| - Decrease/(Increase) In Trade Receivables | 6936815 | 209182007 |
| - Decrease/(Increase) In Inventory | 119609104 | 479736635 |
| - Decrease/(Increase) In Other current Financial Asset(s) | -7021477 | 86235 |
| - Decrease/(Increase) In Other current Asset(s) | -72406239 | -15099452 |
| - Decrease/(Increase) In non-current trade receivables | - | - |
| - Decrease/(Increase) In Other non-current financial assets | -1971710 | -35302442 |
| - Decrease/(Increase) In Other non-current asset | - | - |
| (Decrease)/Increase In Long term Provisions | 4487585 | 6427631 |
| (Decrease)/Increase In non-current liabilities | - | - |
| (Decrease)/Increase In Trade Payables current | -29683266 | -552065744 |
| (Decrease)/Increase In other current liabilities | -144864249 | -63336309 |
| (Decrease)/Increase In Other financial liablities current | -40268212 | 46617432 |
| (Decrease)/Increase In Short Term provisions current | 1121896 | 1606908 |
| (Decrease)/Increase In Other Non Current Liabilities | -3193166 | -4558711 |
| Income taxes paid | -15824778 | -70666802 |
| **Cash generated from / (used in) operations** | **-745776090** | **508902671** |
| **B. Cash flows from investing activities** | | |
| Purchase of fixed assets | -15619353 | -117445093 |
| Proceeds from sale of fixed assets | 1214387 | 178866 |
| Investment made in current and Non Current Investments | -512629933 | -810321896 |
| Proceeds from sale of Investments | 596941361 | - |
| Interest received | 373170 | - |
| **Net cash generated from/(used in) investing activities [B]** | **70279631** | **-927588123** |
| **C. Cash flows from Financing activities** | | |
| Proceeds from / (repayment of) long term and short term borrowings | 705565026 | 387048136 |
| Preference dividend paid (including dividend distribution tax) | | |
| Interest paid | -19520452 | -28072569 |
| **Net cash used in Financing activities** | **686044574** | **358975567** |
| **Increase in cash and cash equivalents** | **10548116** | **-59709885** |
| **Cash and cash equivalents at the beginning of the year** | **84563457** | **144273341** |
| **Cash and cash equivalents at the end of the year** | **95111573** | **84563456** |
| | **95111573** | **84563456** |
| **Components of cash and cash equivalents (refer note 10)** | | |
| Cash on hand | 1837429 | 1305202 |
| Balances with banks | 93274145 | 83258255 |
| **Total cash and cash equivalents** | **95111574** | **84563457** |

The notes referred to above form an integral part of the unaudited interim condensed consolidated financial statements

In accordance with our report attached

For and on behalf of the Board of Directors

**Suri & Siva**
Chartered Accountants
Firm Regn No. 004284S

**IRMGARD VELAGAPUDI M. RAO**
Managing Director

**V.SIVAKUMAR**
Partner
Membership No. 022379

Chennai
Date:25.05.2018

**R.GANESAN**
Chief Financial Officer

**S.CHIDAMBARAM**
Company Secretary

**V. KIRAN RAO**
Executive Director

***Note 1.* Corporate Information**

K.C.P Sugar and Industries Corporation Ltd is a listed entity, one among the leading sugar manufacturing companies in India . Its allied business consists of manufacturing and marketing of Rectified Spirit, Extra Neutral Alcohol, Ethanol, Incidental Cogeneration of Power, Organic Manure, Mycorrhiza Vam, Calcium Lactate and CO2. Company has two sugar factories located in Krishna District, Andra Pradesh having an aggregate crushing capacity of 11,500 tons per day. It has its registered office at 239/183, Ramakrishna Buildings, Anna Salai, Chennai, Tamil Nadu 600006, India.

The financial statements were approved by the Board of Directors and authorised for issue on 25.05.2018

***Note 2.* Significant Accounting Policies**

**(a) Statement of compliance:**

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, notified under Sec 133 of The Companies Act, 2013. The accounting policies as set out below have been applied consistently to all years presented in these financial statements.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirement of previous GAAP, which includes accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These financial statements for the year ended March 31, 2018 are the first financial statements under Ind AS. The date of transition to Ind AS is April 1, 2016.

The Company has adopted all issued Ind AS standards, as applicable, and the adoption was carried out in accordance with Ind AS 101. The transition was carried out from the Indian GAAP which was the previous GAAP. An explanation of how the transition to Ind AS has affected the reported financial position and financial performance of the Company is provided in Note 53&54. This note includes reconciliations of equity and total comprehensive income for comparative years under Indian GAAP to those reported for those years under Ind AS.

**(b) Basis of preparation and presentation:**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments and net defined benefit liability, that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

**(c) Critical accounting estimates and judgments**

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 and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

- **Impairment testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and there may be changes in the statement of profit or loss.
- Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore there may be changes in the statement of profit or loss.
- **Fair value measurement financial instruments:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the Balance Sheet date. Fair value of financial instruments, that are traded in active market is determined from market prices as reduced by estimated cost of trading.
- **Litigation:** From time to time, the Company is subject to legal proceedings. The ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgment is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.
- **Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

**(d) Functional currency :**

These financial statements are presented in Indian Rupees (INR) which is also the Company's functional currencies.

**(e) Revenue recognition :**

Revenue is measured at the fair value of the consideration received or receivable. Revenue comprise of sale of sugar, and other sugar auxiliary products. Revenue is recognised when following conditions are satisfied:

- the company transfers to the buyer the significant risks and rewards of ownership of the goods
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliable
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and discounts.

**Interest**

Interest income is accrued on a time proportion basis using the effective interest rate method.

**Dividend**

Dividend income is recognized when the Company's right to receive the amount is established.

**(f) Employee Benefits (other than for persons engaged through contractors:**

i. **Provident Fund**: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss during the year. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Company or to respective Regional Provident Fund Commissioner. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the minimum rates of return prescribed by the Central Government and recognises such contributions and shortfall, if any, as an expense in the year in which the corresponding services are rendered by the Company.

ii. **Gratuity Fund**

The Company makes annual contributions to gratuity funds administered by the trustees for amounts notified by the funds. The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination of employment of an amount based on the respective employee's last drawn salary and tenure of employment. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the other comprehensive income and reflected in retained earnings and will not be reclassified to the statement of profit and loss.

iii. **Compensated Absences**

Entitlement to annual leave is recognised when it accrues to employees. The Company determines the liability for such accumulated leave at each Balance Sheet date and the same is charged to revenue accordingly

iv. **Other Employee Benefits**

Other benefits, comprising of discretionary Long Service Awards and Leave Travel Allowances, are determined on an undiscounted basis and recognised based on the entitlement thereof.

**(g) Property, Plant and Equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs. Initial estimate shall also include costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Depreciation is charged to profit or loss 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 except for asset situated at Registered Office, which are depreciated by written down value method .The estimated useful lives, residual values and depreciation method are reviewed at the Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives of the depreciable assets is in accordance with rules prescribed under part " C "of Schedule II to the Companies Act, 2013.

An item of property, plant and equipment is derecognized 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 sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2016 (transition date ) measured as per the pervious GAAP and use that carrying value as its deemed cost as of the transition date.

Capital work in progress represents projects under which the property, plant and equipment's are not yet ready for their intended use and are carried at cost determined as aforesaid.

**(h) Intangible Assets:**

Intangible assets include cost of acquired software and designs, and cost incurred for development of the Company's website and certain contract acquisition costs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. Internally developed intangibles are capitalised if, and only if, all the following criteria can be demonstrated:

i) the technical feasibility and Company's intention and ability of completing the project;

ii) the probability that the project will generate future economic benefits;

iii) the availability of adequate technical financial and other resources to complete the project; and

iv) the ability to measure the development expenditure reliably.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year. The estimated useful life used for amortising intangible assets are as under:

| Class of Assets | Estimated Useful Life |
|---|---|
| Software and Licences | 5 years |

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use of 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, and are recognized in the Statement of Profit and Loss when the asset is derecognized.

For transition to Ind AS, the Company has elected to continue with carrying value of all of its intangible assets recognized as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(i) Impairment of assets:**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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 assessments 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 recognized immediately in the Statement of Profit and Loss.

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

**(j) Foreign Currency Translation :**

**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition**

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were the fair value measured.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of other monetary items are recognised in the Statement of Profit and Loss.

**(k) Assets taken on lease:**

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease or the payments of lease rentals are in line with the expected general inflation compensating the lessor for expected inflationary cost. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Assets held under finance lease are capitalised at the inception of the lease, with corresponding liability being recognised for the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the statement of Profit or Loss so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

For leases which include both land and building elements, basis of classification of each element is assessed on the date of transition, April 1, 2016, in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard.

**(l) Inventories:**

- ❖ Finished goods are valued as follows and increased by Excise Duty thereon as applicable.
    - All finished goods are valued at lower of weighted average cost or net realizable value.
    - Molasses, a byproduct is valued at estimated net realizable value.
- ❖ Crops under cultivation are valued at cost.
- ❖ Work in progress is valued at lower of weighted average cost or net realisable value of the finished goods duly adjusted according to the percentage of progress.
- ❖ Raw materials, stores, spares, materials in transit are valued at weighted average cost. However, when the net realizable value of the finished goods they are used in is less than the cost of the finished goods and if the replacement cost of such materials etc. is less than their holding cost in such an event, they are valued at replacement cost.

**(m) Government Grants**

Government grants are recognised in the period to which they relate when there is reasonable assurance that the grant will be received and that the Company will comply with the attached conditions

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

**(n) Income Taxes:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or 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.

(i) **Current tax:**

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

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

(ii) **Deferred tax :**

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

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date 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 deferred income tax asset to be utilised.

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 realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**(o) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent liabilities are not recognized in these financial statements, but are disclosed in Note No.43.

Contingent assets are not recognized in the financial statements.

**(p) Borrowing Costs:**

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes 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. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

**(q) Cash and Cash Equivalent (for the purpose of cash flow statements):**

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.

**(r) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**(s) 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 including potential equity shares on compulsory convertible debentures. 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.

**(t) Segment Reporting:**

The Company identifies operating segments based on the internal reporting provided to the Managing Director.

The Managing Director, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the committee that makes strategic decisions.

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”

All operating segments, operating results are reviewed regularly by the Companies Board of Directors to make decisions about resourses to be allocated to the segments and assess their performance.

**(u) Financial Instruments:**

**Financial Assets:**

Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial Recognition and measurement:

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases 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 trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments are classified as FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

**Financial Liabilities**

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Equity instruments

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

### 3 - Property Plant and Equipments

| Description | Land | Buildings | Plant and equipment | Tramways & Railways Sidings | Computers & Office Equipment | Vehicles | Furniture and Fixtures | Total |
|---|---|---|---|---|---|---|---|---|
| **As at 1 April 2016 (Deemed Cost)** | 85720560 | 240975440 | 603429815 | 7717473 | 7233577 | 19714299 | 1691441 | 966482605 |
| Additions during the year | 83726425 | 4186499 | 18382401 | | 2807342 | 4342694 | 55126 | 113500487 |
| Deletions during the year | | | | | (46333) | (1388899) | | (1435232) |
| **As at 31 March 2017 (At Cost)** | 169446985 | 245161939 | 621812216 | 7717473 | 9994586 | 22668094 | 1746567 | 1078547860 |
| Additions during the year | | 7624341 | 6102786 | | 683034 | 6327738 | 1159877 | 21897776 |
| Deletions during the year | | | | | (1158793) | (4678153) | (21800) | (5858746) |
| **As at 31 March 2018 (At Cost)** | 169446985 | 252786280 | 627915002 | 7717473 | 9518827 | 24317679 | 2884644 | 1094586890 |
| **Depreciation and amortization** | | | | | | | | - |
| Charge for the year ended March 31, 2017 | | 12799973 | 65353370 | 859752 | 2949794 | 5516578 | 636007 | 88115475 |
| Deletions during the year | | | | | (40570) | (1338914) | | (1379484) |
| **As at 31 March 2017 (At Cost)** | - | 12799973 | 65353370 | 859752 | 2909224 | 4177664 | 636007 | 86735990 |
| Charge for the year | | 12852612 | 62967574 | 453530 | 3164004 | 5773992 | 405441 | 85617153 |
| Deletions during the year | | | | | (1158596) | (3374465) | (20910) | (4553971) |
| **As at 31 March 2018** | - | 25652585 | 128320944 | 1313282 | 4914632 | 6577191 | 1020538 | 167799172 |
| **Net Book Value** | | | | | | | | |
| **As at 31 March 2018** | 169446985 | 227133695 | 499594058 | 6404191 | 4604195 | 17740488 | 1864106 | 926787718 |
| **As at 31 March 2017** | 169446985 | 232361966 | 556458845 | 6857721 | 7085362 | 18490430 | 1110560 | 991811869 |
| **As at 01 April 2016** | 85720560 | 240975440 | 603429815 | 7717473 | 7233577 | 19714299 | 1691441 | 966482605 |

3.1. Cost of Freehold Land includes Land in respect of which the transfer of title deeds in the name of K.C.P. Sugar and Industries Corporation Ltd is pending.

Amount in Rs.

**4 - Other Intangible Asset**

| Description | Computer Software | Total |
|---|---|---|
| **Cost or Valuation** | | - |
| **As at 1 April 2016 (Deemed cost)** | 15394027 | 15394027 |
| Additions during the year | 821100 | 821100 |
| **As at 31 March 2017 (At Cost)** | 16215127 | 16215127 |
| Additions during the year | - | - |
| **As at 31 March 2018 (At Cost)** | 16215127 | 16215127 |
| **Amortization and Impairment** | | |
| Amortization for the year ended March 31, 2017 | 3716828 | 3716828 |
| **As at 31 March 2017** | 3716828 | 3716828 |
| Amortization for the year | 3789265 | 3789265 |
| **As at 31 March 2018** | 7506093 | 7506093 |
| **Net Book Value** | | |
| **As at 31 March 2018** | 8709034 | 8709034 |
| **As at 31 March 2017** | 12498299 | 12498299 |
| **As at 01 April 2016** | 15394027 | 15394027 |

**5 - Non Current Investments**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Investments in Equity Instruments (Fair valued through PL) | 843848185 | 594407000 | 299714453 |
| Investments in Subsidiaries (Valued at Cost) | 28500000 | 28500000 | 28500000 |
| **Total** | **872348185** | **622907000** | **328214453** |

| | | | |
|---|---|---|---|
| 5.1 Aggregate amount of quoted investments | | | |
| - Cost | 506754558 | 442365738 | 407043842 |
| - Market Value | 841648185 | 592207000 | 297514453 |

| | | | |
|---|---|---|---|
| 5.2 Aggregate amount of unquoted investments | | | |
| - Cost | 30700000 | 30700000 | 30700000 |

**6 - Other Non Current Financial Assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Long Term Security Deposit | 45888752 | 43917042 | 8614600 |

Amount in Rs.

**7 - Inventories**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Raw materials | 474239 | 359807 | 614478 |
| Work in progress | 40968765 | 15677935 | 64018583 |
| Finished goods | 1987885694 | 2133152692 | 2559154428 |
| Stores and spares | 45123360 | 44490853 | 48992366 |
| Crops under cultivation | 930002 | 1309876 | 1947943 |
| **Total** | **2075382060** | **2194991163** | **2674727798** |

**8 - Current Investments**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Investments in Mutual Funds (Fair valued through PL) | **934064175** | **793628844** | **-** |

**9 - Trade Receivables**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Trade receivables** | | | |
| Unsecured Considered good | 225940320 | 232877136 | 442059144 |
| Considered Doubtful | 2969595 | 2969595 | 3590987 |
| **Less:** | | | |
| Allowances for Doubtful debts | (2969595) | (2969595) | (3590987) |
| **Total** | **225940320** | **232877136** | **442059144** |

**10 - Cash and cash equivalents**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| i) Balances with banks: | | | |
| -In current accounts | 21222032 | 17969265 | 73348219 |
| ii) Cash on hand | 1837429 | 1305202 | 1429373 |
| **Total** | **23059461** | **19274467** | **74777592** |

**11 - Bank Balances other than 10 above**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Bank Balances held as Margin Money | 44214758 | 44217039 | 49780963 |
| Unpaid Dividend account | 27837354 | 21071951 | 19714785 |
| **Total** | **72052112** | **65288990** | **69495748** |

**12 - Other Current Financial Assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Unsecured, considered good;** | | | |
| - Advance to Employees | **10508029** | **3486552** | **3572788** |

Amount in Rs.

**13 - Other Current Assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Unsecured considered good** | | | |
| Balance with government authorities | 25750129 | 27926687 | 18966419 |
| Advances to Supplier | 151818411 | 77235614 | 71096430 |
| **Total** | **177568540** | **105162301** | **90062849** |

**14 - Equity Share Capital**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Authorised Share Capital** | | | |
| 25,00,00,000 Equity Shares of Re.1/- each | 250000000 | 250000000 | 250000000 |
| Total | **250000000** | **250000000** | **250000000** |
| **Issued, Subscribed and Paid Up** | | | |
| 11,33,85,050 Equity Shares of Re.1/- each | 113385050 | 113385050 | 113385050 |
| Total | **113385050** | **113385050** | **113385050** |

**14.1 Movement in respect of Equity Shares is given below :**

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Nos. | Amount in Rs. | Nos. | Amount in Rs. |
| At the beginning of the period | 113385050 | 113385050 | 113385050 | 113385050 |
| (+) Issued during the period | - | - | - | - |
| (-) Redeemed during the period | - | - | - | - |
| **Outstanding at the end of the period** | **113385050** | **113385050** | **113385050** | **113385050** |

**14.2 Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Re.1/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company , after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**14.3 Details of Shareholders holding more than 5% of shares in the Company**

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | | As at April 01, 2016 | |
|---|---|---|---|---|---|---|
| | No. of Shares | % of Holding | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Durgamba Investments Private Limited | 43742656 | 38.58% | 43734156 | 38.57% | 43734156 | 38.57% |
| V.R.K. Grandsons Investments Private Limited | - | - | 5726605 | 5.05% | 9578330 | 8.45% |
| **Total** | **43742656** | **38.58%** | **49460761** | **43.62%** | **53312486** | **47.02%** |

Amount in Rs.

**15 Other Equity**

| Particulars | As at 31.03.2018 | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|---|
| Capital Redemption Reserve | 15545110 | 15545110 | 15545110 |
| Investment Allowance Reserve Utilised | 4505000 | 4505000 | 4505000 |
| General Reserve | 1120941895 | 1120941895 | 1120941895 |
| Retained Earnings | 1296967048 | 1336134847 | 821376925 |
| Other Comprehensive Income | (737932) | (171528) | - |
| **Total** | 2437221121 | 2476955324 | 1962368930 |

**16 - Long Term Borrowings**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Non Current** | | | |
| **Secured Loans** | | | |
| Secured loans from banks | - | 57507292 | 124234724 |
| **Unsecured Loans** | | | |
| Fixed Deposits from Public | 403524000 | 438008000 | 242983000 |
| **Total** | **403524000** | **495515292** | **367217724** |

**17 - Other Non Current Financial liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Interest accrued but not due on fixed deposits | 9221995 | 9502680 | 13479779 |
| Security Deposit | 2114218 | 5026699 | 5608310 |
| **Total** | **11336213** | **14529379** | **19088089** |

**18 - Long Term Provisions**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Provision for Employee Benefits | 52293324 | 47805739 | 41378108 |

Amount in Rs.

**19 - Deferred Tax Liability**

**Tax recognised in Statement of profit and loss**

| Particulars | For the year Ended March 31, 2018 | For the year Ended March 31, 2017 |
|---|---|---|
| **Current income tax** | | |
| Current year | - | 100073512 |
| **Sub Total (A)** | **-** | **100073512** |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | (157128550) | 49907777 |
| **Sub Total (B)** | **(157128550)** | **49907777** |
| **Total (A+B)** | **(157128550)** | **149981289** |

**Tax recognised in other comprehensive income**

| Particulars | For the year Ended March 31, 2018 | For the year Ended March 31, 2017 |
|---|---|---|
| Defined benefit plan acturial gains (losses) | 291784 | 73512 |

**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Deferred Tax Liability** | | | |
| **Property, Plant & Equipment** | **143244367** | **156522277** | **167788486** |
| **Deferred tax Assets** | | | |
| Current year business losses | 153175310 | | |
| On account of timing differences in recognition of expenditure between books of accounts and Taxation | 23649810 | 32682696 | 93856683 |
| **Sub Total** | **176825120** | **32682696** | **93856683** |
| **Net Deferred Tax Assets/ (Liabilities)** | **33580753** | **(123839581)** | **(73931803)** |

Amount in Rs.

**20 - Short Term borrowings**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Secured Demand Loans from Banks (Refer note below) | 1335190451 | 736596132 | 391287565 |
| Fixed Deposits obtained from public maturing within one year. | 270775000 | 71813000 | 158371000 |
| **Total** | **1605965451** | **808409132** | **549658565** |

Secured by hypothecation of work-in-progress, finished goods, raw materials, stores and spares, book debts, all other currents assets and further secured by a second charge created on movable fixed assets of Sugar units at Vuyyuru and Lakshmipuram.

**21 - Trade Payables**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Trade payables | | | |
| - Dues to Micro and Small Enterprices | - | - | - |
| - Others | 547486215 | 577169481 | 1129235225 |
| **Total** | **547486215** | **577169481** | **1129235225** |

**22 - Other Financial Liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Current Maturities of long term debt | 77027744 | 94800000 | 94800000 |
| Unclaimed Dividends | 10488083 | 10804038 | 12980343 |
| Interest accrued but not due on borrowings | 18854542 | 16035757 | 20282012 |
| Unpaid matured deposits and interest accrued thereon | 30792764 | 17186913 | 6734442 |
| Outstanding Liabilities for Expenses | 36785691 | 79508638 | 36239502 |
| Earnest Money and Other Deposits | 4338310 | 220000 | 901614 |
| **Total** | **178287134** | **218555346** | **171937913** |

**23 - Other Current Liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Statutory Liabilities | 30441776 | 165666569 | 237452680 |
| Advance from customers | 2291550 | 11931006 | 3481204 |
| **Total** | **32733326** | **177597575** | **240933884** |

**24 - Short term provision**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Provision for Employee benefits | 13073331 | 11951435 | 10344527 |

Amount in Rs.

**25 - Current Tax Liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Provision for Income Tax | - | 100000000 | - |
| Less: Advance Tax and TDS Credits | | -70667951 | |
| Previous Year Income Tax Provision | 13507271 | | |
| **Total** | **13507271** | **29332049** | **-** |

**26 - Revenue From Operations**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Sale of Products (Including Excise Duty) | 3299549988 | 4290246702 |

**27 - Other Income**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Change in fair value of financial asset | 362014945 | 259370651 |
| Interest income from financial asset measured at amortised cost | 373170 | - |
| Profit on sale of Investments | 73237665 | - |
| Interest on Fixed Deposit | 9906377 | 40258798 |
| Dividend Income | 44740056 | 25687030 |
| Rent Received | 5101574 | 6256240 |
| Miscellaneous Receipts | 7165899 | 5603473 |
| Profit on sale of fixed assets (Net) | - | 123117 |
| Unclaimed Balance credited back | 94724 | 122330 |
| Claims Received | 434377 | 881662 |
| Provision no longer required withdrawn | 74508595 | 484319 |
| **Total** | **577577382** | **338787620** |

**28 - Cost of Materials Consumed**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Consumption of raw materials | 2807387624 | 2249032160 |
| Consumption of stores and spares | 83841117 | 68574234 |
| **Total** | **2891228741** | **2317606394** |

| | | |
|---|---|---|
| Consumption of Sugar Cane included in the above | 2376440931 | 2169912927 |

Amount in Rs.

### 29 - Changes in Inventories of Finished Goods , Work-in-Progress and stock in trade

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Opening Balance** | | |
| Work in Progress | 15677935 | 64018583 |
| Finished goods | 2133152692 | 2559154428 |
| Crops under cultivation | 1309876 | 1947943 |
| **Less Closing Balance** | | |
| Work in Progress | -40968765 | -15677935 |
| Finished goods | -1987885694 | -2133152692 |
| Crops under cultivation | -930002 | -1309876 |
| **Total** | **120356042** | **474980451** |

### 30 - Employee Benefits Expense

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Salaries, wages and bonus | 276177002 | 331818741 |
| Contribution to provident and other funds | 34312076 | 43252154 |
| Remuneration to whole time directors | 11013154 | 22195155 |
| Staff welfare expenses | 29869101 | 33043605 |
| **Total** | **351371333** | **430309655** |

### 31 - Finance Cost

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Interest cost on financial liabilities measured at amortized cost | 19520452 | 28072569 |
| Others | 124552222 | 84767062 |
| **Total** | **144072674** | **112839631** |

### 32 - Depreciation and Amortisation

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Depreciation / Amortisation for the year | | |
| - Tangible Assets | 85617153 | 88115475 |
| - Intangible Assets | 3789265 | 3716828 |
| **Total** | **89406418** | **91832303** |

**Amount in Rs.**

**33 - Other Expenses**

| **Particulars** | **Year ended March 31, 2018** | **Year ended March 31, 2017** |
|---|---|---|
| Power and Fuel | 23436081 | 34415418 |
| Rental charges | 237402 | 260954 |
| Repairs and maintanence | | |
| - Buildings | 19022505 | 20599835 |
| - Machinery | 96562934 | 123582238 |
| - Others | 13022602 | 13038225 |
| Insurance | 3213673 | 3390508 |
| Payment made to Auditors | 674884 | 671209 |
| Legal and Professional Charges | 12576912 | 10166323 |
| Selling expenses | 56127713 | 25766112 |
| Director's Sitting Fees | 1480000 | 1380000 |
| Commission to Non- Whole time directors | - | 875479 |
| Donations | 1700000 | 100000 |
| Corporate Social Responsibility Expenditure (CSR) | 2125577 | 2757653 |
| Security Charges | 12827243 | 12905899 |
| Miscellaneous expenses | 62682278 | 29411124 |
| Loss on sale of Fixed Assets | 90387 | - |
| **Total** | **305780191** | **279320977** |

| **Particulars** | **Year ended March 31, 2018** | **Year ended March 31, 2017** |
|---|---|---|
| Payment made to statutory auditors : | | |
| i. As Audit Fee | 442500 | 431250 |
| ii. For other services | 210400 | 220375 |
| iii. For reimbursement of expenses | 21984 | 19584 |
| **Total** | **674884** | **671209** |

34 Transition to IND AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (The Company's date of transition).

34.1 In preparing its first Ind AS financial statements in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has applied the relevant mandatory exceptions and certain optional exemptions from full retrospective application of Ind AS. Material optional exemptions applied by the Company and applicable mandatory exceptions for the Company are as follows:

34.2 A: Ind AS optional exemptions and mandatory exceptions availed

1. Deemed cost of Property Plant and Equipment

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of

**Amount in Rs.**

transition after making necessary adjustments as required to be made as per para 10 of Ind AS 101.

The Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value after making the necessary adjustments now required to be made as required by the Ind AS.

2. Evaluation of arrangements in the nature of lease

   Ind AS 101 allows an entity to determine whether an arrangement existing at the date of transition to Ind AS contains a lease on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

   The Company has elected to determine whether the arrangements existing contains a lease on the basis of the facts existing on transition date.

3. Revenue from Contracts with customers

   A first-time adopter is not required to restate contracts that were completed before the earliest period presented. A completed contract is a contract for which the entity has transferred all of the goods or services identified in accordance with previous GAAP.

   Accordingly the Company has not restated the contracts completed in accordance with the previous GAAP as as at the transition date.

**34.3 B: Ind AS mandatory exceptions**

1. Estimates

   An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

   - Investment in Mutual fund carried at FVPL

   - Impairment of financial assets based on expected credit loss model.

2. Classification and measurement of financial assets

   Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**34.4 C : First time adoption**

The impact on First time adoption of Ind AS is set out in Note

1. Fair valuation of investments

   Uner IND AS investment in Equity and mutualfunds is measured at fair value and the changes in value are recognised in profit and loss account

2. Re measurements of post-employment benefit obligations

   Under Ind AS, re measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised net of tax in other comprehensive income, net of tax instead of profit or loss. Under the previous GAAP, these re measurements were forming part of the profit or loss for the year.

3. Excise duty

   Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under the Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in the total revenue and total expenses for the year ended 31 March 2018. However there is no impact on total equity and profit.

**35. Value of Imports made by the Company during the financial year calculated on C.I.F. basis:**

**Amount in Rs.**

| | **Particulars** | **2017 – 2018** | **2016 – 2017** |
|---|---|---|---|
| (i) | Raw Materials | Nil | Nil |
| (ii) | Components and Spare parts | Nil | 148450 |
| (iii) | Capital Goods | Nil | Nil |

**36. Comparison between consumption of Imported and Indigenous raw materials, spare parts and components during the financial year:**

| Particulars | | 2017 – 2018 | % | 2016 – 2017 | % |
|---|---|---|---|---|---|
| a) | Raw Materials: | | | | |
| i) | Imported | NIL | | NIL | |
| ii) | Indigenous | 2807387624 | 100.00 | 2249032160 | 100.00 |
| | Total | 2807387624 | 100 .00 | 2249032160 | 100.00 |
| b) | Spare parts and Components: | | | | |
| i) | Imported | - | - | 148450 | 0.18 |
| ii) | Indigenous | 52388329 | 100.00 | 82770711 | 99.82 |
| | Total | 52388329 | 100.00 | 82919161 | 100.00 |

**37.** Under Section 135 of The Companies Act, 2013 the company is required to spend Rs.3,22,726/- during the year under review towards Corporate Social Responsibility (CSR) activities as framed by the Company in its Corporate Social Responsibility program. However, the Company has spent Rs.21,25,577/-

**38. Sale of Products and Services**

| **PRODUCTS / SERVICES** | **Units** | **2017-2018** | | **2016-2017** | |
|---|---|---|---|---|---|
| | | **Quantity** | **Value in Rs.** | **Quantity** | **Value in Rs.** |
| Sugar | Qtls | 680313 | 2496436965 | 919879 | 3473228035 |
| Molasses | MTs | 10198 | 97014981 | 14962 | 123317577 |
| Bagasse | MTs | 70484 | 150790748 | 38150 | 67211544 |
| Industrial / Anhydrous Alcohol | BLs | 9664534 | 409040482 | 10340564 | 474499692 |
| Bio Fertliser | Qtls | 132524 | 61491398 | 170500 | 62763006 |
| Electrical Energy | Kwh | 9247885 | 37603346 | 9151890 | 36664059 |
| Calcium Lactate | Kgs | 3178000 | 32268663 | 336785 | 34059247 |
| Others | - | | 14903405 | | 18503542 |
| TOTAL | | | 3299549988 | | 4290246702 |

Note: Sale of Products does not include the following inter unit transfers:

Amount in Rs.

| PRODUCTS / SERVICES | Units | 2017-2018 | | 2016-2017 | |
|---|---|---|---|---|---|
| | | Quantity | Value in Rs. | Quantity | Value in Rs. |
| Sugar | Qtls | 2691 | 7686100 | 2350 | 4700000 |
| Molasses | MTs. | 32255 | 254248361 | 33384 | 226329854 |
| Bagasse | MTs. | 182137 | 305079392 | 180621 | 301501693 |
| Electrical energy | KWH | 20314363 | 120464171 | 17828356 | 102334764 |
| Steam | MTs. | 314586 | 262218568 | 312717 | 262767881 |
| Filter Cake | MTs. | 27762 | 277615 | 44099 | 440994 |
| Sugarcane - Agricultural Produce | MTs. | 928 | 2523695 | 1576 | 4032711 |
| Bio Gas | $M^3$ | 1669414 | 667766 | 1461702 | 584681 |
| TOTAL | | | 953165668 | | 902692578 |

**39. Raw Materials Consumed**

| PARTICULARS | Units | 2017-2018 | | 2016-2017 | |
|---|---|---|---|---|---|
| | | Quantity | Value in Rs. | Quantity | Value in Rs. |
| Sugar – Sugarcane | MTs | 868552 | 2760013316 | 740826 | 2169885868 |
| Distillery – Molasses | MTs | 38464 | 296639604 | 42384 | 300943806 |
| Others | | | 15470476 | | 13706046 |
| Total | | | 3072123396 | | 2484535720 |
| Less: Inter Divisional Transfers | | | 264735772 | | 235503560 |
| Net Consumption | | | 2807387624 | | 2249032160 |

**40. Opening Stock of Finished Goods**

| PARTICULARS | Units | As at 01.04.2018 | | As at 01.04.2017 | |
|---|---|---|---|---|---|
| | | Quantity | Value in Rs. | Quantity | Value in Rs. |
| Sugar | Qtls | 516136 | 1847527315 | 754377 | 2311945567 |
| Molasses | MTs | 29925 | 230198857 | 39323 | 227463862 |
| Industrial / Anhydrous Alcohol | BLs | 1267122 | 43411163 | 283816 | 7765673 |
| Bio Fertiliser | Qtls | 4665 | 11603034 | 11171 | 10662295 |
| Others | | - | 412323 | - | 1317031 |
| **Total** | | | **2133152692** | | **2559154428** |

**41. Closing Stock of Finished Goods**

| PARTICULARS | Units | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|---|
| | | Quantity | Value in Rs. | Quantity | Value in Rs. |
| Sugar | Qtls | 652273 | 1719391628 | 516136 | 1847527315 |
| Molasses | MTs | 32080 | 193054431 | 29925 | 230198857 |
| Industrial / Anhydrous Alcohol | BLs | 1742303 | 61668169 | 1267122 | 43411163 |
| Bio Fertiliser | Qtls | 16410 | 10231028 | 4665 | 11603034 |
| Others | | - | 3540438 | - | 412323 |
| **Total** | | | **1987885694** | | **2133152692** |

**Amount in Rs.**

**42. Particulars regarding Capacity and Production**

| **Class of Goods** | **Capacity** | | **Units** | **Actual Production** | |
|---|---|---|---|---|---|
| | **Licenced tpd** | **Installed tpd** | | **2017-2018** | **2016-2017** |
| | (as certified by the management) | | | | |
| a. Sugar | | | | | |
| (i) Vuyyuru Unit | 7500 | 7500 | Qtls | 664020 | 569747 |
| (ii) Lakshmipuram | 4000 | 4000 | Qtls | 155121 | 114241 |
| b. Molasses (By-Product) | - | - | MT's | 44608 | 38949 |
| c. Industrial / Anhydrous Alcohol | 50000 | 50000 | BL per day | 10139715 | 11866851 |
| d. Bio Fertiliser | - | - | Qtls | 144269 | 163993 |
| e. Electrical Power | | | | | |
| (i) Incidental Co -Generation Power Plant. Vuyyuru | 15 MW | 15 MW | Kwh | 29902572 | 26709656 |
| (ii) Incidental Co - Generation Power Plant. Lakshmipuram | 5 MW | 5 MW | Kwh | 4401305 | 3897804 |

**43. Contingent Liabilities:**

a. Outstanding Guarantees issued by Banks on behalf of the company is Rs.3,46,17,938/- (PY Rs. 3,46,53,563/-)

b. Demands raised on the company by the respective authorities are as under:

(Amount in Rs)

| Particulars | As at March 31,2018 | As at March 31,2017 |
|---|---|---|
| Share transmission | 1105851 | 1105851 |
| Labour cases | 7165166 | 4743945 |
| Non enrollment of contract labour for the purpose of contribution to Provided Fund | 11094580 | 11094580 |
| Case on Duty relating to Captive Power Generation and sale to grid | 57887181 | 57887181 |
| Central Excise Case | - | 308144 |
| Value Added Tax case | 1661339 | 1366538 |
| Income Tax Case | 47030100 | 47030100 |
| Central Excise Duty on Sale of Bagasse | 10678712 | - |
| **Total** | **136622929** | **123536339** |

Based on the expert opinions obtained, the Company had been advised not to make any provision in the Accounts.

**44. Additional information pursuant to Schedule III of the Companies Act, 2013**

(Amount in Rs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Expenditure in Foreign currency on: | | |
| (i) Salary and allowance | Nil | Nil |
| (ii) Tours and Travels | Nil | 611625 |
| (iii) Others | Nil | 148450 |

**45. Information in respect of Micro, Small and Medium Enterprises as at 31st March 2018:**

(Amount in Rs.)

| S. No | Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| 1 | Amount remaining unpaid to any supplier:<br>a) Principal Amount<br>b) Interest due thereon | <br>-<br>- | <br>-<br>- |
| 2 | Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount paid to the supplier beyond the appointed day; | Nil | Nil |
| 3 | Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | Nil | Nil |
| 4 | Amount of interest accrued and remaining unpaid | Nil | Nil |
| 5 | Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | Nil | Nil |

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid / payable as required under the Act have not been given.

Disclosure requirements of Indian Accounting Standards

**46. Disclosures in respect of Ind AS 107 - Financial Instruments**

a. Financial Instruments by Categories

The carrying value and fair value of financial instruments by categories were as follows:

Amount in Rs.)

As at March 31, 2018

| Particulars | Amortized cost | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through OCI |
|---|---|---|---|
| Assets: | | | |
| Other Non-Current Financial Assets | 45888752 | | |
| Non-Current Investments | | 872348185 | |
| Current Trade Receivables | 225940320 | | |
| Cash & Cash Equivalents | 23059461 | | |
| Other Bank Balances | 72052112 | | |
| Current Investments | | 934064175 | |
| Other Financial Assets | 10508029 | | |
| Liabilities: | | | |
| Term loan (Non-Current) | 403524000 | | |
| Other Long term financial liabilities | 11336213 | | |
| Other Financial Liabilities | 178287134 | | |
| Short Term Borrowings | 1605965451 | | |
| Trade Payables | 547486215 | | |

As at March 31, 2017

| **Particulars** | **Amortized cost** | **Financial assets/ liabilities at fair value through profit or loss** | **Financial assets/ liabilities at fair value through OCI** |
|---|---|---|---|
| Assets: | | | |
| Other Long Term Financial Assets | 43917042 | | |
| Non-Current Investments | | 622907000 | |
| Current Trade Receivables | 232877136 | | |
| Cash & Cash Equivalents | 19274467 | | |
| Other Bank Balances | 65288990 | | |
| Current Investments | | 793628844 | |
| Other Current Financial Assets | 3486552 | | |
| Liabilities: | | | |
| Term loan (Non-Current) | 495515292 | | |
| Other Long term financial liabilities | 14529379 | | |
| Other Financial Liabilities | 218555346 | | |
| Short Term Borrowings | 808409132 | | |
| Trade Payables | 577169481 | | |

As at April 1,2016

| Particulars | Amortized cost | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through OCI |
|---|---|---|---|
| Assets: | | | |
| Other Long Term Financial Assets | 8614600 | | |
| Non-Current Investments | | 328214453 | |
| Current Trade Receivables | 442059144 | | |
| Cash & Cash Equivalents | 74777592 | | |
| Other Bank Balances | 69495748 | | |
| Other Current Financial Assets | 3572788 | | |
| Liabilities: | | | |
| Term loan (Non-Current) | 367217724 | | |
| Other Long term financial liabilities | 19088089 | | |
| Other Financial Liabilities | 171937913 | | |
| Short Term Borrowings | 549658565 | | |
| Trade Payables | 1129235225 | | |

b. Fair Value Hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

c. Valuation Technique used to determine Fair Value:

Specific valuation techniques used to value financial instruments include:

Use of quoted market prices for Listed instruments

d. The following tables present fair value hierarchy of assets and liabilities measured at fair value:

(Amount in Rs)

| **Particulars** | **For the year 31.03.2018** | | | | **For the year 31.03.2017** | | | |
|---|---|---|---|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial Assets | | | | | | | | |
| Investments in Equity Instruments | 872348185 | | | 872348185 | 622907000 | | | 622907000 |
| Investments in Quoted Mutual Funds | 934064175 | | | 934064175 | 793628844 | | | 793628844 |

**47. Financial risk management**

The Company's activities expose to limited financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

**Market risk**

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument.

The company is exposed to market risk primarily related to foreign exchange rate risk (currency risk), Interest rate risk and the market value of its investments.

**Securities Prices Risk:**

The company's exposure to equity securities price risk arises from Investments held and classified in the Balance Sheet as Fair Value through P&L. the company has investment in a form of Mutual funds and Equity shares. The company monitors the movement in the value of the Investments by observing the NAV.

**Credit Risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. It principally arises from the Company's Trade Receivables, Advances and deposit(s) made

**Trade receivables**

The company has outstanding trade receivables amounting to Rs. 22,59,40,321 and Rs. 23,28,77,136 as of March 31, 2018 and March 31, 2017, respectively. Trade receivables are typically unsecured are derived from revenue earned from customers. Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The company is not exposed to concentration of credit risk to any one single customer. Default on account of Trade Receivables happens when the counterparty fails to make contractual payment when they fall due.

Further for amounts overdue are constantly monitored by the management and provision towards expected credit loss are made in the books. Management estimated of expected credit loss for the Trade Receivables are provided below with the classification on debtors.

Credit risk exposure:

An analysis of age of trade receivables at each reporting date is summarized as follows:

(Amount in Rs)

| Particulars | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Gross | Impairment | Gross | Impairment |
| 0 to 180 days | 40336426 | - | 128782090 | - |
| More than 180 days | 188573490 | 2969595 | 107064641 | 2969595 |

Trade receivables are impaired in the year when recoverability is considered doubtful based on the recovery analysis performed by the company for individual trade receivables. The company considers that all the above financial assets that are not impaired for each reporting dates under review are of good credit quality.

**Liquidity Risk**

Our liquidity needs are monitored on the basis of monthly and yearly projections. The company's principal sources of liquidity are cash and cash equivalents, cash generated from operations, Term loans, deposits from public and short term borrowings from Bank.

The company manages liquidity needs by continuously monitoring cash inflows and by maintaining adequate cash and cash equivalents. Net cash requirements are compared to available cash in order to determine any shortfalls.

Short term liquidity requirements consist mainly of sundry creditors, expense payable, employee dues, repayment of loans and retention & deposits arising during the normal course of business as of each reporting date. We maintain a sufficient balance in cash and cash equivalents to meet our short-term liquidity requirements.

Long term liquidity requirements on a periodical basis and manage them through internal accruals. Our non-current liabilities include non-convertible debentures, optionally convertible debentures, Unsecured Loans from Promoters, Term Loans from Banks, Retentions & deposits.

The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

The table include both principal cash flows.

| Particulars | 31.03.2018 | | 31.03.2017 | |
|---|---|---|---|---|
| | Payable within 1 year | More than 1 year | Payable within 1 year | More than 1 year |
| Loan from Bank | 77027744 | - | 94800000 | 57507292 |
| Deposits from Public | 284324000 | 403524000 | 78732000 | 438008000 |

**Interest Rate Risk**

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Company is subject to variable interest rates on some of its interest-bearing liabilities being short term borrowings.

The following table represents the contractual obligation and receivables to/from financial liabilities and financial assets respectively.

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Fixed Rate Instruments | | - |
| Financial Asset | | |
| - Margin Money with Bank | 44214758 | 44217039 |
| Financial Liabilities | | |
| - Term Loan from Bank | 77027744 | 152307292 |
| Variable Rate Instruments | | |
| - Demand Loan from bank | 1335190451 | 736596132 |

The Company's variable interest rate exposure is mainly related to debt obligations arising from short debt borrowings

The interest expenses and impact on it on account of Increase/decrease of 100 basis points in interest rates at the balance sheet is provided in table below:

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Interest Expenses arising on account of variable rate of interest on short term borrowings | 54717282 | 23371539 |
| Impact on : | | |
| Increase in 100 basis point | 13351905 | 7365961 |
| Decrease in 100 basis points | (13351905) | (7365961) |

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag. The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date.

The period end balances are not necessarily representative of the average debt outstanding during the period.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets or by adequate funding by the shareholders to absorb the losses of the Company.

The Company's capital comprises equity share capital, retained earnings and other equity attributable to equity holders. The primary objective of Company's capital management is to maximize shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The capital gearing ratio is provided in table below:

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Total Debt* | 403524000 | 495515292 |
| Cash and cash equivalent | (23059461) | (19274467) |
| Net Debt | 380464539 | 476240825 |
| Total Equity | 2550606171 | 2590340374 |
| Net debt to equity ratio | 0.15 | 0.18 |

*Debt represents long term loan from banks and deposits from public.

**48. Disclosure in respect of Indian Accounting Standard (Ind AS)-19 "Employee Benefits"**

a. General description of various defined employee's benefits schemes are as under:

**a)** Provident Fund:

The company's Provident Fund is managed by Regional Provident Fund Commissioner. The company pays fixed contribution to provident fund at pre-determined rate.

**b)** Gratuity:

Gratuity is a defined benefit plan, provided in respect of past services based on the actuarial valuation carried out by LIC of India and corresponding contribution to the fund is expensed in the year of such contribution.

The scheme is funded by the company and the liability is recognized on the basis of contribution payable to the insurer, i.e., the Life Insurance Corporation of India, however, the disclosure of information as required under Ind AS-19 have been made in accordance with the actuarial valuation.

b. The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Other Comprehensive Income(OCI) and Balance Sheet & other disclosures are as under:

Movement in defined benefit obligation:

| Movement in defined benefit obligation: | | (Amount in Rs.) |
|---|---|---|
| **Particulars** | **31.03.2018** | **31.03.2017** |
| Defined benefit obligation - Beginning of the year | 140061803 | 135238035 |
| Current service cost | 6704575 | 6456101 |
| Interest Cost | 10931755 | 10737735 |
| Past Service Cost | 1290787 | - |
| Benefits Paid | -9733249 | -12615108 |
| Re-measurements - actuarial loss/(gain) | 858188 | 245040 |
| Defined benefit obligation – End of the year | 150113859 | 140061803 |
| Movement in plan asset: | | |
| **Particulars** | **31.03.2018** | **31.03.2017** |
| Fair value of plan assets at beginning of year | 115057236 | 115234498 |
| Employer contributions | 7628386 | 3452496 |
| Benefits paid | -9733249 | -12615108 |
| Re-measurements – Return on plan assets | 9010045 | 8985350 |
| Re-measurements - actuarial loss/(gain) | - | - |
| Fair value of plan assets at end of year | 121962418 | 115057236 |

Amount Recognized in Statement of Profit and Loss

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Current service cost | 6704575 | 6456101 |
| Curtailment cost/(credit) | - | - |
| Expected return on Plan Assets | -9010045 | -8985350 |
| Net Interest on Net Defined Benefit Liability/(assets) (B) | 10931755 | 10737735 |
| Past service cost | 1290787 | - |
| Cost Recognized in P&L | 9917072 | 8208486 |

Amount recognized in Other Comprehensive Income (OCI)

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Actuarial (gain)/loss due to assumption changes | 858188 | 245040 |
| Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss | - | - |
| Actuarial (gain)/loss recognized in OCI | 858188 | 245040 |

Actuarial Assumption

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Discount rate | 7.58% | 6.90% |
| Rate of salary increase | 6.00% | 6.00% |
| Attrition Rate | 5.00% | 5.00% |
| Retirement Age | 60 | 60 |
| Average Future Service | 8.5 | 8.7 |

**49. Disclosure in respect of Indian Accounting Standard (Ind AS)-37 "Provisions, Contingent Liabilities and Contingent Assets"**

| Description | At the beginning of the year | Addition. | Used | At the end of the year |
|---|---|---|---|---|
| | | Amount in Rs. | | |
| Provision for leave encashment | 34752611 | 9608546 | 7145942 | 37215215 |
| Provision for gratuity | 25004565 | 7008375 | 3861499 | 28151441 |
| Provision for Income Tax | 187500000 | - | - | 187500000 |
| Dividend Paid | - | 102046545 | 102046545 | - |
| Tax on Dividend paid | - | 20774274 | 20774274 | - |

| Description | At the beginning of the year | Addition. | Used | At the end of the year |
|---|---|---|---|---|
| | | Amount in Rs. | | |
| Provision for leave encashment | 31719100 | 11240860 | 8207349 | 34752611 |
| Provision for gratuity | 20003535 | 8772957 | 3771929 | 25004563 |
| Provision for Income Tax | 87500000 | 100000000 | - | 187500000 |
| Dividend Paid | - | 28346263 | 28346263 | - |
| Tax on Dividend paid | - | 5770632 | 5770632 | - |

**50. Disclosure required by Clause 32 of the Listing Agreement:**

| Loans and Advances to Subsidiary Companies | Outstanding as at | | Maximum amount outstanding during the year ended | |
|---|---|---|---|---|
| | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 |
| The Eimco-K.C.P.Ltd. | Nil | Nil | Nil | Nil |
| KCP Sugars Agricultural Research Farms Ltd. | Nil | Nil | Nil | 50,000 |

**51. Disclosure in respect of Indian Accounting Standard 24 "Related Parties Disclosures"**

(A). Names of related parties and description of relationship:

| | |
|---|---|
| 1.Subsidiaries | a) The Eimco-K.C.P.Ltd., Chennai, India.<br>b) KCP Sugars Agricultural Research Farms Ltd. Chennai, India. |
| 2.Key Management Personnel | a) Shri. Vinod R. Sethi, Executive Chairman<br>b) Smt. Irmgard Velagapudi M Rao, Managing Director.<br>c) Smt.V. Kiran Rao, Executive Director.<br>d) Shri.R.Ganesan, Chief Financial Officer.<br>e) Shri.S.Chidambaram, General Manager (Finance) and Company Secretary |

(B). Transactions During the year

| Particulars | Subsidiaries | | Key Management Personnel | |
|---|---|---|---|---|
| | **2017 - 18** | **2016 - 17** | **2017 - 18** | **2016 - 17** |
| Rent Received | 360000 | 322500 | 1500000 | 1500000 |
| Remuneration paid to Key Management Personnel | | | 13897788 | 25114407 |
| Advances given | - | 50000 | - | - |
| Advances received | - | 50000 | - | - |
| Interest on fixed deposit paid to Key Management Personnel | | | 3075894 | 3096827 |
| (C). Closing balances as on 31/03/2018 | | | | |
| Party | | | | |
| (a) The Eimco KCP Ltd. | - | - | - | - |
| (b) KCP Sugars agricultural Research Farms Ltd. | - | - | - | - |
| (c) Share Capital held in Subsidiary Companies | 28500000 | 28500000 | - | - |
| (d) Share Capital held by key Management Personnel. | - | - | 2098610 | 1882810 |
| (e) Fixed deposit held by key Management Personnel. | | - | 32740000 | 32200000 |

**52. Reconciliation of Balance Sheet as previously reported under IGAAP to IND AS**

| Particulars | As at March 31, 2017 IGAAP | As at March 31, 2017 GAAP Adjustments | As at March 31, 2017 Ind AS |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 991811869 | | 991811869 |
| (b) Capital work-in-progress | 9201720 | | 9201720 |
| (c) Other Intangible assets | 12498299 | | 12498299 |
| (d) Non-current financial assets | | | |
| (i) Investments | 473065738 | 149841262 | 622907000 |
| (ii) Trade receivables | - | - | - |
| (iii) Other non-current financial assets | 145426865 | (101509823) | 43917042 |
| (e) Deferred tax assets, (net) | | | |
| (f) Other non-current assets | | | |
| **Current assets** | | | |
| (a) Inventories | 2194991163 | | 2194991163 |
| (b) Financial Assets | | | |
| (i) Current Investments | 793628844 | | 793628844 |
| (i) Trade receivables | 232877136 | | 232877136 |
| (ii) Cash and cash equivalents | 19274467 | | 19274467 |
| (iii) Bank Balances other than (ii) above | 65288990 | | 65288990 |
| (iv) Other current financial assets | 3486552 | | 3486552 |
| (c) Current Tax Assets (Net) | - | | - |
| (d) Other current assets | 89003735 | 16158565 | 105162301 |
| **Total Assets** | **5030555379** | **64490004** | **5095045383** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share capital | 113385050 | | 113385050 |
| (b) Other equity | 2276410358 | 200544966 | 2476955324 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Long term Borrowings | 524908000 | (29392708) | 495515292 |
| (ii) Other Non- Current Financial liabilities | 14529379 | | 14529379 |
| (b) Long term Provisions | 47805739 | | 47805739 |
| (c) Other Non-Current liabilities | - | | - |
| (d) Deferred tax liabilities (net) | 123839581 | | 123839581 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |

**Amount in Rs.**

| Particulars | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2017 |
|---|---|---|---|
| | IGAAP | GAAP Adjustments | Ind AS |
| (i) Short term Borrowings | 808409132 | | 808409132 |
| (ii) Trade payables | 577169481 | | 577169481 |
| (iii) Other financial liablities | 218555346 | | 218555346 |
| (b) Other current liabilities | 177597576 | | 177597575 |
| (c) Short Term provisions | 134772254 | (122820819) | 11951435 |
| (d) Current Tax Liabilities (Net) | 13173483 | 16158565 | 29332049 |
| **Total Equity and Liabilities** | **5030555379** | **64690004** | **5095045383** |

| Particulars | As at April 01, 2016 | As at April 01, 2016 | As at April 01, 2016 |
|---|---|---|---|
| | IGAAP | GAAP Adjustments | Ind AS |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 966482605 | | 966482605 |
| (b) Capital work-in-progress | 6078214 | | 6078214 |
| (c) Other Intangible assets | 15394027 | | 15394027 |
| (d) Non-current financial assets | | | |
| (i) Investments | 437743841 | (109529388) | 328214453 |
| (ii) Trade receivables | | | |
| (iii) Other non-current financial assets | 110124423 | (101509823) | 8614600 |
| (e) Deferred tax assets, (net) | | | |
| (f) Other non-current assets | | | |
| **Current assets** | | | |
| (a) Inventories | 2674727798 | | 2674727798 |
| (b) Financial Assets | | | |
| (i) Current Investments | - | | - |
| (ii) Trade receivables | 442059144 | | 442059144 |
| (iii) Cash and cash equivalents | 74777592 | | 74777592 |
| (iv) Bank Balances other than (ii) above | 69495748 | | 69495748 |
| (v) Other current financial assets | 3572788 | | 3572788 |
| (c) Other current assets | 90062850 | | 90062849 |
| **Total Assets** | **4890519030** | **(211039212)** | **4679479818** |

Amount in Rs.

| Particulars | As at April 01, 2016 | As at April 01, 2016 | As at April 01, 2016 |
|---|---|---|---|
| | IGAAP | GAAP Adjustments | Ind AS |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share capital | 113385050 | | 113385050 |
| (b) Other equity | 2081825970 | (119457040) | 1962368930 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Long term Borrowings | 424683000 | (57465276) | 367217724 |
| (ii) Other Non- Current Financial liabilities | 19088089 | | 19088089 |
| (b) Long term Provisions | 41378108 | | 41378108 |
| (c) Other Non-Current liabilities | - | | |
| (d) Deferred tax liabilities (net) | 73931803 | | 73931803 |
| **Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Short term Borrowings | 549658565 | | 549658565 |
| (ii) Trade payables | 1129235225 | | 1129235225 |
| (iii) Other financial liablities | 171937913 | | 171937913 |
| (b) Other current liabilities | 240933885 | | 240933884 |
| (c) Short Term provisions | 44461422 | (34116895) | 10344527 |
| (d) Current Tax Liabilities (Net) | - | | - |
| **Total Equity and Liabilities** | **4890519030** | **(211039212)** | **4679479818** |

**53. Reconciliation of equity as previously reported under IGAAP to Ind AS**

| | | (INR) |
|---|---|---|
| | **Component** | **Amount** |
| Balance at April 1, 2016 | IGAAP | 2081825970 |
| Adjustments | | |
| Proposed Dividend | Non-Adjusting Event | 34116895 |
| Expected Credit Loss on Loans and Advances | Financial Instruments | (101509823) |
| Amortised cost computation of debentures and loans outstanding | Financial Instruments | 57465276 |
| Fair valuation of Equity Shares | Financial Instruments | (109529389) |
| **Total** | | **(119457039)** |
| Balance at April 1, 2016 | Ind AS | 1962368930 |

Amount in Rs.

**54. Reconciliation of Statement of Profit and loss as previously reported under IGAAP to Ind AS**

| Particulars | For Year Ended March 31, 2017 | For Year Ended March 31, 2017 | For Year Ended March 31, 2017 |
|---|---|---|---|
| | IGAAP | GAAP Adjustments | Ind AS |
| I Revenue from operations | 4066956748 | 223289954 | 4290246702 |
| II Other income | 79416970 | 259370650 | 338787620 |
| III Total Income (I+II) | 4146373718 | | 4629034322 |
| IV Expenses | | | |
| Cost of material consumed | 2317606394 | | 2317606394 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 474980451 | | 474980451 |
| Excise duty on sale of goods | - | 223289954 | 223289954 |
| Employee benefits expense | 430309655 | | 430309655 |
| Finance costs | 84767062 | 28072569 | 112839631 |
| Depreciation and Amortisation | 91832303 | | 91832303 |
| Other expenses | 279320977 | | 279320977 |
| Total expenses (IV) | 3678816841 | | 3930179365 |
| V Profit/(loss) before exceptional items and tax | 467556877 | | 698854957 |
| VI Exceptional items | | | |
| VII Profit/(loss) Before Tax | 467556877 | | 698854957 |
| VIII Tax Expense | | | |
| - Current Tax | 100073512 | | 100073512 |
| - Deferred Tax | 49907777 | | 49907777 |
| - Reversal of excess provision for taxation relating to earlier years | (1149) | | (1149) |
| IX Profit/(loss) After Tax | 317576737 | | 548874817 |
| X Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurements of defined benefit plan actuarial gains/ (losses) | - | (245040) | (245040) |
| Income tax expense on above | - | 73512 | 73512 |
| | - | | (171528) |
| XI Total Comprehensive Income for the period (Comprising profit and other comprehensive income for the period) | 317576737 | | 548703289 |

**Amount in Rs.**

a) Under the previous GAAP, dividends on equity shares recommended by the board of directors after the end of the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under Ind AS, such dividends are recognised when approved by the members in a general meeting. The effect of this change is an increase in total equity as at April 1, 2016 of Rs. 3,41,16,895, but does not affect profit before tax and total profit for the year ended March 31, 2017.

b) Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurernent of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss. The actuarial losses for the year ended March 31, 2017 were Rs. 171,528/- (Net of taxes)

c) Under previous GAAP, Security deposits were carried at transaction cost, while under Ind AS, present value of these deposits are retained in the financial statement and balance value of these deposits are carried as pre-paid rent.

d) Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains, or losses are required to be presented in other comprehensive income.

e) Under previous GAAP, investments are carried at cost at the end of the reporting period. Under Ind AS, investments are carried at fair value through PL. The effect of this is reduction in total equity as at April 1, 2016 of (Rs.10,95,29,389), the effect of same on statement of profit and loss of March 31, 2017 is gain of is Rs.25,93,70,650/-

f) Under Previous GAAP, Provision for bad and doubtful debts for the advances given are made on incurred loss model. Under Ind AS, provision is made on expected credit loss model.

g) Under previous GAAP Financial liabilities were carried at book value, while under Ind AS fair value of the liabilities are computed and retained in Balance sheet and interest is accounted accordingly based in the repayment. This change has resulted in increase of equity as at 01April, 2016 to the tune of Rs.5,74,65,276, the same has resulted in additional expense of Rs.2,80,72,569 to the statement of profit and loss for the year ended March 31 2017.

**55. SEGMENT REPORTING :**

**(I) The Company has identified the reportable segments as on 31-03-2018 and others taking into account the nature of products and services, the different risks and returns and the internal reporting systems. The accounting policies for segment reporting are in line with the accounting policies followed by the Company.**

| | PARTICULARS | PRIMARY SEGMENT | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **SUGAR** | | **CHEMICALS** | | **POWER & FUEL** | | **OTHERS** | | **TOTAL** | |
| | | **Current Year** | **Previous Year** | **Current Year** | **Previous Year** | **Current Year** | **Previous Year** | **Current Year** | **Previous Year** | **Current Year** | **Previous Year** |
| 1 | **Segment Revenue** | | | | | | | | | | |
| | External Revenue | **2747304735** | 3667876908 | **453145509** | 522942729 | **37603346** | 36664059 | **61496398** | 62763006 | **3299549988** | 4290246702 |
| | Inter Segment Revenue | **569815164** | 537005253 | **5711740** | 5273445 | **377638765** | 360413880 | **-** | - | **953165669** | 902692578 |
| | Total Revenues | **3317119899** | 4204882161 | **458857249** | 528216174 | **415242111** | 397077939 | **61496398** | 62763006 | **4252715657** | 5192939280 |
| 2 | **Segment Results** | | | | | | | | | | |
| | Profit before depriciation, finance cost and taxation | **(387683557)** | 485164363 | **65692472** | 92034091 | **86573183** | 77778644 | **32338606** | 32150774 | **(203079296)** | 687127872 |
| | Less : Finance Cost | **113807241** | 77257108 | **9007973** | 6426767 | **648577** | 399429 | **1075122** | 683758 | **124538913** | 84767062 |
| | Less : Unallocable Finance Cost | | | | | | | | | **19533762** | 28072569 |
| | Less: Depreciation and Amortizations | **46761143** | 47909478 | **17655790** | 17429003 | **21531513** | 22861135 | **3457972** | 3632687 | **89406418** | 91832303 |
| | Less: Impairment on Capital Assets | | | | | **-** | - | | | **-** | - |
| 3 | Unallocable Expenditure | | | | | | | | | (363082811) | (216325507) |
| | Less : Tax | | | | | | | | | (157128550) | 149906628 |
| | Total Profit | | | | | | | | | **83652974** | **548874817** |
| | **Capital Employed** | | | | | | | | | | |
| 4 | Segment Assets | **2813379314** | 2952516401 | **271216173** | 250810585 | **220316638** | 229106441 | **32104894** | 36528115 | **3337017019** | 3468961542 |
| 5 | Unallocable Assets | | | | | | | | | **2022263028** | **1626083841** |
| 6 | Segment Liabilities | **2054566368** | 1732234970 | **24987215** | 21371678 | **5839661** | 4139562 | **7051295** | 5482872 | **2092444539** | 1763229082 |
| 7 | Unallocable Liabilities | | | | | | | | | **716229337** | 741475927 |
| 8 | Capital Employed | | | | | | | | | **2550606171** | **2590340374** |
| 9 | **Capital Expenditure** | **10113688** | 22909068 | **-** | 3671444 | **3740029** | 2079548 | **1765637** | 88785034 | **15619354** | 117445094 |

1. The operations of the company predominantly relate to manufacture of Sugar,Electrical Energy,Bio Fertilizers and Chemicals comprising mainly Industrial Alcohol, $CO_2$ and Calcium Lactate

2. The Business segments that are disclosed under “Others” comprise Bio Fertilizers .

3. Inter segment transfers are priced at market rates excepting Steam which has no market rate and hence valued at cost.

**NOTES TO FINANCIAL STATEMENTS**
**ii) Geographical Segment:**

| Particulars | Current Reporting Period 2017-2018 | Previous Reporting Period 2016-2017 |
|---|---|---|
| **Sales within India** | **3299549988** | **4290246702** |
| **Sales outside India** | - | - |
| **Total** | **3299549988** | **4290246702** |

Note: Company does not own or operate any business outside India

Carrying Amounts of Geographical Assets and additions to tangible and intagible fixed assets:

**Amount in Rs.**

| Particulars | Carrying amounts of segment assets | | Additions to fixed assets & Intangible assets | |
|---|---|---|---|---|
| | **Current reporting period** | **Previous reporting period** | **Current reporting period** | **Previous reporting period** |
| Located in India | 5408812436 | 5095045383 | 15619353 | 117445094 |
| Located outside India | - | - | - | - |
| **Total** | 5408812436 | 5095045383 | 15619353 | 117445094 |

# THE EIMCO-K.C.P. LTD
# Fiftieth Annual Report
# 2017 – 2018

## CIN : U27209TN1967PLC005550

### BOARD OF DIRECTORS

| | |
|---|---|
| **Chairperson** | Smt. Irmgard Velagapudi M.Rao |
| **Vice Chairperson** | Smt. V. Kiran Rao |
| **Directors** | Shri. J. Satyanarayana<br>Shri. K. Kalyanaraman |
| **Auditors** | M/s. Suri & Siva (FRN. 004284S)<br>Chartered Accountants<br>C-8, 3rd Floor, Shanti Apartments, New<br>No.18, 1st Cross Street, TTK Road<br>Alwarpet, Chennai 600018 |
| **Bankers** | Axis Bank Limited<br>Canara Bank<br>Corporation Bank |
| **Registered and Corporate Office** | "Ramakrishna Buildings",<br>239, Anna Salai,<br>Chennai 600 006. |
| **Works** | 11-A, 3rd Main Road,<br>Industrial Estate, Ambattur,<br>Chennai 600 058. |

## NOTICE TO SHAREHOLDERS

**NOTICE** is hereby given that the Fiftieth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at No.239, Anna Salai, Chennai 600006, on Friday, 14th day of September 2018 at 3.00 p.m.. to transact the following business:

**ORDINARY BUSINESS**

1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2018 and the Profit and Loss Account for the period ended on that date and the Reports of the Directors and Auditors thereon.

2 To appoint a Director in place of Smt. Irmgard Velegapudi M.Rao, who retires by rotation and is eligible for reappointment.

3 To appoint Suri & Siva, Chartered Accountants (FRN0042484S) as Statutory Auditors to hold office from the conclusion of this 50$^{th}$ Annual General Meeting till the conclusion of 51$^{st}$ Annual General Meeting on such remuneration as fixed by the Board of Directors.

// **By Order of the Board** //

**For THE EIMCO-K.C.P. LIMITED**

Place : Chennai
Date : 25.05.2018

**IRMGARD VELAGAPUDI M. RAO**
**CHAIRPERSON**

**NOTES :**

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM, IN ORDER TO BE EFFECTIVE MUST BE DULY COMPLETED, STAMPED AND LODGED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

// **By Order of the Board** //

**For THE EIMCO-K.C.P. LIMITED**

Place : Chennai
Date : 25.05.2018

**IRMGARD VELAGAPUDI M. RAO**
**CHAIRPERSON**

**TO THE SHAREHOLDERS**

Your Directors have pleasure in submitting their Report for the year ended 31st March 2018 together with Balance Sheet and Profit and Loss Account for the year ended on that date.

**REVIEW OF OPERATIONS**

During the period under review, the Company has received Orders totaling to Rs.4,290.72 lakhs as compared to Rs.3,300.30 lakhs during the previous year. From the enclosed Annual Accounts it may be noted that the income earned from the sale of products and services by the Company for the year ended 31st March 2018 was Rs.2,668.00 lakhs as against Rs. 3,877.56 lakhs in the previous year. The profit was at Rs.434.71 lakhs for the year under review as against profit of Rs.381.95 lakhs for the previous year. After providing for current and deferred taxation, the net profit for the year was Rs.314.22 lakhs. After the adjustment of Remeasurement of Actuarial Loss of Rs.18.40 lakhs (net of tax) under Other Comprehensive Income for the financial year 2017-18, the Total Comprehensive Income for the financial year 2017-18 is Rs.295.82 lakhs

**DIVIDEND**

Your Directors have not recommended any Dividend for the Financial Year under review with a view to conserve profits.

**CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION**

This Industry is not energy intensive with maximum demand being much below 250 KVA. Consequently there is very little scope of conservation of energy.

**PARTICULARS OF EMPLOYEES**

Information as per Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming a part of Director's Report for the year ended 31st March 2018 is not applicable as there was no employee covered by the same.

**EXPORTS & FOREIGN EXCHANGE EARNINGS & OUTGO**

Our Exports earnings during the year 2017-18 was Rs.929.94 lakhs (P.Y.: Rs.523.50 lakhs). During the period under review the Company has incurred Expenditure in foreign currency amounting to Rs.271.79 lakhs towards foreign travel and import of components. There are no specific areas in which Research and Development has been carried out by the Company.

**DIRECTORS**

At the forthcoming Annaual General Meeting Smt. Irmgard Velagapudi M.Rao retires by rotation and is Eligible for re-appointment.

**STAFF RELATIONS**

Industrial Relations with Staff and Workers continue to be cordial.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required by Section 134 of the Companies Act 2013, your Directors certify as follows:

i) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there were no material departures there from;

ii) that Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2018 and of the profit of the Company for that year.

iii) that the Directors had taken proper and sufficient care for the Maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for Detecting fraud and other irregularities.

iv) that the Directors had prepared the annual accounts on a going concern basis;

v) that the Directors had devised proper system to ensure compliance with the provisions of all applicable law and that such systems were adequate and operating effectively.

**AUDITORS**

M/s Suri & Siva, Chartered Accounts, Chennai,(FRN 004284S) retire at the conclusion of this Annual General Meeting and are eligible for reappointment. The Members approval is being sought to the reappointment of M/s Suri & Siva as the Statutory Auditors and to authorize the Board of Directors, to determine the renumeration payable to the Auditors.

As required under the provisions of section 141 (3) of the Companies Act, 2013, the Company has obtained a written Certificate from them to the effectthat their appointment, if made, would be in conformity with the limits specified under the said section.

For and on behalf of the Board of Directors

Place : Chennai
Date : 25.05.2018

**IRMGARD VELAGAPUDI M.RAO**
**CHAIRPERSON**

## INDEPENDENT AUDITOR'S REPORT

**To The Members of THE EIMCO-K.C.P. LTD**

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **THE EIMCO-K.C.P. LTD**("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting our audit, we 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 thereunder and the Order issued under section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its Profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge

and belief were necessary for the purposes of our audit.

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

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

d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements (refer note no. 32 to the financial statements).

   ii. the Company did not have any long-term contracts including derivative contracts for which there is no provision required for 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.

2. 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, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the order.

Chennai

Dated 25-05-2018

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

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **THE EIMCO-K.C.P. LTD** of even date)

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

We have audited the internal financial controls over financial reporting of **THE EIMCO-K.C.P. LTD** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Board of Directors of the Company 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, 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**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section143(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 we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**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 our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Chennai

Dated 25-05-2018

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

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **THE EIMCO-K.C.P. LTD** of even date)

(i) (a) the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets,

(b) the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets,

(c) according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Management has conducted physical verification of Inventory at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) According to the information and explanations given to us, the company has not granted any loans, Secured or unsecured to the Companies, Firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and hence clause iii(a),iii(b) and iii (c) of the order are not applicable to the company for the year.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) The Company has not accepted deposits and hence the provisions of clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of accounts and records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) a) According to the information and explanations given to us and on the basis of our examination of the books and records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, goods and service tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities.

b) According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, income tax, sales tax, value added tax, goods and service tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at the yearend for a period of more than six months from the date they became payable.

c) According to the information and explanations given to us and the records of the Company examined by us, there are no material dues of Income tax, sales tax, goods and service tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute.

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

Chennai

Dated 25-05-2018

Amount in Rs.

| Particulars | Note | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| (a) Property, plant and equipment | 3 | **63710839** | 66398641 | 64173073 |
| (b) Capital work-in-progress | | | | |
| (c) Other Intangible assets | 4 | **-** | - | 147034 |
| (d) Non-current financial assets | | | | |
| (i) Investments | | | | |
| (ii) Trade receivables | | | | |
| (iii) Other non current financial assets | 5 | **525131** | 716156 | 641705 |
| (e) Deferred tax assets, (net) | 6 | **2839632** | 2891541 | 2858449 |
| (f) Other non-current assets | 7 | **2800149** | 2800149 | 2407156 |
| **Current assets** | | | | |
| (a) Inventories | 8 | **122293958** | 56278026 | 88686882 |
| (b) Financial Assets | | | | |
| (i) Investments | 9 | **63026303** | 60203721 | 41888581 |
| (ii) Trade receivables | 10 | **61609314** | 96755332 | 99995436 |
| (iii) Cash and cash equivalents | 11 | **91442710** | 45008648 | 60008860 |
| (iv) Bank Balances other than (iii) above | 12 | **26525977** | 25014098 | 23287964 |
| (v) Other current financial assets | 13 | **4811** | 88757 | 37510 |
| (c) Current Tax Assets (Net) | | | | |
| (d) Other current assets | 14 | **35265208** | 20243427 | 14922697 |
| **Total Assets** | | **470044032** | **376398496** | **399055347** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| (a) Equity Share capital | 15 | **6000000** | 6000000 | 6000000 |
| (b) Other equity | 16 | **244544778** | 214962972 | 191800137 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (b) Long term Provisions | 17 | **31325869** | 46764959 | 45565812 |
| (c) Other Non-Current liabilities | | | | |
| (d) Deferred tax liabilities (net) | | **-** | - | |
| **Current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Short term Borrowings | | | | |
| (ii) Trade payables | 18 | **74306784** | 47197993 | 40198293 |
| (iii) Other financial liablities | 19 | **7095752** | 611094 | 797275 |
| (b) Other current liabilities | 20 | **90796690** | 44812659 | 90879873 |
| (c) Short Term provisions | 21 | **12392519** | 11926670 | 11861353 |
| (d) Current Tax Liabilities (Net) | 22 | **3581640** | 4122149 | 11952604 |
| **Total Equity and Liabilities** | | **470044032** | **376398496** | **399055347** |

The significant accounting policies and accompanying notes form an integral part of these financial statements

In accordance with our report attached

**Suri & Siva**
Chartered Accountants
Firm Regn No. 004284S

**V.SIVAKUMAR**
Partner
Membership No. 022379

Chennai
Date: 25.05.2018

For and on behalf of the Board of Directors

**IRMGARD VELAGAPUDI M. RAO**
Chairperson

**V. KIRAN RAO**
Vice Chairperson

Amount in Rs.

| Particulars | Note | For Year Ended March 31, 2018 | For Year Ended March 31, 2017 |
|---|---|---|---|
| I Revenue from operations | 23 | **266800078** | 387756008 |
| II Other income | 24 | **40915781** | 17116598 |
| **III Total Income (I+II)** | | **307715859** | **404872606** |
| **IV Expenses** | | | |
| Cost of material consumed | 25 | **148946417** | 179552694 |
| Changes in inventories of finished goods, work-in- …..progress and stock-in-trade | 26 | **(50563942)** | 27805714 |
| Excise duty on sale of goods | | **5222358** | 33824115 |
| Employee benefits expense | 27 | **60372748** | 55953250 |
| Finance costs | 28 | **3797220** | 2411056 |
| Depreciation and Amortisation | 29 | **4382759** | 4768816 |
| Other expenses | 30 | **92086998** | 62052410 |
| **Total expenses (IV)** | | **264244558** | **366368055** |
| **V Profit/(loss) before exceptional items and tax** | | **43471301** | **38504551** |
| VI Exceptional items | | | |
| **VII Profit/(loss) before tax** | | **43471301** | 38504551 |
| **VIII Tax expense** | | | |
| - Current Tax | | **11050000** | 12500000 |
| - Deferred Tax | | **999688** | 71873 |
| - Provision for taxation relating to earlier years | | **-** | 2566086 |
| **IX Profit/(loss) for the period** | | **31421613** | **23366592** |
| **X Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of defined benefit plan acturial gains/(losses) | | **(2787586)** | (308722) |
| Income tax expense on above | | **947779** | 104965 |
| | | **(1839807)** | **(203757)** |
| **XI Total Comprehensive Income for the period (Comprising profit and other comprehensive income for the period)** | | **29581806** | **23162835** |
| **XII Earnings per equity share** | | | |
| (1) Basic | | **52.37** | 38.94 |
| (2) Diluted | | **52.37** | 38.94 |

The significant accounting policies and accompanying notes form an integral part of these financial statements

In accordance with our report attached

**Suri & Siva**
Chartered Accountants
Firm Regn No. 004284S

**V.SIVAKUMAR**
Partner
Membership No. 022379

Chennai
Date: 25.05.2018

For and on behalf of the Board of Directors

**IRMGARD VELAGAPUDI M. RAO**
Chairperson

**V. KIRAN RAO**
Vice Chairperson

**Note 1. Corporate Information**

The EIMCO-K.C.P. Ltd is a Process Technology Company and leading manufacturer of Liquid – Solid Separation equipment for Industrial and Environmental Applications: Thickening, Clarification, Classification, Vacuum Filtration, Aeration Systems etc.

The financial statements were approved by the Board of Directors and authorised for issued on 25th May 2018.

**Note 2. Significant Accounting Policies**

**(a) Statement of compliance:**

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. The accounting policies as set out below have been applied consistently to all years presented in these financial statements.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirement of previous GAAP, which includes accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These financial statements for the year ended March 31, 2018 are the first financial statements under Ind AS. The date of transition to Ind AS is April 1, 2016

The Company has adopted all issued Ind AS standards, as applicable, and the adoption was carried out in accordance with Ind AS 101. The transition was carried out from the Indian GAAP which was the previous GAAP. An explanation of how the transition to Ind AS has affected the reported financial position and financial performance of the Company is provided in Note 42. This note includes reconciliations of equity and total comprehensive income for comparative years under Indian GAAP to those reported for those years under Ind AS.

**(b) Basis of preparation and presentation:**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

**(c) Critical accounting estimates and judgements**

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 and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- ❖ **Useful lives of property, plant and equipment and intangible assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

- ❖ **Impairment testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- ❖ **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and there the tax charge in the statement of profit or loss.

- Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.
- **Fair value measurement of derivative and other financial instruments:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the Balance Sheet date.
- **Litigation:** From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.
- **Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

**(d) Revenue recognition :**

Sales are stated at net of returns and sales tax. Sales Revenue is recognized when significant risks and rewards of ownership of the goods have passed to the buyer being the point of despatch. Revenue is measured at the fair value of the consideration received or receivable. Sales are inclusive of excise duty recovered and net of discount and rebates.

Revenue on rendering of the service, is recognised on completion of services on pervasive evidence of an arrangement exists, rates are fixed or are determinable and collectability is reasonably certain.

**Interest**

Interest income is accrued on a time proportion basis using the effective interest rate method.

**Dividend**

Dividend income is recognized when the Company's right to receive the amount is established.

**(e) Employee Benefits (other than for persons engaged through contractors):**

i. **Provident Fund**: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary which is recognised as an expense in the Statement of Profit and Loss during the year. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Company or to respective Regional Provident Fund Commissioner. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the minimum rates of return prescribed by the Central Government and recognises such contributions and shortfall, if any, as an expense in the year in which the corresponding services are rendered by the Company.

ii. **Gratuity Fund**

The Company makes annual contributions to gratuity funds administered by the trustees for amounts notified by the funds. The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination of employment of an amount based on the respective employee's last drawn salary and tenure of employment. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the other comprehensive income and reflected in retained earnings and will not be reclassified to the statement of profit and loss.

**iii. Compensated Absences**

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an scheme operated in the company using the projected unit credit method, carried out at the Balance Sheet date.

**(f) Property, Plant and Equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs (refer note no. 2(p) below). Initial estimate shall also include costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Depreciation is charged to profit or loss 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 written down method The estimated useful lives, residual values and depreciation method are reviewed at the Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

In respect of Leasehold Buildings, depreciation on buildings on leased properties is based on the tenure which is lower of the life of the buildings or the expected lease period. Improvements to buildings are depreciated on the basis of their estimated useful lives.

Assets under finance leases as depreciated over the expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized 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 sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2016 (transition date ) measured as per the pervious GAAP and use that carrying value as its deemed cost as of the transition date.

Capital work in progress represents projects under which the property, plant and equipment's are not yet ready for their intended use and are carried at cost determined as aforesaid.

**(g) Impairment of assets:**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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 assessments 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 recognized immediately in the Statement of Profit and Loss.

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

**(h) Foreign Currency Translation :**

**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition**

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were the fair value measured.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of other monetary items are recognised in the Statement of Profit and Loss.

**(i) Assets taken on lease:**

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease or the payments of lease rentals are in line with the expected general inflation compensating the lessor for expected inflationary cost. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Assets held under finance lease are capitalised at the inception of the lease, with corresponding liability being recognised for the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the statement of Profit or Loss so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

For leases which include both land and building elements, basis of classification of each element is assessed on the date of transition, April 1, 2016, in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard.

**(j) Inventories:**

Inventories are valued at the lower of cost (computed on a Weighted Average basis) or net realizable value. Cost include the cost of purchase including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts, rebates and benefits are deducted in determining the cost of purchase. Net realizable value represents the estimated selling price for the inventories less all estimated costs of completion and costs necessary to make the sale.

Finished goods and Work in Progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

**(k) Government Grants**

Government grants are recognised in the period to which they relate when there is reasonable assurance that the grant will be received and that the Company will comply with the attached conditions

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

**(l) Income Taxes:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or 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.

(i) **Current tax:**

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

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

(ii) **Deferred tax :**

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

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date 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 deferred income tax asset to be utilised.

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 realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax (“MAT”) credit is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**(m) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense. Liability in respect of delivery guarantees is recognized in accounts in the year in which delay occurs as per the contract.

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

Contingent assets are not recognized in the financial statements.

**(n) Cash and Cash Equivalent (for the purpose of cash flow statements):**

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.

**(o) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**(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 including potential equity shares on compulsory convertible debentures. 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.

**(q) Segment Reporting:**

The Company identifies operating segments based on the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the committee that makes strategic decisions.

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”.

**(r) Financial Instruments:**

**Financial Assets:**

Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial Recognition and measurement:

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases 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 trades) are recognised on the trade date, i.e., the date that the

Company commits to purchase or sell the asset.

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

**Financial Liabilities**

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. Property, Plant & Equipments

| Description | Land | Buildings | Plant and equipment | Computers | Office Equipment | Vehicles | Furniture and Fixtures | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | - |
| **As at 1 April 2016 (Deemed Cost)** | 42776981 | 10032201 | 8422292 | 1369373 | 577506 | 786507 | 208213 | 64173073 |
| Additions during the year | | 782088 | 3653873 | 314574 | 59003 | 2007418 | 154802 | 6971758 |
| Deletions during the year | | | | (61830) | | (1079460) | | (1141290) |
| **As at 31 March 2017 (At Cost)** | 42776981 | 10814289 | 12076165 | 1622117 | 636509 | 1714465 | 363015 | 70003541 |
| Additions during the year | | 414491 | | 1060400 | 141133 | 54300 | 24633 | 1694957 |
| Deletions during the year | | | | | | | | - |
| **As at 31 March 2018 (At Cost)** | 42776981 | 11228780 | 12076165 | 2682517 | 777642 | 1768765 | 387648 | 71698498 |
| **Depreciation and amortization** | | | | | | | | |
| Charge for the year ended March 31, 2017 | | 893145 | 2234610.00 | 865274 | 231099 | 348662 | 48992 | 4621782 |
| Deletions during the year | | | | (61830) | | (955052) | | (1016882) |
| **As at 31 March 2017 (At Cost)** | - | 893145 | 2234610 | 803444 | 231099 | (606390) | 48992 | 3604900 |
| Charge for the year | | 930512 | 1999201 | 571901 | 206956 | 598910 | 75279 | 4382759 |
| Deletions during the year | | | | | | | | - |
| **As at 31 March 2018** | - | 1823657 | 4233811 | 1375345 | 438055 | (7480) | 124271 | 7987659 |
| **Net Book Value** | | | | | | | | |
| **As at 31 March 2018** | 42776981 | 9405123 | 7842354 | 1307172 | 339587 | 1776245 | 263377 | 63710839 |
| **As at 31 March 2017** | 42776981 | 9921144 | 9841555 | 818673 | 405410 | 2320855 | 314023 | 66398641 |
| **As at 01 April 2016** | 42776981 | 10032201 | 8422292 | 1369373 | 577506 | 786507 | 208213 | 64173073 |

3.1. Cost of Freehold Land includes . 10,00,000/- in respect of which the transfer of title deeds in the THE EIMCO K.C.P. LTD is pending.

3.2 Reconciliation of the gross carrying amount as per revious GAAP with the deemed cost as at April 01, 2016

Amount in Rs.

**4 - Other Intangible Asset**

| Description | Computer Software | Total |
|---|---|---|
| **Cost or Valuation** | | - |
| **As at 1 April 2016 (Deemed cost)** | 147034 | 147034 |
| Additions during the year | | - |
| **As at 31 March 2017 (At Cost)** | 147034 | 147034 |
| Additions during the year | | - |
| **As at 31 March 2018 (At Cost)** | 147034 | 147034 |
| | | |
| **Amortization and Impairment** | | |
| | | - |
| Amortization for the year ended March 31, 2017 | 147034 | 147034 |
| **As at 31 March 2017** | 147034 | 147034 |
| Amortization for the year | | - |
| **As at 31 March 2018** | 147034 | 147034 |
| | | |
| **Net Book Value** | | |
| **As at 31 March 2018** | - | - |
| **As at 31 March 2017** | - | - |
| **As at 01 April 2016** | 147034 | 147034 |

**5 - Other Non Current Financial Assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Long Term Security Deposit | 525131 | 716156 | 641705 |
| **Total** | **525131** | **716156** | **641705** |

**6 - Deferred Tax Asset(s)**

**Tax recognised in Statement of profit and loss**

| Particulars | For the year Ended March 31, 2018 | For the year Ended March 31, 2017 |
|---|---|---|
| **Current income tax** | | |
| Current year | **11050000** | 12500000 |
| **Sub Total (A)** | **11050000** | 12500000 |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | **999688** | 71873 |
| Change in accounting policy | | |
| **Sub Total (B)** | **999688** | 71873 |
| **Total (A+B)** | **12049688** | 12571873 |

Amount in Rs.

**Tax recognised in other comprehensive income**

| Particulars | For the year Ended March 31, 2017 | For the year Ended March 31, 2016 |
|---|---|---|
| Defined benefit plan acturial gains (losses) | **947779** | 104965 |
| **Total** | **947779** | 104965 |

**Recognised deferred tax assets and liabilities**

**Deferred tax assets and liabilities are attributable to the following:**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Deferred Tax Liability** | | | |
| Others | **120650** | 282071 | |
| **Sub Total** | **120650** | 282071 | - |
| Deferred tax Assets | | | |
| Property, Plant & Equipment | **929252** | 937390 | 859612 |
| On account of timing differences in recognition of expenditure | **2031030** | 2236222 | 1998837 |
| **Sub Total** | **2960282** | 3173612 | 2858449 |
| **Net Deferred Tax Assets/ (Liabilities)** | **2839632** | 2891541 | 2858449 |

**7 - Other Non Current Assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Income tax refund receivable | **2800149** | 2800149 | 2407156 |
| **Total** | **2800149** | **2800149** | **2407156** |

**8 - Inventories**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| | | | |
| Raw materials and components | **39191232** | 23747455 | 28388083 |
| Work in Progress | **76679355** | 24102814 | 50430268 |
| Finished goods | **5854643** | 7867242 | 9345502 |
| Loose tools | **568728** | 560515 | 523030 |
| **Total** | **122293958** | **56278026** | **88686882** |

Amount in Rs.

**9 - Current Investments**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Investments in Mutual funds | **63026303** | 60203721 | 41888581 |
| **Total** | **63026303** | **60203721** | **41888581** |

**10 - Trade Receivables**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Trade receivables** | | | |
| Secured Considered Good | | | |
| Unsecured Considered good | **62808639** | 97954656 | 101194760 |
| Considered Doubtful | | | |
| **Less:** | | | |
| Impairment for Trade receivable under expected credit loss model | **(1199325)** | (1199325) | (1199325) |
| Retention money receivable - unsecured considered good | | | |
| **Total** | **61609314** | **96755331** | **99995435** |

**11 - Cash and cash equivalents**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| i) Balances with banks: | | | |
| -In current accounts | **10310807** | 4393916 | 7563167 |
| -In Fixed Deposits | **81018218** | 40500169 | 52324011 |
| ii) Cash on hand | **113685** | 114563 | 121682 |
| **Total** | **91442710** | **45008648** | **60008860** |

**12 - Bank Balances other than 11 above**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Bank Balances held as Margin Money | **26525977** | 25014098 | 23287964 |
| **Total** | **26525977** | **25014098** | **23287964** |

**13 - Other Current Financial Assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **i) Unsecured, considered good;** | | | |
| - Loans and Advances to Employees | 4811 | 88757 | 37510 |
| **Total** | **4811** | **88757** | **37510** |

Amount in Rs.

**14 - Other Current Assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Unsecured considered good** | | | |
| Balance with government authorities | **30692893** | 17975511 | 10635804 |
| Prepaid Expenses | **603293** | 668542 | 797238 |
| Advances to Supplier | **3805714** | 578581 | 3434924 |
| Interest accured on Fixed Deposit | **163308** | | |
| Prepayments - Deposits/Retention Money | | 1020793 | 54731 |
| **Total** | **35265208** | **20243427** | **14922697** |

**15 - Equity Share Capital**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| | | | |
| **Authorised Share Capital** | | | - |
| 10,00,000 Equity Shares of Rs.10/- each | **10000000** | 10000000 | 10000000 |
| | | | |
| **Total** | **10000000** | 10000000 | 10000000 |
| | | | |
| **Issued, Subscribed And Paid Up** | | | - |
| 6,00,000 Equity Shares of Rs.10/- each | **6000000** | 6000000 | 6000000 |
| | | | |
| **Total** | **6000000** | 6000000 | 6000000 |

**15.1 Movement in respect of Equity Shares is given below :**

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Nos. | Amount in Rs. | Nos. | Amount in Rs. |
| At the beginning of the period | **600000** | **6000000** | 600000 | 6000000 |
| (+) Issued during the period* | **-** | **-** | - | - |
| (-) Redeemed during the period | **-** | **-** | - | - |
| **Outstanding at the end of the period** | **600000** | **6000000** | 600000 | 6000000 |

**15.2 Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company , after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Amount in Rs.**

**15.3 Details of Shareholders holding more than 5% shares in the Company**

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | | As at April 01, 2016 | |
|---|---|---|---|---|---|---|
| | Nos. in Lakhs | % of Holding | Nos. in Lakhs | % of Holding | Nos. in Lakhs | % of Holding |
| | | | | | | |
| K C P SUGARS & INDUSTRIES CORPORATION LTD | **600000.00** | **100%** | 600000.00 | 100% | 600000.00 | 100% |
| | | | | | | |
| **Total** | **600000.00** | **100%** | 600000.00 | 100% | 600000.00 | 100% |

**16 Other Equity**

**For the year ended March 31, 2018**

| Particulars | Reserves and Surplus | | Other Components of Equity | Total |
|---|---|---|---|---|
| | General Reserve | Retained Earnings | Remeasurement of Net Defined benefit Liability/ Asset | |
| Balance as at April 01,2017 | 11301382 | 203865346 | -203757 | **214962972** |
| Total Comprehensive Income for the Year | - | 31421613 | | **31421613** |
| Other Comprehensive Income for the Year | | | -1839807 | **-1839807** |
| **Balance as at March 31, 2018** | **11301382** | **235286959** | **-2043563** | **244544778** |

**For the year ended March 31, 2017**

| Particulars | Reserves and Surplus | | Other Components of Equity | Total |
|---|---|---|---|---|
| | General Reserve | Retained Earnings | Remeasurement of Net Defined benefit Liability/ Asset | |
| Balance as at April 01,2016 | 11301382 | 180498755 | - | **191800137** |
| Provision For Dividend and taxes | - | | - | **-** |
| Total Comprehensive Income for the Year | - | 23366592 | - | **23366592** |
| Other Comprehensive Income for the Year | - | | -203757 | **-203757** |
| **Balance as at March 31, 2017** | **11301382** | **203865346** | **-203757** | **214962972** |

**17 - Long Term Provisions**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Provision for Employee Benefits :- | | | |
| - Gratuity & Leave Encashment | **5473506** | 4974421 | 4321760 |
| - Provisions for Liquidated Damages | **25852363** | 41790538 | 41244052 |
| **Total** | **31325869** | **46764959** | **45565812** |

Amount in Rs.

**18 - Trade Payables**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Trade payables | | | |
| - Dues to Micro and Small Enterprices | | | |
| - Others | **74306784** | 47197993 | 40198293 |
| **Total** | **74306784** | **47197993** | **40198293** |

**19 - Other Financial Liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Current Maturities of long term debt | | | |
| Unclaimed Dividends | | | |
| Payable to Employees | **7095752** | 611094 | 797275 |
| **Total** | **7095752** | **611094** | **797275** |

**20 - Other Current Liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Statutory Liabilities | **3719777** | 3301150 | 3332658 |
| Advance from customers | **87076913** | 41511509 | 87547215 |
| **Total** | **90796690** | **44812659** | **90879873** |

**21 - Short term provision**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Provision for Employee benefits | **2254946** | 1789097 | 1723780 |
| Provision for Defeat Liability period | **10137573** | 10137573 | 10137573 |
| **Total** | **12392519** | **11926670** | **11861353** |

**22 - Current Tax Liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Provision for Income tax (Net) | **3581640** | 4122149 | 11952604 |
| **Total** | **3581640** | **4122149** | **11952604.00** |

Amount in Rs.

**23 - Revenue From Operations**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Sale of Products (Including Excise Duty) | **248593551** | 381843939 |
| Sale of Services | **16914263** | 4516850 |
| Other operating revenue | **1292264** | 1395219 |
| **Total** | **266800078** | **387756008** |

**24 - Other Income**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Interest income | **5,091,516** | 4,834,849 |
| Miscellaneous Receipts | **2,529,620** | 2,145,478 |
| Packing & Forwarding Charges | **3,062,827** | 1,940,608 |
| Difference in Foreign Exchange | **1,149,686** | 104,074 |
| Provision no longer required withdrawn | **24,719,457** | 4,185,437 |
| Credit Balance Written Back | **1,540,093** | 672,620 |
| Dividend Income from Mutual Funds | **2,822,582** | 2,815,140 |
| Profit on Sale of Assets | **-** | 418,392 |
| **Total** | **40,915,781** | 17,116,598 |

**25 - Cost of materials Consumed**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Opening Balance** | | |
| Raw Materials and Components | **23747455** | 28388083 |
| **Add: Cost of** | | |
| Raw Materials and Components | **164390194** | 174912066 |
| **Less Closing Stock** | | |
| Raw Materials and Components | **(39191232)** | (23747455) |
| **Total** | **148946417** | **179552694** |

**26 - Changes in Inventories of Finished Goods , Work-in-Progress and stock in trade**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Opening Balance | | |
| Work in Progress | **24102814** | 50430268 |
| Finished goods | **7867242** | 9345502 |
| Less Closing Balance | | |
| Work in Progress | **-76679355** | -24102814 |
| Finished Goods | **-5854643** | -7867242 |
| **Total** | **-50563942** | **27805714** |

**27 - Employee benefits expense**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Salaries, wages and bonus | **52819482** | 51475249 |
| Contribution to provident and other funds | **3538234** | 1815924 |
| Staff welfare expenses | **4015032** | 2662077 |
| **Total** | **60372748** | **55953250** |

**28 - Finance Cost**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Interest cost on financial liabilities measured at amortized cost | - | - |
| Bank Guarantee Commission and other charges | **3797220** | 2411056 |
| **Total** | **3797220** | **2411056** |

**29 - Depreciation and Amortisation**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Depreciation / Amortisation for the year | | |
| - Tangible Assets | **4382759** | 4621782 |
| - Intangible Assets | **-** | 147034 |
| **Total** | **4382759** | **4768816** |

**30 - Other expenses**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Labour Charges | **24009176** | 22506042 |
| Contract Labour Charges | **1984880** | 2262880 |
| Power and Fuel | **2554398** | 2403655 |
| Rental charges | **373500** | 370651 |
| Repairs and maintanence | | |
| - Workshop | **2743208** | 1978422 |
| - Machinery | **213461** | 569906 |
| - Office | **2682981** | 1363961 |
| - Others | **155529** | 247436 |
| Insurance | **843605** | 244018 |
| Rates and taxes | **1024394** | 282166 |
| Travel and conveyance | **1490886** | 1349770 |
| Research , inspection and testing charges | **252373** | 120182 |
| Payment made to auditors (Refer note below) | **61883** | 59872 |
| Legal and Professional Charges | **15006408** | 1107127 |
| Sales promotion expenses | **22895496** | 13261588 |
| Short Provision made during earlier years | **575** | 64341 |

Amount in Rs.

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Performance and delivery guarantee claims | **12250428** | 7789400 |
| Security Charges | **2007970** | 1974872 |
| Telephone Charges | **871944** | 899167 |
| Irrecoverable loans and advances written off | **12653** | 262331 |
| Miscellaneous expenses | **651250** | 2934623 |
| **Total** | **92086998** | **62052410** |

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Payment made to statutory auditors : | | |
| i. As auditors | **50000** | 50000 |
| ii. For taxation matters | | |
| iii. For other services | **5000** | 5000 |
| iv. For reimbursement of expenses | **6883** | 4872 |

**31 Transition to IND AS**

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (The Company's date of transition).

31.1 In preparing its first Ind AS financial statements in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has applied the relevant mandatory exceptions and certain optional exemptions from full retrospective application of Ind AS. Material optional exemptions applied by the Company and applicable mandatory exceptions for the Company are as follows:

**31.2A Ind AS optional exemptions and mandatory exceptions availed**

1. Deemed cost of Property Plant and Equipment

   Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments as required to be made as per para 10 of Ind AS 101.

   The Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value after making the necessary adjustments now required to be made as required by the Ind AS.

2. Evaluation of arrangements in the nature of lease

   Ind AS 101 allows an entity to determine whether an arrangement existing at the date of transition to Ind ASs contains a lease on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

   The Company has elected to determine whether the arrangements existing contains a lease on the basis of the facts existing on transition date.

3. Revenue from Contracts with customers

   A first-time adopter is not required to restate contracts that were completed before the earliest period presented. A completed contract is a contract for which the entity has transferred all of the goods or services identified in accordance with previous GAAP.

   Accordingly the Company has not restated the contracts completed in accordance with the previous GAAP as as at the transition date.

Amount in Rs.

**31.2B Ind AS mandatory exceptions**

1. Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in Mutual fund carried at FVPL
- Impairment of financial assets based on expected credit loss model.

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**32. Contingent Liabilities :**

The Guarantees issued by the Company's Bankers in favour of the customers against advances from them and other obligations amounting to Rs.16,64,82,216/- (P.Y.Rs. 12,29,28,542/-) are secured by hypothecation of entire current assets, both present and future, as primary security and entire fixed assets as collateral security.

**32.1 Demands raised on the company by the respective authorities are as under:**

| Nature of Statute | As at March 31,2018 | As at March 31,2017 |
|---|---|---|
| E S I Cases | **174489** | 174489 |
| VAT / Sales Tax | **-** | 300948 |
| CST Cases | **-** | 8814761 |
| **Total** | **174489** | **9290198** |

**32.2 Other matters:**

| **Particulars** | **2017-18** | **2016-17** |
|---|---|---|
| Sales: | | |
| Filters | | |
| Numbers | **4 Nos** | 7 Nos |
| Value | **18460921** | 143721627 |
| Thickeners, Components, Spares, Bar screens, etc.(Unit quantification not possible | **230132630** | 238122312 |
| Scrap | **1292264** | 1395219 |
| Total | **249885875** | 383239158 |
| Services: | | |
| Service Charges | **3198051** | 1222101 |
| Design, Erection & Fabrication | **13716212** | 3294749 |
| Total | **16914263** | 4516850 |
| **Total (Sales and Services)** | **26,68,00,078** | **387756008** |

**32.3 Raw Materials consumed**

| Particulars | 2017-18 | | 2016-17 | |
|---|---|---|---|---|
| | **MT** | **Rs.** | MT | Rs. |
| Stainless Steel | **243.88** | **45084285** | 61.38 | 12183369 |
| Iron and Steel | **526.30** | **22347047** | 203.42 | 7670927 |
| Total (Sales and Services) | **770.18** | **67431332** | 264.80 | 19854296 |

**32.4 Particulars regarding Capacity and Production:**

The Business carried on by the company does not require any Industrial Licence. Owing to the nature of the company's Business, the installed Capacity cannot be quantified. Actual Production : 4 Nos.(PY. 7 Nos.) Filters, besides Washers, Classifiers, Clarifiers, Components, Spares etc.

**33. Additional information pursuant to Schedule III of the Companies Act, 2013**

| S. No | Particulars | As at March 31,2018 | As at March 31,2017 |
|---|---|---|---|
| A | Expenditure in Foreign currency on: | | |
| | (i) Salary and allowance | **-** | - |
| | (ii) Tours and Travels | **1075261** | 756489 |
| | (iii) Commission paid on Export sales | **1619465** | 1123278 |
| | (iv) Reimbursement of Expenses on Product Representation in abroad | **12922340** | 308326 |
| | (v) Import of Materials/ Equipment (CIF Value) | | |
| | a. Capital goods | **11563329** | 14406582 |
| | b. Components and spares | **-** | - |
| | c. Finished goods/Semi Finished goods | **-** | - |
| | d. Raw Materials | **-** | - |
| B | Earnings in Foreign Exchange: | | |
| | (i) Exports | **92994040** | 52350709 |

**34. Information in respect of Micro, Small and Medium Enterprises as at 31st March 2018:**

| S. No | Particulars | As at March 31,2018 | As at March 31,2017 |
|---|---|---|---|
| 1 | Amount remaining unpaid to any supplier:<br>a) Principal Amount<br>b) Interest due thereon | - | - |
| 2 | Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount paid to the supplier beyond the appointed day; | Nil | Nil |
| 3 | Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | Nil | Nil |
| 4 | Amount of interest accrued and remaining unpaid | Nil | Nil |
| 5 | Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | Nil | Nil |

**Disclosure requirements of Indian Accounting Standards**

**35. Disclosures in respect of Ind AS 107 - Financial Instruments**

**35.1 Financial Instruments by Categories**

The carrying value and fair value of financial instruments by categories were as follows:

**(Amount in Rs. as of March 31, 2018)**

| Particulars | Amortized cost | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through OCI |
|---|---|---|---|
| **Assets:** | | | |
| Current Investment | - | 63026303 | - |
| Current Trade Receivables | 61609314 | - | - |
| Cash & Cash Equivalents | 91442710 | - | - |
| Other Bank Balances | 26525977 | - | - |
| Other Financial Assets | 529942 | - | - |
| **Liabilities:** | | | |
| Other Financial Liabilities | 7095752 | - | - |
| Working Capital Loans | - | - | - |
| **Trade Payables** | **74306784** | **-** | **-** |

**(Amount in Rs. as of March 31, 2017)**

| Particulars | Amortized cost | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through OCI |
|---|---|---|---|
| **Assets:** | | | |
| Current Investment | - | 60203721 | - |
| Current Trade Receivables | 96755331 | - | - |
| Cash & Cash Equivalents | 45008648 | - | - |
| Other Bank Balances | 25014098 | - | - |
| Other Financial Assets | 804913 | - | - |
| **Liabilities:** | | | |
| Other Financial Liabilities | 611094 | - | - |
| Working Capital Loans | - | - | - |
| **Trade Payables** | **47197993** | **-** | **-** |

**(Amount in Rs. as of April 1, 2016)**

| Particulars | Amortized cost | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through OCI |
|---|---|---|---|
| **Assets:** | | | |
| Current Investment | - | 41888581 | - |
| Current Trade Receivables | 99995435 | - | - |
| Cash & Cash Equivalents | 60008860 | - | - |
| Other Bank Balances | 23287964 | - | - |
| Other Financial Assets | 679215 | - | - |
| **Liabilities:** | | | |
| Other Financial Liabilities | 797275 | - | - |
| Working Capital Loans | - | - | - |
| Trade Payables | 40198293 | - | - |

**35.2 Fair Value Hierarchy**

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**35.3 Valuation Technique used to determine Fair Value:**

Specific valuation techniques used to value financial instruments include:

Use of quoted market prices for Listed instruments

**35.4 The following tables present fair value hierarchy of assets and liabilities measured at fair value:**

**(Amount in Rs.)**

| Particulars | For the year 31.03.2018 | | | | For the year 31.03.2017 | | | | For the year 31.03.2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | | | | | | | | |
| Investments in Quoted Mutual Funds | 63026303 | - | - | 63026303 | 60203721 | - | - | 60203721 | 41888581 | - | - | 41888581 |

**36 Financial risk management**

The Company's activities expose to limited financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

**Market risk**

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument.

The company is exposed to market risk primarily related to foreign exchange rate risk (currency risk), Interest rate risk and the market value of its investments.

**Securities Prices Risk:**

The company's exposure to equity securities price risk arises from Investments held and classified in the Balance Sheet either Fair Value through P&L. the company has only one investment in a form of Mutual funds.

The company monitors the movement in the value of the mutual fund, by observing the NAV.

**Credit Risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. It principally arises from the Company's Trade Receivables, Retention Receivables, Advances and deposit(s) made

**Trade receivables**

The company has outstanding trade receivables amounting to Rs.6,16,09,314 and Rs..9,67,55,331 as of March 31, 2018 and March 31, 2017, respectively. Trade receivables are typically unsecured, and are derived from revenue earned from customers. Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The company is not exposed to concentration of credit risk to any one single customer. Default on account of Trade Receivables happens when the counterparty fails to make contractual payment when they fall due.

**Credit risk exposure:**

An analysis of age of trade receivables at each reporting date is summarized as follows:

(Amount in Rupee)

| Particulars | 31-Mar-18 | | 31-Mar-17 | |
|---|---|---|---|---|
| | Gross | Impairment | Gross | Impairment |
| 0 to 180 days | 32478005 | - | 64231034 | - |
| 180 days and more | 30330634 | 1199325 | 33723622 | 1199325 |

Trade receivables are impaired in the year when recoverability is considered doubtful based on the recovery analysis performed by the company for individual trade receivables. The company considers that all the above financial assets that are not impaired for each reporting dates under review are of good credit quality.

**Liquidity Risk**

Our liquidity needs are monitored on the basis of monthly and yearly projections. The company's principal sources of liquidity are cash and cash equivalents, cash generated from operations, and Contribution in the form of share capital.

The company manage our liquidity needs by continuously monitoring cash inflows and by maintaining adequate cash and cash equivalents. Net cash requirements are compared to available cash in order to determine any shortfalls.

Short term liquidity requirements consist mainly of sundry creditors, expense payable, employee dues, and deposits arising during the normal course of business as of each reporting date. The company maintain a sufficient balance in cash and cash equivalents to meet our short-term liquidity requirements.

Long term liquidity requirements on a periodical basis and manage them through internal accruals. Our non-current liabilities include Retentions & deposits.

**Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Great Britain Pound against the Indian rupee.

The company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 5% against the Indian Rupee.

The following analysis has been worked out based on the net exposures for the company as of the date of statements of financial position which could affect the statements of profit or loss and other comprehensive income and equity. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the company

The following table sets forth information relating to foreign currency exposure as of March 31, 2018:

| Particulars | Assets as at | |
|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 |
| USD | 117771 | 127431 |
| SGD | | 188000 |

5% appreciation / depreciation of the respective foreign currencies with respect to Indian Rupees would result in decrease / increase in the company's profit before tax as detailed in table below:

| USD sensitivity at year end | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Receivables:** | | |
| If INR rate over Other currency increases by 5% | (377750) | (450152) |
| If INR rate over Other currency decrease by 5% | 377750 | 450152 |

**37 Disclosure in respect of Indian Accounting Standard (Ind AS)-19 "Employee Benefits"**

37.1 General description of various defined employee's benefits schemes are as under:

**a) Provident Fund:**

The company's Provident Fund is managed by Regional Provident Fund Commissioner. The company pays fixed contribution to provident fund at pre-determined rate.

**b) Gratuity:**

Gratuity is a defined benefit plan, provided in respect of past services based on the actuarial valuation carried out by LIC of India and corresponding contribution to the fund is expensed in the year of such contribution.

The scheme is funded by the company and the liability is recognized on the basis of contribution payable to the insurer, i.e., the Life Insurance Corporation of India, however, the disclosure of information as required under Ind AS-19 have been made in accordance with the actuarial valuation.

37.2 The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Other Comprehensive Income(OCI) and Balance Sheet & other disclosures are as under:

**Movement in defined benefit obligation:**

**(Amount in Rs.)**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Defined benefit obligation - Beginning of the year | **9266049** | 8170033 |
| Current service cost | **638275** | 590123 |
| Interest Cost | **741284** | 653603 |
| Past Service Cost | | - |
| Benefits Paid | **(1485706)** | (456482) |
| Re-measurements - actuarial loss/(gain) | **2787686** | 308772 |
| Defined benefit obligation – End of the year | **11947588** | 9266049 |

**Movement in plan asset:**

(Amount in Rs.)

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Fair value of plan assets at beginning of year | **10119182.24** | 9313664 |
| Employer contributions | **2937821.89** | 504096 |
| Benefits paid | **(1485706)** | (456482) |
| Re-measurements – Return on plan assets | **794631.38** | 757905 |
| Re-measurements - actuarial loss/(gain) | **-** | - |
| Fair value of plan assets at end of year | **12365929.51** | 10119182 |

**Amount Recognized in Statement of Profit and Loss**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Current service cost | **638275** | 590123 |
| Net Interest on Net Defined Benefit Liability/(assets) (B) | **741284** | 653603 |
| Expected return on plan assets | **(794631)** | (757905)<br>- |
| **Cost Recognized in P&L** | **584928** | 485821 |

**Amount recognized in Other Comprehensive Income (OCI)**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Actuarial (gain)/loss due to assumption changes | **2787686** | 308772 |
| Difference between Actual Return and Interest Income on Plan Assets-(gain)/loss | **-** | - |
| **Actuarial (gain)/loss recognized in OCI** | **2787686** | 308772 |

**Actuarial Assumption**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Discount rate | **8%** | 8% |
| Rate of salary increase | **5%** | 5% |

**Category of investment in Plan assets**

| **Category of Investment** | % of fair value of plan assets |
|---|---|
| Insurance Policies | 100% |

**38 Operating Leases**

Operating Lease Disclosures – As per AS-19 :

Rent expenses of Rs. 3,70,651/- (PY Rs.3,07,627/-) in respect of obligation under operating leases have been recognized in the Profit and Loss Account. There are no future obligations in respect of the operating leases

**39 Disclosure in respect of Indian Accounting standard (Ind AS)-108: "Operating Segments"**

Since the company primarily operates in one segment being manufacture of Filters. The Company has not derived revenues from any customer which amount to 10 per cent or more of Company's revenues.

**40 Disclosure in respect of Indian Accounting Standard 24 "Related Parties Disclosures"**

**40.1 Managerial Remuneration:**

**Key Managerial Personnel**

Smt.Irmgard Velagapudi M.Rao, Chairperson

Smt.Kiran.V.Rao, Vice Chairperson

**40.2 Related Parties:**

Holding Company: KCP Sugar and Industries Corporation Ltd.,

**a.** Transactions during the year:

Enterprises owned or significantly influenced by Key Management Personnel or their Relatives

(Amount in Rs.)

| Sl. No. | Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|---|
| 1 | Rent | 360000 | 370651 |

**b.** Cumulative balances outstanding

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Debit balances outstanding | Nil | Nil |
| Credit balances outstanding | Nil | Nil |

**41 Reconciliation of Balance Sheet as previously reported under IGAAP to IND AS**

| Particulars | As at April 01, 2016 | As at April 01, 2016 | As at April 01, 2016 |
|---|---|---|---|
| | IGAAP | GAAP Adjustments | Ind AS |
| **ASSETS** | | | - |
| **Non-current assets** | | | - |
| (a) Property, plant and equipment | **64173073** | - | 64173073 |
| (b) Capital work-in-progress | - | - | |
| (c) Other Intangible assets | **147034** | - | 147034 |
| (d) Non-current financial assets | - | - | - |
| (i) Investments | - | - | - |
| (ii) Trade receivables | - | - | - |
| (iii) Other non current financial assets | **641705** | - | 641705 |
| (e) Deferred tax assets, (net) | **2858449** | - | 2858449 |
| (f) Other non-current assets | **2407156** | - | 2407156 |
| **Current assets** | - | - | |
| (a) Inventories | **88686882** | - | 88686882 |
| (b) Financial Assets | - | - | |
| (i) Investments | **41888581** | - | 41888581 |
| (i) Trade receivables | **101194760** | (1199325) | 99995435 |
| (ii) Cash and cash equivalents | **60008860** | - | 60008860 |
| (iii) Bank Balances other than (ii) above | **23287964** | - | 23287964 |
| (iv) Other current financial assets | **37510** | - | 37510 |
| (c) Current Tax Assets (Net) | - | - | - |
| (d) Other current assets | **14922697** | | 14922697 |
| **Total Assets** | **400254671** | (1199325) | **399055346** |

Amount in Rs.

| Particulars | As at April 01, 2016 | As at April 01, 2016 | As at April 01, 2016 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | - | - | - |
| **Equity** | - | - | - |
| (a) Equity Share capital | **6000000** | | 6000000 |
| (b) Other equity | **203137035** | (11336898) | 191800137 |
| **LIABILITIES** | - | - | - |
| **Non-current liabilities** | - | - | - |
| (a) Financial Liabilities | - | - | - |
| (b) Long term Provisions | **45565812** | | 45565812 |
| (c) Other Non-Current liabilities | - | - | - |
| (d) Deferred tax liabilities (net) | - | - | - |
| **Current liabilities** | - | - | - |
| (a) Financial Liabilities | - | - | - |
| (i) Short term Borrowings | - | - | - |
| (ii) Trade payables | **40198293** | - | 40198293 |
| (iii) Other financial liablities | **797275** | - | 797275 |
| (b) Other current liabilities | **90879873** | - | 90879873 |
| (c) Short Term provisions | **1723780** | 10137573 | 11861353 |
| (d) Current Tax Liabilities (Net) | **11952604** | - | 11952604 |
| **Total Equity and Liabilities** | **400254671** | (1199325) | **399055347** |

| Particulars | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2017 |
|---|---|---|---|
| | IGAAP | Ind AS Adjustments | Ind AS |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 66398641 | - | 66398641 |
| (b) Capital work-in-progress | - | - | - |
| (c) Other Intangible assets | - | - | - |
| (d) Non-current financial assets | - | - | - |
| (i) Investments | - | - | - |
| (ii) Trade receivables | - | - | - |
| (iii) Other non current financial assets | 716156 | - | 716156 |
| (e) Deferred tax assets, (net) | 2891541 | - | 2891541 |
| (f) Other non-current assets | 2800149 | - | 2800149 |
| **Current assets** | - | - | - |
| (a) Inventories | 56278026 | - | 56278026 |
| (b) Financial Assets | - | - | - |
| (i) Investments | 60203721 | - | 60203721 |
| (i) Trade receivables | 97954656 | (1199325) | 96755331 |
| (ii) Cash and cash equivalents | 45008648 | - | 45008648 |

| Particulars | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2017 |
|---|---|---|---|
| (iii) Bank Balances other than (ii) above | 25014098 | - | 25014098 |
| (iv) Other current financial assets | 88757 | - | 88757 |
| (c) Current Tax Assets (Net) | - | - | - |
| (d) Other current assets | 20243427 | - | 20243427 |
| **Total Assets** | 377597820 | (1199325) | 376398495 |
| **EQUITY AND LIABILITIES** | - | - | - |
| **Equity** | - | - | - |
| (a) Equity Share capital | 6000000 | | 6000000 |
| (b) Other equity | 226299870 | (11336898) | 214962972 |
| **LIABILITIES** | - | - | - |
| **Non-current liabilities** | - | - | - |
| (a) Financial Liabilities | - | - | - |
| (b) Long term Provisions | 46764959 | | 46764959 |
| (c) Other Non-Current liabilities | - | - | - |
| (d) Deferred tax liabilities (net) | - | - | - |
| **Current liabilities** | - | - | - |
| (a) Financial Liabilities | - | - | - |
| (i) Short term Borrowings | - | - | - |
| (ii) Trade payables | 47197993 | - | 47197993 |
| (iii) Other financial liablities | 611094 | - | 611094 |
| (b) Other current liabilities | 44812659 | - | 44812659 |
| (c) Short Term provisions | 1789097 | 10137573 | 11926670 |
| (d) Current Tax Liabilities (Net) | 4122149 | - | 4122149 |
| **Total Equity and Liabilities** | **377597820** | **(1199325)** | **376398496** |

**42 Reconciliation of equity as previously reported under IGAAP to Ind AS**

| (All amounts are in Rs) | Component | 01-Apr-16 (INR) Amount |
|---|---|---|
| **Balance as per IGAAP** | **IGAAP** | **203137035** |
| **Adjustments** | | |
| Expected Credit Losses | Financial Instruments | 1199325 |
| Provision for Defect liability period | Provision for Warranty | 10137573 |
| **Balance as per Ind AS** | **Ind AS** | **191800137** |

a) Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurernent of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss. The actuarial gains for the year ended March 31, 2017 is Rs. 2,03,757/- This change does not affect total equity for the year ended March 31, 2017.

b) Under previous GAAP, discounting of provisions was not permitted and provisions were measured at best estimate of the expenditure required to settle the obligation at the balance sheet date without considering the effect of discounting. Under Ind AS, provisions are measured at discounted amounts, if the effect of time value of money is material. The Company has revisited the provisioning policy at the reporting dates resulting in the provisions being increased by Rs.1,01,37,573/- as at April 1, 2016. The net effect of these changes is an decreases in total equity as at April 01, 2016 for the same value.

c) Under Previous GAAP, Provision for bad and doubtful debts are made on incurred loss model. Under Ind AS , provision for bad and doubtful debts are made on expected credit loss model. This change has resulted in additional provision of Rs. 11,99,325/- on April 1,2016

Amount in Rupees

| Particulars | For Year Ended March 31, 2018 | For Year Ended March 31, 2017 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Total Income for the Period(PBT) | 43471301 | 38504551 |
| Adjustments: | | |
| - Interest income | (5091516) | (4834849) |
| - Profit on sale of Fixed assets | - | (418392) |
| - Balances written off | 12653 | 262331 |
| - Excess Provision credited back | (24719457) | (4185437) |
| - Balances written back | (1540093) | (672670) |
| - Adjustment for OCI | (2787586) | (308722) |
| - Dividend Income | (2822582) | (2815140) |
| - Depreciation and amortization | 4382759 | 4768816 |
| Operating cash flow before working capital changes | **10905479** | **30300488** |
| Changes in | | |
| - Decrease/(Increase) In Trade Receivables | 35146018 | 3240104 |
| - Decrease/(Increase) In Inventory | (66015932) | 32408856 |
| - Decrease/(Increase) In Other current Financial Asset(s) | 83946 | (51247) |
| - Decrease/(Increase) In Other current Asset(s) | (15021781) | (5320729) |
| - Decrease/(Increase) In Current investments | (2822582) | (18315140) |
| - Decrease/(Increase) In Other non-current financial assets | 191025 | (74451) |
| - Decrease/(Increase) In Other non-current asset | (12653) | (655324) |
| (Decrease)/Increase In Long term Provisions | 9280367 | 5384584 |
| (Decrease)/Increase In Trade Payables current | 27108791 | 6999700 |
| (Decrease)/Increase In other current liabilities | 47524124 | (45394544) |
| (Decrease)/Increase In Other financial liablities current | 6484658 | (186181) |
| (Decrease)/Increase In Short Term provisions current | 465849 | 65317 |
| Income taxes paid | (11590509) | (22896542) |
| **Cash generated from / (used in) operations** | **41726800** | **(14495109)** |
| **Cash flows from investing activities** | | |
| Purchase of fixed assets | (1694957) | (6971758) |
| Proceeds from sale of fixed assets | - | 542800 |
| Dividend Income | 2822582 | 2815140 |
| Interest received | 5091516 | 4834849 |
| **Net cash generated from/(used in) investing activities [B]** | **6219141** | **1221031** |
| **Cash flows from financing activities** | | |
| Interest paid | - | - |
| **Net cash used in financing activities** | **-** | **-** |
| **Increase in cash and cash equivalents** | **47945941** | **(13274078)** |
| **Cash and cash equivalents at the beginning of the year** | **70022746** | **83296824** |
| **Cash and cash equivalents at the end of the year** | **117968687** | **70022746** |
| | **117968687** | **70022746** |
| **Components of cash and cash equivalents (refer note 11&12)** | | |
| Cash on hand | 91442710 | 45008648 |
| Balances with banks | 26525977 | 25014098 |
| **Total cash and cash equivalents** | **117968687** | **70022746** |

The significant accounting policies and accompanying notes form an integral part of these financial statements

In accordance with our report attached

**Suri & Siva**
Chartered Accountants
Firm Regn No. 004284S

**V.SIVAKUMAR**
Partner
Membership No. 022379

Chennai
Date: 25.05.2018

For and on behalf of the Board of Directors

**IRMGARD VELAGAPUDI M. RAO**
Chairperson

**V. KIRAN RAO**
Vice Chairperson

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# KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED

## *Nineteenth Annual Report*
## *2017-2018*

## CIN : U73100TN1998PLC041501

### BOARD OF DIRECTORS

| | |
|---|---|
| **Chairperson** | Smt. Irmgard Velagapudi M. Rao |
| **Directors** | Shri. Vinod R. Sethi<br>Shri. R. Ganesan |
| **Auditors** | M/s. Suri & Siva<br>Chartered Accountants<br>C-8, 3rd Floor, Shanti Apartments,<br>New No.18, 1st Cross St, TTK Road<br>Alwarpet, Chennai 600018. |
| **Bankers** | Corporation Bank |
| **Registered and Corporate Office** | “Ramakrishna Buildings”<br>239, Anna Salai, Chennai 600 006. |
| **Farm** | Thirupukuzhi and Melambi Villages<br>Kanchipuram Dist, Tamil Nadu |

**NOTICE** is hereby given that the Nineteenth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at No.239, Anna Salai, Chennai 600006, on Friday, 14th day of September 2018 at 4.00 p.m. to transact the following business:

**ORDINARY BUSINESS**

1 To receive, consider and adopt the Audited Balance Sheet as at 31$^{st}$ March 2018 and the Profit and Loss Account for the period ended on that date and the Reports of the Directors and Auditors thereon.

2 To appoint a Director in place of Shri.Vinod R.Sethi, who retires by rotation and is eligible for reappointment.

3 To appoint Suri & Siva, Chartered Accountants (FRN0042484S) as Statutory Auditors to hold office from the conclusion of this 19$^{th}$ Annual General Meeting till the conclusion of 20$^{th}$ Annual General Meeting on such remuneration as fixed by the Board of Directors.

NOTES :

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.** The proxy form, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.

// **By Order of the Board** //

For **KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD.**

Place : Chennai

Date : 25.05.2018

**IRMGARD VELAGAPUDI M. RAO**

CHAIRPERSON

**DIRECTORS REPORT**

Your Directors have pleasure in presenting the Nineteenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March 2018.

**REVIEW OF OPERATIONS:**

During the year ended 31.03.2018 the turnover and other income increased to Rs. 18.45 lakhs from Rs.13.58 lakhs. Despite increase in Turnover, the Company incurred a loss of Rs.0.78 lakhs as against the loss of Rs.5.81 lakhs in the previous year, due to increase in Operating Expenses. The Reserves and Surplus as on 31.03.2018 was Rs.227.58 lakhs (P.Y.: Rs.142.71 lakhs), after adjusting the loss of Rs.0.78 lakhs and Other Comprehensive Income of Rs.85.65 lakhs.

**FIXED DEPOSITS:**

Your Company has not accepted any fixed deposits during the period under review.

**DIRECTORS:**

In accordance with the Companies Act 2013 and the Articles of Association of the Company, Shri.Vinod R.Sethi, Director, retires by rotation and is eligible for re-appointment.

**DIRECTORS RESPONSIBILITY STATEMENT :**

Your Directors confirm:

i that in the preparation of the annual accounts, the applicable Accounting Standards have been followed;

ii. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period ended 31st March 2018 and of the profit of the Company for that period ;

iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. that the Directors have prepared the annual accounts on a going concern basis.

v. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**STATUTORY STATEMENTS**

The Statement containing Particulars of Employees required in terms of Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have not been appended herewith as there is no employee covered by the same.

The statement pursuant to section 134(3)(m) of Companies Act, 2013, read with Companies (Disclosures of particulars in the Report of Directors) Rules, 1988, is not enclosed as the same does not apply to the Company.

**AUDITORS:**

In line with the holding Company, the Board of Directors recommends to the members, the appointment of M/s. Suri & Siva, Chartered Accountants (FRN 004284S) as the Statutory Auditor of the Company from the conclusion of this 19th AGM till the conclusion of 20th AGM.

As required under the provisions of section 141(3) of the Companies Act, 2013, the Company has obtained a written certificate from them to the effect that their appointment, if made, would be in conformity with the limits specified under the said section.

For and on behalf of the Board of Directors

Place: Chennai

Date: 25.05.2018

**IRMGARD VELAGAPUDI M.RAO**

CHAIRPERSON

## INDEPENDENT AUDITOR'S REPORT

**To The Members of K.C.P SUGARS AGRICULTURAL RESEARCH FARMS LTD**

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **K.C.P SUGARS AGRICULTURAL RESEARCH FARMS LTD**("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting our audit, we 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 thereunder and the Order issued under section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its Loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

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

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

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

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

   d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

      i. the Company does not have any pending litigations which would impact its financial position.

      ii. the Company did not have any long-term contracts including derivative contracts for which there is no provision required for 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.

2. 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, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the order.

Chennai

Dated 25-05-2018

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

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **K.C.P SUGARS AGRICULTURAL RESEARCH FARMS LTD**of even date)

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

We have audited the internal financial controls over financial reporting of **K.C.P SUGARS AGRICULTURAL RESEARCH FARMS LTD** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statementsof the Company for the year ended on that date.

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

The Board of Directors of the Company 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 Auditof Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance ofadequate internal financial controls that were operating effectively for ensuring the orderly and efficientconduct of its business, 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 financialinformation, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting ofthe Company based on our audit. We conducted our audit in accordance with the Guidance Note onAudit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by theInstitute of Chartered Accountants of India and the Standards on Auditing prescribed under Section143(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 we comply with ethical requirements and plan andperform the audit to obtain reasonable assurance about whether adequate internal financial controls overfinancial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internalfinancial controls system over financial reporting and their operating effectiveness. Our 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis forour 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 thetransactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use,or disposition of the company's assets that could have a material effect on the financial statements.

**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 financialcontrols over financial reporting to future periods are subject to the risk that the internal financial controlover financial reporting may become inadequate because of changes in conditions, or that the degree ofcompliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, theCompany has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Chennai

Dated 25-05-2018

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

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **K.C.P SUGARS AGRICULTURAL RESEARCH FARMS LTD**of even date)

(i) (a) the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets,

(b) the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets,

(c) according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Management has conducted physical verification of Inventory at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) According to the information and explanations given to us, the company has not granted any loans, Secured or unsecured to the Companies, Firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and hence clause iii(a),iii(b) and iii (c) of the order are not applicable to the company for the year.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) The Company has not accepted deposits and hence the provisions of clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of accounts and records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) a) According to the information and explanations given to us and on the basis of our examination of the books and records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, goods and service tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities.

b) According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, income tax, sales tax, value added tax, goods and service tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at the yearend for a period of more than six months from the date they became payable.

c) According to the information and explanations given to us and the records of the Company examined by us, there are no material dues of Income tax, sales tax, goods and service tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute.

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

Chennai

Dated 25-05-2018

**Amount in Rs.**

| Particulars | Note | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 1 | 4683501 | 4940599 | 5366907 |
| Non-current financial assets | | | | |
| (i) Investments | 2 | 34193347 | 25628031 | 17391752 |
| **Current assets** | | | | |
| Inventories | 3 | 718220 | 239229 | 176643 |
| Financial Assets | | | | |
| (i) Cash and cash equivalents | 4 | 5229952 | 5460519 | 4052077 |
| (ii) Other current financial assets | 5 | - | 100000 | 78525 |
| Current Tax Assets (Net) | 6 | 447914 | 417201 | 389743 |
| **Total Assets** | | **45272934** | **36785579** | **27455647** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| (a) Equity Share capital | 7 | 22500000 | 22500000 | 22500000 |
| (b) Other equity | 8 | 22758184 | 14271204 | 4941334 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| **Current liabilities** | | | | |
| Financial Liabilities | | - | - | - |
| Other financial liablities | 9 | 14750 | 14375 | 14313 |
| **Total Equity and Liabilities** | | **45272934** | **36785579** | **27455647** |

The significant accounting policies and accompanying notes form an integral part of these financial statements

As per our report of even date attached

**Suri & Siva**
Chartered Accountants
Firm Regn No. 004284S

**V.SIVAKUMAR**
Partner
Membership No. 022379

Place: Chennai
Date: 25.05.2018

For and on behalf of the Board of Directors
**IRMGARD VELAGAPUDI M. RAO**
Chairperson

**R. Ganesan**
Director

**Amount in Rs.**

| Particulars | Note | For Year Ended March 31, 2018 | For Year Ended March 31, 2017 |
|---|---|---|---|
| I Revenue from operations | 10 | 1364457 | 826609 |
| II Other income | 11 | 480174 | 530903 |
| **III Total Income (I+II)** | | **1844631** | **1357512** |
| **IV Expenses** | | | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 12 | (478991) | (62586) |
| Employee Benefits Expense | 13 | 271192 | 219871 |
| Depreciation and Amortisation | 14 | 257098 | 453653 |
| Other Expenses | 15 | 1873668 | 1328067 |
| **Total expenses (IV)** | | **1922967** | **1939005** |
| **V Profit/(loss) before exceptional items and tax (III-IV)** | | **(78336)** | **(581493)** |
| VI Exceptional items | | - | - |
| **VII Profit/(loss) before tax (V-VI)** | | (78336) | (581493) |
| **VIII Tax expense** | | | |
| - Current Tax | | - | - |
| - Deferred Tax | | - | - |
| **IX Profit/(loss) After Tax (VII-VIII)** | | **(78336)** | **(581493)** |
| **X Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Equity instruments through other comprehensive income | | 8565316 | 9911363 |
| Remeasurements of defined benefit plan acturial gains/ (losses) | | | |
| Income tax expense on above | | | |
| | | **8565316** | **9911363** |
| **XI Total Comprehensive Income for the period (Comprising profit and other comprehensive income for the period) (IX±X)** | | 8486980 | 9329870 |
| **XII Earnings per equity share** | | | |
| (1) Basic | | (0.03) | (0.26) |
| (2) Diluted | | (0.03) | (0.26) |

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

**Suri & Siva**
Chartered Accountants
Firm Regn No. 004284S

**V.SIVAKUMAR**
Partner
Membership No. 022379

Place: Chennai
Date: 25.05.2018

For and on behalf of the Board of Directors
**IRMGARD VELAGAPUDI M. RAO**
Chairperson

**R. Ganesan**
Director

Amount in Rs.

**Statement of Change in Equity for the year ended March 31, 2018**

| Particulars | Share Capital | Other Components of Equity: Retained Earnings | Other Components of Equity: Fair value changes of Investment (Net) | Total |
|---|---|---|---|---|
| **Balance as at April 01,2016** | 22500000 | 4941334 | - | **27441334** |
| Profit / (Loss) for the period | | (581493) | - | **(581493)** |
| Other Comprehensive Income for the Year | | | 9911363 | **9911363** |
| **Balance as at March 31, 2017** | **22500000** | **4359841** | **9911363** | **36771204** |
| Profit / (Loss) for the period | | (78336) | | **(78336)** |
| Other Comprehensive Income for the Year | | | 8565316 | **8565316** |
| **Balance as at March 31, 2018** | **22500000** | **4281505** | **18476679** | **45258184** |

**Note 1. Significant Accounting Policies**

**(a) Statement of compliance:**

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. The accounting policies as set out below have been applied consistently to all years presented in these financial statements.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirement of previous GAAP, which includes accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These financial statements for the year ended March 31, 2018 are the first financial statements under Ind AS. The date of transition to Ind AS is April 1, 2016.

The Company has adopted all issued Ind AS standards, as applicable, and the adoption was carried out in accordance with Ind AS 101. The transition was carried out from the Indian GAAP which was the previous GAAP. An explanation of how the transition to Ind AS has affected the reported financial position and financial performance of the Company is provided in Note 29. This note includes reconciliations of equity and total comprehensive income for comparative years under Indian GAAP to those reported for those years under Ind AS.

Refer Note 29 for the details of first-time adoption exemptions availed by the Company.

**(b) Basis of preparation and presentation:**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

**(c) Critical accounting estimates and judgements**

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 and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

- **Impairment testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- **Fair value measurement of derivative and other financial instruments:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the Balance Sheet date.

❖ **Litigation:** From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

**(d) Revenue recognition :**

Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises sale of rooms, food and beverages and allied services relating to hotel operations, including management fees.

Revenue is recognised upon rendering of the service, provided pervasive evidence of an arrangement exists, tariff / rates are fixed or are determinable and collectability is reasonably certain. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and discounts.

The Company operates loyalty programme, which allows its members to earn points based on their spending at the Hotels. The points so earned by the members are accumulated and the revenues are deferred on the basis of the fair value of the loyalty points (net of breakages) determined based on certain parameters. On redemption of the points, the revenue is recognised. Membership fees received from the loyalty program is recognized as revenue on time-proportion basis.

Management fees earned from hotels managed by the Company are usually under long-term contracts with the hotel owner and is recognised when earned in accordance with the terms of the contract.

**Interest**

Interest income is accrued on a time proportion basis using the effective interest rate method.

**Dividend**

Dividend income is recognized when the Company's right to receive the amount is established.

**(e) Property, Plant and Equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs (refer note no. 2(p) below). Initial estimate shall also include costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Depreciation is charged to profit or loss 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 Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

In respect of Leasehold Buildings, depreciation on buildings on leased properties is based on the tenure which is lower of the life of the buildings or the expected lease period. Improvements to buildings are depreciated on the basis of their estimated useful lives.

Assets under finance leases as depreciated over the expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives of the depreciable assets are in line with the Schedule II of the Companies Act, 2013.

An item of property, plant and equipment is derecognized 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 sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2015 (transition date ) measured as per the pervious GAAP and use that carrying value as its deemed cost as of the transition date.

Capital work in progress represents projects under which the property, plant and equipment's are not yet ready for their intended use and are carried at cost determined as aforesaid.

**(f) Impairment of assets:**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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 assessments 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 recognized immediately in the Statement of Profit and Loss.

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

**(g) Inventories:**

Standing crops are valued at cost. Other inventories are valued at the lower of cost (computed on a Weighted Average basis) or net realisable value. Cost include the cost of fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

**(h) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

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

Contingent assets are not recognized in the financial statements.

**(i) Cash and Cash Equivalent (for the purpose of cash flow statements):**

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

**(j) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**(k) 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 including potential equity shares on compulsory convertible debentures. 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.

**(l) Financial Instruments:**

**Financial Assets:**

Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial Recognition and measurement:

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases 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 trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Financial Liabilities**

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

16 Transition to IND AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (The Company's date of transition).

16.1 In preparing its first Ind AS financial statements in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has applied the relevant mandatory exceptions and certain optional exemptions from full retrospective application of Ind AS. Material optional exemptions applied by the Company and applicable mandatory exceptions for the Company are as follows:

**16.2 A: Ind AS optional exemptions and mandatory exceptions availed**

1. Deemed cost of Property Plant and Equipment

   Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments as required to be made as per para 10 of Ind AS 101.

   The Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

2. Evaluation of arrangements in the nature of lease

   Ind AS 101 allows an entity to determine whether an arrangement existing at the date of transition to Ind ASs contains a lease on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

   The Company has elected to determine whether the arrangements existing contains a lease on the basis of the facts existing on transition date.

**16.3 B: Ind AS mandatory exceptions**

1. Estimates

   An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in Mutual fund carried at FVPL

- Impairment of financial assets based on expected credit loss model.

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**1 - Property Plant and Equipments**

| Description | Land | Buildings | Fencing | Plant and Machinery | Vehicles | Total |
|---|---|---|---|---|---|---|
| | | | | | | - |
| **As at 1 April 2016 (Deemed Cost)** | 3686503 | 835179 | 15321 | 820120 | 9784 | 5366907 |
| Additions during the year | | | | 27345 | | 27345 |
| Deletions during the year | | | | | | - |
| **As at 31 March 2017 (At Cost)** | 3686503 | 835179 | 15321 | 847465 | 9784 | 5394252 |
| Additions during the year | | | | | | - |
| Deletions during the year | | | | | | - |
| **As at 31 March 2018 (At Cost)** | 3686503 | 835179 | 15321 | 847465 | 9784 | 5394252 |
| **Depreciation and amortization** | | | | | | |
| Charge for the year ended March 31, 2017 | | 16586 | - | 434498 | 2569 | 453653 |
| Deletions during the year | | | | | | - |
| **As at 31 March 2017 (At Cost)** | - | 16586 | - | 434498 | 2569 | 453653 |
| Charge for the year | | 16543 | | 237987 | 2568 | 257098 |
| Deletions during the year | | | | | | - |
| **As at 31 March 2018** | - | 33129 | - | 672485 | 5137 | 710751 |
| **Net Book Value** | | | | | | |
| **As at 31 March 2018** | 3686503 | 802050 | 15321 | 174980 | 4647 | 4683501 |
| **As at 31 March 2017** | 3686503 | 818593 | 15321 | 412967 | 7215 | 4940599 |
| **As at 01 April 2016** | 3686503 | 835179 | 15321 | 820120 | 9784 | 5366907 |

**2. Non-Current Investments**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Investments in Equity Instruments (Fair valued through OCI) | 34193347 | 25628031 | 17391752 |
| 2.1 Aggregate amount of quoted investments | | | |
| - Cost | 12411108 | 12411108 | 14449288 |
| - Market Value | 34193347 | 25628031 | 17391752 |

Amount in Rs.

**3 - Inventories**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Standing Crops & Others | 718220 | 239229 | 176643 |

**4 - Cash and cash equivalents**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| i) Balances with banks: | | | |
| -In current accounts | 820526 | 1335951 | 211602 |
| -In Fixed Deposits | 4346904 | 4070499 | 3824003 |
| ii) Cash on hand | 62522 | 54069 | 16472 |
| **Total** | **5229952** | **5460519** | **4052077** |

**5 - Other Current Financial Assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Dividend Receivable | | - | 78525 |
| Other Deposits | | 100000 | - |
| **Total** | **-** | **100000** | **78525** |

**6 - Current Tax Asset**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Income tax Refund receivable | 447914 | 417201 | 389743 |

**7 - Equity Share Capital**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Authorised Share Capital** | | | |
| 50,00,000 Equity Shares of Rs.10/- each | 50000000 | 50000000 | 50000000 |
| Total | **50000000** | **50000000** | **50000000** |
| **Issued, Subscribed And Paid Up** | | | |
| 22,50,000 Equity Shares of Rs.10/- each Equity Shares | 22500000 | 22500000 | 22500000 |
| Total | **22500000** | **22500000** | **22500000** |

Amount in Rs.

**7.1 Movement in respect of Equity Shares is given below :**

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Nos. | Amount in Rs. | Nos. | Amount in Rs. |
| At the beginning of the period | 2250000 | 22500000 | 2250000 | 22500000 |
| (+) Issued during the period* | - | - | - | - |
| (-) Redeemed during the period | - | - | - | - |
| **Outstanding at the end of the period** | **2250000** | **22500000** | **2250000** | **22500000** |

**7.2 Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company , after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**7.3 Details of Shareholders holding more than 5% shares in the Company**

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | | As at April 01, 2016 | |
|---|---|---|---|---|---|---|
| | Nos. | % of Holding | Nos. | % of Holding | Nos. | % of Holding |
| K.C.P Sugar and Industries Corporation Ltd | 2250000 | 100% | 2250000 | 100% | 2250000 | 100% |
| **Total** | **2250000** | **100%** | **2250000** | **100%** | **2250000** | **100%** |

**8. Other Equity**

For the year ended March 31, 2018

| Particulars | Reserves and Surplus | Other Components of Equity | Total |
|---|---|---|---|
| | Retained Earnings | Remeasurement of Net Defined benefit Liability/ Asset | |
| Balance as at April 01,2017 | 4359841 | 9911363 | **14271204** |
| Profit / Loss for the period | -78336 | | **-78336** |
| Other Comprehensive Income for the Year | | 8565316 | **8565316** |
| **Balance as at March 31, 2018** | **4281505** | **18476679** | **22758184** |

Amount in Rs.

**Other Equity**

For the year ended March 31, 2017

| Particulars | Other Components of Equity | | Total |
|---|---|---|---|
| | Retained Earnings | Remeasurement of Net Defined benefit Liability/ Asset | |
| **Balance as at April 01,2016** | 4941334 | - | **4941334** |
| Provision For Dividend and taxes | | - | **-** |
| Profit / Loss for the period | -581493 | - | **-581493** |
| Other Comprehensive Income for the Year | | 9911363 | **9911363** |
| **Balance as at March 31, 2017** | **4359841** | **9911363** | **14271204** |

**9 - Other Financial Liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Outstanding Liabilities for Expenses | 14750 | 14375 | 14313 |

**10 - Revenue From Operations**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Sale of agricultural products | 1364457 | 826609 |

**11 - Other Income**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Interest income at from financial asset masured at amortised cost | 317933 | 274820 |
| Dividend Income | 162241 | 253083 |
| Miscellaneous Receipts | - | 3000 |
| **Total** | **480174** | **530903** |

**12 - Changes in Inventories of Finished Goods , Work-in-Progress and stock in trade**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Opening Balance | | |
| Standing Crops | 239229 | 176643 |
| Less Closing Balance | | |
| Standing Crops | -718220 | -239229 |
| **Total** | **-478991** | **-62586** |

**Amount in Rs.**

**13 - Employee benefits expense**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Salaries, wages and bonus | 249000 | 210500 |
| Staff welfare expenses | 22192 | 9371 |
| **Total** | **271192** | **219871** |

**14 - Depreciation and Amortisation**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Depreciation / Amortisation for the year | | |
| - Tangible Assets | 257098 | 453653 |

**15 - Other expenses**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Cultivation Charges | 44712 | 58260 |
| Labour charges | 369225 | 347955 |
| Pesticides / Fertilizers | 135886 | 103305 |
| Repairs and maintanence | | |
| - Tractor | 91685 | 77496 |
| - Others | 39146 | 62158 |
| Loss on Sale of Investments | - | 73864 |
| Brick work expenses | 1140175 | 543547 |
| Payment made to auditors | 14750 | 14437 |
| Legal and Professional Charges | 17730 | 27891 |
| Miscellaneous expenses | 20359 | 19154 |
| **Total** | **1873668** | **1328067** |

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Payment made to statutory auditors : | | |
| i. As Audit Fee | 14750 | 14437 |
| ii. For taxation matters | - | - |
| iii. For other services | - | - |
| iv. For reimbursement of expenses | - | - |

Amount in Rs.

**16. Category wise classification of Financial Instruments**

| Particulars | Note No. | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Amortized cost | Amortized cost | Amortized cost | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through OCI | Financial assets/ liabilities at fair value through OCI | Financial assets/ liabilities at fair value through OCI |
| **Assets:** | | | | | | | | | | |
| Current Investment | | | | | | | | 34193347 | 25628031 | 17391752 |
| Cash & Cash Equivalents | | 5229952 | 5460519 | 4052077 | | | | | | |
| **Liabilities:** | | | | | | | | | | |
| Other Financial Liabilities | | 14750 | 14375 | 14313 | | | | | | |

**Disclosure requirements of Indian Accounting Standards**

**17. Disclosures in respect of Ind AS 107 - Financial Instruments**

**17.1 Financial Instruments by Categories**

The carrying value and fair value of financial instruments by categories were as follows:

**March 31,2018**

| | Note No. | Amortized cost | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through OCI |
|---|---|---|---|---|
| **Assets:** | | | | |
| Non Current Investment | | - | - | 34193347 |
| Cash & Cash Equivalents | | 5229952 | - | - |
| Liabilities: | | | | |
| Other Financial Liabilities | | 14750 | - | - |

**March 31,2017**

| Particulars | Note No. | Amortized cost | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through OCI |
|---|---|---|---|---|
| **Assets:** | | | | |
| Non Current Investment | | - | - | 25628031 |
| Cash & Cash Equivalents | | 5460519 | - | - |
| Liabilities: | | | | |
| Other Financial Liabilities | | 14375 | - | - |

**Amount in Rs.**
**March 31,2016**

| Particulars | Note No. | Amortized cost | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through OCI |
|---|---|---|---|---|
| **Assets:** | | | | |
| Non Current Investment | | - | - | 17391752 |
| Cash & Cash Equivalents | | 4052077 | - | - |
| **Liabilities:** | | | | |
| Other Financial Liabilities | | 14313 | - | - |

**17.2 Fair Value Hierarchy**

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

**Level 3** - zInputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**17.3 Valuation Technique used to determine Fair Value:**

Specific valuation techniques used to value financial instruments include:

❖ Use of quoted market prices for Listed instruments

**17.4 The following tables present fair value hierarchy of assets and liabilities measured at fair value:**

**(Amount in Rs.)**

| | For the year 31.03.2018 | | | | For the year 31.03.2017 | | | | For the year 31.03.2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Particulars** | **Level 1** | **Level 2** | **Level 3** | **Total** | **Level 1** | **Level 2** | **Level 3** | **Total** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial Assets | | | | | | | | | | | | |
| Investments in Quoted Securities | 34193347 | | | 34193347 | 25628031 | | | 25628031 | 17391752 | | | 17391752 |

**18.** Disclosure in respect of Indian Accounting Standard (Ind AS)-33 “Earnings Per Share(EPS)”

**a) Basic EPS**

The earnings and weighted average number of ordinary shares used in the calculation of basic EPS and Basic EPS is as follows:

(Amount in Rs.)

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Profit (loss) for the year, attributable to the owners of the company | (78336) | (581493) |
| Earnings used in calculation of basic earnings per share(A) | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share(B) | 2250000 | 2250000 |
| Basic EPS(A/B) – Rs. | (0.03) | (0.26) |

**Amount in Rs.**

**b) Diluted EPS**

The earnings and weighted average number of ordinary shares used in the calculation of Diluted EPS is as follows:

(Amount in Rs.)

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Profit (loss) for the year, attributable to the owners of the company | (78336) | (581493) |
| Earnings used in calculation of basic earnings per share(A) | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share(B) | 2250000 | 2250000 |
| Basic EPS(A/B) | (0.03) | (0.26) |

**19. Disclosure Under Ind AS 101:**

Reconciliation of Balance Sheet as previously reported under IGAAP to IND AS

| **Reconciliation of Ind AS as on April 1, 2016** | | | | **Amount in Rs.** |
|---|---|---|---|---|
| **Particulars** | **Note** | **As at 01 April 2016** | **As at 01 April 2016** | **As at 01 April 2016** |
| | | **IGAAP** | **Ind AS Adjustment** | **Ind AS** |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | | 5366907 | - | 5366907 |
| Non-current financial assets | | | | |
| (i) Investments | | 14449288 | 2942464 | 17391752 |
| **Current assets** | | | | |
| Inventories | | 176643 | - | 176643 |
| - Cash and cash equivalents | | 4052077 | - | 4052077 |
| - Other current financial assets | | 78525 | - | 78525 |
| Current Tax Assets (Net) | | 389743 | - | 389743 |
| **Total Assets** | | **24513183** | **2942464** | **27455647** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity Share capital | | 22500000 | - | 22500000 |
| Other Equity | | 1998870 | 2942464 | 4941334 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| **Current liabilities** | | | | |
| Financial Liabilities | | | | |
| - Other financial liabilities | | 14313 | - | 14313 |
| **Total Equity and Liabilities** | | **24513183** | **2942464** | **27455647** |

**Amount in Rs.**

**Reconciliation of Ind AS as on March 31, 2017**

| Particulars | Note | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2017 |
|---|---|---|---|---|
| | | IGAAP | Ind AS Adjustment | Ind AS |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | | 4940599 | - | 4940599 |
| Non-current financial assets | | | | |
| (i) Investments | | 12411108 | 13216923 | 25628031 |
| **Current assets** | | | | |
| Inventories | | 239229 | - | 239229 |
| - Cash and cash equivalents | | 5460519 | - | 5460519 |
| - Other current financial assets | | 100000 | - | 100000 |
| Current Tax Assets (Net) | | 417201 | - | 417201 |
| **Total Assets** | | **23568656** | **13216923** | **36785579** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity Share capital | | 22500000 | - | 22500000 |
| Other Equity | | 1054281 | 13216923 | 14271204 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| **Current liabilities** | | | | |
| Financial Liabilities | | | | |
| - Other financial liabilities | | 14375 | - | 14375 |
| **Total Equity and Liabilities** | | **23568656** | **13216923** | **36785579** |

**(i) Investments in Quoted Instruments:**

Under the previous GAAP, investments in mutual funds were classified as long-term investments or current investments based on the intended holding period . Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Under Ind AS, investments in equity are measured at fair value and the changes in value are recognised in Other Comprehensive Income.

**20. Reconciliation of other equity as previously reported under IGAAP to Ind AS**

| | | 01-Apr-16 |
|---|---|---|
| **Balance as per IGAAP** | **IGAAP** | **1998870** |
| **Adjustments** | | |
| Fair Value of Investment | | 2942464 |
| **Total** | | **2942464** |
| **Balance as per Ind AS** | **Ind AS** | **4941334** |

**Amount in Rs.**

Reconciliation of Statement of Profit and loss as previously reported under IGAAP to Ind AS:

**Reconciliation of Ind AS Profit and loss Account for March 2017**

| Particulars | For Year Ended 31 March 2017 | For Year Ended 31 March 2017 | For Year Ended 31 March 2017 |
|---|---|---|---|
| | IGAAP | Ind AS Adjustments | Ind AS |
| I Revenue from operations | 826609 | - | 826609 |
| II Other income | 530903 | - | 530903 |
| III Total Income (I+II) | 1357512 | - | 1357512 |
| IV Expenses | | | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | (62586) | - | (62586) |
| Employee benefits expense | 219871 | - | 219871 |
| Finance costs | 1447 | - | 1447 |
| Depreciation and Amortisation | 453653 | - | 453653 |
| Other expenses | 1689715 | (363095) | 1326620 |
| Total expenses (IV) | 2302100 | (363095) | 1939005 |
| V Profit/(loss) before exceptional items and tax (III-IV) | (944589) | 363095 | (581493) |
| VI Exceptional items | - | - | - |
| VII Profit/(loss) Before Tax (V-VI) | (944589) | 363095 | (581493) |
| VIII Tax expense | | | |
| - Current Tax | - | - | - |
| - Deferred Tax | - | - | - |
| IX Profit/(loss) After Tax (VII-VIII) | (944589) | 363095 | (581493) |
| X Other Comprehensive Income: | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Equity instruments through other comprehensive income | - | 9911363 | 9911363 |
| Income tax expense on above | - | - | - |
| Total | - | 9911363 | 9911363 |
| Total Comprehensive Income for the period (IX±X) | (944589) | 10274459 | 9329870 |

Explanations for Reconciliation of Statement of Profit & Loss as previously reported under IGAAP to IND AS (Note provided for only Material items of reconciliation)

(ii) Other Comprehensive Income

Under the IND AS, financial assets and financial liabilities are measured at fair value on transition date; the impact of which is included under Other comprehensive income under Equity instruments through other comprehensive income to Rs. 99,11,363/-.

| Particulars | For Year Ended March 31, 2018 | For Year Ended March 31, 2017 |
|---|---|---|
| **A. Cash flows from operating activities** | | |
| Total Income for the Period(PBT) | -78336 | -581493 |
| Adjustments: | | |
| - Fair Value Adjustment | | |
| - Dividends Received | -162241 | -253082 |
| - OCI Adjustments | -8565316 | -9911363 |
| - Loss on Sale of Investments | - | 73864 |
| - Interest received | -317933 | -274820 |
| - Fair Value Adjustment | 8565316 | 9911363 |
| - Depreciation and amortization | 257098 | 453653 |
| Operating cash flow before working capital changes | **-301412** | **-581878** |
| Changes in | | |
| - Decrease/(Increase) In Trade Receivables | - | - |
| - Decrease/(Increase) In Inventory | -478991 | -62586 |
| - Decrease/(Increase) In Other current Financial Asset(s) | 100000 | -48933 |
| (Decrease)/Increase In Other current financial liablities | 375 | 62 |
| **Cash generated from / (used in) operations** | **-680028** | **-693335** |
| Less: Income tax paid | **-30713** | |
| **Cash generated from / (used in) operations (Net)** | **-710741** | |
| **B. Cash flows from investing activities** | | |
| Purchase of Fixed assets | - | -27345 |
| Sale of investments | - | 1601220 |
| Interest received | 317933 | 274820 |
| Dividend received | 162241 | 253082 |
| **Net cash generated from/(used in) investing activities** | **480174** | **2101777** |
| **C. Cash flows from financing activities** | | |
| **Net cash used in financing activities** | **-** | **-** |
| **Increase in cash and cash equivalents** | **-230567** | **1408442** |
| **Cash and cash equivalents at the beginning of the year** | **5460519** | **4052077** |
| **Cash and cash equivalents at the end of the year** | **5229952** | **5460519** |
| **Components of cash and cash equivalents** | | |
| Cash on hand | 62522 | 54069 |
| Balances with banks | 5167430 | 5406450 |
| **Total cash and cash equivalents** | **5229952** | **5460519** |

The notes referred to above form an integral part of the unaudited interim condensed consolidated financial statements

As per our report of even date attached

**Suri & Siva**
Chartered Accountants
Firm Regn No. 004284S

For and on behalf of the Board of Directors
**IRMGARD VELAGAPUDI M. RAO**
Chairperson

**V.SIVAKUMAR**
Partner
Membership No. 022379

Place: Chennai
Date: 25.05.2018

**R. Ganesan**
Director

*Consolidated Financial Statements*

*of*

*K.C.P. Sugar and Industries Corporation Limited*

*and*

*its Subsidiaries*

*2017 - 2018*

## INDEPENDENT AUDITOR'S REPORT

**To The Members of of K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED**

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED (hereinafter referred to as "the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we 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 thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the group as at March 31, 2018, and its consolidated Profit, consolidated total comprehensive income, the consolidated statement of changes in equity and its consolidated cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

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

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

   b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.

   c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) in our opinion, the aforesaid consolidated 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 of the Company as on March 31, 2018 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act

   f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” which is based on the auditor’s reports of the company and its subsidiaries. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies,for the reasons stated therein.

   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 our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

      ii. the Company did not have any long-term contracts including derivative contracts for which there is no provision required for 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.

Chennai

Dated 25-05-2018

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED (hereinafter referred to as "Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

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

The Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**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 our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the respective companies 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

Chennai

Dated 25-05-2018

CIN: L15421TN1995PLC033198

# BALANCE SHEET AS AT MARCH 31, 2018

**Amount in Rs.**

| Particulars | Note | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| (a) Property, plant and equipment | 3 | 995182057 | 1063151109 | 1036022585 |
| (b) Capital work-in-progress | | 2923297 | 9201720 | 6078214 |
| (c) Other Intangible assets | 4 | 8709033 | 12498298 | 15541061 |
| (d) Non-current financial assets | | | | |
| (i) Investments | 5 | 878041532 | 620035031 | 317106205 |
| (ii) Trade receivables | | | | |
| (iii) Other non current financial assets | 6 | 46413883 | 44633198 | 9256305 |
| (e) Deferred Tax Assets (net) | 19 | 36420385 | | |
| (f) Other non-current assets | | - | - | - |
| **Current assets** | | | | |
| (a) Inventories | 7 | 2198394238 | 2251508420 | 2763591323 |
| (b) Financial Assets | | | | |
| (i) Current Investments | 8 | 997090480 | 853832566 | 41888581 |
| (ii) Trade receivables | 9 | 287549634 | 329632467 | 542054579 |
| (iii) Cash and cash equivalents | 10 | 119732123 | 69743634 | 138838529 |
| (iv) Bank Balances other than (ii) above | 11 | 98578090 | 90303088 | 92783713 |
| (v) Other current financial assets | 12 | 10512840 | 3675309 | 3688823 |
| (c) Current Tax Assets (Net) | | - | - | - |
| (d) Other Current Assets | 13 | 216081811 | 128623078 | 107782445 |
| **Total Assets** | | **5895629403** | **5476837918** | **5074632363** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| (a) Equity Share capital | 14 | 113385050 | 113385050 | 113385050 |
| (b) Other equity | 15 | 2704524085 | 2706189501 | 2159110401 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Long term Borrowings | 16 | 403524000 | 495515292 | 367217724 |
| (ii) Other Non- Current Financial liabilities | 17 | 11336213 | 14529379 | 19088089 |
| (b) Long term Provisions | 18 | 83619193 | 94570698 | 86943920 |
| (c) Other Non-Current liabilities | | | | |
| (d) Deferred tax liabilities (net) | 19 | - | 120948040 | 71073354 |
| **Current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Short term Borrowings | 20 | 1605965451 | 808409132 | 549658565 |
| (ii) Trade payables | 21 | 621792999 | 624367474 | 1169433518 |
| (iii) Other financial liablities | 22 | 185397636 | 219180814 | 172749501 |
| (b) Other current liabilities | 23 | 123530015 | 222410235 | 331813757 |
| (c) Short Term provisions | 24 | 25465850 | 23878105 | 22205880 |
| (d) Current Tax Liabilities (Net) | 25 | 17088911 | 33454198 | 11952604 |
| **Total Equity and Liabilities** | | **5895629403** | **5476837918** | **5074632363** |

The significant accounting policies and accompanying notes form an integral part of these financial statements

In accordance with our report attached

For and on behalf of the Board of Directors

**Suri & Siva**
Chartered Accountants
Firm Regn No. 004284S

**IRMGARD VELAGAPUDI M. RAO**
Managing Director

**V.SIVAKUMAR**
Partner
Membership No. 022379

Chennai
Date: 25.05.2018

**R.GANESAN**
Chief Financial Officer

**S.CHIDAMBARAM**
Company Secretary

**V. KIRAN RAO**
Executive Director

**Amount in Rs.**

| Particulars | Note | For Year Ended March 31, 2018 | For Year Ended March 31, 2017 |
|---|---|---|---|
| I Revenue from operations | 26 | 3567714523 | 4678829319 |
| II Other income | 27 | 618613337 | 356112621 |
| **III Total Income (I+II)** | | **4186327860** | **5034941940** |
| **IV Expenses** | | | |
| Cost of material consumed | 28 | 3040175158 | 2497159088 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 29 | 69313109 | 502723579 |
| Excise duty on sale of goods | | 53609905 | 257114069 |
| Employee benefits expense | 30 | 412015272 | 486482776 |
| Finance costs | 31 | 147869894 | 115250686 |
| Depreciation and Amortisation | 32 | 94046275 | 97054773 |
| Other expenses | 33 | 399380855 | 342378952 |
| **Total expenses (IV)** | | **4216410468** | **4298163923** |
| **V Profit/(loss) before exceptional items and tax (III-IV)** | | **(30082608)** | **736778017** |
| VI Exceptional items | | | |
| **VII Profit/(loss) Before Tax (V-VI)** | | (30082608) | 736778017 |
| **VIII Tax expense** | | | |
| - Current Tax | | 11050000 | 112573512 |
| - Deferred Tax | | (156128861) | 49979650 |
| - Reversal of excess provision for taxation relating to earlier years | | - | 2564937 |
| **IX Profit/(loss) After Tax (VII-VIII)** | | **114996253** | **571659918** |
| **X Other Comprehensive Income:** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Equity instruments through other comprehensive income | | 8565316 | 9911363 |
| Remeasurements of defined benefit plan acturial gains/ (losses) | | (3645774) | (553762) |
| Income tax expense on above | | 1239563 | 178477 |
| | | **6159105** | **9536078** |
| **XI Total Comprehensive Income for the period (Comprising profit and other comprehensive income for the period) (IX±X)** | | 121155358 | 581195996 |
| **XII Earnings per equity share** | | | |
| (1) Basic | | 1.01 | 5.04 |
| (2) Diluted | | 1.01 | 5.04 |

The accompanying notes form an integral part of these financial statements

In accordance with our report attached

For and on behalf of the Board of Directors

**Suri & Siva**
Chartered Accountants
Firm Regn No. 004284S

**IRMGARD VELAGAPUDI M. RAO**
Managing Director

**V.SIVAKUMAR**
Partner
Membership No. 022379

Chennai
Date: 25.05.2018

**R.GANESAN**
Chief Financial Officer

**S.CHIDAMBARAM**
Company Secretary

**V. KIRAN RAO**
Executive Director

**1 - Equity**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Authorised Share Capital** | | | |
| 25,00,00,000 Equity Shares of Rs.1/- each | 250000000 | 250000000 | 250000000 |
| Total | **250000000** | **250000000** | **250000000** |
| **Issued, Subscribed And Paid Up** | | | |
| 11,33,85,050 Equity Shares of Rs.1/- each Equity Shares | 113385050 | 113385050 | 113385050 |
| Total | **113385050** | **113385050** | **113385050** |

**1.1 Movement in respect of Equity Shares is given below :**

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Nos. | Amount in Rs. | Nos. | Amount in Rs. |
| At the beginning of the period | 113385050 | 113385050 | 113385050 | 113385050 |
| (+) Issued during the period* | - | - | - | - |
| (-) Redeemed during the period | - | - | - | - |
| **Outstanding at the end of the period** | **113385050** | **113385050** | **113385050** | **113385050** |

**1.2 Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company , after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**1.3 Details of Shareholders holding more than 5% shares in the Company**

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Nos. | % of Holding | Nos. | % of Holding |
| Durgamba Investments Private Limited | 43742656 | 38.58% | 43734156 | 38.57% |
| V.R.K. Grandsons Investments Private Limited | - | - | 5726605 | 5.05% |
| **Total** | **43742656** | **38.58%** | **49460761** | **43.62%** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

**2 Other Equity**

| Particulars | Reserves and Surplus | | | | Other Components of Equity | | Total |
|---|---|---|---|---|---|---|---|
| | General Reserve | Capital Profit | | Retained Earnings | Remeasurement of Net Defined benefit Liability/ Asset | Fair value changes of Investment (Net) | |
| | | Forfeited Shares (Transferred from Share Capital) | On Redemption of Preference Shares issued by erstwhile Gangadharam Appliances Limited to IFCI | | | | |
| Balance as at April 01,2017 | 1132243277 | 4505000 | 15545110 | 1544360036 | (375285) | 9911363 | **2706189501** |
| Provision For Dividend and taxes | - | - | - | -122820774 | - | - | **-122820774** |
| Profit / (Loss) for the period | - | - | - | 114996253 | - | - | **114996253** |
| Other Comprehensive Income for the Year | - | - | - | - | -2406211 | 8565316 | **6159105** |
| **Balance as at March 31, 2017** | **1132243277** | **4505000** | **15545110** | **1536535515** | **(2781495)** | **8565316** | **2704524085** |

**For the year ended March 31, 2017**

**Other Equity**

| Particulars | Reserves and Surplus | | | | Other Components of Equity | | Total |
|---|---|---|---|---|---|---|---|
| | General Reserve | Investment allowance reserve utilised | Capital Profit | Retained Earnings | Remeasurement of Net Defined benefit Liability/ Asset | Fair value changes of Investment (Net) | |
| | | | Capital redemption reserve | | | | |
| Balance as at April 01,2016 | 1132243277 | 4505000 | 15545110 | 1006817014 | - | - | **2159110401** |
| Provision For Dividend and taxes | - | - | - | -34116895 | - | - | **-34116895** |
| Profit / (Loss) for the period | - | - | - | 571659918 | - | - | **571659918** |
| Other Comprehensive Income for the Year | - | - | - | - | (375285) | 9911363 | **9536078** |
| **Balance as at March 31, 2017** | **1132243277** | **4505000** | **15545110** | **1544360036** | **(375285)** | **9911363** | **2706189501** |

Amount in Rs.

| Particulars | For Year Ended March 31, 2018 | For Year Ended March 31, 2017 |
|---|---|---|
| **A. Cash flows from operating activities** | | |
| Total Income for the Period(PBT) | (30082611) | 736778015 |
| Adjustments: | - | - |
| - Interest income | (5782619) | (5109669) |
| - Loss/(Profit) on sale of fixed assets | 90387 | (541509) |
| - Balance Written off | (1527440) | (410339) |
| - Excess Provision Credited Back | (24719457) | (4185437) |
| - Gain on sale of Investments | (73237665) | (73864) |
| - Adjustment for Prior period taxes | - | - |
| - Adjustment for OCI | (12211090) | (10465125) |
| - Interest expense | 19520452 | 28072569 |
| - Provision for Dividend(s) | (122820773) | (34116895) |
| - Fair Value Adjustment | (392384962) | (268088132) |
| - Depreciation and amortization | 94046275 | 97054772 |
| Operating cash flow before working capital changes | **(549109502)** | **538914386** |
| Changes in | | |
| - Decrease/(Increase) In Trade Receivables | 42082834 | 212422111 |
| - Decrease/(Increase) In Inventory | 53114181 | 512082905 |
| - Decrease/(Increase) In Other current Financial Asset(s) | (6837531) | (13945) |
| - Decrease/(Increase) In Other current Asset(s) | (87428020) | (20420181) |
| - Decrease/(Increase) In Current Investments | (2822582) | (18315140) |
| - Decrease/(Increase) In non-current trade receivables | - | - |
| - Decrease/(Increase) In Other non-current financial assets | (1780685) | (35376893) |
| - Decrease/(Increase) In Other non-current asset | (12633) | (655324) |
| (Decrease)/Increase In Long term Provisions | 13767952 | 11812215 |
| (Decrease)/Increase In non-current liabilities | - | - |
| (Decrease)/Increase In Trade Payables current | (2574475) | (545066044) |
| (Decrease)/Increase In other current liabilities | (97340125) | (108730853) |
| (Decrease)/Increase In Other financial liablities current | (33783179) | 46431313 |
| (Decrease)/Increase In Short Term provisions current | 1587745 | 1672225 |
| (Decrease)/Increase In Other Non Current Liabilities | (3193166) | (4558711) |
| Income taxes paid | (27446000) | (93563344) |
| **Cash generated from / (used in) operations** | **(701775187)** | **496634721** |
| **B. Cash flows from investing activities** | | |
| Purchase of fixed assets | (17314310) | (124416851) |
| Proceeds from sale of fixed assets | 1214387 | 721666 |
| Investment made in current and Non Current Investments | (512629933) | (810321896) |
| Proceeds from sale of Investments | 596941361 | - |
| Interest received | 5782619 | 4834849 |
| **Net cash generated from/(used in) investing activities [B]** | **73994123** | **(929182232)** |
| **C. Cash flows from Financing activities** | | |
| Interest paid | (19520452) | (28072569) |
| Proceeds from long term loans | - | - |
| Repayment of long term loans | - | - |
| **Net cash used in Financing activities** | **686044574** | **358975567** |
| **Increase in cash and cash equivalents** | 58263492 | (71575521) |
| **Cash and cash equivalents at the beginning of the year** | **160046722** | 231622242 |
| **Cash and cash equivalents at the end of the year** | **218310214** | **160046721** |
| **Components of cash and cash equivalents (refer note 10)** | | |
| Cash on hand | 93342662 | 46367919 |
| Balances with banks | 124967552 | 113678803 |
| **Total cash and cash equivalents** | **218310214** | **160046722** |

In accordance with our report attached

For and on behalf of the Board of Directors

**Suri & Siva**
Chartered Accountants
Firm Regn No. 004284S

**IRMGARD VELAGAPUDI M. RAO**
Managing Director

**V.SIVAKUMAR**
Partner
Membership No. 022379

Chennai
Date: 25.05.2018

**R.GANESAN**
Chief Financial Officer

**S.CHIDAMBARAM**
Company Secretary

**V. KIRAN RAO**
Executive Director

**Note 1. Corporate Information**

K.C.P Sugar and Industries Corporation Ltd is a listed entity, one among the leading sugar manufacturing companies in India . Its allied business consists of manufacturing and marketing of Rectified Spirit, Extra Neutral Alcohol, Ethanol, Incidental Cogeneration of Power, Organic Manure, Mycorrhiza Vam, Calcium Lactate and CO2. Company has two sugar factories located in Krishna District Andra Pradesh having an aggregate crushing capacity of 11,500 tons per day. It has its registered office at 239/183, Ramakrishna Building, Anna Salai, Chennai, Tamil Nadu 600006, India.

The financial statements were approved by the Board of Directors and authorised for issued on 25.05.2018

**Note 2. Significant Accounting Policies**

**(a) Statement of compliance:**

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, notified under Sec 133 of The Companies Act, 2013. The accounting policies as set out below have been applied consistently to all years presented in these financial statements.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirement of previous GAAP, which includes accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These financial statements for the year ended March 31, 2018 are the first financial statements under Ind AS. The date of transition to Ind AS is April 1, 2016.

The Company has adopted all issued Ind AS standards, as applicable, and the adoption was carried out in accordance with Ind AS 101. The transition was carried out from the Indian GAAP which was the previous GAAP. An explanation of how the transition to Ind AS has affected the reported financial position and financial performance of the Company is provided in Note 54. This note includes reconciliations of equity and total comprehensive income for comparative years under Indian GAAP to those reported for those years under Ind AS.

**(b) Basis of preparation and presentation:**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments and net defined benefit liability, that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

**(c) Critical accounting estimates and judgments**

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 and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- **Useful lives of property, plant and equipment and intangible assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

- **Impairment testing:** Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and there the tax charge in the statement of profit or loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

- **Fair value measurement financial instruments:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the Balance Sheet date. Fair value of financial instruments, that are traded in active market is determined from market prices as reduced by estimated cost of trading.

- **Litigation:** From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgment is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

- **Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

**(d) Functional currency :**

These financial statements are presented in Indian Rupees (INR) which is also the Company's functional currencies.

**(e) Revenue recognition :**

Revenue is measured at the fair value of the consideration received or receivable. Revenue comprise of sale of sugar, and other sugar auxiliary products. Revenue is recognised when following conditions are satisfied:

- the company transfers to the buyer the significant risks and rewards of ownership of the goods
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliable
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and discounts.

**Interest**

Interest income is accrued on a time proportion basis using the effective interest rate method.

**Dividend**

Dividend income is recognized when the Company's right to receive the amount is established.

**(f) Employee Benefits (other than for persons engaged through contractors:**

**i. Provident Fund**: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss during the year. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Company or to respective Regional Provident Fund Commissioner. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the minimum rates of return prescribed by the Central Government and recognises such contributions and shortfall, if any, as an expense in the year in which the corresponding services are rendered by the Company.

**ii. Gratuity Fund**

The Company makes annual contributions to gratuity funds administered by the trustees for amounts notified by the funds. The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination of employment of an amount based on the respective employee's last drawn salary and tenure of employment. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the other comprehensive income and reflected in retained earnings and will not be reclassified to the statement of profit and loss.

**iii. Compensated Absences**

Entitlement to annual leave is recognised when it accrues to employees. The Company determines the liability for such accumulated leave at each Balance Sheet date and the same is charged to revenue accordingly

**iv. Other Employee Benefits**

Other benefits, comprising of discretionary Long Service Awards and Leave Travel Allowances, are determined on an undiscounted basis and recognised based on the entitlement thereof.

**(g) Property, Plant and Equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs (refer note no. 2(p) below). Initial estimate shall also include costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Depreciation is charged to profit or loss 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 except for asset situated at Registered Office, which are depreciated by written down value method .The estimated useful lives, residual values and depreciation method are reviewed at the Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives of the depreciable assets is in accordance with rules prescribed under part " C "of Schedule II to the Companies Act, 2013.

An item of property, plant and equipment is derecognized 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 sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2016 (transition date ) measured as per the pervious GAAP and use that carrying value as its deemed cost as of the transition date.

Capital work in progress represents projects under which the property, plant and equipment's are not yet ready for their intended use and are carried at cost determined as aforesaid.

**(h) Intangible Assets:**

Intangible assets include cost of acquired software and designs, and cost incurred for development of the Company's website and certain contract acquisition costs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. Internally developed intangibles are capitalised if, and only if, all the following criteria can be demonstrated:

i) the technical feasibility and Company's intention and ability of completing the project;

ii) the probability that the project will generate future economic benefits;

iii) the availability of adequate technical financial and other resources to complete the project; and

iv) the ability to measure the development expenditure reliably.

Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods are reviewed and impairment evaluations are carried out at least once a year. The estimated useful life used for amortising intangible assets are as under:

| Class of Assets | Estimated Useful Life |
|---|---|
| Software and Licences | 5 years |

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use of 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, and are recognized in the Statement of Profit and Loss when the asset is derecognized.

For transition to Ind AS, the Company has elected to continue with carrying value of all of its intangible assets recognized as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(i) Impairment of assets:**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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 assessments 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 recognized immediately in the Statement of Profit and Loss.

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

**(j) Foreign Currency Translation :**

**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition**

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were the fair value measured.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of other monetary items are recognised in the Statement of Profit and Loss.

**(k) Assets taken on lease:**

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease or the payments of lease rentals are in line with the expected general inflation compensating the lessor for expected inflationary cost. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Assets held under finance lease are capitalised at the inception of the lease, with corresponding liability being recognised for the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the statement of Profit or Loss so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

For leases which include both land and building elements, basis of classification of each element is assessed on the date of transition, April 1, 2016, in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard.

**(l) Inventories:**

- Finished goods are valued as follows and increased by Excise Duty thereon as applicable.

o All finished goods are valued at lower of weighted average cost or net realizable value.

o Molasses, a byproduct is valued at estimated net realizable value.

- Crops under cultivation are valued at cost.
- Work in progress is valued at lower of weighted average cost or net realisable value of the finished goods duly adjusted according to the percentage of progress.
- Raw materials, stores, spares, materials in transit are valued at weighted average cost. However, when the net realizable value of the finished goods they are used in is less than the cost of the finished goods and if the replacement cost of such materials etc. is less than their holding cost in such an event, they are valued at replacement cost.

**(m) Government Grants**

Government grants are recognised in the period to which they relate when there is reasonable assurance that the grant will be received and that the Company will comply with the attached conditions

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

**(n) Income Taxes:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or 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.

(i) **Current tax:**

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

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

(ii) **Deferred tax :**

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

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date 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 deferred income tax asset to be utilised.

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 realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax (“MAT”) credit is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

**(o) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent liabilities are not recognized in these financial statements, but are disclosed in Note No.45.

Contingent assets are not recognized in the financial statements.

**(p) Borrowing Costs:**

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes 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. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

**(q) Cash and Cash Equivalent (for the purpose of cash flow statements):**

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.

**(r) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

**(s) 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 including potential equity shares on compulsory convertible debentures. 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.

**(t) Segment Reporting:**

The Company identifies operating segments based on the internal reporting provided to the Managing Director.

The Managing Director, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the committee that makes strategic decisions.

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”

All operating segments, operating results are reviewed regularly by the Companies Board of Directors to make decisions about resourses to be allocated to the segments and assess their performance.

**(u) Financial Instruments:**

**Financial Assets:**

Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial Recognition and measurement:

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases 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 trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Debt instruments at amortised cost

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to loans and advances, deposits, trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments are classified as FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

**Amount in Rs.**

**Financial Liabilities**

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Equity instruments

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

**3 - Property Plant and Equipments**

| Description | Land | Buildings | Plant and equipment | Railways Sidings | Computers & Office Equipment | Vehicles | Fencing | Furniture and Fixtures | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |
| **As at 1 April 2016 (Deemed Cost)** | 132184044 | 251842820 | 612672227 | 7717473 | 9180456 | 20510590 | 15321 | 1899654 | 1036022585 |
| Additions during the year | 83726425 | 4968587 | 22063619 | - | 3180919 | 6350112 | - | 209928 | 120499590 |
| Deletions during the year | - | - | - | - | (108163) | (2468359) | - | - | (2576522) |
| **As at 31 March 2017 (At Cost)** | 215910469 | 256811407 | 634735846 | 7717473 | 12253212 | 24392343 | 15321 | 2109582 | 1153945653 |
| Additions during the year | - | 8038832 | 6102786 | - | 1884567 | 6382038 | - | 1184510 | 23592733 |
| Deletions during the year | - | - | - | - | (1158793) | (4678153) | - | (21800) | (5858746) |
| **As at 31 March 2018 (At Cost)** | 215910469 | 264850239 | 640838632 | 7717473 | 12978986 | 26096228 | 15321 | 3272292 | 1171679640 |
| Depreciation and amortization | | | | | | | | | |
| Charge for the year ended March 31, 2017 | - | 13709705 | 68022478 | 859752 | 4046167 | 5867809 | - | 684999 | 93190910 |
| Deletions during the year | - | - | - | - | (102400) | (2293966) | - | - | (2396366) |
| **As at 31 March 2017 (At Cost)** | - | 13709705 | 68022478 | 859752 | 3943767 | 3573843 | - | 684999 | 90794544 |
| Charge for the year | - | 13799667 | 65204762 | 453530 | 3942861 | 6375470 | - | 480720 | 90257010 |
| Deletions during the year | - | - | - | - | (1158596) | (3374465) | - | (20910) | (4553971) |
| **As at 31 March 2018** | - | 27509372 | 133227240 | 1313282 | 6728032 | 6574848 | - | 1144809 | 176497583 |
| **Net Book Value** | | | | | | | | | |
| **As at 31 March 2018** | 215910469 | 237340866 | 507611392 | 6404191 | 6250954 | 19521380 | 15321 | 2127483 | 995182057 |
| **As at 31 March 2017** | 215910469 | 243101701 | 566713368 | 6857721 | 8309445 | 20818500 | 15321 | 1424583 | 1063151109 |
| **As at 01 April 2016** | 132184044 | 251842820 | 612672227 | 7717473 | 9180456 | 20510590 | 15321 | 1899654 | 1036022585 |

3.1.Vehicles includes Assets acquired on “Hire Purchase”

3.2. Cost of Freehold Land includes land in respect of which the transfer of title deeds in the name of K.C.P. Sugar And Industries Corporation Ltd is pending.

3.3 Reconciliation of the gross carrying amount as per previous GAAP with the deemed cost as at April 01, 2016

Amount in Rs.

**4 - Other Intangible Asset**

| Description | Computer Software | Total |
|---|---|---|
| **Cost or Valuation** | | - |
| **As at 1 April 2016 (Deemed cost)** | 15541060 | 15541060 |
| Additions during the year | 821100 | 821100 |
| **As at 31 March 2017 (At Cost)** | 16362160 | 16362160 |
| Additions during the year | - | - |
| **As at 31 March 2018 (At Cost)** | 16362160 | 16362160 |
| **Amortization and Impairment** | | |
| Amortization for the year ended March 31, 2017 | 3863862 | 3863862 |
| **As at 31 March 2017** | 3863862 | 3863862 |
| Amortization for the year | 3789265 | 3789265 |
| **As at 31 March 2018** | 7653127 | 7653127 |
| **Net Book Value** | | |
| **As at 31 March 2018** | 8709033 | 8709033 |
| **As at 31 March 2017** | 12498298 | 12498298 |
| **As at 01 April 2016** | 15541061 | 15541061 |

**5 - Non Current Investments**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Investments in Equity Instruments (Fair valued through PL) | 878041532 | 620035031 | 317106205 |
| Investments in an associate and Joint Venture/ Subsidary (Valued at Cost) | - | - | - |
| **Total** | **878041532** | **620035031** | **317106205** |

**6 - Other Non Current Financial Assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Long Term Security Deposit | 46413883 | 44633198 | 9256305 |
| **Total** | **46413883** | **44633198** | **9256305** |

**7 - Inventories**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Raw materials | 39665471 | 24107263 | 29002561 |
| Work in progress | 117648120 | 39780749 | 114448850 |
| Finished goods | 1993740337 | 2141019934 | 2568499930 |
| Stores and spares | 45692088 | 45051369 | 49515396 |
| Crops under cultivation | 1648222 | 1549105 | 2124586 |
| **Total** | **2198394238** | **2251508420** | **2763591323** |

Amount in Rs.

**8 - Current Investments**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Investments in Mutual Funds (Fair valued through PL) | 997090480 | 853832566 | 41888581 |
| **Total** | **997090480** | **853832566** | **41888581** |

**9 - Trade Receivables**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Trade receivables** | | | |
| Secured Considered Good | | | |
| Unsecured Considered good | 288748959 | 330831792 | 543253904 |
| Considered Doubtful | 2969595 | 2969595 | 3590987 |
| **Less:** | | | |
| Impairment for Trade receivable under expected credit loss model | (4168920) | (4168920) | (4790312) |
| **Total** | **287549634** | **329632467** | **542054579** |

**10 - Cash and cash equivalents**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| i) Balances with banks: | | | |
| -In current accounts | 32353365 | 23699132 | 81122988 |
| -In Fixed Deposits | 85365122 | 44570668 | 56148014 |
| ii) Cash on hand | 2013636 | 1473834 | 1567527 |
| **Total** | **119732123** | **69743634** | **138838529** |

**11 - Bank Balances other than 10 above**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Bank Balances held as Margin Money | 70740735 | 69231137 | 73068927 |
| Unpaid Dividend account | 27837355 | 21071951 | 19714786 |
| **Total** | **98578090** | **90303088** | **92783713** |

**Amount in Rs.**

**12 - Other Current Financial Assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **i) Unsecured, considered good;** | | | |
| - Advance to Employees | 10512840 | 3575309 | 3610298 |
| Dividend Receivable | - | - | 78525 |
| Other Deposits | - | 100000 | - |
| **Total** | **10512840** | **3675309** | **3688823** |

**13 - Other Current Assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Unsecured considered good** | | | |
| Balance with government authorities | 59691085 | 49119548 | 32399122 |
| Advances to Supplier | 155624125 | 77814195 | 74531354 |
| Prepaid Expenses | 603293 | 668542 | 797238 |
| Interest accured on Fixed Deposit | 163308 | - | - |
| Prepayments - Deposits/Retention Money | - | 1020793 | 54731 |
| **Total** | **216081811** | **128623078** | **107782445** |

**14 - Equity Share Capital**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Authorised Share Capital** | | | |
| 25,00,00,000 Equity Shares of Re.1/- each | 250000000 | 250000000 | 250000000 |
| Total | **250000000** | **250000000** | **250000000** |
| **Issued, Subscribed And Paid Up** | | | |
| 11,33,85,050 Equity Shares of Re.1/- each Equity Shares | 113385050 | 113385050 | 113385050 |
| Total | **113385050** | **113385050** | **113385050** |

**15 Other Equity**

| Particulars | As at 31.03.2018 | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|---|
| Capital Redemption Reserve | 15545110 | 15545110 | 15545110 |
| Investment Allowance Reserve Utilised | 4505000 | 4505000 | 4505000 |
| General Reserve | 1132243277 | 1132243277 | 1132243277 |
| Retained Earnings | 1536535515 | 1544360036 | 1006817014 |
| Other Comprehensive Income | 15695183 | 9536078 | - |
| **Total** | 2704524085 | 2706189551 | 2159110401 |

Amount in Rs.

**16 - Long Term Borrowings**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **Non Current** | | | |
| **Secured Loans** | | | |
| (i) Secured loans from Bank | - | 57507292 | 124234724 |
| **Unsecured Loans** | | | |
| Fixed Deposits from Public | 403524000 | 438008000 | 242983000 |
| **Total** | **403524000** | **495515292** | **367217724** |

**17 - Other Non Current Financial liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Interest accrued but not due on fixed deposits | 9221995 | 9502680 | 13479779 |
| Security Deposit | 2114218 | 5026699 | 5608310 |
| **Total** | **11336213** | **14529379** | **19088089** |

**18 - Long Term Provisions**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Provision for Employee Benefits :- | | | |
| - Gratuity | 57766830 | 52780160 | 45699868 |
| - Provisions for Liquidated Damages | 25852363 | 41790538 | 41244052 |
| **Total** | **83619193** | **94570698** | **86943920** |

**19 - Deferred Tax Liability**

**Tax recognised in Statement of profit and loss**

| Particulars | For the year Ended March 31, 2018 | For the year Ended March 31, 2017 |
|---|---|---|
| **Current Income Tax** | | |
| Current year (A) | 11050000 | 112573512 |
| **Deferred Tax expense (B)** | | |
| Origination and reversal of temporary differences | (156128861) | 49979650 |
| **Total (A+B)** | **(145078861)** | **162553162** |

**19.1 Tax recognised in other comprehensive income**

| Particulars | For the year Ended March 31, 2018 | For the year Ended March 31, 2017 |
|---|---|---|
| Defined benefit plan acturial gains (losses) | 1239563 | 178477 |
| **Total** | **1239563** | **178477** |

**Amount in Rs.**

**19.2 Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Deferred Tax Liability** | | | |
| Property, Plant & Equipment | 143244367 | 156522277 | 167788486 |
| Others | 120650 | 282071 | - |
| **Sub Total** | **143365017** | **156804348** | **167788486** |
| **Deferred tax Assets** | | | |
| Current year business losses | 153175310 | - | - |
| Property, Plant & Equipment | 929252 | 937390 | 859612 |
| On account of timing differences in recognition of expenditure between books of accounts and Taxation | 25680840 | 34918918 | 95855520 |
| **Sub Total** | **179785402** | **35856308** | **96715132** |
| **Net Deferred Tax Assets/ (Liabilities)** | **36420385** | **(120948040)** | **(71073354)** |

**20 - Short Term Borrowings**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Secured Demand Loans from Banks (Refer note below) | 1335190451 | 736596132 | 391287565 |
| Fixed Deposits obtained from public maturing within one year. | 270775000 | 71813000 | 158371000 |
| **Total** | **1605965451** | **808409132** | **549658565** |

Secured by hypothecation of work-in-progress, finished goods, raw materials, stores and spares, book debts, all other currents assets and further secured by a second charge created on movable fixed assets of Sugar units at Vuyyuru and Lakshmipuram.

**21 - Trade Payable**s

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Trade payables | | | |
| - Dues to Micro and Small Enterprices | | | |
| - Others | 621792999 | 624367474 | 1169433518 |
| **Total** | **621792999** | **624367474** | **1169433518** |

Amount in Rs.

**22 - Other Financial Liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Current Maturities of long term debt | 77027744 | 94800000 | 94800000 |
| Unclaimed Dividends | 10488083 | 10804038 | 12980343 |
| Interest accrued but not due on borrowings | 18854542 | 16035757 | 20282012 |
| Unpaid matured deposits and interest accrued thereon | 30792764 | 17186913 | 6734443 |
| Outstanding Liabilities for Expenses | 36800440 | 79523012 | 36253814 |
| Earnest Money and Other Deposits | 4338311 | 220000 | 901614 |
| Payable to Employees | 7095752 | 611094 | 797275 |
| **Total** | **185397636** | **219180814** | **172749501** |

**23 - Other Current Liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Statutory Liabilities | 34161552 | 168967720 | 240785338 |
| Advance from customers | 89368463 | 53442515 | 91028419 |
| **Total** | **123530015** | **222410235** | **331813757** |

**24 - Short term provision**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Provision for Employee benefits | 15328277 | 13740532 | 12068307 |
| Provision for Defeat Liability period | 10137573 | 10137573 | 10137573 |
| **Total** | **25465850** | **23878105** | **22205880** |

**25 - Current Tax Liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| Provision for Income Tax | 3581640 | 104122149 | 11952604 |
| Less: Advance Tax and TDS Credits | - | -70667951 | - |
| Previous Year Income Tax Provision | 13507271 | - | - |
| **Total** | **17088911** | **33454198** | **11952604** |

**26 - Revenue From Operations**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Sale of Products (Including Excise Duty) | 3549507996 | 4672917250 |
| Sale of Services | 16914263 | 4516850 |
| Other operating revenue | 1292264 | 1395219 |
| **Total** | **3567714523** | **4678829319** |

**Amount in Rs.**

**27 - Other Income**

| **Particulars** | **Year ended March 31, 2018** | **Year ended March 31, 2017** |
|---|---|---|
| Change in fair value of financial asset | 362014945 | 259370651 |
| Profit on sale of Investments | 73237665 | - |
| Interest on Fixed Deposit | 15688996 | 45368467 |
| Dividend Income | 47724879 | 28755253 |
| Packing & Forwarding Charges | 3062827 | 1940608 |
| Rent Received | 4741574 | 5933740 |
| Difference in Foreign Exchanges | 1149686 | 104074 |
| Miscellaneous Receipts | 9695519 | 7751951 |
| Profit on sale of fixed assets (Net) | - | 541509 |
| Unclaimed Balance credited back | 94724 | 122330 |
| Credit Balances written back | 1540093 | 672620 |
| Claims Received | 434377 | 881662 |
| Provision no longer required withdrawn | 99228052 | 4669756 |
| **Total** | 618613337 | 356112621 |

**28 - Cost of materials Consumed**

| **Particulars** | **Year ended March 31, 2018** | **Year ended March 31, 2017** |
|---|---|---|
| Opening Balance | | |
| Raw Materials and Components | 24107262 | 29002561 |
| Add: Cost of Raw Materials and Components* | 2971892250 | 2423689555 |
| Less Closing Stock | - | - |
| Raw Materials and Components | (39665471) | (24107262) |
| Consumption of stores and spare parts | 83841117 | 68574234 |
| **Total** | **3040175158** | **2497159088** |
| *Consumption of Sugar Cane included in the above | 2376440931 | 2169912927 |

**29 - Changes in Inventories of Finished Goods , Work-in-Progress and stock in trade**

| **Particulars** | **Year ended March 31, 2018** | **Year ended March 31, 2017** |
|---|---|---|
| Opening Balance | | |
| Work in Progress | 39780749 | 114448851 |
| Finished goods | 2141019934 | 2568499930 |
| Crops under cultivation | 1549105 | 2124586 |
| Less Closing Balance | | |
| Work in Progress | (117648120) | (39780749) |
| Finished goods | (1993740337) | (2141019934) |
| Crops under cultivation | (1648222) | (1549105) |
| **Total** | **69313109** | **502723579** |

Amount in Rs.

**30 - Employee Benefits Expense**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Salaries, wages and bonus | 329245484 | 383504491 |
| Contribution to provident and other funds | 37850310 | 45068078 |
| Remuneration to whole time directors | 11013154 | 22195155 |
| Staff welfare expenses | 33906324 | 35715052 |
| **Total** | **412015272** | **486482776** |

**31 - Finance Cost**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Interest cost on financial liabilities measured at amortized cost | 19520452 | 28072568 |
| Others | 128349442 | 87178118 |
| **Total** | **147869894** | **115250686** |

**32 - Depreciation and Amortisation**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Depreciation / Amortisation for the year | | |
| - Tangible Assets | 90257010 | 93190911 |
| - Intangible Assets | 3789265 | 3863862 |
| **Total** | **94046275** | **97054773** |

**33 - Other expenses**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Contract Labour Charges | 26363281 | 25116877 |
| Power and Fuel | 25990479 | 36819073 |
| Rental charges | 250902 | 309105 |
| Repairs and maintanence | | |
| - Buildings | 19022505 | 20599835 |
| - Machinery | 96776394 | 124152144 |
| - Workshop | 2743208 | 1978422 |
| - Office | 2682981 | 1363961 |
| - Tractor | 91685 | 77496 |
| - Others | 13217277 | 13347819 |
| Insurance | 4057278 | 3634526 |
| Payment made to auditors | 751517 | 745518 |
| Legal and Professional Charges | 27601050 | 11301341 |
| Selling expenses | 79023209 | 39027700 |
| Director's Sitting Fees | 1480000 | 1380000 |
| Commission to Non- Whole time directors | - | 875479 |
| Donations | 1700000 | 100000 |

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Corporate Social Responsibility Expenditure (CSR) | 2125577 | 2757653 |
| Security Charges | 14835212 | 14880770 |
| Miscellaneous expenses | 64494062 | 32908447 |
| Rates and taxes | 1024394 | 282166 |
| Travel and conveyance | 1490886 | 1349770 |
| Research , inspection and testing charges | 252373 | 120182 |
| Short Provision made during earlier years | 575 | 64341 |
| Performance and delivery guarantee claims | 12250428 | 7789400 |
| Telephone Charges | 871944 | 899167 |
| Irrecoverable loans and advances written off | 12653 | 262331 |
| Cultivation Charges | 44712 | 58260 |
| Pesticides / Fertilizers | 135886 | 103305 |
| Loss on Sale of Investments | - | 73864 |
| Loss on sale of Fixed Assets | 90387 | - |
| **Total** | **399380855** | **342378952** |

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Payment made to statutory auditors :** | | |
| i. As Audit Fee | 507250 | 495687 |
| ii. For other services | 215400 | 225375 |
| iii. For reimbursement of expenses | 28867 | 24456 |
| **Total** | **751517** | **745518** |

**34. Contingent Liabilities in respect of the group :**

Bank Guarantees - Rs.20,11,00,154/- (PY Rs. 15,75,82,105/-)

**34.1. Demands raised by the respective authorities are as under:**

| Particulars | As at March 31,2018 | As at March 31,2017 |
|---|---|---|
| Share transmission | 1105851 | 1105851 |
| Labour cases | 7165166 | 4743945 |
| E.S.I Case | 174489 | 174489 |
| Non-enrolment of contract labour for contribution to Provided Fund | 11094580 | 11094580 |
| Case on Duty relating to Captive Power Generation and sale to grid | 57887181 | 57887181 |
| Value Added Tax case | 1661339 | 1667486 |
| Income Tax Case | 47030100 | 47030100 |
| Central Excise Duty Case | 10678712 | 9122905 |
| **Total** | **136797418** | **132826537** |

**35. Information in respect of Micro, Small and Medium Enterprises as at 31st March 2018:**

| S. No | Particulars | As at March 31,2018 | As at March 31,2017 |
|---|---|---|---|
| 1 | Amount remaining unpaid to any supplier:<br>a) Principal Amount<br>b) Interest due thereon | <br>-<br>- | <br>-<br>- |
| 2 | Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount paid to the supplier beyond the appointed day; | Nil | Nil |
| 3 | Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | Nil | Nil |
| 4 | Amount of interest accrued and remaining unpaid | Nil | Nil |
| 5 | Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | Nil | Nil |

The Group has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid / payable as required under the Act have not been given.

**Disclosure requirements of Indian Accounting Standards**

**36. Disclosures in respect of Ind AS 107 - Financial Instruments**

**36.1. Financial Instruments by Categories**

The carrying value and fair value of financial instruments by categories were as follows:

(March 31,2018)

| Particulars | Amortized cost | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through OCI |
|---|---|---|---|
| **Assets:** | | | |
| Other Non Current Financial Assets | 46413883 | | |
| Non-Current Investments | | 843848185 | 34193347 |
| Current Trade Receivables | 287549634 | | |
| Cash & Cash Equivalents | 119732123 | | |
| Other Bank Balances | 98578090 | | |
| Current Investments | | 997090480 | |
| Other Current Financial Assets | 10512840 | | |
| **Liabilities:** | | | |
| Term loan (Non-Current) | 403524000 | | |
| Other Non Current financial liabilities | 11336213 | | |
| Short Term Borrowings | 1605965451 | | |
| Trade Payables | 621792999 | | |
| Other Financial Liabilities | 185397636 | | |

**(March 31, 2017)**

| Particulars | Amortized cost | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through OCI |
|---|---|---|---|
| **Assets:** | | | |
| Other Non Current Financial Assets | 44633198 | | |
| Non-Current Investments | | 594407000 | 25628031 |
| Current Trade Receivables | 329632467 | | |
| Cash & Cash Equivalents | 69743634 | | |
| Other Bank Balances | 90303088 | | |
| Current Investments | | 853832566 | |
| Other Current Financial Assets | 3675309 | | |
| **Liabilities:** | | | |
| Term loan (Non-Current) | 495515292 | | |
| Other Non Current financial liabilities | 14529379 | | |
| Short Term Borrowings | 808409132 | | |
| Trade Payables | 624367474 | | |
| Other Financial Liabilities | 219180814 | | |

**(April 1, 2016)**

| Particulars | Amortized cost | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through OCI |
|---|---|---|---|
| **Assets:** | | | |
| Other Non Current Financial Assets | 9256305 | | |
| Non-Current Investments | | 299714453 | 17391752 |
| Current Trade Receivables | 542054579 | | |
| Cash & Cash Equivalents | 138838529 | | |
| Other Bank Balances | 92783713 | | |
| Current Investment | | 41888581 | |
| Other Current Financial Assets | 3688823 | | |
| **Liabilities:** | | | |
| Term loan (Non-Current) | 367217724 | | |
| Other Non Current financial liabilities | 19088089 | | |
| Short Term Borrowings | 549658565 | | |
| Trade Payables | 1169433518 | | |
| Other Current Financial Liabilities | 172749501 | | |

**36.2. Fair Value Hierarchy**

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**36.3. Valuation Technique used to determine Fair Value:**

Specific valuation techniques used to value financial instruments include:

- Use of quoted market prices for Listed instruments

**36.4. The following tables present fair value hierarchy of assets and liabilities measured at fair value:**

| Particulars | For the year 31.03.2018 | | | | For the year 31.03.2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | | | | |
| Investments in Equity Instruments | 878041532 | | | 878041532 | 620035031 | | | 620035031 |
| Investments in Quoted Mutual Funds | 997090480 | | | 997090480 | 853832566 | | | 853832566 |

**39. Financial risk management**

The group's activities expose to limited financial risks: market risk, credit risk and liquidity risk. The group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

**Market risk**

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument.

The group is exposed to market risk primarily related to foreign exchange rate risk (currency risk), Interest rate risk and the market value of its investments.

**Securities Prices Risk:**

The group's exposure to equity securities price risk arises from Investments held and classified in the Balance Sheet as Fair Value through P&L. the group has investment in a form of Mutual funds and Equity shares. The group monitors the movement in the value of the Investments by observing the NAV.

**Credit Risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. It principally arises from the group's Trade Receivables, Advances and deposit(s) made

Trade receivables

The group has outstanding trade receivables amounting to Rs. 28,75,49,634 and Rs. 32,96,32,467 as of March 31, 2018 and March 31, 2017, respectively. Trade receivables are typically unsecured are derived from revenue earned from customers. Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The group is not exposed to concentration of credit risk to any one single customer. Default on account of Trade Receivables happens when the counterparty fails to make contractual payment when they fall due.

Further for amounts overdue are constantly monitored by the management and provision towards expected credit loss are made in the books. Management estimated of expected credit loss for the Trade Receivables are provided below with the classification on debtors.

Credit risk exposure:

An analysis of age of trade receivables at each reporting date is summarized as follows:

**(Amount in Rs.)**

| Particulars | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Gross | Impairment | Gross | Impairment |
| 0 to 180 days | 72814431 | - | 193013124 | - |
| More than 180 days | 218904124 | 4168921 | 140788263 | 4168920 |

Trade receivables are impaired in the year when recoverability is considered doubtful based on the recovery analysis performed by the group for individual trade receivables. The group considers that all the above financial assets that are not impaired for each reporting dates under review are of good credit quality.

**Liquidity Risk**

Our liquidity needs are monitored on the basis of monthly and yearly projections. The group's principal sources of liquidity are cash and cash equivalents, cash generated from operations, Term loans, deposits from public and short-term borrowings from Bank.

The group manages liquidity needs by continuously monitoring cash inflows and by maintaining adequate cash and cash equivalents. Net cash requirements are compared to available cash in order to determine any shortfalls.

Short term liquidity requirements consist mainly of sundry creditors, expense payable, employee dues, repayment of loans and retention & deposits arising during the normal course of business as of each reporting date. We maintain a sufficient balance in cash and cash equivalents to meet our short-term liquidity requirements.

Long term liquidity requirements on a periodical basis and manage them through internal accruals. Our non-current liabilities include non-convertible debentures, optionally convertible debentures, Unsecured Loans from Promoters, Term Loans from Banks, Retentions & deposits.

The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay.

**The table include both principal cash flows**.

| Particulars | 31.03.2018 | | 31.03.2017 | |
|---|---|---|---|---|
| | Payable within 1 year | More than 1 year | Payable within 1 year | More than 1 year |
| Loan from Bank | **77027744** | **-** | **94800000** | **86900000** |
| Deposits from Public | **270775000** | **403524000** | **71813000** | **438008000** |

**Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Great Britain Pound against the Indian rupee.

The group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 5% against the Indian Rupee.

The following analysis has been worked out based on the net exposures for the group as of the date of statements of financial position which could affect the statements of profit or loss and other comprehensive income and equity. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the group

The following table sets forth information relating to foreign currency exposure as of March 31, 2018:

| Particulars | Assets as at | |
|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 |
| USD | 117771 | 127431 |
| SGD | - | 188000 |

5% appreciation / depreciation of the respective foreign currencies with respect to Indian Rupees would result in decrease / increase in the group's profit before tax as detailed in table below:

| USD sensitivity at year end | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Receivables:** | | |
| If INR rate over Other currency increases by 5% | (377750) | (450152) |
| If INR rate over Other currency decrease by 5% | 377750 | 450152 |

**Interest Rate Risk**

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Group's cash flows as well as costs. The Group is subject to variable interest rates on some of its interest-bearing liabilities being short term borrowings.

The following table represents the contractual obligation and receivables to/from financial liabilities and financial assets respectively.

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Fixed Rate Instruments | | - |
| Financial Asset | | |
| - Margin Money with Bank | 70740735 | 69231137 |
| Financial Liabilities | | |
| - Term Loan from Bank | 77027744 | 152307292 |
| Variable Rate Instruments | | |
| - Demand Loan from bank | 1335190451 | 736596132 |

The Group's variable interest rate exposure is mainly related to debt obligations arising from short debt borrowings

The interest expenses and impact on it on account of Increase/decrease of 100 basis points in interest rates at the balance sheet is provided in table below:

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Interest Expenses arising on account of variable rate of interest on short term borrowings | 54717282 | 23371539 |
| **Impact on:** | | |
| Increase in 100 basis points | 13351905 | 7365961 |
| Decrease in 100 basis points | (13351905) | (7365961) |

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag. The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date.

The period end balances are not necessarily representative of the average debt outstanding during the period.

**Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets or by adequate funding by the shareholders to absorb the losses of the Group.

The Group's capital comprises equity share capital, retained earnings and other equity attributable to equity holders. The primary objective of Group's capital management is to maximize shareholders value. The Group manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The capital gearing ratio is provided in table below:

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Total Debt* | 403524000 | 495515292 |
| Cash and cash equivalent | -119732123 | -69743634 |
| Net Debt | 283791877 | 425771658 |
| Total Equity | 2817909135 | 2819574551 |
| Net debt to equity ratio | 0.10 | 0.15 |

*Debt represents long term loan from banks and deposits from public.

**40. Disclosure in respect of Indian Accounting Standard (Ind AS)-19 "Employee Benefits"**

40.1. General description of various defined employee's benefits schemes are as under:

**a) Provident Fund:**

The group's Provident Fund is managed by Regional Provident Fund Commissioner. The group pays fixed contribution to provident fund at pre-determined rate.

**b) Gratuity:**

Gratuity is a defined benefit plan, provided in respect of past services based on the actuarial valuation carried out by LIC of India and corresponding contribution to the fund is expensed in the year of such contribution.

The scheme is funded by the group and the liability is recognized on the basis of contribution payable to the insurer, i.e., the Life Insurance Corporation of India, however, the disclosure of information as required under Ind AS-19 have been made in accordance with the actuarial valuation.

40.2. The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Other Comprehensive Income(OCI) and Balance Sheet & other disclosures are as under:

**Movement in defined benefit obligation:** **(Amount in Rs.)**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Defined benefit obligation - Beginning of the year | 149327852 | 143408068 |
| Current service cost | 7342850 | 7046224 |
| Interest Cost | 11673039 | 11391338 |
| Past Service Cost | 1290787 | - |
| Benefits Paid | -11218955 | -13071590 |
| Re-measurements - actuarial loss/(gain) | 3645874 | 553812 |

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Defined benefit obligation – End of the year | 162061447 | 149327852 |
| **Movement in plan asset:** | | |
| **Particulars** | **31.03.2018** | **31.03.2017** |
| Fair value of plan assets at beginning of year | 125176418 | 125353680 |
| Employer contributions | 10566208 | 6390318 |
| Benefits paid | -11218955 | -14100814 |
| Re-measurements – Return on plan assets | 9804677 | 9779981 |
| Re-measurements - actuarial loss/(gain) | - | - |
| Fair value of plan assets at end of year | 134328347 | 127423166 |
| **Amount Recognized in Statement of Profit and Loss** | | |
| **Particulars** | **31.03.2018** | **31.03.2017** |
| Current service cost | 7342850 | 7094376 |
| Curtailment cost/(credit) | - | - |
| Expected return on Plan Assets | -9804677 | -9779981 |
| Net Interest on Net Defined Benefit Liability/(assets) (B) | 11673039 | 11479019 |
| Past service cost | 1290787 | - |
| Cost Recognized in P&L | 10501999 | 8793414 |

**Amount recognized in Other Comprehensive Income (OCI)**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Actuarial (gain)/loss due to assumption changes | 3645874 | 3032726 |
| Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss | - | - |
| Actuarial (gain)/loss recognized in OCI | 3645874 | 3032726 |

**Actuarial Assumption**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Discount rate | **7.58%** | **6.90%** |
| Rate of salary increase | 6.00% | 6.00% |
| Attrition Rate | 5.00% | 5.00% |
| Retirement Age | 60 | 60 |
| Average Future Service | 8.5 | 8.7 |

**41. Disclosure in respect of Indian Accounting Standard 24 "Related Parties Disclosures"**

**(A). Names of related parties and description of relationship:**

**1.Key Management Personnel**

a) Shri. Vinod R. Sethi, Executive Chairman

b) Smt. Irmgard Velagapudi M Rao, Managing Director.

c) Smt.V. Kiran Rao, Executive Director.

d) Shri.R.Ganesan, Chief Financial Officer.

e) Shri.S.Chidambaram, General Manager Finance and Secretary

**(B). Transactions During the year**

| Particulars | Key Management Personnel | |
|---|---|---|
| | 2017 - 18 | 2016 - 17 |
| Interest Received | - | - |
| Rent Received | 1500000 | 1500000 |
| Remuneration paid to Key Management Personnel | 13897788 | 25114407 |
| Interest on fixed deposit paid to Key Management Personnel | 3075894 | 3096828 |

**(C). Closing balances as on 31/03/2018**

| Particulars | Key Management Personnel | |
|---|---|---|
| | 2017 - 18 | 2016 - 17 |
| Share Capital held by key Management Personnel. | 2098610 | 1882810 |
| Fixed deposit held by key Management Personnel. | 32740000 | 32200000 |

42. **Reconciliation of equity as previously reported under IGAAP to Ind AS**

| | Component | (INR) Amount |
|---|---|---|
| **Balance at April 1, 2016** | **IGAAP** | **2286961875** |
| **Adjustments** | | |
| Proposed Dividend | Non-Adjusting Event | 34116895 |
| Expected Credit Loss on Loans and Advances | Financial Instruments | -102709148 |
| Amortised cost computation of debentures and loans outstanding | Financial Instruments | 57465276 |
| Fair valuation of Equity Shares | Financial Instruments | -106586925 |
| Total | Provision for Warranty | -10137573 |
| **Balance at April 1, 2016** | | **2159110401** |

43. **Reconciliation of Statement of Profit and loss as previously reported under IGAAP to Ind AS**

| Particulars | March 31, 2017 |
|---|---|
| **Profit / (loss) after tax under previous GAAP** | **339623451** |
| **Add / (less): Ind AS Adjustments;** | |
| Impact of Fair value of Investments | 259733752 |
| Interest expense on financial liability measured at amortised cost | -28072569 |
| Acturial gain or loss (net of tax) reclassified under OCI | 375285 |
| **Profit/ Loss after tax for the year as per IND AS** | **571659918** |
| Other comprehensive income/ expense (net of tax) | 9536078 |
| **Total Comprehensive Income / (Loss) for the year under Ind AS** | **581195996** |

**Notes to the reconciliations between previous GAAP and Ind AS**

a) Under the previous GAAP, dividends on equity shares recommended by the board of directors after the end of the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under Ind AS, such dividends are recognised when approved by the members in a general meeting. The effect of this change is an increase in total equity as at April 1, 2016 of Rs. 3,41,16,895, but does not affect profit before tax and total profit for the year ended March 31, 2017.

b) Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurernent of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss. The actuarial losses for the year ended March 31, 2017 were Rs. 375,285/- (Net of taxes)

c) Under previous GAAP, Security deposits were carried at transaction cost, while under Ind AS, present value of these deposits are retained in the financial statement and balance value of these deposits are carried as pre-paid rent.

d) Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains, or losses are required to be presented in other comprehensive income. Under the IND AS, financial assets and financial liabilities are measured at fair value on transition date; the impact of which is included under Other comprehensive income under Equity instruments through other comprehensive income to Rs. 99,11,363/-.

e) Under previous GAAP, investments are carried at cost at the end of the reporting period. Under Ind AS, investments are carried at fair value through PL. The effect of this is reduction in total equity as at April 1, 2016 of (Rs.10,95,29,389), the effect of same on statement of profit and loss of March 31, 2017 is gain of is Rs.25,93,70,651/-

f) Under Previous GAAP, Provision for bad and doubtful debts for the advances given are made on incurred loss model. Under Ind AS, provision is made on expected credit loss model. This change has resulted in additional provision of Rs. 10,15,09,823/- on April 1,2016.

g) Under Previous GAAP, Provision for bad and doubtful debts are made on incurred loss model. Under Ind AS, provision for bad and doubtful debts are made on expected credit loss model. This change has resulted in additional provision of Rs. 11,99,325/- on April 1,2016.

h) Under previous GAAP Financial liabilities were carried at book value, while under Ind AS fair value of the liabilities are computed and retained in Balance sheet and interest is accounted accordingly based in the repayment. This change has resulted in increase of equity as at 01April, 2016 to the tune of Rs.5,74,65,276, the same has resulted in additional expense of Rs.2,80,72,569 to the statement of profit and loss for the year ended March 31 2017.

i) Under previous GAAP, discounting of provisions was not permitted, and provisions were measured at best estimate of the expenditure required to settle the obligation at the balance sheet date without considering the effect of discounting. Under Ind AS, provisions are measured at discounted amounts, if the effect of time value of money is material. The Company has revisited the provisioning policy at the reporting dates resulting in the provisions being increased by Rs.1,01,37,573/- as at April 1, 2016. The net effect of these changes is decrease in total equity as at April 01, 2016 for the same value

Amount in Rs.

**Statement of profit or loss for the year ended March 31, 2017**

| Particulars | For Year Ended March 31, 2017 | For Year Ended March 31, 2017 | For Year Ended March 31, 2017 |
|---|---|---|---|
| | **IGAAP** | **Adjustments** | **Ind AS** |
| I Revenue from operations | 4421715250 | 257114069 | 4678829319 |
| II Other income | 96741971 | 259370651 | 356112621 |
| **III Total Income (I+II)** | **4518457221** | | **5034941940** |
| **IV Expenses** | | | |
| Cost of material consumed | 2497159088 | | 2497159088 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 502723579 | | 502723579 |
| Excise duty on sale of goods | - | 257114069 | 257114069 |
| Employee benefits expense | 486482776 | | 486482776 |
| Finance costs | 87183554 | 28067131 | 115250686 |
| Depreciation and Amortisation | 97054773 | | 97054773 |
| Other expenses | 342736613 | (357659) | 342378952 |
| **Total expenses (IV)** | **4013340383** | | **4298163923** |
| **V Profit/(loss) before exceptional items and tax (III-IV)** | **505116838** | | **736778017** |
| VI Exceptional items | | | |
| **VII Profit/(loss) Before Tax (V-VI)** | 505116838 | | 736778017 |
| **VIII Tax expense** | | | |
| - Current Tax | 112573512 | | 112573512 |
| - Deferred Tax | 49979650 | | 49979650 |
| - Reversal of excess provision for taxation relating to earlier years | 2564937 | | 2564937 |
| **IX Profit/(loss) After Tax (VII-VIII)** | **339998739** | | **571659918** |
| **X Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of defined benefit plan acturial gains/ (losses) | (308722) | (245040) | (553762) |
| Income tax expense on above | 104965 | 73512 | 178477 |
| | **(203757)** | | **(375285)** |
| **XI Total Comprehensive Income for the period (Comprising profit and other comprehensive income for the period) (IX±X)** | 339794982 | | 581195996 |

Amount in Rs.

**Balance Sheet as at March 31, 2016**

| Particulars | As at April 01, 2016 | As at April 01, 2016 | As at April 01, 2016 |
|---|---|---|---|
| | **IGAAP** | **Adjustments** | **Ind AS** |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 1036022585 | | 1036022585 |
| (b) Capital work-in-progress | 6078214 | | 6078214 |
| (c) Other Intangible assets | 15541060 | | 15541060 |
| (d) Non-current financial assets | | | |
| (i) Investments | 423693130 | (106586925) | 317106205 |
| (ii) Trade receivables | | | |
| (iii) Other non current financial assets | 110766128 | (101509823) | 9256305 |
| (e) Deferred tax assets, (net) | | | |
| (f) Other non-current assets | | | |
| **Current assets** | | | |
| (a) Inventories | 2763591323 | | 2763591323 |
| (b) Financial Assets | | | |
| (i) Current Investments | 41888581 | | 41888581 |
| (ii) Trade receivables | 543253904 | (1199325) | 542054579 |
| (iii) Cash and cash equivalents | 138838529 | | 138838529 |
| (iv) Bank Balances other than (ii) above | 92783713 | | 92783713 |
| (v) Other current financial assets | 3688823 | | 3688823 |
| (c) Current Tax Assets (Net) | | | |
| (d) Other current assets | 107782445 | | 107782445 |
| **Total Assets** | **5283928435** | (209296073) | **5074632363** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share capital | 113385050 | | 113385050 |
| (b) Other equity | 2286961875 | (127851474) | 2159110401 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Long term Borrowings | 424683000 | (57465276) | 367217724 |
| (ii) Other Non- Current Financial liabilities | 19088089 | | 19088089 |
| (b) Long term Provisions | 86943920 | | 86943920 |
| (c) Other Non-Current liabilities | - | | |
| (d) Deferred tax liabilities (net) | 71073354 | | 71073354 |
| **Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Short term Borrowings | 549658565 | | 549658565 |
| (ii) Trade payables | 1169433518 | | 1169433518 |
| (iii) Other financial liablities | 172749501 | | 172749501 |
| (b) Other current liabilities | 331813757 | | 331813757 |
| (c) Short Term provisions | 46185202 | (23979322) | 22205880 |
| (d) Current Tax Liabilities (Net) | 11952604 | | 11952604 |
| **Total Equity and Liabilities** | **5283928435** | (209296072) | **5074632363** |

**44. SEGMENT REPORTING :**

**(I) The Company has identified the reportable segments as on 31-03-2018 and others taking into account the nature of products and services, the different risks and returns and the internal reporting systems. The accounting policies for segment reporting are in line with the accounting policies followed by the Company.**

| | PARTICULARS | PRIMARY SEGMENT | | | | | |
|---|---|---|---|---|---|---|---|
| | | **SUGAR** | **CHEMICALS** | **POWER & FUEL** | **ENGINEERING** | **OTHERS** | **TOTAL** |
| 1 | **Segment Revenue** | | | | | | |
| | External Revenue | **2747304735** | **453145509** | **37603346** | **266800078** | **62860855** | **3567714523** |
| | Inter Segment Revenue | **569815164** | **5711740** | **377638765** | **0** | **0** | **953165669** |
| | Total Revenues | **3317119899** | **458857249** | **415242111** | **266800078** | **62860855** | **4520880192** |
| 2 | **Segment Results** | | | | | | |
| | Profit before depriciation, finance cost and taxation | **(387981037)** | **65640326** | **86569280** | **49223694** | **32510900** | **-154036837** |
| | Less : Finance Cost | **113807241** | **9007973** | **648577** | **3797220** | **1075122** | **128336133** |
| | Less : Unallocable Finance Cost | | | | | | **19533762** |
| | Less: Depreciation and Amortizations | **46761143** | **17655790** | **21531513** | **4382759** | **3715070** | **94046275** |
| | Less: Impairment on Capital Assets | | | **-** | | | **-** |
| 3 | Unallocable Expenditure | | | | | | (370789939) |
| | Less : Tax | | | | | | -146318425 |
| | Total Profit | (548549421) | 38976562 | 64389190 | 41043715 | **27720709** | **121155358** |
| | **Capital Employed** | | | | | | |
| 4 | Segment Assets | **2813379314** | **271216173** | **220316638** | **470044032** | **77377828** | **3852333985** |
| 5 | Unallocable Assets | | | | | | **1993763028** |
| 6 | Segment Liabilities | **2054566368** | **24987215** | **5839661** | **219499254** | **7066045** | **2311958543** |
| 7 | Unallocable Liabilities | | | | | | **716229335** |
| 8 | Capital Employed | | | | | | **2817909135** |
| 9 | **Capital Expenditure** | **10113688** | **0** | **3740029** | **1694957** | **1765637** | **17314311** |

1. The operations of the company predominantly relate to manufacture of Sugar,Electrical Energy,Bio Fertilizers and Chemicals comprising mainly Industrial Alcohol, CO2 and Calcium Lactate
2. The Business segments that are disclosed under "Others" comprise Bio Fertilizers .
3. Inter segment transfers are priced at market rates excepting Steam which has no market rate and hence valued at cost.

**NOTES TO FINANCIAL STATEMENTS**
**ii) Geographical Segment:**

| Particulars | | |
|---|---|---|
| | **Current Reporting Period 2017-2018** | **Previous Reporting Period 2016-2017** |
| **Sales within India** | **3474720483** | **4626534005** |
| **Sales outside India** | 92994040 | 52295314 |
| **Total** | **3567714523** | **4290246702** |

Note: Company does not own or operate any business outside India

Carrying Amounts of Geographical Assets and additions to tangible and intagible fixed assets:

**AMT. IN RS.**

| | | Carrying amounts of segment assets | Additions to fixed assets & Intangible assets |
|---|---|---|---|
| | | **Current reporting period** | **Current reporting period** |
| | Located in India | 5895629403 | 17314311 |
| | Located outside India | | |
| | **Total** | 5895629403 | 17314311 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

| Particulars | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| | Amortized cost | Amortized cost | Amortized cost | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through profit or loss | Financial assets/ liabilities at fair value through OCI | Financial assets/ liabilities at fair value through OCI | Financial assets/ liabilities at fair value through OCI |
| **Assets:** | | | | | | | | | |
| Other Long Term Financial Assets | 46413883 | 44633198 | 9256305 | | | | | | |
| Non Current Investments | | | | 843848185 | 594407000 | 299714453 | 34193347 | 25628031 | 17391752 |
| Current Trade Receivables | 287549634 | 329632467 | 542054579 | | | | | | |
| Cash & Cash Equivalents | 119732123 | 69743634 | 138838529 | | | | | | |
| Other Bank Balances | 98578090 | 90303088 | 92783713 | | | | | | |
| Current Investments | | | | 997090480 | 853832566 | 41888581 | | | |
| Other Financial Assets | 10512840 | 3675309 | 3688823 | | | | | | |
| **Liabilities:** | | | | | | | | | |
| Term loan | 480551744 | 590315292 | 462017724 | | | | | | |
| Other Long term financial liabilities | 11336213 | 14529379 | 19088089 | | | | | | |
| Other Financial Liabilities | 185397636 | 219180814 | 172749501 | | | | | | |
| Short Term Borrowings | 1605965451 | 808409132 | 549658565 | | | | | | |
| Trade Payables | 621792999 | 624367474 | 1169433518 | | | | | | |

*Notes :*

## ELECTRONIC CLEARING SERVICE (E C S) MANDATE FORM

**From** **(Please fill name and address of first holder)** **Date :**

.................................................................................................... **FOLIO NO :**

....................................................................................................

....................................................................................................

....................................................................................................

....................................................................................................

Dear Sir,

**Sub:** Payment of Dividend thro' Electronic Clearing Service (ECS)

I hereby give my mandate to credit my dividend on the Shares held by me directly to my Bank account through the Electronic Clearing Service (ECS). As desired, I give below the particulars of my Bank account :

| | | |
|---|---|---|
| 1. | **NAME OF BANK** | |
| 2. | **BRANCH NAME AND ADDRESS** | |
| 3. | **ACCOUNT NO** (as appearing on cheque book) | |
| 4. | **ACCOUNT TYPE** (please tick) | ☐ Savings ☐ Current Account ☐ Cash credit |
| 5. | **LEDGER FOLIO NO OF THE BANK A/C** (if appearing on cheque book) | |
| 6. | **9-DIGIT CODE NUMBER OF THE BANK & BRANCH APPEARAING ON THE MICR CHEQUE ISSUED BY THE BANK** (please attach a xerox copy of the cheque or bank cheque of your bank duty cancelled for ensuring the accuracy of the bank's name branch name and code number) | ☐☐☐☐☐☐☐☐☐ |

I hereby declare that the particulars given above are correct and complete. If any transactions are delayed or not effected at all for reasons of incompleteness or correctness of information supplied as above, the Company will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by the Company, for payment of dividend to me.

I further undertake to inform the Company about any change in my Bank/Branch and account number.

DATE : ....................................... ......................................................

**(Signature of First holder)**

| *** * * * FOR OFFICE USE ONLY * * * *** | |
|---|---|
| **ECS REF NO.** | |

**K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED**
**No.239, Anna Salai,**
**Chennai -600 006.**

(Detail's overleaf)

## PAYMENT OF DIVIDEND THRO' ELECTRONIC CLEARING SERVICE (ECS)

The Securities and Exchange Board of India (SEBI) has made it mandatory for all listed company to offer ECS facilities. This facility has **several benefits including :**

1. **Instant credit** of the dividend amount directly to your designated bank account electronically.
2. **Prevents** in-transit interception of the warrant or its fraudulent encashment.
3. **Eliminates** the scop for loss/delay in receipt of the warrant.
4. **No extra** cost to the payee.

Instead of the earlier practice of issue of printed warrants being sent to the Shareholders, this mode of payment provides for direct credit dividend to the existing Bank account of the Shareholder(s) by electronic mode. The concerned Bank branch will credit your account and indicate the entry as " ECS" in your pass book/statement.

This mode of payment is optional and you have a right to withdraw the instructions or change them by giving us an advance notice of atleast eight weeks before the data of payment. The information furnished by you will be kept confidential and utilised only for the purpose of effecting the payment of dividend as may be applicable. The Company will not be liable for any credit/s made to any other account other than the Sharholders account because of the incorrect information given.

The facility of ECS is (RBI Centres) available in 15 cities as follows :

Ahmedabad, Bangalore, Bhubaneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram,

Though the facility is available only to a limited number of cities, we request all the Shareholders to provide us the details in the enclosed form, which would enalble us to serve you better once the facility is extended to your city.

Wo would **request you to avail this facility by completing the relevant details in the ECS Mandate form printed on the reverse and return to us at the earliest alongwith a cancelled or photocopy or your cheque** pertaining to your account to which the dividend amount is to be credited.

**In case you are holding shares in demat form, kindly advise your Depository participant directly to take note of your Bank account particulars/ECS mandate.**

## PROXY FORM

*[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]*

## K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED

CIN:L15421TN1995PLC033198

"Ramakrishna Buildings", No.239, Anna Salai, Chennai 600006 – Tel: 91 44 28555171-176 / Fax: 914428546617

Investorservices@kcpsugar.com / www.kcpsugar.com

23rd Annual General Meeting – September 14, 2018

| |
|---|
| |

Name of the Member(s)

| |
|---|
| |
| |

Registered address

| |
|---|
| |

Email

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | |

Folio No. / Client ID

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | |

DP ID

I / We, being the member(s) of ……………………………………………………….. shares of the above named company, hereby appoint

Name :……………………………………………………..... Email: .........……………………………………………..

Address: ……………………………………………………………...……………………………………………

…………………………………………………………………………….... Signature:___________________________

or failing him / her

Name :……………………………………………………..... Email: .........……………………………………………..

Address: ……………………………………………………………...……………………………………………

…………………………………………………………………………….... Signature:___________________________

or failing him / her

Name :……………………………………………………..... Email: .........……………………………………………..

Address: ……………………………………………………………...……………………………………………

…………………………………………………………………………….... Signature:___________________________

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 23rd Annual General meeting of the Company, to be held on Friday, 14th September 2018 at 10.00 AM at "Sadguru Gnanananda Hall", Narada Gana Sabha, 314, T.T.K.Road, Alwarpet, Chennai 600018, and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolution | Vote (Optional see Note 2) (Please mention no. of shares) | | |
|---|---|---|---|---|
| | | For | Against | Abstain |
| **ORDINARY BUSINESS** | | | | |
| 1. | Adoption of Financial Statements together with Report of the Board of Directors and Auditors for the Financial Year 2017-18. Ordinary Resolution) | | | |
| 2. | Declaration of dividend at Re.0.10 per equity share for the financial year ended 31st March 2018. (Ordinary Resolution) | | | |
| 3. | Reappointment of Shri Vinod R. Sethi, (DIN: 00106598) who retires by rotation, and being eligible, offers himself for reappointment. (Ordinary Resolution) | | | |
| **SPECIAL BUSINESS** | | | | |
| 4. | Ratification of Remuneration to Cost Auditor for the financial year 2018-19. (ordinary resolution) | | | |

Signed this………………………… day of ……………………..2018.

……………………………… / …………………………………

Signature of member / Signature of the proxy holder

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and such proxy need not be a member of the Company.
2. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
3. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.
4. As per section 105 of the Companies Act, 2013, a person appointed as proxy shall act on behalf of such member or no. of members not exceeding fifty.

Affix
Revenue
Stamp of
Re. 1/-

# INSTRUCTIONS FOR REMOTE E-VOTING

| Registered Folio No. / DP ID No. / Client ID No. | Number of shares held: |
|---|---|
| | |

Dear Member,

Sub: Instructions for e-voting

Pursuant to provisions of section 108 of the Companies Act, 2013, read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended on 19.03.2015, the Company is pleased to offer e-voting facility for the members to cast their votes using an electronic system from a place of their choice other than the venue of AGM, on all resolutions set forth in the Notice convening the 23rd Annual General Meeting to be held on Friday, 14th September 2018 at 10.00 a.m. IST. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility.

The e-voting facility is available at the link https://www.evoting.nsdl.com

The electronic voting particulars are set out below:

| EVEN (e-voting event number) | User ID | Password |
|---|---|---|
| | | |

The e-voting facility will be available during the following voting period:

| Commencement of e-voting | End of e-voting |
|---|---|
| September 11, 2018 at 9.00 a.m. IST | September 13, 2018 at 5.00 p.m.IST<br>E-voting module will be disabled by NSDL<br>for voting after 5.00 p.m.IST |

The cut-off date for remote e-voting has been fixed as September, the 7th day of September 2018.

Please read the instructions printed below before exercising your vote.

**Steps for e-voting**

- Open the internet browser and type the following URL: https://www.evoting.nsdl.com
- Click on Shareholder-Login
- If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for Login.
- If you are logging in for the first time, please enter the User ID and Password provided in this document.
- The **Password Change Menu** will appear on your screen. Change to a new Password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of the two. Please take utmost care to keep your Password confidential
- Once the e-voting home page opens, click on e-voting>Active Voting Cycles.
- Select the **EVEN (E-voting Event Number)** of K.C.P.Sugar and Industries Corporation limited (the number is provided in this document). Once you enter the number, the Cast Vote page will open. Now you are ready for e-voting.
- Cast your vote by selecting your favoured option and click **Submit.** Also **click** Confirm when prompted. Please note that once your vote is cast on the selected resolution, it cannot be modified.
- Institutional shareholders (i.e. members other than individuals, HUF, NRIs, etc) are required to send a scanned copy (PDF / JPG format) of the relevant board resolution / authority letter, etc, together with the attested specimen signature(s) of the duly authorized signatory(ies) who are authorised to vote, to the Scrutinizer via email at: maheshvenki@vmacs.co.in with a copy marked to evoting@nsdl.co.in.
- In case of any queries, please refer to the **Frequently Asked Questions (FAQs)** for members and the **e-voting user manual** for members available in the 'Downloads' section of https://www.evoting.nsdl.com. You can also contact NSDL via e-mail at evoting@nsdl.co.in.

**B. VOTING BY BALLOT FORM AT THE AGM VENUE:**

- The Company also offers facility for voting through polling paper at the venue of the Annual General Meeting.
- The members as on the cut-off date (7th September 2018), attending the Annual General Meeting are entitled to exercise their voting rights in case they had not already cast their vote through remote e-voting.
- Members who have cast their vote through e-voting are entitled to attend the Annual General Meeting if they so desire, but **cannot cast their vote at the venue of AGM**.

- ❖ The Chairman of the AGM will fix the time for voting at the meeting. The shareholders present in person or by proxy can vote at the venue of the meeting.

**C. GENERAL INSTRUCTIONS:**

- ❖ The e-voting period commences on 11th September 2018 (9.00 a.m.IST) and ends on 13th September 2018 (5.00 p.m.IST). During this period, shareholders of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of 7th September 2018, may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- ❖ The cut-off date for remote e-voting has been fixed as Friday, the 7th day of September 2018. Members holding shares as on this cut-off date can cast their vote in any one of the two modes (Remote E-voting / Voting by ballot at AGM venue).
- ❖ In case of shareholders who have acquired shares and become members of the Company after the despatch of AGM Notice, the Company would be despatching the 23rd Annual Report for the Financial Year 2017-18 to them as and when they become members. In addition, the Annual Report is also available in the Company's website. The said members may also follow the same procedure for voting.
- ❖ Voting rights of shareholders shall be in proportion to their shareholding in the Company as on the cut-off date (7th September 2018).
- ❖ In case a shareholder by an inadvertence or otherwise has voted under more than one option, his voting by only one mode through remote E-voting, or voting at the AGM venue will be considered in that seriatim.
- ❖ M/s.V.Mahesh & Associates, Practicing Company Secretaries, Chennai, have been appointed as Scrutinizer for both the options for voting (Remote E-voting / Voting at AGM venue by ballot paper).
- ❖ The Scrutinizer will, after conclusion of voting at the AGM venue –
  - First count the votes cast at the meeting through polling paper.
  - Then unblock the votes cast through remote E-voting.

All the above will be done in the presence of two witnesses not in the employment of the Company.

The Scrutinizer will make a consolidate report (integrating the votes cast at the meeting, through remote e-voting) of the total votes cast in favour or against, if any, to the Chairman of the Meeting, not later than three days from the conclusion of the meeting.

- ❖ Voting Results: The Chairman or a person authorised by him in writing, shall declare the result of the voting based on the Scrutinizer's report.
- ❖ The results declared along with the Scrutinizer Report will be placed on the Company's website www.kcpsugar.com and on the website of NSDL immediately on declaration of result and also communicated to NSE and BSE.
- ❖ Subject to receipt of requisite number of votes, the resolution shall be deemed to have been passed on the date of AGM.
- ❖ These details and instructions form an integral part of the Notice for the Annual General meeting to be held on 14th September 2018.

All documents referred to in the accompanying Notice and the Statement pursuant to Section 102(1) of the Companies Act, 2013, will be available for inspection at the Registered office of the Company during business hours on all working days upto the date of declaration of the result of the 23rd Annual General meeting of the Company.

Registered Office
'Ramakrishna Buildings'
No.239, Anna Salai,
Chennai 600006.

By order of the Board of Directors
for K.C.P. SUGAR AND INDUSTRIES
CORPORATION LIMITED

Chennai
May 25, 2018

**Vinod R. Sethi**
Executive Chairman

*Notes :*

*Notes :*

Designed and Printed at Chennai Micro Print Pvt Ltd.