



K.M. Sugar Mills Limited



46th
ANNUAL REPORT
2018-19





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Forward Looking Statement

Statement in this report that describe the company's objectives, projections, estimates, expectations or predications of the future may be 'forward looking statements' within the meaning of applicable securities

laws and regulations. The Company cautions that such statements involve risk and uncertainty and that actual results could differ materially from those expressed and implied.

Request to Share holders

Shareholders are requested to intimate the company or to the RTA M/s Link Intime India Pvt. Ltd. about their mail id and change of their addresses.



Company Information

BOARD OF DIRECTORS

Chairman

Shri L. K. Jhunjhunwala

Whole Time Director

Shri Aditya Jhunjhunwala, Managing Director

Shri Sanjay Jhunjhunwala, Joint Managing Director

Shri Subhash Chandra Agarwal, Executive Director

Non Executive and Independent Director

Shri H. P. Singhania

Dr. S. B. Singh

Shri S. K. Gupta

Smt. Madhu Mathur

Company Secretary

Ms. Pooja Dua

Auditors

M/s. AGIWAL & ASSOCIATES

Chartered Accountants,

Lal Kothi, 2nd Floor, Pataudi House Road,

Above Bank of Baroda, Dariyaganj,

NEW DELHI - 110 002

Bankers

STATE BANK OF INDIA

PUNJAB NATIONAL BANK

Registered Office

11, Moti Bhawan, Collectorganj,

Kanpur - 208001 U. P.

Corporate Office & Works

Motinagar, Distt. Faizabad - 224201 (U.P.)

Company Information ...



DIRECTORS' REPORT

Directors' Report...

To,
The Members,
Your Directors have pleasure in placing the 46th Director's Report along with the Audited Statement of Accounts for the year ended on 31st March, 2019.

Financial Performance

The Financial performance of the Company during the year ended 31st March 2019 as under :

(Rupees in Lakhs)

	For the year ended as at 31 st March, 2019 (Rs.)	For year ended as at 31 st March, 2018 (Rs.)
Profit before interest, depreciation & tax	5057	5326
Less: Interest	-603	-1072
Depreciation	-1240	-1345
Profit before tax	3214	2909
Provision for taxation	-651	-594
Provision for taxation (deferred)	-128	-428
Net Profit before extraordinary Items	2435	1887
Add: Extra-ordinary item	0	0
Net Profit	2435	1887
Earnings Per Share of Rs 2/- each	2.65	2.05

Overall Performance

For the year ended on 31st March, 2019, sales stood at Rs. 39005.38Lacs against the Rs. 46978.32 Lacs of previous financial year ended as at 31st March, 2018. During the financial year under review, the company has also done sugar export/trading amounting to Rs.2690.44 Lacs, whereas there was no export/trading of sugar in preceding year. Profit after interest and depreciation stood at Rs. 3213.91 Lacs as against the profit of Rs. 2909.400Lacs in the previous year.

Dividend

To conserve the resources, the directors have not recommended any dividend for the financial year ended 31st March 2019.

Finance and Accounts

As mandated by the Ministry of Corporate Affairs, the financial Statement for the year ended on March 31, 2019 has been prepared in accordance with the Indian Accounting Standard (IND AS) notified under Section 133 of the Companies Act, 2013 reads with Companies (Accounts) Rules, 2014. The estimates and judgment relating to the Financial Statement are made on a prudence basics, so as to reflect a true and fair manner, the form and substance of transaction and reasonably present the Company's state of Affairs, profits and cash flow for the year ended March 31, 2019. Accordingly, the figures for the previous year are comparable.

Performance of Divisions:-

Sugar Division

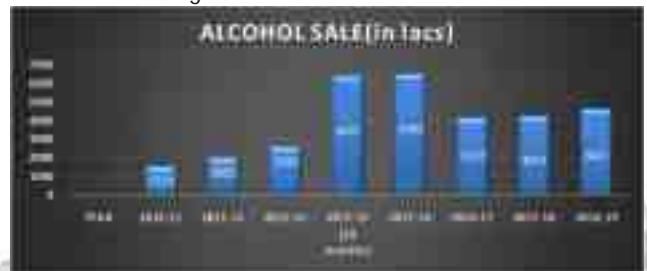
Crushing season till 31st March, 2019 consisted of sugar seasons of 2017-18 and 2018-19. The company has crushed 111.60Lacsqtls. of cane and the season was for 149 days. Sugar sale was Rs. 29,657.79lacs during the year under review as against Rs.39,204.87 lacs during the previous financial year. The other details are as under:

	Year 31-03-2019	Year 31-03-2018
Gross Working days	149	138
Total Cane Crushed (qtls.)	11160820.12	10326624
White sugar Produced (qtls)	1230357	994395
Average Recovery	11.01%	9.72%



Co-Generation :

During the crushing season under report, the company produced 9,55,49,145 KWH power and exported 5,95,62,853.84 KWH to UPPCL as against production of 7,90,97,890 KWH power and export of 4,76,63,795 KWH to UPPCL during the previous financial year. Power sale was Rs. 2972.19 lacs as against Rs. 2183.16 lacs.



Distillery

During the year ended as at 31st March, 2019, Company Produced 105.62Lacs BL of Rectified Spirit with a recovery of 21.36% , which is lower in comparison of preceding year production of 105.11 Lacs BL. with a recovery of 22.63 % due to the closure of distillery unit form 31st January, 2019 to 23rd March,2019. Sale of RS was Rs.4620.67 Lacs as against Rs.4210.64 Lacs.



Auditors

The Company's Auditors, Messrs. Agiwal & Co, Chartered Accountants, who were appointed with your approval at the 44th AGM for a period of five years, subject to ratification by members at AGM, will complete their present term on conclusion of the 49th AGM of the Company. The Companies (Amendment) Act, 2017 has



removed the proviso to section 139(1) of the Companies Act, 2013 and therefore requirement of ratification by members at AGM is no longer required. Accordingly, the Board, on the recommendation of the Audit Committee, recommended for ratification of their appointment for remaining term to hold office up to the conclusion of 49th Annual General Meeting on such remuneration plus Goods and service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the said Auditors.

Auditors' Report

The comments on the statement of account referred to in the report of the auditors are self-explanatory, and explained in the appropriate Notes to the Accounts.

Secretarial Auditors

Ms. Pragati Gupta, Practicing Company Secretaries were appointed as Secretarial Auditors of the Company for the year 2018-19 as required under Section 204 of the Companies Act, 2013 and Rules made there under. The Secretarial Audit report for FY 2018-19 forms part of the Annual Report (Annexure to the Directors' Report in Form MR-3) as annexed as Annexure-10 to this report and carries no qualifications, reservations, adverse remarks or disclaimers and hence no explanations are required.

The Board appointed Ms. Pragati Gupta, Practicing Company Secretaries (Membership no. ACS- 19302), as Secretarial Auditor of the Company for the financial year 2019-20.

Cost Auditors

Your Board, as recommended by the Audit Committee, appointed M/s. Aman Malviya & Company, Cost Accountant, Lucknow, as a Cost Auditor for Sugar and Industrial Alcohol businesses for the financial year 2019-20. Pursuant to Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, appropriate resolutions seeking your ratification to the remuneration of the aforesaid Cost Auditors are appearing in the Notice convening the 46th AGM of the Company. The Company maintains necessary cost records as specified by Central Government under sub-section 1 of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014. The Company has filed the cost audit report for the year ended at March 31, 2018.

Directors

At the ensuing Annual General Meeting Shri L.K. Jhunjhunwala and Shri Aditya Jhunjhunwala, Directors of the Company, retire by rotation u/s 152 of the Companies Act, 2013 and being eligible, offered themselves for re-appointment at the ensuing Annual General Meeting.

The lenders have withdrawn the nomination of Mr. Anil Kumar Mishra with effect from April 08, 2019. Dr. R.S Shukla, Independent Director of the Company resigned from the Board w.e.f. 29-05-2019. The Board placed its deep gratitude on record for his valuable guidance, advice and suggestions to the Company during their association with the Company.

The appointment of Shri L.K. Jhunjhunwala as the Chairman-cum- Whole time Director, Shri Aditya Jhunjhunwala, as a Managing Director, Shri Sanjay Jhunjhunwala, as a Jt. Managing Director and Shri S.C. Agarwal, as an Executive Director was approved by members at the Annual General Meeting held on 19-09-2015 for a period of five years w.e.f. 1st March, 2015 to 29th February, 2020. Accordingly after having been recommended by the Nomination & Remuneration Committee of the Company, the Board has recommended for their appointment in the Board meeting held on 29-05-2019 for a period of 5 (five) years w.e.f. 20th August, 2019. Appropriateresolutions seeking your approval for the said appointments are appearing in the Notice convening the 46th AGM of the Company. The Board in its meeting held on May 29, 2019 had also approved change in terms of their appointment for remaining tenure up to ensuing AGM.

The first tenure office years of Mr. H.P. Singhania, Mrs. Madhu Mathur and Mr. S K Gupta as Independent director shall expire on 18-09-2020. After having been recommended by the Nomination & Remuneration Committee of the Company, the Board in its meeting held on May 29, 2019 recommended the re-appointment of Mrs. Madhu Mathur, Mr. H.P. Singhania, Mr. S.K. Gupta, as Independent Directors of the Company for the second tenure of five years w.e.f. August 20, 2019 in terms of Section 149, 150 and 152 read with Schedule IV and any other applicable provisions, if any of the Companies Act, 2013 and rules made thereunder and sub-regulation 1A of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue them to avail their services. As Mr. HP Singhania has crossed the age of 75 years, consent of members is sought for his continuance as an Independent Director w.e.f. April 01, 2019 to ensuing AGM. Appropriate resolutions seeking your approval for the said appointments are appearing in the Notice convening the 46th AGM of the Company

Public Deposits

During the financial year ended 31-03-2019, the company has not accepted any public deposits.

Listing Regulations

The equity shares of the company are listed with the Bombay Stock Exchange Limited and National Stock Exchange Limited and listing fees for 2019-20 had been duly paid.

Directors' Responsibility Statement

In pursuance of sub-section (5) of Section 134 of the Companies Act, 2013, in respect of Directors' Responsibility Statement, the Board of Directors confirms:

- (i) That in the preparation of the annual accounts for year ended on March 31, 2019 the applicable accounting standard have been followed by the Company.
- (ii) That the directors of the company have selected such



accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on that date.

- (iii) That the directors of the Company have taken proper and sufficient care for the maintenance of adequate accounting in accordance with provisions of the Companies Act, 2013, for safeguarding the assets of the company and for detecting fraud and other irregularities; and
- (iv) That the directors of the Company have 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 internal financial controls are adequate and were 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.

Significant and Material Orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

Audit Committee and Vigil Mechanism

Pursuant to requirement of section 177(1) of Companies Act, 2013 read with Rule 6 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 18 and Regulation 22 of SEBI (LODR) Regulation 2015, your Company has already formed the Audit Committee, composition of which is covered under Corporate Governance report section of this Annual Report.

The Vigil Mechanism of the Company, which also incorporates a Whistle Blower Policy in terms of the Listing regulation, includes appointment of a Whistle Officer who will look into the matter, conduct detailed investigation and take appropriate disciplinary action. The Company has formulated a vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management their genuine concern about behavior of employees, the details of which are incorporated in the report on the corporate governance. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Whistle Blower Officer or to the Chairman of the Audit Committee. During the year under review, no employee was denied access to Whistle Blower Officer or Audit Committee and no cases under this mechanism were reported in the company and any of its subsidiary / associates.

The Policy on vigil mechanism and whistle blower policy has been uploaded on the Company's website at the link: <http://www.kmsugar.com>.

Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith in form no. MGT-9 as Annexure -8 to this Report.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

Risk Management

The Company aims to have a formalized and systematic approach for managing risks across the Company. It encourages knowledge and experience sharing in order to increase transparency on the key risks to the Company to the extent possible. This approach increases risk awareness, and ensures proper management of risks as part of the daily management activities.

The objective of the Company's risk management process is to support a structured and consistent approach to identify, prioritize, manage, monitor and report on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives.

The Company has introduced several initiatives for risk management including the introduction of audit functions and processes to identify and create awareness of risks, optimal risk mitigation and efficient management of internal control and assurance activities.

Corporate Social Responsibility

The Company constituted a Corporate Social Responsibility (CSR) Committee (for details please refer Corporate Governance Report) pursuant to the requirement of Section 135(1) of Companies Act, 2013. The CSR policy of the Company, inter alia, list the activities that can be undertaken or supported by the Company for CSR, composition and meetings of CSR committee, annual allocation for CSR activities, area of CSR projects, criteria for selection of CSR, modalities of execution / implementation of CSR activities and the monitoring mechanism of CSR activities / projections. During the year under report, the Company spent Rs.51.40 lacs towards CSR as against its obligation Rs. 50.00 lacs. The details of CSR activities undertaken by the company are mentioned in the prescribed format in the Annexure -4 to this report.

Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in Annexure -1.

Research and Development

The details relating to Research and Development activities carried out by the company during the year are stated in annexure to this report.

Foreign currency risk and Commodity price risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the



risk of changes in foreign exchange rates relates primarily to the Company's foreign currency denominated borrowings. This foreign currency risk is covered by using foreign exchange forward contracts and currency swap contracts. The company does not have substantial transactions during the year in foreign currency so the company does not have such kind of risk.

Sugar industry being cyclical in nature, realizations get adversely affected during downturn. Higher cane price or higher production than the demand ultimately affects profitability. The Company has mitigated this risk by well integrated business model by diversifying into co-generation and distillation, thereby utilizing the by-products. Credit risk is the risk that counter party will not meet its Obligations under a financial instrument or customer contract, leading to a financial loss. The company's sugar sales are mostly on cash. Power and ethanol are sold to state government entities; thereby the credit default risk is significantly mitigated. The Central Govt. has fixed the minimum sale price of sugar w.e.f. 14.02.2019 at Rs.3,100 per Qtl. which has mitigated the price risk to the some extent. Similarly, the ethanol and power are sold the Govt. undertakings at fixed prices as per Govt. orders / regulatory guidelines.

Particulars of Employees

The disclosure as required under the provisions of Section 197 (12) of the Companies Act, 2013, read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company has been given in Annexure 2 and forms part of this Report.

Corporate Governance

As required under Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, a separate section on Corporate Governance forming part of the Directors' Report and the certificate from Practicing Company Secretary Ms. Pragati Gupta, confirming the compliance of the conditions on Corporate Governance is attached as Annexure-5 to this report.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report on the business and operations of the company is attached to this report as Annexure-5.

Industrial Relation

The industrial relations have been cordial at all plants of the Company during the year.

Subsidiary Company

The company has no material subsidiary company. However, your Company has two subsidiary companies viz. M/s. KM Spirits and Allied Industries Limited incorporated on 23-02-2018 to manufacture of all types of spirits. Your Company had made a total investment of 5 Lacs in the Company as on 31st March, 2019. In terms of proviso to section 139(3) of the Companies Act,2013, the salient features of the financial statements of the subsidiary is set out in the prescribed form (AOC-1) under Rule-5 of the

Companies (Accounts) Rules,2014 as Annexure 6.

Your Company has another subsidiary company viz. M/s Sonar Casting Limited incorporated on 07-02-2019 and investment of Rs. 7.75 crores has been made up to March 31, 2019 for setting up of Ductile Iron Project. In M/s Sonar Casting Limited the land has been acquired and the project work - Ductile Iron of the company is in progress. Major purchase orders for Civil work, plant and machinery along with the other necessary assets have been made. The company has applied for the credit facilities from SBI, PNB &UBI. The project is expected to be completed by March 31, 2020.Total Project cost is expected around Rs.78.40 Crores, of which bank funding is expected around Rs.52.50 Crores. In terms of proviso to section 139(3) of the Companies Act,2013, the salient features of the financial statements of the subsidiary is set out in the prescribed form (AOC-1) under Rule-5 of the Companies (Accounts) Rules,2014 as Annexure 6.

In accordance with section 129 (3) of the Act and regulation 34 of the SEBI (LODR) Regu. 2015, the consolidated financial statements of the Company include financial information of its subsidiaries prepared in compliance with applicable Indian Accounting Standards (Ind-AS) and form the part of Annual Report. Pursuant to the provisions of section 136 of the Act, the financial statements of the Company including the consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company. The Company will make available the annual report of subsidiary Company upon request by any shareholder of the Company interested in obtaining the same.

Number of Meetings of the Board

The Board met four times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and the SEBI (LODR) Regu., 2015.

Policy on Directors' Appointment and Remuneration

The Company seeks to maintain an appropriate mix of Executive and Independent Directors in order to maintain the independence of the Board and segregate the functions of governance and management. At year end, the Board consists of members, one of whom is Managing Director, three of whom are Whole-time directors, five are Independent directors and one is a Nominee director. The Company has five Independent Directors and all are qualified personnel with requisite qualifications, experience, positive attributes and satisfy all the criteria as set out under Schedule IV of Companies Act, 2013. These Independent Directors are only eligible for sitting fees for attending Board meetings and Committee meetings and other out of pocket expenses duly made for attending meetings of the Board or any committee of the Board thereof. Remuneration proposed for Whole Time Directors is in accordance with the Remuneration Policy approved by

**Nomination and Remuneration Committee of the Board.**

Your Company, in compliance with section 178(1) of the Companies Act, 2013 read with The Companies (Meeting of Board and its Powers) Rules, 2014, has duly constituted a Nomination and Remuneration Committee. This committee is chaired by an Independent Director and formulates the criteria for determining qualifications, positive attributes, independence of a Director and other matters.

Appointment and the remuneration of Board members, key managerial personnel or one level below the Board level is fixed on the basis of the recommendation of the Nomination and Remuneration Committee made to the Board, which may ratify them, with or without modifications.

Disclosures pursuant to the requirements of section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been made in Annexure 2 of this Board Report.

Declaration by Independent Directors

As per the requirement of section 149(7), the Company received a declaration from every Independent Director that he or she meets the criteria of independence as laid down under section 149(6) read with rule 5 of the Companies (Appointment and Qualification of Directors) Rule, 2014 and regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Board Evaluation

The Nomination & Compensation Committee, as reported in earlier years, formulated the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation, and also specified that such evaluation will be done by the Board, pursuant to the Act and the Rules thereunder and the Listing Regulations 2015. In keeping with Company's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed against the role and responsibilities of the Board as provided in the Act and the Listing Regulations 2015 read with the Company's Governance Policy. The parameters for Board performance evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as to fulfil expectations of other stakeholders through strategic supervision of the Company. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairman with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realizing its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals. While the Board evaluated its performance against the parameters laid down by the Nomination & Compensation Committee, the evaluation of

individual Directors was carried out against the laid down parameters, anonymously in order to ensure objectivity. Reports on functioning of Committees were placed before the Board by the Committee Chairman. The Independent Directors Committee of the Board also reviewed the performance of the non-Independent Directors and the Board, pursuant to Schedule IV to the Act and Regulation 25 of the Listing Regulations 2015.

Committees of the Board

Currently, the Board has 4 committees. A detailed note on the Board and its committees is provided in the Corporate Governance Report section of this Annual Report. The composition of the committees and compliances, as per applicable provisions of the Act and Rules, are as follows:

<i>Name of the committee</i>	<i>Composition of the committee</i>	<i>Highlights of duties, responsibilities and activities</i>
Audit committee	Mr.H.P. Singhania- Chairman. Mr.Sanjay Jhunjunwala- Member. Mr.S.K Gupta - Member.	All recommendations made by the committee during the year were accepted by the Board. The Company has adopted the Whistle Blower Mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud. The Company has formed the Related Party Transaction Policy.
Nomination and remuneration committee	Mr.H.P. Singhania- Chairman. Mr.S.K. Gupta- Member.	The Committee oversees and administers executive compensation. All recommendations made by the committee during the year were accepted by the Board.
Stakeholders relationship committee	Mr.H.P. Singhania- Chairman. Mr.AdityaJhunjunwala- Member. Mr.S.K. Gupta- Member.	The Committee reviews and ensures redresses of investor grievances. The committee noted that the grievances of the investors reported during the year, if any.
Corporate social responsibility committee	Mr.L.K. Jhunjunwala- Chairman. Mr.SanjayJhunjunwala- Member. Mr.S.K Gupta - Member.	The Board as laid down the Company's policy on Corporate Social Responsibility (CSR). The CSR policy is uploaded on Company website, www.kmsugar.com

Particulars of Loans, Guarantee or Investments

As per the requirement of section 186(4) of Companies Act, 2013, particulars of loans given, investments made, guarantees given or securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the financial statements. The Company seeks to increase the investment limit of the company by exceeding the limit prescribed pursuant to section 186 of Companies Act, 2013 read with rule 11 of the Companies (Meeting of Board and its Powers) Rules, 2014 by passing special Resolution in the ensuing Annual General Meeting of the Company. Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Notes 36.5 to the Financial Statements.

Particulars of contracts or arrangements with Related Party

All contracts or arrangements entered into by the Company with its related parties during the financial year were in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,



2015. The Company's policy which shall be reviewed by the Board of Directors on related party transactions including the threshold limit which is duly approved by the Board of Directors may be accessed on the Company's website at <http://www.kmsugar.com>. Particulars of contracts or arrangements with Related Parties referred in Section 188(1) of the Companies Act, 2013 is furnished in accordance with Rule 8(2) of the Companies (Accounts) Rules, 2014 is given in Note to Accounts no.36.18(c) and also in Form AOC-2 as Annexure-7.

Material Changes and Commitments Affecting Financial Ratios of the Company.

Disclosures of Material changes and Commitments Affecting Financial Ratios of the Company has been made in Annexure-5 to this report.

Acknowledgment

Your Directors place on record their acknowledgment and sincere appreciation of all the bankers and financial institutions for their continued assistance. They further appreciate and acknowledge with gratitude the co-operation and assistance received from all executives, staff and workmen of the Company.

For and on behalf of the Board
of K. M. Sugar Mills Ltd.

Date : 29.05.2019
Place : Lucknow

Sd/-
L. K. Jhunjhunwala
(Chairman)

Annexure- 1
Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

PARTICULARS	STEPS TAKEN BY THE COMPANY
(i) The steps taken or impact on conservation of energy The company has taken various steps towards energy conservation. The company continues to give high priority to the conservation of energy on an ongoing basis. Some of the significant measures taken are:	a) Modification in 100 tons boiler furnace by introducing new over fire air system to increase steam fuel ratio to save Bagasse to generate more electricity in same quantity of fuel. b) Modification to use waste steam going through NCG at Pan Station in Boiling House.
(ii) The steps taken by the company for utilizing alternate sources of energy.	Company has bagasse based generation power plant which is used for captive consumption and surplus power is being sold to U P Power Corporation Limited
(iii) The capital investment on energy conservation equipments during the year 2018-19.	Rs.40.00 Lakhs approx. Apart from this, The company makes investment wherever required for conservation of energy. The company has continuous process to monitor and explore ways and means for conservation of energy.

Form B

I. Disclosure of particulars with respect to Technology Absorption Research & Development (R&D)

Technology absorption, adaptation and innovation :

(i) The company carried on following sugarcane

development activities during the financial year 2018-19:

- Distribution of new improved varieties of seed.
 - Inter cropping of sugar cane for multi crops to growers.
 - Distribution of fertilizers, pesticides and manures for improving the soil health and growth of sugarcane.
 - Ratoon crop management and gap filling helping increase yield and recovery.
- (ii) Due to above efforts it is expected that higher yield and disease free cane will be available to the company and the cane growers. Multi-cropping also helps farmers to get more returns.
- (iii) The company has not imported any technology.
Expenditure incurred on Research & Development: Nil
Foreign Exchange earnings & Outgo

		Year 2018-19	Year 2017-18
i)	Foreign exchange earned in terms of actual inflows	Rs.1552.66 Lakhs	NIL
ii)	Foreign Exchange outgo in terms of actual outflows	Rs.126.17 Lakhs	Rs.106.74 Lakhs

Annexure - 2

Information pursuant to section 197(12) of the Companies Act, 2013 read with Rule 5 Companies (Appointment and Qualification of Directors) Rules, 2014 and forming part of the Director's Report for the year ended March 31, 2019.

A. Employed throughout the financial year and were in receipt of remuneration in aggregate of not less than Rs. 1,02,00,000/- per annum.

Sl	Name	Age Yrs.	Designation	Qualification	Experience In yrs.	Date of Commencement of employment	Remuneration Rs. In Lacs	Previous Employment
				NIL				

B. Employed for part of the financial year and were in receipt of monthly Remuneration of not less than Rs. 8,50,000/-.

Sl	Name	Age Yrs.	Designation	Qualification	experience (in years)	Date of commencement of employment	Remuneration Rs. In Lacs	Previous employment
				NIL				

Annexure- 3

Report on Corporate Governance

Pursuant to Regulation 34(3) read with schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company formulated the policies, procedures and processes on Corporate Governance for the best practices and institutionalizing the code of corporate governance.

This Report is furnished in terms of Regulation 34(3) read with schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Auditors' certificate on Corporate Governance as prescribed is also attached. Further, this Report also discloses relevant information in terms of Section 134(3) of the Companies Act, 2013 and



forms an integral part of the Board's Report to shareholders.

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company.

The core values of the Company are:

1. COMPANY 'S PHILOSOPHY ON CODE OF GOVERNANCE :

- Transparency in policies and action.
- Maximizing long term shareholders' value
- Socially valued enterprise and
- Commitment to excellence and customer satisfaction
- Independence to develop and maintain a healthy work culture.
- Growth for stakeholders.
- Caring for people and environment.
- Accountability for performance.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and commitment to high standard of business ethics.

The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre.

Your company, since its inception , being always guided by ethical principles and being transparent and fair in its business dealings and administration, have adequate system of control and check in place to ensure that the executive decisions should result in optimum growth and development.

2. Board of Directors

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non-compliances, if any.

Pursuant to the Listing Regulations of SEBI (LODR) Regulations, 2015 the Board has laid down a Code of Conduct for all Board members and Senior Management of the Company and the same uploaded on the website of the Company (www.kmsugar.com). All the Board Members and Senior Management Personnel have affirmed compliance with the Code.

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board of the Company. As at year ended on 31st March, 2019, the board consists of ten directors; out of which four are executive directors and five are non-executive directors and one Nominee Director. Executive directors consist of Chairman, Managing Director, Joint Managing Director, and executive directors. The present mix of the Board of the Company is as under:

- Three Promoters, Executive Directors
- One Independent, Executive Director
- Five Independent, Non- Executive Directors

- One Nominee, Non-Executive Director

The composition of the Board of Directors, as on 31st March, 2019, the number of other board of directors or Board committees of which they are member or chairperson and the attendance of each director at these board meetings and the last Annual General Meeting are as under :

Name of Director	Category	No. of other director ships (Public Limited Company)	Names of the listed entities where the person is a director and the category of directorship	No. of Board Meeting Attends	Attendance at lastAGM
1- Sh.L.K. Jhunjhunwala	Promoter, Executive	-	-	4	No
2- Sh. Aditya Jhunjhunwala	Promoter, Executive	5	-	4	No
3- Sh. Sanjay Jhunjhunwala	Promoter, Executive	3	-	3	Yes
4-Sh. S. C. Agarwal	Independent, Executive	1	-	3	No
5-Sh. H. P. Singhania	Independent, Non-executive	2	1 Sir Shadi Lal Enterprises Ltd. (Non-Executive Independent Director)	3	No
6. Dr. S.B Singh	Independent, Non-executive	-	-	1	No
7. Sh. R. S. Shukla	Independent, Non-executive	-	-	4	No
8. Sh. S. K. Gupta	Independent, Non-executive	1	1 M/s. ATV Projects India Limited (Non-Executive Independent Director)	1	No
9. Shri A.K. Mishra	Nominee- Non-Executive	-	-	-	No
10. Mrs. Madhu Mathur	Independent -Non-Executive	-	-	3	No

Independent Directors

- The number of Independent Directors is more than half of the total strength. Any reduction in the strength of Independent Directors is filled within 3 months or the next Board meeting, whichever is later, for ensuring minimum stipulated strength of Independent Directors in the Board.
- Independent directors are appointed for a tenure of 5 years taking into account the transitory provisions u/s 149(11) of the Act. They would be eligible for one more term on passing of a special resolution by members. No independent director of the Company serves in more than 7 listed companies as Independent Director.
- Pursuant to Regulation 34(3) read with schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company formulated a familiarization programme available at the web link www.kmsugar.com for Independent Directors with the objective of making them familiar with their role, rights & responsibilities, nature of the industry, business model and compliance management.

Confirmation by the Board for the independent Directors:- All the Independent Directors furnished their declaration pursuant to Section 149(7) of the Companies Act, 2013 affirming that they met the criteria of independence as provided in sub- section (6). The independent directors



fulfill the conditions specified in the listing regulations and are independent of the management. Shri R.S Shukla resigned from Board of Directors of the company before the expiry of the tenure due to personal reasons and gave a confirmation that there is no other material reasons than those specified above.

Core skills/expertise/competencies identified by the board :-

The Practice of Corporate Governance in K M Sugar Mills Ltd takes place In three interlinked levels:-

Strategic supervision	by the Board of Directors
Strategic management	by the Chairman, the Managing Director, the Joint Managing Director and the Executive Director -cum- CEO
Executive management	by the Chief Executive officer, the Chief Financial officer, Vice President- Technical and Company secretary

The three-tier governance structure ensures that:

- Strategic supervision (on behalf of the Shareholders), being free from involvement in the task of strategic Management of the Company, can be conducted by the Board with objectivity, thereby sharpening accountability of management;
- Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, Remains focused and energized; and
- Executive management of the divisional business free from collective strategic responsibilities as a whole, remains focused on enhancing the quality, efficiency and effectiveness of the business to achieve best-in-class performance.

The core roles of the key entities flow from this structure. These roles, in turn, determine the core responsibilities of each entity. In order to discharge such responsibilities, each entity is empowered formally with requisite powers.

The structure, processes and practices of governance are designed to support effective management of multiple Businesses while retaining focus on each one of them.

Roles of Various Entities:-

Board of Directors (Board): The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision of the company, their wholly owned subsidiaries. As trustees, the Board ensures that the Company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfilment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfil stakeholder's aspirations and societal expectations. The Board, as part and parcel of its functioning, annually reviews its role and also evaluates the performance of the Directors and the Board Committees.

Chairman- cum- Whole Time Director: The primary role of the Chairman of the Company is to provide leadership to the Board. As the Chairman of the Board, he presides over its meetings and leads and assists the Board in setting and

realizing the Company's strategic vision and related short and long term goals. He is responsible, inter alia, for the Working of the Board, for its balance of membership (subject to Board and Shareholder approvals) and for Ensuring that all Directors are enabled and encouraged to play a full part in the activities of the Board. The Chairman ensures that relevant issues are on the Board agenda and the Board is kept informed on all matters of importance.

The present Whole Time Director, Mr. L.K Jhunjhunwala, has been appointed Whole-Time-Director also as the Chairman of the Company with effect from 19th September, 2015.

Managing Director and Jt. Managing Director : The Managing Director and Jt. Managing Director carries total responsibility for the strategic management of the Company and provides leadership to Executive management for realizing Company goals in accordance with the charter approved by the Board. They are responsible, inter alia, for ensuring that all relevant issues that are on the agenda and are enabled and encouraged to play a full part in its activities.

Executive Director-cum-Chief Executive officer: The Executive Director-cum-Chief Executive officer assists the Board in realizing its role of strategic supervision of the Company in pursuit of its purpose and goals. The Executive Director contributes to the strategic management of the Company's businesses within Board approved direction / frame work. An Executive Director accountable to the Board for a business, assumes overall responsibility for its strategic management, including governance processes and top management effectiveness. Similarly, he is a Director who is accountable to the Board for a corporate function, the overall strategic responsibility for its performance forms part of the Executive Director's role. Further, he has the executive responsibility for its day-to-day operations and provides leadership in its task of executive management of the business and its Verticals.

Chief Financial officer: The Chief Financial officer for a business has the executive responsibility for managing the company's finances, including financial planning, management of financial risks, record-keeping, and financial reporting.

Vice President-Technical : is responsible for providing strategic objectives of the respective business area like Efficiency in production and latest technology and conservation of energy modernization of plant etc.

Company Secretary : The company secretary is the key advisor to the Board of Directors on matters of corporate governance and their duties as a director. This will include dealing with managing the interests of the shareholders and other stakeholders.

Board Committees

The company has four committees- the Audit Committee, the Nomination and Remuneration Committee, Stakeholders Relationship Committee Corporate Social Responsibility Committee. The Company Secretary of the



Company acts as the Secretary to all the Committees. The quorum for the meetings is either two or one-third of the members of the committees, whichever is higher.

Audit Committee

The Audit Committee comprises of four directors out of which three are Non-Executive Independent Directors and one is Promoter - Executive Director. Mr. H. P. Singhania acts as the chairman to the Committee. The Company Secretary acts as the Secretary of the committee. The Chief Financial Officer, the External and Internal Auditors are the regular invitees. The Composition of the Audit Committee meets the requirement of the Regulation 18 of SEBI (LODR) Regulations, 2015 and the provisions of the Companies Act 2013.

The Composition of the Audit Committee:-

Sl no.	Name of the Member	Position	Category
1	Mr. H. P. Singhania	Chairman	Non-Executive Independent Director
2	Mr. R. S. Shukla	Member	Non-Executive Independent Director
3	Mr. Sanjay Jhunjhunwala	Member	Promoter Executive Director
4	Mr. S. K. Gupta	Member	Non-Executive Independent Director

Terms of Reference and Powers:

All the members of the Committee have sound knowledge of finance and accounts. The terms of reference and powers of the audit committee covers areas mentioned under Regulation 18 SEBI (LODR) Regulations, 2015 and section 177 of the Companies act, 2013 (hereinafter referred as "the act"). The Committee observes the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

- Recommends the appointment and removal of external auditor, fixing audit fees and also approval for payment for any other services.
- Reviews the quarterly, half yearly annual financial statements with the management before submission to the Board.
- Reviews the external and internal auditors, and adequacy of internal control system with the management.
- Reviews the adequacy of internal audit function 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.
- Reviews the findings of any internal investigation by the Internal Auditors into matters where there is suspected fraud.
- Discussion with External Auditors before the commencement of Audit about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Review of company's financial risk management policies also to look into the reasons for substantial defaults in

payments to depositors, shareholders and creditors.

Meetings and Attendance:-

During the year ended on 31st March, 2019, four committee meetings were held on 22.05.2018, 07.08.2018, 14.11.2018 and 06.02.2019

Sl no.	Name of the Member	Position	Number of meetings held	Number of Meetings Attended
1	Mr. H. P. Singhania	Chairman	4	3
2	Mr. R. S. Shukla	Member	4	4
3	Mr. Sanjay Jhunjhunwala	Member	4	3
4	Mr. S.K. Gupta	Member	4	1

Nomination and Remuneration Committee

The Remuneration Committee comprises of three directors, and all the three directors are non-executive independent directors. Mr. H. P. Singhania acts as the chairman of the committee. During the year ended on 31st March 2019, four committee meetings were held on 22.05.2018, 07.08.2018, 14.11.2018 and 06.02.2019. The details are as follows :

Sl no.	Name of the Member	Position	Number of meetings held	Number of meetings attended
1.	Mr. H. P. Singhania	Chairman	4	3
2.	Mr. R. S. Shukla	Member	4	4
3.	Mr. S. K. Gupta	Member	4	1

Remuneration Policy

The remuneration as applicable to executive/non-executive directors provides for the following :

Non-Executive Directors

The remuneration to the non-executive directors is decided and approved by the Board of Directors of the Company unanimously. The sitting fees payable to the Non- Executive Directors is Rs. 10,000/- for each Board meeting and Rs.2000/- for each Committee meeting. There is no pecuniary relationship or transactions between the non-executive directors and the listed entity. The criteria of making payments to non-executive directors disseminated on the www.kmsugar.com.

Executive Directors

The Executive Directors are paid remuneration as decided and recommended by the Nomination and Remuneration Committee to the Board of Directors and approved by the Shareholders of the Company.

On the recommendation of the Nomination and Remuneration Committee, the Board, at its meeting held on May 29, 2019 has approved the change in terms including remuneration and perquisites payable to them, with effect from April 01, 2019 till the date of ensuing 46th annual general meeting. In terms of the provisions of section 196, 197 read with schedule V of the Companies Act, 2013, the approval of the members is required for making such variation.

Further the approval of the shareholders in general meeting is also required, as the aggregate annual remuneration



payable to executive directors who are promoters or members of the promoter group, exceeds 5 per cent of the net profits or annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher, in terms of regulation 17(6)(e) of the SEBI Listing Regulation, 2015..

The remuneration paid to the directors during the year ending on 31st March, 2019 is given in form no. MGT-9 as Annexure -9.

Performance Evaluation

Performance evaluation of the Board, the Board Committees and the individual Directors was carried out by the Board in accordance with the Policy approved by the Nomination & Compensation Committee in this regard.

Service Contract, Severance Fee and Notice Period

The appointment of the Chairman, Managing Director, Jt. Managing Director and Executive Director is for a term of Five Consecutive years and is governed by resolutions passed by the Board and the Shareholders of the Company, which cover the terms and conditions of such appointment read with the service rules of the Company. A separate Service Contract is not entered into by the Company with those elevated to the Board. Letters of appointment have been issued by the Company to the Independent Directors, incorporating their roles, duties, and responsibilities etc., which have been accepted by them. There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Directors. The statutory provisions will however apply. With respect to notice period of Directors, the statutory provisions will also apply.

Employee Stock Option Schemes

The Company has not granted any Stock Option Schemes during the financial year.

Stake Holders' Relationship Committee

The Stake Holders' Relationship Committee comprises of four directors out of which one is executive and three are non-executive Independent Directors.

The Stake Holders' Relationship Committee looks after the cordial investor relations and oversees the various aspects of the shareholders and resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. Reviews the measures taken for effective exercise of voting rights by shareholders, reviews the adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent, review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company and are placed at the Board Meeting from time to time.

Besides, it monitors implementation and compliance of the

Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015.

During the year ended on 31st March, 2019 four committee meetings were held on 22.05.2018, 07.08.2018, 14.11.2018 and 06.02.2019. The details are as follows:

Sr no.	Name of the Member	Position	Number of meetings held	Number of meetings attended
1	Mr. H. P. Singhania	Chairman	4	3
2	Mr. R. S. Shukla	Member	4	4
3	Mr. S. K. Gupta	Member	4	1
4	Mr. Aditya Jhunjhunwala	Member	4	4

Corporate Social Responsibility Committee:

The company has a CSR Committee and formulated a CSR policy and has been pursuing the objects as mentioned u/s 135 in schedule VII. The Committee comprises of three directors out of which two are executive and one is non-executive Independent Directors.

During the year ended on 31st March, 2019, four committee meetings were held on 22.05.2018, 07.08.2018, 14.11.2018 and 06.02.2019. The details are as follows:

SI no.	Name of the Member	Position	Number of meetings held	Number of meetings attended
1	Mr. L.K. Jhunjhunwala	Chairman	4	4
2	Mr. Sanjay Jhunjhunwala	Member	4	3
3	Mr. S. K. Gupta	Member	4	1

Circular Resolution

The Company passed a resolution by circulation during the year under review.

General Body Meeting

Day, date, time and venue of the Annual General Meeting

Day & Date: Tuesday, 20th August, 2019

Time: 11.00 AM

Venue: 11- Moti Bhawan, Collector Ganj, Kanpur-208001

Dates of Book Closure:

From 14th August to 20th August, 2019, both days inclusive

The details of the last three Annual General Meetings are as follows:-

Financial Year	Day & Date	Location	Time
2015-16	28.09.2016	Regd. Office - 11-Moti Bhawan, Collector Ganj, Kanpur-208001	11.00 a.m.
2016-17	28.09.2017	Regd. Office - 11-Moti Bhawan, Collector Ganj, Kanpur-208001	11.00 a.m.
2017-18	28.09.2018	Regd. Office - 11-Moti Bhawan, Collector Ganj, Kanpur-208001	11.00 a.m.

Postal Ballot

No resolution was passed through postal ballot during the year under review. Further there was no special resolution passed during last year through postal ballot.

Means of Communication

The quarterly and annual results of the Company are published in prominent newspapers viz. The Financial Express and Rashtriya Sahara. The results are communicated to the stock exchanges, immediately after



approval of the Board. The Company has its website www.kmsugar.com, which provides the Comprehensive details of the operations of the Company. The management discussion and analysis report forms a part of the annual report. Intimation of Board meeting - The Company publishes Notice of Board Meeting to consider financial results in newspapers. The given below is the details of publishing of quarterly results of the Company -

	Date of Publication of Notice of Board meeting	Financial Results		News paper
		Date of approval by Board	Date of Publication	
Quarter ended 30.06.2018 (Un-audited)	31.07.2018	07.08.2018	08.08.2018	Financial Express ; Rashtriya Sahara
Quarter ended 30.09.2018 (Un-audited)	07.11.2018	14.11.2018	15.11.2018	Financial Express ; Rashtriya Sahara
Quarter ended 31.12.2018 (Un-audited)	29.01.2019	06.02.2019	07.02.2019	Financial Express ; Rashtriya Sahara
Quarter and Year ended 31.03.2019 (Audited)	21.05.2019	29.05.2019	30.05.2019	Financial Express ; Rashtriya Sahara

* Publication arranged

The results published also show as footnote relevant additional information and/or disclosures to the investors. Financial results were uploaded on concerned site of Stock Exchanges (BSE/NSE) within stipulated time period after the conclusion of the Board meeting.

Website

The Company maintains a functional website www.kmsugar.com that contains relevant information updated in time and complies with SEBI (LODR) Regulations, 2015.

Whistle Blower Policy

In pursuit to maintain the highest ethical standards in the course of its business, the Company has put in place a mechanism for reporting of instances of conduct which is not in conformity with its Code. The Company formulated a Whistle Blower policy wherein the employees are free to report violations of law, rules, regulations, unethical conduct, misuse of authority, financial irregularities etc. by way of e-mail directly to the Chairman of Stakeholder Relationship Committee. The whistle blowers may also have direct access to the Chairman of Audit Committee.

The Whistle blower policy aims at:

- Encouraging the directors and employees to feel confident in raising serious concerns.
- Providing ways for the directors and employees to raise their concerns and get feedback On the concerns raised by them.
- Ensuring that the directors and / or employees get a response to their concerns.
- Reassuring the directors and / or employees that if the concerns are raised in good faith,
- They will be protected from victimization, initiating action, where necessary, to set right the concern raised.
- Ensuring that the Policy is not abused.

The Directors and Management personnel maintain confidentially of such reporting and ensure that the whistle

blowers are not subjected to any discrimination.

No employee was denied access to the Audit Committee.

Compliance

The Board has complied with all the Compliance related under Regulation 34 of SEBI (LODR) Regulations, 2015.

Compliance with Corporate Governance Norms

The Company has complied with Mandatory requirements of the Code of Corporate Governance as Stipulated under Regulation 34 of SEBI (LODR) Regulations, 2015. The Company has submitted its Compliance Report in the prescribed format to the Stock Exchange for the quarter's ended 30-06-2018, 30-09-2018, 31-12-2018 and 31-03-2019 on 04.07.2018, 09.10.2018, 04.01.2019 and 10.04.2019. The Secretarial Auditors have certified that the company has complied with the Corporate Governance norms as stipulated by the Stock Exchanges under SEBI (LODR) Regulations, 2015 including the amendments thereof.

Reconciliation of the Share Capital Audit

As Stipulated by Securities and Exchange Board of India (SEBI), a qualified Practicing Company Secretary carries out the Reconciliation of the 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.

Code of Conduct

The Board of Directors has laid down a Code of conduct for the Members of the Board members as well as the employees in the senior Management of the Company, The Chairman has confirmed and declared that all the Members of the Board as well of the employees in the senior Management have affirmed Compliance with the Code of Conduct.

Green initiatives in Corporate Governance

Ministry of Corporate Affairs have taken a Green Initiative in Corporate Governance by allowing paperless Compliance by the Companies after considering the relevant sections of the Information and Technology Act, 2000, for legal validity of Compliance under the Companies Act, through Electronic Mode.

In terms of the provisions of the Companies act, 2013 and rules made thereunder various notices/ documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc.) are being sent to the shareholders through electronic mode to the registered e-mail addresses of the shareholders.

The Company has not issued any Press Release or made any presentation to the investors or analysts about its financial results during the year.



General Shareholder Information:

Annual General Meeting for the financial year, 2018-2019
Day, date, time and venue of the Annual General Meeting
Day & Date : Friday, 20th August, 2019
Time : 11.00 AM
Venue : 11- MotiBhawan, Collector Ganj,
Kanpur-208001

Business Responsibility Report

SEBI has mandated by its circular dt. 13.08.2012 the inclusion of Business Responsibility Reports (BR Reports) as part of the Annual Reports for listed entities. Regulation 34(2)(f) SEBI (LODR) Regulations, 2015 has been inserted in the Equity Listing Agreement for this purpose. Initially this has been made applicable for top 500 listed entities and our Company is not presently covered by this.

Company commitment

Our Company keeps constant track of prevalent practices among bellwether corporate towards formulating and fine tuning its responses to the emerging areas on Corporate Governance and responsible business. It continues to take affirmative steps for substantive compliance commensurate with its size, nature of business and governing structure.

Our Company enjoys considerable goodwill of the residents in its neighborhood for its transparency in dealings and fair practices in place. It would be relentless in its pursuit and strengthen its focus for doing responsible business.

Listing on Stock Exchanges

Equity Shares	Equity Shares
Stock Code: 532673	Stock Code: KMSUGAR
Bombay Stock Exchange Limited, 25 th Floor, PhirozeJeejeebhoy Towers, Dalal Street, Mumbai.	National Stock Exchange of India Limited, Exchange Plaza, C-1, Block - 'G', BandraKurla Complex, Bandra(E), Mumbai-400051
Tel: 91-22-22728527/ 8307	Tel: 91-22-26598100
Fax: 91-22-22721072	Fax: 91-22-26598237/38
Website: www.bseindia.com	Website: www.nseindia.com

Listing fees up to the financial year ended 31-03-2019 has been paid to all the concerned stock exchanges by the Company.

Depositories:

1. National Securities Depository Ltd., Trade Worlds, 4 th floor, Kamala mills Compound, SenapatiBapat Marg, Lower Parel, Mumbai – 400013	2. Central Depository Services (India) Ltd., PhirozeJeejeebhoy Towers, 17 th floor, Mumbai 400023
Compliance officer Ms. Pooja Dua, Company Secretary, 76-Eldeco Green, Gomti Nagar, Lucknow-226010 is Compliance Officer of the Company.	Registrar & Share Transfer Agent Link Intime India Pvt Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 Tel No : +91 22 49186270 Fax: +91 22 49186060 E-mail id : rnt.helpdesk@linkintime.co.in Website : www.linkintime.co.in

Stock Market Data (InRs.)

Month	Quotation at BSE			Quotation at NSE		
	High	Low	Closing	High	Low	Closing
Apr-18	14.4	9.46	11.24	11.6	10.9	11.15
May-18	11.79	8.81	9.29	9.5	9.1	9.15
Jun-18	9.49	7.55	8	8.15	7.6	8.05
Jul-18	8.85	7.3	7.85	8.05	7.65	7.7
Aug-18	9.95	7.62	8.68	8.75	8.6	8.65
Sep-18	13.98	8.35	9.24	9.6	9.15	9.15
Oct-18	10.49	8.05	8.9	9.15	8.7	8.8
Nov-18	9.79	8.12	8.35	8.65	8.2	8.45
Dec-18	8.7	7.45	8.05	8.2	7.95	8.00
Jan-19	8.8	7.35	7.72	8	7.75	7.8
Feb-19	9.44	6.2	9.09	9.1	8.4	8.8
Mar-19	10.6	7.56	9.03	9.75	8.8	9.1

Shareholding Pattern as at 31st March, 2019

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group				
(1) Indian				
Individuals / Hindu Undivided Family	11	43436484	43436484	47.21
Bodies Corporate	4	14376521	14376521	15.63
Any Other (Specify)	2	309329	309329	0.34
Promoter Trust				
Sub Total (A)(1)	17	58122334	58122334	63.18
(2) Foreign	0	0	0	0
Total shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	17	58122334	58122334	63.18
(B) Public Shareholding				
(1) Institutions				
(a) Central Government / State Government (s)	1	1140	1140	0.00
(b) Financial Institutions/Banks	2	15330	15330	0.02
Sub Total (b)(1)	3	16470	16470	0.02
(2) Non-Institutions				
(a) Body Corporate	133	2040691	2040686	2.21
(b) Individual				
(i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	15956	25623445	25622320	27.85
(ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	15	3407839	3407839	3.70
(iii) NBFCs registered with RBI	3	33500	33500	0.04
(iv) Any Other (Specify)				
Clearing Member	80	503563	503563	0.55
Non Resident Indians (Repat)	171	964371	964371	1.05
Non Resident Indians (Non Repat)	62	475162	475162	0.52
Hindu Undivided Family	372	812495	812495	0.88
Trusts	1	300	300	0.00
Sub Total (B)(2)	16793	33861366	33860236	36.80
Total Public Shareholding (B) = (B)(1)+(B)(2)	16796	33877836	33876706	36.82
Total (A)+(B)	16813	92000170	91999040	100
(C) Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0
(1) Promoter and Promoter Group	0	0	0	0
(2) Public	0	0	0	0
Sub Total	0	0	0	0
Total (A)+(B)+(C)	16813	92000170	91999040	100



Demat of Shares

The trading of the Company's equity shares falls under the category of compulsory delivery in dematerialized mode



and are available for trading on both the depository system of India, National Securities Depository Ltd. and Central Depository Services (India) Ltd.

Share Transfer System

A valid share transfers are normally affected within maximum of 30 days from the date of receipt.

Distribution of Shareholding

Category	No. of Share Holders	% of Total	Shares	% of Total
1-1000	12691	74.0604	4888032	5.3131
1,001-2000	1760	10.2708	2816517	3.0614
2001-3,000	792	4.6218	2069207	2.2491
3,001-4,000	369	2.1534	1352046	1.4696
4,001-5000	433	2.5268	2089258	2.2709
5,001-10000	601	3.5072	4522408	4.9157
10001-above	490	2.8595	74262702	80.7202
TOTAL *	17136	100.000	92,000,170	100.000

* The Company disclosed 16813 nos. of shareholders while submitted Share Holding Pattern to Stock Exchange(s) for the quarter ended 31-03-2019 as PAN nos. of some to them were merged for the purpose of their holding. However, the total nos. of shareholders were 17136 as on 31-03-2019 as per distribution chart.

Plant Location

Unit : Sugar, Cogeneration, Distillery, District Faizabad, Uttar Pradesh.

Insider Trading

The Company had framed a Code of Conduct for prevention of insider trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code was applicable to all directors and designated employees. It is hereby affirmed that all directors and designated employees have complied with this code during FY 2018-19 and a confirmation to this effect has been obtained from them.

In terms of these Regulations, the Board formulated the:

- Code of Practices and Procedures for Fair disclosure of Unpublished Price Sensitive Information; and
- Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders.

This has been uploaded in the Company's website.

The trading window shall remain closed during the period when designated persons in terms of the Regulations can reasonably be expected to have possession of unpublished price sensitive information. In any event, the trading window shall remain closed from the first day of following quarter till 48 hours of the disclosure of such financial results.

The Company Secretary is designated as the compliance officer for this purpose. The Audit Committee monitors the adherence to various requirements as set out in the Code.

Related Party Transactions

The Board formulated a Policy on Related Party Transactions (RPTs) available on the company's website www.kmsugar.com. A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous

transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the company.

The regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), Section 188 of the Companies Act, 2013 read with Rules framed thereunder and the Company's policy on Related Party transaction(s), the approval of the members of the Company is required to the contract(s)/ arrangement(s)/ transaction(s) with Shri Shakti Credits Limited, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for sale of sugar, for an aggregate value of Rs. 55.99 Crore for the financial year 2018-19, being material related party transaction due to exceeding the threshold of ten percent of the annual consolidated turnover of the Company as per the last audited financial statements.

Further the approval of the members of the Company is required to the contract(s)/ arrangement(s)/ transaction(s) to be entered into from time to time in the ordinary course of business with Francoise Commerce Private Limited, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, or sale/Purchase of sugar for an aggregate value not exceeding Rs. 100 Crore, being material related party transaction as it exceeds the threshold of ten percent of the annual consolidated turnover of the Company as per the last audited financial statements.

All RPTs during the year ended 31st March 2019 have been disclosed in reference to IND-AS 24 in Note 36.18 (c) of the financial statements and AOC-2 as Annexure-7.

No related party shall vote to approve relevant transaction.

Whistle Blower Policy

Pursuant to Section 177 (9) of the Act read with relevant Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (LODR) Regulations, 2015, the Company has established a vigil mechanism overseen by the Audit Committee. This has been uploaded in the Company's website. No complaint under this facility was received during the period under review.

Anti-Sexual Harassment Policy

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received on sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaint on sexual harassment was received during the period under review.

Credit ratings obtained by the entity

The credit ratings obtained by the company from Brickwork Rating India Pvt. Ltd. during the current financial year, has been upgraded to BRICKWORK BBB vide letter dated 05.07.2019.



Other Compliances

- i) Management Discussion and Analysis Report
Management Discussion and Analysis Report is made in conformity with SEBI (LODR) Regulations, 2015 and is attached to the Board's Report forming part of the Annual Report of the Company.
- ii) Quarterly Financial Results
Pursuant SEBI (LODR) Regulations, 2015, Quarterly Financial Results are approved by the Board on the recommendations of the Audit Committee.
These are communicated to Stock Exchanges by email after the conclusion of the Board Meeting and published in leading daily newspapers, as required, within the stipulated time. These are also immediately posted on the Company's website.
- (iii) Quarterly Compliance Report
The Company has submitted the Compliance Report on Corporate Governance, Shareholding pattern, Investors Grievances to Stock Exchanges in the prescribed format within stipulated time for four quarters during 1st April, 2018 to 31st March, 19 from the close of each quarter.
- (iv) Online filing
NEAPS: Quarterly reports to National Stock Exchange have been filed through NSE Electronic Application Processing System (NEAPS).
BSE: Quarterly reports to Bombay Stock Exchange have been filed through BSE Listing Centre.
SCORES: SEBI requires all listed Companies to process investor complaints in a centralized web based complaint system called 'SEBI Complaints Redress System (SCORES)'. All complaints received from shareholders of listed Companies are posted in this system. Listed Companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES. During the year under report, there was no complaint on our Company posted at SCORES site.
- (v) Reconciliation of Share Capital Audit
The Company submits quarterly Reconciliation of Share Capital Audit to Stock Exchanges on reconciliation of the total admitted capital with NSDL / CDSL and the total issued & listed capital submitted for quarter ended 30.06.2018, 30.09.2018, 31.12.2018 and 31.03.2019 on 21.07.2018, 16.10.2018, 15.01.2019 and 19.04.2019 respectively.
- (vi) Accounting treatment
The Financial Statements have been prepared in compliance with applicable provisions of the Companies Act, 2013 read with rules issued thereunder, applicable Indian Accounting Standard and the provision of SEBI (LODR) Regulations, 2015 including the amendments thereof have been followed.
In accordance with the notification dated 16th February, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting

Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from 1st April, 2016 with restatement of previous year figures presented in this financial statements. Accordingly, the financial statements have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 ("Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) have been considered in preparing these financial statements.

(vii) Cost Audit

Pursuant to Section 148 read with the Companies (Cost Records and Audit) Rules, 2014, the Company has appointed M/s. Aman Malviya & Associates, Cost Accountants, Lucknow to undertake cost audit of the Company for year ended as at 31-03-2019. Their remuneration was approved by the Board.

- Audit Qualification in Report - Nil

(viii) Secretarial Standards & Secretarial Audit -

Pursuant to Section 118 (10) of the Act, every Company shall observe Secretarial Standards with respect to General and Board meetings specified by the Institute of Company Secretaries of India. The Ministry of Corporate Affairs has accorded approval for the Secretarial Standards on Meetings of Board of Directors (SS-1) and General Meetings (SS-2) that come into force from 1st July 2015. The Company's practices and procedures mostly meet with all these prescriptions and residual requirements will be taken care.

Pursuant to Section 204(1) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Pragati Gupta, a Practising Company Secretary- (C.P.No.7878) to undertake the Secretarial Audit of the Company for year ended as at 31-03-2019. The Secretarial Audit Report was placed before the Board on 29.05.2019 as per Annexure-10. There are no qualifications in the Secretarial Audit Report.

(ix) Internal Auditor

Pursuant to Section 138(1) of the Act the Company has appointed M/s. VAA & Associates, Chartered Accountants, to conduct internal audit of the functions and activities of the Company for year ended as at 31-03-2019. The internal auditor reports directly to the Audit Committee.

(x) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for year ended 31st March 2019 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.



- (xi) Peer Review of Auditors
Regulation 33(d) of SEBI (LODR) Regulations, 2015 stipulates that in case of audit reports with unmodified opinion(s), the listed entity shall furnish a declaration to that effect to the Stock Exchange(s) while publishing the annual audited financial results. Necessary declaration is given herein in the report.

Compliance with non-mandatory requirements

- (i) Board - Chairman's office is separated from CEO. The Chairman is Executive Director and maintains an office at the Company's expense.
(ii) Shareholders' Rights - Audited Results on the Company's financial performance are sent to shareholders. These are posted on the Company's Website and soft copy of same emailed to shareholders whose email ids are available with the Company. Shareholders who have not furnished their email ids' are advised to furnish same to cs@kmsugar.com or rnt.helpdesk@linkintime.co.in.
(iii) Section 136(1) of the Act and SEBI (LODR) Regulations, 2015 permits circulation of abridged Accounts in lieu of full-fledged Annual Report. The Company has however not exercised this option and continues to send Annual Report in full form to all shareholders.

The Company sought shareholders' cooperation to fall in line with the Green Initiatives of the Central Government by way of sending communications in e-mode.

(iii) Audit Qualifications

The Company since inception has ensured to remain in the regime of unqualified financial statements. SEBI vide its circular dt.13th August 2012, has evolved a system to monitor audit qualification covered in Auditor's Report. Accordingly, listed companies while submitting Annual Report under Regulation 33(3)(d) of SEBI (LODR) Regulations, 2015 are required to furnish a declaration to that effect to the Stock Exchange(s). Our Company has complied with this SEBI Circular while furnishing the Annual Reports for the financial year ended 31st March, 2019 under a declaration with the unmodified opinion.

Other Disclosures

- (i) Details of non-compliances, penalties and structures by Stock Exchanges / SEBI / Statutory Authorities on any matter related to capital markets during the last three years : None
(ii) Inter-se relationships between Directors and Key Managerial Personnel of the Company : None
(iii) There were transactions with related parties i.e. promoters, directors, management, subsidiaries or relatives etc. which does not having potential conflict with the interest of the Company at large. Adequate disclosure has been made as per IND-AS -24 in Note no. 36.18 (c) of the Financial Statements.
(iv) Material financial and commercial transactions of senior management, where they may have had

personal interest, and which had potential conflict with the interests of the Company at large : None

- (v) Details of utilization of funds raised through preferential allotment or qualified institutions placement : Not Applicable
(vi) None of the Directors of the Company has been debarred or disqualified from being appointed or continuing as a Director by SEBI / Ministry of Corporate Affairs / Statutory Authorities, which has also been confirmed by Pragati Gupta, Practicing Company Secretaries in the report forming a part of Annexure-5.
(vii) Confirmation by the Board with respect to the Independent Directors is provided in the Report on Corporate Governance under the head Board of Directors.
(viii) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the Anti-Sexual Harassment Policy, forming part of the Report on Corporate Governance.
(ix) The financial statements are prepared under the historical cost convention and have been prepared in accordance with the applicable mandatory Accounting Standards prescribed by The Institute of Chartered Accountants of India.
(x) Business risk evaluation and management is an ongoing process within the Company, which is periodically reviewed by the Board of Directors for determining its effectiveness.
(xi) Information with respect to Commodity Price Risk or Foreign Exchange Risk and Hedging Activities is provided in Management Discussion Analysis Report in Annexure-5.
(xii) The board if has not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year: None
(xiii) The total fees paid by the Company to M/s Agiwal & Associates, Statutory Auditors and its subsidiaries to M/s. Mehrotra & Mehrotra, Statutory Auditors of the Company, and all other entities forming part of the same network, aggregate of Rs. 4,38,000/- Declaration under Schedule V (D) of the SEBI (LODR) Regulations, 2015
I, L.K. Jhunjhunwala, Chairman of M/s. K.M. Sugar Mills Limited, hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of conduct of Directors and Senior Management Personnel of the Company for the financial year 2018-19 and a confirmation to this effect has been obtained from them individually for the period under review.

For and on behalf of the Board of
K. M. Sugar Mills Ltd.

Date: 29.05.2019

Place: Lucknow

Sd/-

L. K. Jhunjhunwala
(Chairman)



Declaration under Regulation 33(3)(d) of the SEBI (LODR) Regulations, 2015

I, S.C Agarwal , Executive Director and Chief Executive officer of the company, hereby declare that the statutory auditors of the Company-M/s. Agiwal & Associates, Chartered Accountants ,New Delhi having firms registration number (FRN-000181N) have issued an Audit report with the unmodified opinion on standalone and consolidated financial results for the year ended 31st March, 2019.

For and on behalf of the Board of

K. M. Sugar Mills Ltd.

Date: 29.05.2019

Place: Lucknow

Sd/-

S.C. Agarwal
Executive Director
-cum-CEO

Annexure-4

Report on CSR

The Company constituted the CSR Committee, which consists:

Shri L.K. Jhunjuwala – Chairman
(Whole – time Working Director)

Shri S. K. Gupta – Member
(Independent Director)

Shri Sanjay Jhunjunwala – Member
(Joint Managing Director)

- Further, the Company spent on CSR activities on the basis of average net profit of the Company for last 3 financial years: Rs. 2497 lacs;
- Prescribed CSR Expenditure (two percent of the amount as in item 1 above): Rs. 50.00 lacs.
- Details of CSR spent for the financial year:
 - Total amount spent for the financial year: Rs. 51.40 lacs
 - Amount unspent, if any : NIL
 - Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR Project or activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) State & district where project or programs was undertaken	Amount outlay (budget) project or programs wise - Rs. in Lacs	Amount spent on the projects or programs Sub-heads: Rs. in Lacs
1.	Medical Care in the disease prevention and care through Shri Lakshmi Public Charitable Trust	Under Schedule VII of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014 - Medical Care in the disease prevention and care.	Shri Lakshmi Public Charitable Trust	49.40	49.40
2.	Construction of Borewell, hand-pump, ponds, furniture to girls inter college in the villages of Masodha, Mahavan, Haringtanganj etc. nereby to the factory Distt. Of Ayodhya	Under Schedule VII of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014 - (i)ensuring environmental sustainability; (ii)promotion of education.	Self	2.00	2.00

- Responsibility statement of the CSR Committee : CSR Committee confirmed that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Annexure-5

Management Discussion and Analysis Report

Industry Facts :-

- Sugar is one of world's major agro- based industries and is also one of the most actively traded soft commodities on the exchange
- More than 80 % of Sugar produced is from sugarcane while balance is from sugar beet.
- Top 5 sugar producers in the world, namely, Brazil, India, EU, China & Thailand, account for over 60 % of the total production.
- The sugar prices have been seen high level of volatility and now it is at a comfortable level.
- India is the second largest producer of sugar in the world and its production in 2018-19 was 32.12 Million tonnes.
- Around 5 million hectares of land under sugarcane.
- 50 million cane farmers and their dependents.
- Around 700 sugar mills installed and 530 operational.
- India is World's largest consumer of sugar and usually consume all sugar produced domestically about 62-65% of sugar consumed directly by bulk users.

Global Sugar Industry

Global production is down 6.7 million tons to 178.9 million.

- India is cut 2.8 million tons to 33.1 million on lower yields.
 - EU is down 1.4 million tons to 18.2 million as drought took a toll on sugar beet production.
 - Brazil is lowered 1.1 million tons to 29.5 million with more cane utilized for ethanol production versus sugar.
 - Mexico is raised 186,000 tons because of good sugarcane yields.
- Global imports are little changed overall at 51.1 million tons.
- India is boosted from zero to 1.2 million tons due to a Duty-Free Import Authorization scheme and higher imports from Brazil.
 - United Arab Emirates is down 450,000 tons to 2.2 million on lower imports from Brazil.
 - Japan is down 200,000 tons to 1.1 million on lower imports from Australia. Foreign Agricultural Service/USDA 3 May 2019
- Global exports are down 1.4 million tons to 56.4 million.
- EU is lowered 1.0 million tons to 2.0 million in line with reduced production. o India is down 600,000 tons to 3.4 million.
 - Mexico is up nearly 1.0 million tons to 2.1 million due to higher shipments to markets outside the United States. - Global ending stocks are lowered 1.9 million tons to 50.9 million.



- iii. Brazil is down 1.0 million tons to 220,000 due to lower production. o Pakistan is lowered 785,000 tons to 2.1 million on less production.
- iv. Indonesia is raised 700,000 tons to 2.2 million on higher imports from Thailand and Australia.

As per the LONDON (Reuters) Report – The International Sugar Organization (ISO) said that the global sugar surplus is expected to be 641,000 tonnes in the 2018/19 season, down from a previous forecast of 2.17 million. The inter-governmental body said the smaller surplus was mainly due to a downward revision in production forecasts for Brazil and the European Union, although the forecast for Thailand's output was revised up.

Global production in 2018/19 was seen at 178.68 million tonnes, down from a previous forecast of 180.49 million tonnes. The ISO said production forecast for Brazil had been revised down by 1.35 million tonnes and the European Union's forecast was lowered by 800,000 tonnes. Thailand's projection was raised by 800,000 tonnes. However, India's forecast was unchanged at 32.0 million tonnes but the ISO said that "if our forecast proves over-optimistic, a reduction in India's actual output may have significant consequences for the global picture."

Global consumption was seen at 178.04 million tonnes in 2018/19, a rise of 1.63 percent from the prior season, marginally below the 10-year average of 1.67 percent.

The ISO said its assessment pointed to a well-balanced supply and demand although stocks remain high.

Indian Sugar Industry

India's 2018-19 sugar production likely to be up by 1.5 per cent over previous year, says industry body Indian Sugar Mills Association (ISMA). Sugar mills across the country have produced 321.19 lakh tonnes of sugar between 1st October 2018 and 30th April 2019. This is about 9.36 lac tons more than 311.83 lac tons produced at the same time last year.

"However, as compared to 110 sugar mills which were still crushing sugarcane on 30th April 2018 last year, only 100 sugar mills are crushing sugarcane on 30th April 2019 this year. With lesser number of sugar mills working as of now, sugar production in the balance part of the current season will be much less than what was produced in the last year.

The sugar recovery in Northern India has been substantially better than the sugar recovery achieved in the last season. In the other parts of the country, including Maharashtra and Karnataka also, the sugar recovery is better than last year, though not as high as achieved in North India. Therefore, even though the quantum of sugarcane crushing in the current season is less than that in the last season, the sugar production in 2018-19 will be marginally more than last year. Therefore, the sugar production in the current year for the whole country is expected to be around 330 lakh tonnes about 5 lakh tonnes more than last year.

Maharashtra's sugar production has reached 107 lakh tonnes upto 30th April 2019 and all the mills except one have ended their operations for the season.

UP sugar mills have produced 112.65 lakh tonnes of sugar as on 30th April 2019, which is 0.27 lac tons higher than the production achieved by them last year on the corresponding date. Out of 119 mills operated this year, 51 mills have ended their crushing, and 68 mills continue their operations now.

All sugar mills in Karnataka have ended their crushing for the season 2018-19 SS and they have produced 43.20 lakh tonnes of sugar till 30th April 2019.

Sugar mills in Gujarat, Tamil Nadu, Andhra Pradesh & Telangana and Madhya Pradesh & Chhatisgarh have produced 11.19 lakh tonnes, 7.05 lac tons, 7.60 lakh tonnes and 5.30 lakh tonnes respectively. Similarly, sugar mills of Bihar, Punjab and Haryana have also produced 8.35 lac tons, 7.70 lac tons and 6.75 lac tons as on 30th April .2019.

Considering the opening balance of 107 lakh tonnes on 1st October 2018, estimated production of 330 lakh tonnes and domestic consumption of 260 lac tons as well as exports of 30 lakh tonnes of estimated sugar exports, sugar stocks at the end of the current 2018-19 SS i.e., 30th September 2019, are expected to be at a higher level of around 147 lakh tonnes.

The field reports from Maharashtra suggest that sugarcane planting in most of the regions in Maharashtra for harvesting in next 2019-20 season is significantly lower than the sugarcane harvested in the current season.

Additionally due to substantially lower rainfall during last season's monsoon (June to September 2018) as also during the retreating monsoon i.e. North East Monsoon (October to December 2018), water in most of the reservoirs in Maharashtra is much below normal levels, which remained so, for most of the last 7 to 8 months. Therefore, the indications are that the acreage under sugarcane in Maharashtra for next year's harvesting will be significantly lower than the current season.

Therefore, at an all India level there is a general expectation that the sugarcane availability will be much lower in 2019-20 than what has been in the current season, thereby reducing sugar production next year.

ISMA will obtain satellite images of the sugarcane area across the country in latter part June 2019 to make its preliminary estimates of sugarcane availability and sugar production for 2019-20 sugar season.

Government Policies :

- To provide up to Rs 10,540 crore as soft loans to sugar mills NSE -4.41 % will help them in clearing arrears of cane growers by about Rs 9,000 crore. It would cost exchequer up to Rs 1,054 crore as interest subsidy.
- The interest subsidy of 7-10 % will reduce expenditure of 800-900 crore on account of interest burden of mills.
- To ensure that farmers are paid their dues expeditiously, the Centre has asked banks to seek bank account details of cane growers from mill owners, so that amount is paid directly to farmers.

In order to incentivise the mills to clear their dues, CCEA also decided that the approved soft loans will be provided to those units which have already cleared at



- least 25 per cent of their outstanding dues in the sugar season 2018-19.
- The Central Government raised benchmark selling price of sugar at factory gate by Rs 2 to Rs 31 per kg.
- An assistance of Rs 5.50 per quintal of cane crushed was announced, amounting to Rs 1,540 crore to mills, for 2017-18. This has been raised to Rs 13.88 per quintal for 2018-19, costing over Rs 4,100 crore to the exchequer.
- Around Rs 1,200 crore was allocated for the creation of 30 lakh tonnes of buffer stock of sugar.
- The Central Government is providing assistance worth Rs 1,375 crore to mills by compensating expenditure towards internal transport, freight, handling and other charges to facilitate 50 lakh tonnes export during the 2018-19 marketing year.

POLICY :

- Sugarcane Production and Pricing Policy
According to industry sources, the sugar industry will continue to be subject to production controls by state governments, including sugar industry licensing, cane area reservation, minimum distance criteria, adoption of the cane price formula, specified cane procurement areas for sugar mills, and cane pricing. On a side note, the sugar procurement for public distribution system (PDS) operation is being made from the open market by the state/Union Territories, and the Government is providing a fixed subsidy at INR 18.50 per kg for restricted coverage only to the Antyodaya Anna Yojana (AAY) families who will be provided 1 kg of sugar per family per month.

Sugar surplus is bad for everyone. It depresses the prices apart from affecting the cash flow of the mills. They struggle to pay the farmers and as arrears mount the government is forced to step in and help the mills clear the dues through relief packages.

To avoid this situation, the government typically encourages the mills to export. But that is easier said than done. The high cane prices (Indian mills pay Rs. 2,890 per tonne of cane compared with Rs. 1,732 in Brazil, Rs. 1,739 in Australia and Rs. 1,842 in Thailand) and lower economies of scale, the cost of production in India is way above the international sugar prices.

In 2017-18, the production cost was Rs. 3,580 per quintal of sugar while the international prices averaged Rs. 2,080.

To get exports going, the government offers subsidies which, at best, cover only a part of the cost. Mills still export at a loss to reduce the stock and release the badly needed working capital. That is why India, despite its significant surplus, is not a serious player in the global sugar market.

The ideal way to manage sugar surplus is to link the sugarcane price to output price. Today, cane price keeps increasing irrespective of the price of sugar. That is the root of the problem. The government should come up with a formula that arrives at the cane price after factoring the value of the output (including price of sugar, ethanol and power generated from bagasse). That way supply-demand economics will come into play again.

If sugar and ethanol prices rise, it means demand is good and the formula will throw up a higher price of cane and farmers will plant more of the crop to meet the demand. The cane price offered will be low if there is a surplus in the market and the farmers will shift to another crop restoring the balance.

If the government is still keen on keeping the farmers happy, it can pay a higher price (above the one the formula puts out) and fund it from its Budget. That will ensure that the sugar sector is not forced to foot its populism. But it will come in the way of managing the surplus in the most efficient manner.

- Ethanol

It is time for the government to look at a more efficient and less controversial way (in line with the WTO norms) of dealing with the sugar surplus. India imports 82 per cent of its crude oil requirements and for the sake of energy security it is imperative for it to reduce this dependence on imports. At times of high crude prices, India's economy feels the heat as the current account deficit widens putting pressure on the rupee and as inflation rises, the monetary policy tightens, slowing down the growth.

Brazil has shown that blending ethanol with petrol is a good way to reduce dependence on imported crude and, at the same time, manage the sugar surplus. The Central Government has done well on this front by giving a fresh impetus to the ethanol-blending programme and, most importantly, announcing remunerative prices for procurement by oil companies. It has set a 10 per cent blending rate by 2022.

Typically, ethanol is manufactured from molasses, which is a by-product of sugar. But it can also be manufactured directly from sugarcane juice. This will reduce sugar production and help manage the glut. As India alternated between sugar surplus and deficit earlier, the government did not permit large scale conversion directly to ethanol as that would have hurt sugar production.

It has now allowed sugar mills to do so and has also announced a premium price for the ethanol so produced, compensating for the revenue foregone for not manufacturing sugar. As many as 114 mills are expanding their ethanol capacities, which in the next 24 months will add 90-crore litres of capacity. In 2018-19, Brazil converted 65 per cent of its cane into ethanol directly. This helped it to keep sugar production at the required level and also reduce significantly its oil import bill at a time when crude oil prices rose sharply. This option too has a catch. When global crude oil prices decline, oil marketing companies may not be willing to procure ethanol at a higher price.

Power Sector

Cogeneration of bagasse is one of the most attractive and successful energy projects that have already been demonstrated in many sugarcane producing countries such as Mauritius, Reunion Island, India and Brazil. Combined heat and power from sugarcane in the form of power generation offers renewable energy options that promote sustainable development, take advantage of domestic



resources, increase profitability and competitiveness in the industry, and cost-effectively address climate mitigation and other environmental goals.

According to World Alliance for Decentralized Energy (WADE) report on Bagasse Cogeneration, bagasse-based cogeneration could deliver up to 25% of current power demand requirements in the world's main cane producing countries. The overall potential share in the world's major developing country producers exceeds 7%. There is abundant opportunity for the wider use of bagasse-based cogeneration in sugarcane-producing countries. It is especially great in the world's main cane producing countries like Brazil, India, Thailand, Pakistan, Mexico, Cuba, Colombia, Philippines and Vietnam. Yet this potential remains by and large unexploited.

Using bagasse to generate power represents an opportunity to generate significant revenue through the sale of electricity and carbon credits. Additionally, cogeneration of heat and power allows sugar producers to meet their internal energy requirements and drastically reduce their operational costs, in many cases by as much as 25%. Burning bagasse also removes a waste product through its use as a feedstock for the electrical generators and steam turbines.

Most Sugarmills around the globe have achieved energy self-sufficiency for the manufacture of raw sugar and can also generate a small amount of exportable electricity. However, using traditional equipment such as low-pressure boilers and counter-pressure turbo alternators, the level and reliability of electricity production is not sufficient to change the energy balance and attract interest for export to the electric power grid.

On the other hand, revamping the boiler house of sugar mills with high pressure boilers and condensing extraction steam turbine can substantially increase the level of exportable electricity. This experience has been witnessed in Mauritius, where, following major changes in the processing configurations, the exportable electricity from its sugar factory increased from around 30-40 kWh to around 100–140 kWh per ton cane crushed. In Brazil, the world's largest cane producer, most of the sugar mills are upgrading their boiler configurations to 42 bars or even higher pressure of up to 67 bars.

Technology Options

The prime technology for sugar mill cogeneration is the conventional steam-Rankine cycle design for conversion of fuel into electricity. A combination of stored and fresh bagasse is usually fed to a specially designed furnace to generate steam in a boiler at typical pressures and temperatures of usually more than 40 bars and 440°C respectively. The high pressure steam is then expanded either in a back pressure or single extraction back pressure or single extraction condensing or double extraction cum condensing type turbo generator operating at similar inlet steam conditions.

Due to high pressure and temperature, as well as extraction and condensing modes of the turbine, higher quantum of

power gets generated in the turbine-generator set, over and above the power required for sugar process, other by-products, and cogeneration plant auxiliaries. The excess power generated in the turbine generator set is then stepped up to extra high voltage of 66/110/220 kV, depending on the nearby substation configuration and fed into the nearby utility grid. As the sugar industry operates seasonally, the boilers are normally designed for multi-fuel operations, so as to utilize mill bagasse, procured Bagasse/biomass, coal and fossil fuel, so as to ensure year round operation of the power plant for export to the grid.

Latest Trends

Modern power plants use higher pressures, up to 87 bars or more. The higher pressure normally generates more power with the same quantity of Bagasse or biomass fuel. Thus, a higher pressure and temperature configuration is a key in increasing exportable surplus electricity.

In general, 67 bars pressure and 495°C temperature configurations for sugar mill cogeneration plants are well-established in many sugar mills in India. Extra high pressure at 87 bars and 510°C, configuration comparable to those in Mauritius, is the current trend and there are about several projects commissioned and operating in India and Brazil. The average increase of power export from 40 bars to 60 bars to 80 bars stages is usually in the range of 7-10%.

A promising alternative to steam turbines are gas turbines fuelled by gas produced by thermochemical conversion of biomass. The exhaust is used to raise steam in heat recovery systems used in any of the following ways: heating process needs in a cogeneration system, for injecting back into gas turbine to raise power output and efficiency in a steam-injected gas turbine cycle (STIG) or expanding through a steam turbine to boost power output and efficiency in a gas turbine/steam turbine combined cycle (GTCC). Gas turbines, unlike steam turbines, are characterized by lower unit capital costs at modest scale, and the most efficient cycles are considerably more efficient than comparably sized steam turbines.

SWOT ANALYSIS:

KM Sugar Mills consists of manufacturing and trading facilities of sugar, alcohol and power. Each of its business segments has its own strengths and weaknesses and exposures to a variety of opportunities and threats. The Company has the following SWOT attributes broadly:

Strengths and Opportunities

- i) The promoters are in this line for over 5 decades and are having good experience of the line.
- ii) Company has integrated Sugar Plant, along with distillery and Co-Generation situated in the sugarcane-rich Indian State of U.P.
- iii) Company has integrated facilities to produce sugar and also has ability to Process Raw Sugar.
- iv) Company Produces Ethanol, Power which enhances the Revenue of the Company.

Weaknesses and Threats

- i) Though de-licensed, sugar industry remains a highly regulated industry with the acts and orders through which



- government regulates the sugar Industry.
- ii) Sugarcane being an agricultural commodity, its availability is dependent on vagaries of monsoon.
 - iii) Non availability of sugar cane may adversely affect the sugar mills as well as alcohol production and cogeneration power plants.
 - iv) Sugar Industry has political intervention.
 - v) Steep decline in sugar price may adversely affect the sugar mills.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE.

(Rs. in lakhs)

Particulars	Sugar		Distillery		Co-generation		Others		Total	
	2019	2018	2019	2018	2019	2,018	2019	2018	2019	2018
Revenue										
Gross sales	38,110	46,051	4,621	4,225	6,815	5,489	-	-	49,546	55,765
Less: Inter segment sales	6,698	5,481	-	-	3,843	3,306			10,541	8,787
External sales	31,412	40,570	4,621	4,225	2,972	2,183	-	-	39,005	46,978
Add: Other income	1,334	1,994	79	1,373	3	323	-	8	1,416	3,698
Total revenue	32,746	42,564	4,700	5,598	2,975	2,506	-	8	40,421	50,676
Segment results	2,875	1,051	83	2,391	1,018	616	-	(4)	3,976	4,054
Less: Finance cost	693	841	13	27	56	254	-	-	762	1,122
Profit before tax	2,182	210	70	2,364	962	362	-	(4)	3,214	2,932
Current tax									651	617
Deferred tax									128	429
Profit after tax									2,435	1,886
Other information										
Segment assets	39,175	22,278	5,076	5,134	4,417	3,798	-	-	48,668	31,210
Segment liabilities	26,848	18,156	464	484	24	9	-	-	27,336	18,649
Capital Expenditure	1006	443	745	781	3	-	-	-	1,754	1,225
Depreciation and amortisation	637	703	399	405	204	236	-	-	1,240	1,344

* Capital expenditure includes fixed assets capitalized during the year and net increase/decrease in capital work-in-progress.

RISKS AND CONCERNS.

The Company has a robust risk management framework to identify and evaluate business risks and opportunities. It seeks to create transparency, minimize adverse impact on the business objective and enhance the Company's competitive advantage. It aims at ensuring that the executive management controls the risk through means of a properly defined framework.

The Company has laid down appropriate procedures to inform the Board about the risk assessment and minimization procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business.

Key areas of risks identified and mitigation plans are covered in the Management Discussion and Analysis Report. The Company is not currently required to constitute a Risk Management Committee.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY.

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED.

Your Company's approach to talent development is

founded on the belief that learning initiatives must remain synergistic and aligned to business outcomes, emphasise experiential learning, provide an enabling and supportive environment and promote learning agility. Deep functional expertise is fostered through immersion in solving complex customer problems by the application of domain expertise early in managerial careers. Key talent is provided critical experiences in high impact roles and mentored by senior managers. Managers are assessed on your Company's behavioural competency framework and provided with learning and development support to address any areas identified for improvement. As part of your Company's managerial development and capability building strategy, various programmes have been designed and customised to your Company's requirements under these platforms. Your Company has further strengthened its performance management system and its culture of accountability through renewed emphasis on Management by objectives which includes clearly defined goals and outcomes based assessment.

DETAILS OF SIGNIFICANT CHANGES OF 25% OR MORE IN KEY FINANCIAL RATIOS:

- (i) Debtors Turnover: It enhanced from 17 days (previous year) to 26 days during the year under review due to lower turnover and increase in debtors as on 31-03-2019 as compared with 31-03-2018.
- (ii) Inventory Turnover: It reduced from 2.84 (previous year) to 1.47 due higher inventory and lower turnover of the Company during the year under review.
- (iii) Interest Coverage Ratio: It increased from 3.71 times (previous year) to 6.33 times due to better Earnings before Interest and Tax (EBIT) and reduction in interest cost during the year under review.
- (iv) Current Ratio: Not changed by 25% or more as compared to the immediately previous financial year
- (v) Debt Equity Ratio:- Debt Equity ratio reduced from 1.06 (previous year) to 0.59 during the year under review due to change in the net worth the Company as the Company revalued its leasehold land during the year under review.
- (vi) Operating Profit Margin (%):- Not changed by 25% or more as compared to the immediately previous financial year
- (vii) Net Profit Margin (%):- It increased by 53.31% from 4.07 % (previous year) to 6.24 % during the year under review due to better recovery of sugar from 9.72% to 11.01% during the year under review, which resulted better Net Profit Margin.

DETAILS OF CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE PREVIOUS FINANCIAL YEAR :- Return on Net Worth changed from 22.35% (previous year) to 14.40 % during the year under review. The change is due to consideration of revaluation of its leasehold land by Rs.6063.46 lacs during the year under review.



AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE
CONDITIONS OF CORPORATE GOVERNANCE
UNDER REGULATION 15(2) OF SEBI (LODR)
REGULATIONS, 2015

For Pragati Gupta
Practising Company Secretaries

Pragati Gupta
Proprietor

Membership No. : A19302
C.P. No. 7878

To,
The Members,
KMSUGAR MILLS LIMITED,
(CIN - L15421UP1971PLC003492)
11, MotiBhawan, Collectorganj, Kanpur - 208001

Date: 29.05.2019
Place: Lucknow

1. We have examined the compliance of conditions of Corporate Governance by K M Sugar Mills Limited ("the Company"), for the year ended on March 31, 2019, as stipulated in:
 - The Listing Agreements of the Company with stock exchanges for the period April 1, 2018 to March, 31 2019
 - Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) for the period April 1, 2018 to March, 31 2019.
 - Regulations 17 to 27 (excluding regulation 23 (4)) and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the period April 1, 2018 to March, 31 2019.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations, 2015 as amended from time to time for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2019.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

CEO and CFO Certification

We, S. C. Agarwal, CEO and A K Gupta, CFO of K M Sugar Mills Limited, to the best of our knowledge and belief, hereby certify that:

- (A) We have reviewed the financial statements and cash flow statements for the year at 31st March, 2019, and that based on our knowledge and belief :-
 - (i) these statements do not contain any materially untrue statements or omit to state any material fact or contain statements that might be misleading; and
 - (ii) these statements present a true and fair view of the listed entity's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.
- (C) We along with Company's other certifying officers accept responsibility for establishing and maintaining internal controls for financial reporting and that we have:-
 - (i) evaluated the effectiveness of the internal control systems of the listed entity pertaining to the financial Reporting; and
 - (ii) disclosed to the auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (D) We have indicated to the auditors and the Audit Committee of the Company, the following:-
 - (i) Significant changes in internal control over financial Reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the Financial Statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial Reporting.

Date: 29.05.2019
Place: Lucknow

Sd/-
SC Agarwal

Sd/-
AK Gupta



Part 'A'

Sl. No.	Particulars	M/s. K.M. Spirits and Allied Industries Ltd	M/s Sonar Casting Limited
1	Reporting period of the subsidiary	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019
2	Reporting currency	Indian Rupees	Indian Rupees
3	Share Capital	5,00,000/-	1,00,00,000/-
4	Other Equity	-35,447/-	6,65,57,130/-
5	Total Assets	4,64,553/-	7,66,45,567/-
6	Total Liabilities	4,64,553/-	7,66,45,567/-
7	Investments	0.00	0.00
8	Turnover	0.00	0.00
9	Profit before tax	-35,447/-	-9,42,058/-
10	Provision for tax	0.00	812/-
11	Profit after tax	-35,447/-	-9,42,870/-
12	Proposed Dividend	0.00%	0.00%
13	% of shareholding	99.99%	99.99%

Notes: The following information shall be furnished at the end of the statement :

- Names of subsidiaries which are yet to commence operations :
 - K. M. Spirits and Allied Industries Ltd.
 - Sonar Castings Ltd.
- Names of subsidiaries which have been liquidated or sold during the year.

Part 'B'

Associates and Joint Ventures

The company does not have any associate and joint venture company, hence the requirement under this part is not applicable to the company and no information is required to be disclosed.

For and on behalf of the Board of Directors

L.K. Jhunjhunwala
(Chairman)

Date: 29.05.2019

Place: Lucknow

Annexure 7-Board's Report

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and 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 in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL

- Name(s) of the related party and nature of relationship
- Nature of contracts/arrangements/transactions
- Duration of the contracts / arrangements/transactions
- Salient terms of the contracts or arrangements or transactions including the value, if any
- Justification for entering into such contracts or

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS [As per Clause 10(i) of Para C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with regulation 34(3) of the said Listing Regulations].

To,

The Members,

K M SUGAR MILLS LIMITED,

(CIN - L15421UP1971PLC003492)

11, MotiBhawan, Collectorganj, Kanpur - 208 001

- We have examined the status of directors for the year ended on March 31, 2019, pursuant to the provisions of Clause 10(i) of Para C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations").
- It is neither an audit nor an expression of opinion regarding the legality of debaring or disqualification by the Securities and Exchange Board of India (SEBI)/Ministry of Corporate Affairs (MCA) or any such statutory authority.
- Our examination was limited to a review of the relevant records of the Company and website of MCA, stock exchange(s), SEBI and other relevant statutory authority (ies) (specify) as specified in Annexure to this certificate and it is solemnly the responsibility of Directors to submit relevant declarations and disclosures with complete and accurate information in compliance with the relevant provisions.
- In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the declarations and disclosures made by the Directors and the representation given by the Management, we certify that none of the directors on the board of K M Sugar Mills Limited, have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority during the year ended at March 31, 2019.

For Pragati Gupta
Practising Company Secretaries

Pragati Gupta
Proprietor

Date : 29.05.2019

Membership No.: A19302

Place : Lucknow

C.P. No. 7878

Annexure 6 -Board's Report

FORM NO. AOC-1

Statement containing salient features of the Financial Statement of subsidiary

(Pursuant to first proviso to sub-section (3) of section 129 of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014)

Directors' Report...



arrangements or transactions

- (f) Date of approval by the Board
 - (g) Amount paid as advances, if any:
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
2. Details of material contracts or arrangement or transactions at arm's length basis :-
- (a) Name(s) of the related party and nature of relationship:-
 - (b) Nature of contracts/arrangements/transactions:-
 - (c) Duration of the contracts / arrangements/transactions: 01-04-2018 to 31-03-2019

As details given in Note no. 36.18 (c)
(Rs. in Lakhs)

Sr.no.	Nature of transaction/ Name of the related party		Enterprises over which KMP and their relatives have substantial interest/ significant influence 2018-19 (2017-18)	Total 2018-19 (2017-18)
i.	Investment made			
	Sonar Casting Ltd.	775.00 (-)	(-)	(-)
	K M Spirits and Allied Industries Ltd.	5.00 (-)	(-)	(-)
ii.	Interest received	0.06 (-)	(-)	(-)
	Sonar Casting Ltd.			0.06 (-)
iii.	Investment in equity sold			
	Promising Logistics (P) Ltd.	(-)	(-)	(-73.00)
iv.	Remuneration including commission and PF*			
	Shri L K Jhunjhunwala	(-)	81.60 (42.34)	(-)
	Shri Aditya Jhunjhunwala	(-)	68.51 (29.03)	(-)
	Shri Sanjay Jhunjhunwala	(-)	67.67 (28.02)	(-)
	Shri S. C. Agarwal	(-)	29.73 (29.62)	(-)
	Shri Rajeev Kumar*	(-)	7.25 (12.08)	(-)
	Shri Ritesh Srivastava*	(-)	0.63 (-)	(-)
	Shri Arvind Kumar Gupta	(-)	15.35 (15.00)	(-)
	Shri Vatsal Jhunjhunwala	(-)	(-)	(-1.12)
v.	Education fee paid			
	Shri Vatsal Jhunjhunwala	(-)	(-)	53.11 (48.21)
vi.	Sugar sold			
	Sri Shakti Credits Ltd.	(-)	(-)	5598.99 (2661.75)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	1302.10 (-)
vii.	Sugar purchase			
	Sri Shakti Credits Ltd.	(-)	(-)	(-390.80)
viii.	Rent paid			
	Sri Shakti Credits Ltd.	(-)	(-)	5.40 (5.40)
	Zar International Pvt. Ltd.	(-)	(-)	1.14 (1.14)
	Marvel Business Pvt. Ltd.	(-)	(-)	7.20 (7.20)
ix.	Rent received			
	Sri Shakti Credits Ltd.	(-)	(-)	15.00 (0.93)
x.	Loans taken			
	Sri Shakti Credits Ltd.	(-)	(-)	(-135.00)
	Marvel Business Pvt. Ltd.	(-)	(-)	(-160.00)
	K M Plantation Pvt Ltd.	(-)	(-)	(-20.00)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	(-55.00)
	Nidhi Financial Services P Ltd.	(-)	(-)	(-30.00)
	Shri Aditya Jhunjhunwala	(-)	61.50 (-)	(-)
xi.	Loans repaid			
	Sri Shakti Credits Ltd.	(-)	(-)	(-135.00)
	Marvel Business Pvt. Ltd.	(-)	(-)	(-160.00)
	K M Plantation Pvt Ltd.	(-)	(-)	(-20.00)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	(-55.00)
	Nidhi Financial Services P Ltd.	(-)	(-)	(-30.00)
	Shri Sanjay Jhunjhunwala	(-)	40.00 (-)	(-)
	Shri Aditya Jhunjhunwala	(-)	61.50 (-)	(-)
xii.	Advance paid			
	Marvel Business Pvt. Ltd.	(-)	(-)	122.50 (-)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	1,000.00 (-)
	Nidhi Financial Services P Ltd.	(-)	(-)	17.50 (-)
	Jhunjhunwala Securities P Ltd.	(-)	(-)	25.00 (-)
xiii.	Advance received back			
	Marvel Business Pvt. Ltd.	(-)	(-)	122.50 (-)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	1,000.00 (-)
	Nidhi Financial Services P Ltd.	(-)	(-)	17.50 (-)
	Jhunjhunwala Securities P Ltd.	(-)	(-)	25.00 (-)
xiv.	Interest on loans paid			
	Sri Shakti Credits Ltd.	(-)	(-)	(-6.98)
	Marvel Business Pvt. Ltd.	(-)	(-)	(-6.28)
	K M Plantation Pvt Ltd.	(-)	(-)	(-1.18)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	(-3.17)
	Nidhi Financial Services P Ltd.	(-)	(-)	(-1.33)

xv.	Sitting fess paid				
	Shri H P Singhania	(-)	0.48 (0.54)	(-)	0.48 (0.54)
	Smt Madhu Mathur	(-)	0.30 (0.15)	(-)	0.30 (0.15)
	Shri R S Shukla	(-)	0.64 (0.54)	(-)	0.64 (0.54)
	Shri S K Gupta	(-)	0.18 (0.62)	(-)	0.18 (0.62)
	Shri SurendraBahadur Singh	(-)	0.10 (-)	(-)	0.10 (-)
xvi.	Balance outstanding				
	a. Loans payable				
	Shri L K Jhunjhunwala	(-)	31.00 (31.00)	(-)	31.00 (31.00)
	Shri Aditya Jhunjhunwala	(-)	61.50 (61.50)	(-)	61.50 (61.50)
	Shri Sanjay Jhunjhunwala	(-)	21.50 (61.50)	(-)	21.50 (61.50)
	b. Amount payable				
	Shri L K Jhunjhunwala	(-)	30.35 (7.78)	(-)	30.35 (7.78)
	Shri Aditya Jhunjhunwala	(-)	35.78 (65.00)	(-)	35.78 (65.00)
	Shri Sanjay Jhunjhunwala	(-)	25.79 (69.83)	(-)	25.79 (69.83)
	Shri S. C. Agarwal	(-)	1.94 (1.46)	(-)	1.94 (1.46)
	Shri Vatsal Jhunjhunwala	(-)	0.12 (0.54)	(-)	0.12 (0.54)
	Sri Shakti Credits Ltd.	(-)	(-)	2.86 (2.74)	2.86 (2.74)
	Marvel Business Pvt. Ltd.	(-)	(-)	12.70 (6.27)	12.70 (6.27)
	Zar International Pvt. Ltd.	(-)	(-)	2.28 (1.14)	2.28 (1.14)
	c. Guarantee given for Bank loan taken by the company				
	KM Plantation Pvt Ltd.	(-)	(-)	6538.94 (6874.05)	6538.94 (6874.05)
	d. Investment Held				
	Preference share in K.M Energy Pvt. Limited	(-)	(-)	338.92 (338.92)	338.92 (338.92)
	Preference share in Brahma Properties Pvt. Limited	(-)	(-)	385.00 (385.00)	385.00 (385.00)

- * Remain employed in part of the year
 - * Related party transaction are shown at actual amount instead of fair value for the purpose of disclosure under related parties.
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- i. The transactions with related parties have been entered at an amount, which are not materially different from those on normal commercial terms.
 - ii. No amount has been written back/written off during the year in respect to due to/due from related parties.
 - iii. The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.
- (e) Date(s) of approval by the Board, if any: This has been reviewed and recommended by the Audit Committee and also approved by the Board in their Meeting held on 29/05/2019. The approval of shareholders is required for the Selling of sugar to Sri Shakti Credits Ltd (SSCL) of Rs.5598.99Lacs which exceed the limit prescribed under sec 186 of Companies Act, 2013 i.e 10% of the Turnover of the company and comes to Rs.4042.07 Lacs. Hence the approval of the shareholders is required by passing ordinary resolution in the Annual General Meeting of the Company.
- (f) Amount paid as advances, if any: As given above in the RPT details.

For and on behalf of the Board of Directors
L.K. Jhunjhunwala
(Chairman)

Date: 29.05.2019
Place: Lucknow



Annexure 8 –Board's Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2019
[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 :

i) CIN	L15421UP1971PLC003492
ii) Registration Date	17.12.1971
iii) Name of the Company	M/s. K.M. Sugar Mills Limited
iv) Category / Sub-Category of the Company	Public Limited Company- Limited by Shares
v) Address of the Registered office and contact details	Regd. Office : 11- MotiBhavan, Collector Ganj, Kanpur-208001, Phone no. 0522-2310762 Mail id-cs@kmsugar.com ; Website: www.kmsugar.com
vi) Whether listed company	Yes- BSE / NSE
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 Tel No : +91 22 49186270 Fax: +91 22 49186060 E-mail id : rnt.helpdesk@linkintime.co.in Website : www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the

total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Sugar	10721	76.03%
2	Industrial Alcohol	11019	11.84%

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	SONAR CASTING LIMITED Add:76,Eldeco Greens Gomti Nagar Lucknow-226010	U27100UP2019PLC113373	SUBSIDIARY	99.99	2(46)
2	KM SPIRITS AND ALLIED INDUSTRIES LIMITED Add:76,Eldeco Greens Gomti Nagar Lucknow-226010	U15100UP2018PLC101321	SUBSIDIARY	99.99	2(46)

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

Sr No	Category of Shareholders	Shareholding at the beginning of the year – 2018				Shareholding at the end of the year – 2019				% 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)	Individuals / Hindu Undivided Family	43337729	0	43337729	47.106	43436484	0	43436484	47.214	0.107
(b)	Central Government / State Government(s)	0	0	0	0.000	0	0	0	0.000	0.000
(c)	Financial Institutions / Banks	0	0	0	0.000	0	0	0	0.000	0.000
(d)	Any Other (Specify)				0.000				0.000	0.000
	Promoter Trust	309329	0	309329	0.336	309329	0	309329	0.336	0.000
	Bodies Corporate	15357353	0	15357353	16.693	14376521	0	14376521	15.627	-1.066
	Sub Total (A)(1)	59004411	0	59004411	64.135	58122334	0	58122334	63.176	-0.959
[2]	Foreign				0.000				0.000	0.000
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.000	0	0	0	0.000	0.000
(b)	Government	0	0	0	0.000	0	0	0	0.000	0.000
(c)	Institutions	0	0	0	0.000	0	0	0	0.000	0.000
(d)	Foreign Portfolio Investor	0	0	0	0.000	0	0	0	0.000	0.000
(e)	Any Other (Specify)				0.000				0.000	0.000
	Sub Total (A)(2)	0	0	0	0.000	0	0	0	0.000	0.000
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	59004411	0	59004411	64.135	58122334	0	58122334	63.176	-0.959
(B)	Public Shareholding				0.000				0.000	0.000
[1]	Institutions				0.000				0.000	0.000
(a)	Mutual Funds / UTI	0	0	0	0.000	0	0	0	0.000	0.000
(b)	Venture Capital Funds	0	0	0	0.000	0	0	0	0.000	0.000
(c)	Alternate Investment Funds	0	0	0	0.000	0	0	0	0.000	0.000
(d)	Foreign Venture Capital Investors	0	0	0	0.000	0	0	0	0.000	0.000
(e)	Foreign Portfolio Investor	12500	0	12500	0.014	0	0	0	0.000	-0.014
(f)	Financial Institutions /Banks	71611	0	71611	0.078	15330	0	15330	0.017	-0.061
(g)	Insurance Companies	0	0	0	0.000	0	0	0	0.000	0.000
(h)	Provident Funds/ Pension Funds	0	0	0	0.000	0	0	0	0.000	0.000
(i)	Any Other (Specify)				0.000				0.000	0.000
	Sub Total (B)(1)	84111	0	84111	0.091	15330	0	15330	0.017	-0.075



[2]	Central Government/ State Government(s)/ President of India				0.000				0.000	0.000
	Central Government / State Government(s)	1140	0	1140	0.001	1140	0	1140	0.001	0.000
	Sub Total (B)(2)	1140	0	1140	0.001	1140	0	1140	0.001	0.000
[3]	Non-Institutions				0.000				0.000	0.000
(a)	Individuals				0.000				0.000	0.000
(i)	Individual shareholders holding nominal share capital upto Rs. 2 lakh.	22212273	1125	22213398	24.145	25622320	1125	25623445	27.852	3.707
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	2147910	0	2147910	2.335	3407839	0	3407839	3.704	1.370
(b)	NBFCs registered with RBI	0	0	0	0.000	33500	0	33500	0.036	0.036
(c)	Employee Trusts	0	0	0	0.000	0	0	0	0.000	0.000
(d)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.000	0	0	0	0.000	0.000
(e)	Any Other (Specify)				0.000				0.000	0.000
	Trusts	300	0	300	0.000	300	0	300	0.000	0.000
	Hindu Undivided Family	743095	0	743095	0.808	812495	0	812495	0.883	0.075
	Non Resident Indians (Non Repat)	388225	0	388225	0.422	475162	0	475162	0.517	0.095
	Non Resident Indians (Repat)	827840	0	827840	0.900	964371	0	964371	1.048	0.148
	Clearing Member	931109	0	931109	1.012	503563	0	503563	0.547	-0.465
	Bodies Corporate	5658626	5	5658631	6.151	2040686	5	2040691	2.218	-3.933
	Sub Total (B)(3)	32909378	1130	32910508	35.772	33860236	1130	33861366	36.806	1.034
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	32994629	1130	32995759	35.865	33876706	1130	33877836	36.824	0.959
	Total (A)+(B)	91999040	1130	92000170	100.000	91999040	1130	92000170	100.000	0.000
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder	0	0	0	0.000	0	0	0	0.000	0.000
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.000	0	0	0	0.000	0.000
	Total (A)+(B)+(C)	91999040	1130	92000170	100.000	91999040	1130	92000170	100.000	0.000

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 31-03-2018			Shareholding at the end of the year- 31-03-2019			% change in share holding 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	Marvel Business Private Limited AABCM7231K	12153989	13.21		11593137	12.60		(0.61)
2	Laxmi Kant Dwarka Das AAAHL9403N	10065900	10.94		10065900	10.94		0
3	Prakash Chandra Jhunjunwala AAKPJ4437C	9764032	10.61		1559732	1.70		(8.91)
4	Laxmikant Jhunjunwala AEJJP8858H	5602600	6.09	6.09	13802600	15.00	6.09	8.91
5	Umadevi Jhunjunwala ABQPJ7823H	2757972	3.00		2593319	2.82		(0.18)
6	Naina Devi Jhunjunwala AANPJ0921A	4183448	4.55	4.53	4183448	4.55	4.53	0
7	Praksash Chandra Jhunjunwala (HUF)	3812900	4.14		3808271	4.14		0
8	Aditya Jhunjunwala AANPJ0923C	3704200	4.03	4.03	3972981	4.32	4.03	0.29
9	KM Vyapar Private Limited AAACK5991M	2283364	2.48		2283364	2.4819		0
10	Sanjay Jhunjunwala AANPJ9747L	2494600	2.71	2.71	2494600	2.71	2.71	0
11	Jhunjunwala securities private Limited	500000	0.54		500000	0.54		0



12	Vatsal Jhunjunwala AGHPJ6163E	499721	0.54		499721	0.54		0
13	Vridhi Jhunjunwala AMWPJ0962E	450000	0.49		450000	0.49		0
14	Francoise commerce Private Limited	420000	0.46		20	0.00		(0.46)
15	Vridhi Trust	188780	0.21		188780	0.2052		0
16	Shivam Trust	120549	0.13		120549	0.1310		0
17	Madhu Prakash Jhunjunwala	2356	0.00		5912	0.00		0
	Total	59004411	64.14	17.36	58122334	63.18	17.36	(.96)

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

S.NO	Name of the shareholder	Shareholding		Date of transfer	Nos. of shares	Cumulative Shareholding during the year	
		Nos. of shares	% of total share of the Company			Nos. of shares	% of total share of the Company
1	LAKSHMI KANT DWARKADAS	5602600	6.0898			5602600	6.0898
	Transfer			08 Jun 2018	8200000	13802600	15.0028
	AT THE END OF THE YEAR					13802600	15.0028
2	MARVEL BUSINESS PRIVATE LTD	12153989	13.2108			12153989	13.2108
	Transfer			04 May 2018	(30000)	12123989	13.1782
	Transfer			06 Jul 2018	26508	12150497	13.2070
	Transfer			13 Jul 2018	206227	12356724	13.4312
	Transfer			20 Jul 2018	145510	12502234	13.5894
	Transfer			27 Jul 2018	183695	12685929	13.7890
	Transfer			03 Aug 2018	72000	12757929	13.8673
	Transfer			21 Sep 2018	(1850000)	10907929	11.8564
	Transfer			11 Jan 2019	19576	10927505	11.8777
	Transfer			18 Jan 2019	169602	11097107	12.0621
	Transfer			25 Jan 2019	357795	11454902	12.4510
	Transfer			01 Feb 2019	83366	11538268	12.5416
	Transfer			15 Feb 2019	54869	11593137	12.6012
	AT THE END OF THE YEAR					11593137	12.6012
3	LAKSHMI KANT DWARKADAS	10065900	10.9412			10065900	10.9412
	AT THE END OF THE YEAR					10065900	10.9412
4	NAINA JHUNJHUNWALA	4183448	4.5472			4183448	4.5472
	AT THE END OF THE YEAR					4183448	4.5472
5	ADITYA JHUNJHUNWALA	3704200	4.0263			3704200	4.0263
	Transfer			30 Jun 2018	131026	3835226	4.1687
	Transfer			06 Jul 2018	137755	3972981	4.3184
	AT THE END OF THE YEAR					3972981	4.3184
6	PRAKASHCHANDRA DWARKADAS JHUNJHUNWALA	3812900	4.1444			3812900	4.1444
	Transfer			20 Apr 2018	(200)	3812700	4.1442
	Transfer			11 May 2018	(3929)	3808771	4.1400
	Transfer			18 May 2018	(200)	3808571	4.1397
	Transfer			01 Mar 2019	(300)	3808271	4.1394
	AT THE END OF THE YEAR					3808271	4.1394
7	UMADEVI JHUNJHUNWALA	2757972	2.9978			2757972	2.9978
	Transfer			06 Apr 2018	(10186)	2747786	2.9867
	Transfer			13 Apr 2018	(5214)	2742572	2.9811
	Transfer			20 Apr 2018	(10000)	2732572	2.9702
	Transfer			27 Apr 2018	(6000)	2726572	2.9637



	Transfer			11 May 2018	(39247)	2687325	2.9210
	Transfer			18 May 2018	(56802)	2630523	2.8593
	Transfer			25 May 2018	(42400)	2588123	2.8132
	Transfer			01 Jun 2018	(8639)	2579484	2.8038
	Transfer			08 Jun 2018	(16000)	2563484	2.7864
	Transfer			15 Jun 2018	(26000)	2537484	2.7581
	Transfer			22 Jun 2018	(4000)	2533484	2.7538
	Transfer			30 Jun 2018	(11387)	2522097	2.7414
	Transfer			06 Jul 2018	(12000)	2510097	2.7284
	Transfer			13 Jul 2018	(13845)	2496252	2.7133
	Transfer			20 Jul 2018	(9400)	2486852	2.7031
	Transfer			27 Jul 2018	(13867)	2472985	2.6880
	Transfer			03 Aug 2018	191698	2664683	2.8964
	Transfer			10 Aug 2018	(2982)	2661701	2.8931
	Transfer			17 Aug 2018	(2000)	2659701	2.8910
	Transfer			24 Aug 2018	(4353)	2655348	2.8862
	Transfer			31 Aug 2018	(1000)	2654348	2.8852
	Transfer			07 Sep 2018	(1548)	2652800	2.8835
	Transfer			14 Sep 2018	(5000)	2647800	2.8780
	Transfer			21 Sep 2018	(7763)	2640037	2.8696
	Transfer			29 Sep 2018	(4000)	2636037	2.8653
	Transfer			05 Oct 2018	(29480)	2606557	2.8332
	Transfer			12 Oct 2018	(14828)	2591729	2.8171
	Transfer			19 Oct 2018	(2000)	2589729	2.8149
	Transfer			26 Oct 2018	(11000)	2578729	2.8030
	Transfer			16 Nov 2018	(11000)	2567729	2.7910
	Transfer			25 Jan 2019	(25601)	2542128	2.7632
	Transfer			08 Feb 2019	80062	2622190	2.8502
	Transfer			15 Feb 2019	(16496)	2605694	2.8323
	Transfer			22 Feb 2019	(2875)	2602819	2.8291
	Transfer			15 Mar 2019	(3500)	2599319	2.8253
	Transfer			29 Mar 2019	(6000)	2593319	2.8188
	AT THE END OF THE YEAR					2593319	2.8188
8	SANJAY JHUNJHUNWALA	2494600	2.7115			2494600	2.7115
	AT THE END OF THE YEAR					2494600	2.7115
9	K M VYAPAR PRIVATE LTD	2283364	2.4819			2283364	2.4819
	AT THE END OF THE YEAR					2283364	2.4819
10	PRAKASHCHANDRA DWARKADAS JHUNJHUNWALA	9764032	10.6131			9764032	10.6131
	Transfer			13 Apr 2018	(2000)	9762032	10.6109
	Transfer			08 Jun 2018	(8200000)	1562032	1.6979
	Transfer			31 Aug 2018	(2000)	1560032	1.6957
	Transfer			01 Mar 2019	(300)	1559732	1.6954
	AT THE END OF THE YEAR					1559732	1.6954



11	JHUNJHUNWALA SECURITIES PRIVATE LIMITED	500000	0.5435			500000	0.5435
	AT THE END OF THE YEAR					500000	0.5435
12	VATSAL JHUNJHUNWALA	499721	0.5432			499721	0.5432
	AT THE END OF THE YEAR					499721	0.5432
13	VRIDHI JHUNJHUNWALA	450000	0.4891			450000	0.4891
	AT THE END OF THE YEAR					450000	0.4891
14	VRIDHI TRUST	188780	0.2052			188780	0.2052
	AT THE END OF THE YEAR					188780	0.2052
15	SHIVAM TRUST	120549	0.1310			120549	0.1310
	AT THE END OF THE YEAR					120549	0.1310
16	MADHU PRAKASH JHUNJHUNWALA	2356	0.0026			2356	0.0026
	Transfer			07 Dec 2018	500	2856	0.0031
	Transfer			15 Mar 2019	2356	5212	0.0057
	Transfer			22 Mar 2019	2500	7712	0.0084
	Transfer			29 Mar 2019	(1800)	5912	0.0064
	AT THE END OF THE YEAR					5912	0.0064
17	FRANCOISE COMMERCE PRIVATE LIMITED	420000	0.4565			420000	0.4565
	Transfer			13 Apr 2018	(108224)	311776	0.3389
	Transfer			20 Apr 2018	(14100)	297676	0.3236
	Transfer			27 Apr 2018	(297656)	20	0.0000
	AT THE END OF THE YEAR					20	0.0000

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

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	S N RAJAN	258200	0.2807			258200	0.2807
	Transfer			13 Apr 2018	(35000)	223200	0.2426
	Transfer			25 May 2018	5000	228200	0.2480
	Transfer			01 Jun 2018	60000	288200	0.3133
	Transfer			08 Jun 2018	96142	384342	0.4178
	Transfer			30 Jun 2018	19147	403489	0.4386
	Transfer			29 Sep 2018	30000	433489	0.4712
	Transfer			05 Oct 2018	20000	453489	0.4929
	Transfer			26 Oct 2018	59593	513082	0.5577
	Transfer			23 Nov 2018	39222	552304	0.6003
	Transfer			30 Nov 2018	30000	582304	0.6329



	Transfer			07 Dec 2018	3100	585404	0.6363
	Transfer			14 Dec 2018	12940	598344	0.6504
	Transfer			31 Dec 2018	7733	606077	0.6588
	Transfer			04 Jan 2019	10000	616077	0.6696
	Transfer			11 Jan 2019	782	616859	0.6705
	Transfer			25 Jan 2019	20950	637809	0.6933
	Transfer			01 Feb 2019	15000	652809	0.7096
	Transfer			15 Feb 2019	1547	654356	0.7113
	AT THE END OF THE YEAR					654356	0.7113
2	MANJU RAKESH JAIN	300000	0.3261			300000	0.3261
	Transfer			10 Aug 2018	10000	310000	0.3370
	Transfer			19 Oct 2018	10000	320000	0.3478
	Transfer			09 Nov 2018	10000	330000	0.3587
	AT THE END OF THE YEAR					330000	0.3587
3	RAKESH KUMAR JAIN	48500	0.0527			48500	0.0527
	Transfer			13 Apr 2018	(10000)	38500	0.0418
	Transfer			11 May 2018	10000	48500	0.0527
	Transfer			25 May 2018	314	48814	0.0531
	Transfer			01 Jun 2018	2686	51500	0.0560
	Transfer			08 Jun 2018	50000	101500	0.1103
	Transfer			15 Jun 2018	47401	148901	0.1618
	Transfer			21 Sep 2018	(10000)	138901	0.1510
	Transfer			29 Sep 2018	66361	205262	0.2231
	Transfer			05 Oct 2018	33639	238901	0.2597
	Transfer			19 Oct 2018	50099	289000	0.3141
	Transfer			16 Nov 2018	13500	302500	0.3288
	Transfer			08 Feb 2019	25000	327500	0.3560
	AT THE END OF THE YEAR					327500	0.3560
4	ANAND RATHI GLOBAL	6955	0.0076			6955	0.0076
	Transfer			01 Jun 2018	235507	242462	0.2635
	Transfer			07 Dec 2018	58900	301362	0.3276
	AT THE END OF THE YEAR					301362	0.3276
5	RAMESH LAKSHMINARAYANAN	210000	0.2283			210000	0.2283
	Transfer			01 Jun 2018	50000	260000	0.2826
	Transfer			08 Jun 2018	100000	360000	0.3913
	Transfer			21 Sep 2018	(60000)	300000	0.3261
	AT THE END OF THE YEAR					300000	0.3261
6	SNEHA MANOHAR	200000	0.2174			200000	0.2174
	Transfer			14 Sep 2018	29646	229646	0.2496
	Transfer			02 Nov 2018	25000	254646	0.2768
	Transfer			14 Dec 2018	25000	279646	0.3040
	AT THE END OF THE YEAR					279646	0.3040



7	AJAY BANWARILAL KEJRIWAL	50000	0.0543			50000	0.0543
	Transfer			08 Jun 2018	200000	250000	0.2717
	AT THE END OF THE YEAR					250000	0.2717
8	RAVI SUNDER SIRUR	140012	0.1522			140012	0.1522
	Transfer			06 Apr 2018	10000	150012	0.1631
	Transfer			13 Apr 2018	(40982)	109030	0.1185
	Transfer			20 Apr 2018	10000	119030	0.1294
	Transfer			08 Jun 2018	13005	132035	0.1435
	Transfer			30 Jun 2018	10000	142035	0.1544
	Transfer			27 Jul 2018	(11205)	130830	0.1422
	Transfer			03 Aug 2018	(9686)	121144	0.1317
	Transfer			07 Sep 2018	2465	123609	0.1344
	Transfer			21 Sep 2018	(58577)	65032	0.0707
	Transfer			29 Sep 2018	20631	85663	0.0931
	Transfer			05 Oct 2018	5000	90663	0.0985
	Transfer			12 Oct 2018	10000	100663	0.1094
	Transfer			19 Oct 2018	10000	110663	0.1203
	Transfer			14 Dec 2018	50870	161533	0.1756
	Transfer			21 Dec 2018	1075	162608	0.1767
	Transfer			04 Jan 2019	10000	172608	0.1876
	Transfer			11 Jan 2019	11750	184358	0.2004
	Transfer			01 Feb 2019	10734	195092	0.2121
	Transfer			15 Feb 2019	30000	225092	0.2447
	Transfer			22 Feb 2019	2027	227119	0.2469
	Transfer			01 Mar 2019	(1469)	225650	0.2453
	Transfer			29 Mar 2019	20000	245650	0.2670
	AT THE END OF THE YEAR					245650	0.2670
9	JM FINANCIAL SERVICES LIMITED	4236	0.0046			4236	0.0046
	Transfer			06 Apr 2018	(4165)	71	0.0001
	Transfer			13 Apr 2018	10929	11000	0.0120
	Transfer			20 Apr 2018	(9500)	1500	0.0016
	Transfer			27 Apr 2018	25	1525	0.0017
	Transfer			04 May 2018	4283	5808	0.0063
	Transfer			11 May 2018	(4633)	1175	0.0013
	Transfer			18 May 2018	(1145)	30	0.0000
	Transfer			25 May 2018	27656	27686	0.0301
	Transfer			01 Jun 2018	(26186)	1500	0.0016
	Transfer			08 Jun 2018	34179	35679	0.0388
	Transfer			15 Jun 2018	(35285)	394	0.0004
	Transfer			22 Jun 2018	(32)	362	0.0004
	Transfer			30 Jun 2018	(62)	300	0.0003
	Transfer			06 Jul 2018	(200)	100	0.0001



	Transfer			13 Jul 2018	(100)	0	0.0000
	Transfer			03 Aug 2018	50000	50000	0.0543
	Transfer			14 Sep 2018	1	50001	0.0543
	Transfer			21 Sep 2018	120907	170908	0.1858
	Transfer			29 Sep 2018	9875	180783	0.1965
	Transfer			05 Oct 2018	(33640)	147143	0.1599
	Transfer			12 Oct 2018	62652	209795	0.2280
	Transfer			19 Oct 2018	(70653)	139142	0.1512
	Transfer			26 Oct 2018	(5373)	133769	0.1454
	Transfer			02 Nov 2018	(2000)	131769	0.1432
	Transfer			09 Nov 2018	10000	141769	0.1541
	Transfer			16 Nov 2018	(10000)	131769	0.1432
	Transfer			07 Dec 2018	2000	133769	0.1454
	Transfer			14 Dec 2018	(1000)	132769	0.1443
	Transfer			21 Dec 2018	(900)	131869	0.1433
	Transfer			28 Dec 2018	(100)	131769	0.1432
	Transfer			25 Jan 2019	20	131789	0.1432
	Transfer			01 Feb 2019	24980	156769	0.1704
	Transfer			08 Feb 2019	95237	252006	0.2739
	Transfer			15 Feb 2019	(50)	251956	0.2739
	Transfer			01 Mar 2019	(13996)	237960	0.2587
	Transfer			08 Mar 2019	(499)	237461	0.2581
	Transfer			15 Mar 2019	(505)	236956	0.2576
	AT THE END OF THE YEAR					236956	0.2576
10	KARVY STOCK BROKING LIMITED-CLIENT ACCOUNT-NSE CM	1280931	1.3923			1280931	1.3923
	Transfer			06 Apr 2018	(1291)	1279640	1.3909
	Transfer			13 Apr 2018	1730	1281370	1.3928
	Transfer			20 Apr 2018	(665280)	616090	0.6697
	Transfer			27 Apr 2018	14790	630880	0.6857
	Transfer			04 May 2018	585082	1215962	1.3217
	Transfer			11 May 2018	(19537)	1196425	1.3005
	Transfer			18 May 2018	(110558)	1085867	1.1803
	Transfer			25 May 2018	(447381)	638486	0.6940
	Transfer			01 Jun 2018	(266668)	371818	0.4041
	Transfer			08 Jun 2018	(157546)	214272	0.2329
	Transfer			15 Jun 2018	(921)	213351	0.2319
	Transfer			22 Jun 2018	2345	215696	0.2345
	Transfer			30 Jun 2018	(4050)	211646	0.2300
	Transfer			06 Jul 2018	(1205)	210441	0.2287
	Transfer			13 Jul 2018	2900	213341	0.2319
	Transfer			20 Jul 2018	(4450)	208891	0.2271



Transfer			27 Jul 2018	4028	212919	0.2314
Transfer			03 Aug 2018	1689	214608	0.2333
Transfer			10 Aug 2018	(1718)	212890	0.2314
Transfer			17 Aug 2018	(2960)	209930	0.2282
Transfer			24 Aug 2018	(1726)	208204	0.2263
Transfer			31 Aug 2018	(1780)	206424	0.2244
Transfer			07 Sep 2018	6021	212445	0.2309
Transfer			14 Sep 2018	(840)	211605	0.2300
Transfer			21 Sep 2018	9735	221340	0.2406
Transfer			29 Sep 2018	1901	223241	0.2427
Transfer			05 Oct 2018	(210)	223031	0.2424
Transfer			12 Oct 2018	(800)	222231	0.2416
Transfer			19 Oct 2018	(1812)	220419	0.2396
Transfer			26 Oct 2018	1983	222402	0.2417
Transfer			02 Nov 2018	(1760)	220642	0.2398
Transfer			09 Nov 2018	(158)	220484	0.2397
Transfer			16 Nov 2018	(2368)	218116	0.2371
Transfer			23 Nov 2018	825	218941	0.2380
Transfer			30 Nov 2018	2095	221036	0.2403
Transfer			07 Dec 2018	772	221808	0.2411
Transfer			14 Dec 2018	2150	223958	0.2434
Transfer			21 Dec 2018	(900)	223058	0.2425
Transfer			28 Dec 2018	(810)	222248	0.2416
Transfer			31 Dec 2018	(80)	222168	0.2415
Transfer			04 Jan 2019	(545)	221623	0.2409
Transfer			11 Jan 2019	(1600)	220023	0.2392
Transfer			18 Jan 2019	481	220504	0.2397
Transfer			25 Jan 2019	(1862)	218642	0.2377
Transfer			01 Feb 2019	280	218922	0.2380
Transfer			08 Feb 2019	1950	220872	0.2401
Transfer			15 Feb 2019	(1056)	219816	0.2389
Transfer			22 Feb 2019	2000	221816	0.2411
Transfer			01 Mar 2019	(2934)	218882	0.2379
Transfer			08 Mar 2019	(2180)	216702	0.2355
Transfer			15 Mar 2019	(138)	216564	0.2354
Transfer			22 Mar 2019	(24247)	192317	0.2090
Transfer			29 Mar 2019	4660	196977	0.2141
AT THE END OF THE YEAR					196977	0.2141

(iv) Shareholding of Director and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	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
1	Sh. L.K. Jhunjhunwala				
	At the beginning of the year as at 01-04-2018	5602600	6.09	8200000	8.91
	At the End of the year	13802600	15.00	13802600	15.00
2	Sh. Aditya Jhunjhunwala				
	At the beginning of the year as at 01-04-2018	3704200	4.03	268781	4.03
	At the End of the year	3972981	4.32	3972981	4.32
3	Shri Sanjay Jhunjhunwala				
	At the beginning of the year as at 01-04-2018	2494600	2.71	2494600	2.71
	At the End of the year	2494600	2.71	2494600	2.71



V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment-

(Rs. in lacs)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtness
i) Principal Amount	7692.77	2180.56	-	9873.33
ii) Interest accrued and due on borrowings	4.68	-	-	4.68
Total (i+ii+iii)	7697.45	2180.56	-	9878.01
Change in Indebtedness during the financial year				
i) Addition	5563.04	-	-	5481.77
ii) Reduction	-2461.23	-2044.27	-	-4505.50
Net Change	3101.81	-2044.27		1057.54
Indebtedness at the end of the financial year				
i) Principal Amount	10717.99	136.29	-	10854.28
ii) Interest accrued but not due on borrowings	80.47	-	-	80.47
iii) Interest accrued and due on borrowings	0.80	-	-	0.80
Total (i+ii+iii)	10799.26	136.29	-	10935.55

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and /or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Sh. L K Jhunjunwala	Sh. Aditya Jhunjunwala	Sh. Sanjay Jhunjunwala	** Sh. S. C. Agarwal	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 7(3) Income tax Act, 1961	3600000	2400000	2400000	2400000	10800000
		128100	163405	79200	285000	655705
		-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - Others, specify...	4000000	4000000	4000000	-	12000000
5.	Others, please specify-P.F.	432000	288000	288000	288000	1296000
	Total (A)	8160100	6851405	6767200	2973000	24751705
	Ceiling as per the Act					26705700

* Shri S.C. Agarwal is CEO of the Company also.

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors					Total Amount- Rs.
	H. P Singhania	R S Shukla	S K Gupta	Madhu Mathur	SurendraBahadur Singh	
1. Independent Directors - Fee for attending board / committee meetings - Commission - Others, please specify	48000	64000	18000	30000	10000	170000
Total (1)	48000	64000	18000	30000	10000	170000
2. Other Non-Executive Directors Fee for attending board /committee meetings Commission Others, please specify	0					0
Total (2)	0	0	0	0	0	0
Total(B)=(1+2)	48000	64000	18000	30000	10000	170000
Total Managerial Remuneration	48000	64000	18000	30000	10000	170000
Overall Ceiling as per the Act	0	0	0	0	0	26705700



C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO *	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	783968	1437721	2621945
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission - as % of profit - others, specify...	0	0	0	0
5.	Others, please specify(P.F)	0	4566	97200	0
	Total	0	788534	1534921	2323455
	Ceiling as per the Act				26705700

* Shri S.C. Agarwal, who is Executive Director of the Company is also the CEO of the Company. The details of remuneration paid to CEO is mentioned in category (A) –along with remuneration to Managing Director, Whole-time Directors and /or Manager.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :

Type	Section of The Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		
B. DIRECTORS					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		
C. OTHER OFFICERS IN DEFAULT					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		

For and on behalf of the Board of Directors

Date: 29.05.2019
Place: Lucknow

L.K. Jhunjunwala
(Chairman)



Disclosure under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Particulars of Employees Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(Amt. In Lakhs)

Name(s) of Whole time Directors	Designation	Remuneration -year ended 31-03-2019 (In Rs.)	Remuneration- on- year ended 31-03-2018 (In Rs.)	% increase/ (Decrease) in remuneration	Ratio of remuneration to median remuneration of employees	Ratio of the remuneration to Net Profit year ended 31-03-2019
Shri L.K. Jhunjhunwala	Whole Time Director	81.60	42.34	92.72%	449:1.00	0.033:1.00
Shri Aditya Jhunjhunwala	Mg. Director	68.51	29.03	136%	377:1.00	0.028:1.00
Shri Sanjay Jhunjhunwala	Jt. Mg. Director	67.67	28.02	141.50%	372:1.00	0.028:1.00
Shri S.C.Agarwal	Exe. Director-cum- CEO	29.73	29.62	0.37%	163:1.00	0.011:1.00

(Amt. In Lakhs)

Name(s) of Independent Directors	Remuneration- Year ended 31-03-2019 (In Rs.)	Remuneration in year ended 31-03-2018 (In Rs.)	% increase in remuneration
Sh. H.P. Singhanian	0.48	0.54	(11.11)%
Sh. R.S. Shukla	0.64	0.54	18.51%
Sh. S.K. Gupta	0.18	0.62	(70.96)%
Mrs.MadhuMathur	0.30	0.15	100.00 %
Shri. S.B Singh	0.10	0.00	0.00

(Amt. in Lakhs)

Name of Non-Executive Director	Remuneration - (In Rs.)	Remuneration in year ended 31-03-2018 (In Rs.)	% increase in remuneration
Sh. A.K. Mishra	0.00	0.00	-

(Amt. in Lakhs)

Name of KMP	Remuneration - Year ended 31-03-2019 (In Rs.)*	Remuneration year ended 31-03-2018 (In Rs.)	% increase in remuneration	Ratio of the remuneration to Net Profit for the year ended 31-03-2019
Sh. Arvind Gupta	15.34	15.00	2.27%	0.006:1.00
Sh. Rajeev Kumar and Sh. Ritesh Srivastava	7.89	12.08	(34.68)%	0.003:1.00

* The figures are comparable



Sl No.	Description																																						
1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Shri L.K. Jhunjhunwala 449:1.00 Shri Aditya Jhunjhunwala 377:1.00 Shri Sanjay Jhunjhunwala 372:1.00 Shri S.C.Agarwal 163:1.00	Note-1																																				
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Chairman-cum-Director 92.72% Managing Director 136.00% Joint Managing Director 141.50% Executive Director –cum-CEO 0.37% CFO 2.27% CS (34.68)%	Note-4																																				
3	The percentage increase in the median remuneration of employees in the financial year	4.82%																																					
4	The number of permanent employees on the rolls of company	321 nos.																																					
5	The explanation on the relationship between average increase in remuneration and company performance	The performance of the Company during the year in terms of revenue and profitability is one of the important parameters considered while deciding the increase in the remuneration of the employees. The revision in remuneration of employees is based on the following fundamental principles, which directly impact the Company's performance : a- Demand –supply relationship of the job skill/ expertise; b- Company's need to retain and attract Human Resources and talent; c- Employee's social aspiration for enhancing standard of living; d- Increase in cost of living;	Note-2																																				
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Total Remuneration Rs. In lacs</th> </tr> <tr> <th colspan="2" style="text-align: center;">Financial Year</th> <th style="text-align: center;">Increase/(Decrease) in %</th> </tr> <tr> <th style="text-align: center;">2017-18</th> <th style="text-align: center;">2018-19</th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">156.11</td> <td style="text-align: center;">270.74</td> <td style="text-align: center;">73.43%</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Revenue of the Company Rs. In lacs</th> </tr> <tr> <th style="text-align: center;">Financial Year</th> <th style="text-align: center;">Financial Year</th> <th style="text-align: center;">Increase in %</th> </tr> <tr> <th style="text-align: center;">2017-18</th> <th style="text-align: center;">2018-19</th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">50632.14</td> <td style="text-align: center;">40420.68</td> <td style="text-align: center;">(20.17%)</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Profit before Tax and exceptional items Rs. In lacs</th> </tr> <tr> <th style="text-align: center;">Financial Year</th> <th style="text-align: center;">Financial Year</th> <th style="text-align: center;">Increase/Decrease in %</th> </tr> <tr> <th style="text-align: center;">2017-18</th> <th style="text-align: center;">2018-19</th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2909.40</td> <td style="text-align: center;">3213.91</td> <td style="text-align: center;">10.47%</td> </tr> </tbody> </table>	Total Remuneration Rs. In lacs			Financial Year		Increase/(Decrease) in %	2017-18	2018-19		156.11	270.74	73.43%	Revenue of the Company Rs. In lacs			Financial Year	Financial Year	Increase in %	2017-18	2018-19		50632.14	40420.68	(20.17%)	Profit before Tax and exceptional items Rs. In lacs			Financial Year	Financial Year	Increase/Decrease in %	2017-18	2018-19		2909.40	3213.91	10.47%	Note-3
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7	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year.	Particulars	Unit	As at 31-03-2019	As at 31-03-2018	Variation	Increase/Decrease in %																																								
		Closing rate at NSE	Rs.	9.10	9.45	(3.70)%																																									
		EPS Consolidated	Rs.	2.65	2.05	29.26%																																									
		Market Capitalization	Rs./lacs	8372.01	8694.01	(3.70)%																																									
		Price Earnings Ratio	Ratio	3.43:1	4.60:1	(25.43)%																																									
8	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	a. Average percentile increase in the salary of employees other than managerial persons				4.82 %	2018-19																																								
		b. Percentage increase in the remuneration of Whole Time Working Directors				91.85%																																									
		- Directors' Remuneration is in line with the industry practice and within the limit specified under section 197 of the Companies Act, 2013 read with schedule V.																																													
		- Commission paid to the Whole Time Directors, except Executive Director, during the year under review.																																													
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	<table border="1"> <thead> <tr> <th rowspan="3">Name & Designation</th> <th colspan="2">Remuneration of KMPs (Rs. In Lacs)</th> <th rowspan="3">Increase/Decrease %</th> </tr> <tr> <th colspan="2">Financial Year</th> </tr> <tr> <th>2017-18</th> <th>2018-19</th> </tr> </thead> <tbody> <tr> <td>LKJ, Ch.</td> <td>42.34</td> <td>81.60</td> <td>92.72%</td> </tr> <tr> <td>AJ, MD</td> <td>29.03</td> <td>68.51</td> <td>136%</td> </tr> <tr> <td>SJ,JMD</td> <td>28.02</td> <td>67.67</td> <td>141.5%</td> </tr> <tr> <td>SCA,ED-CEO</td> <td>29.62</td> <td>29.73</td> <td>0.37 %</td> </tr> <tr> <td>CFO</td> <td>15.00</td> <td>15.34</td> <td>2.27%</td> </tr> <tr> <td>CS</td> <td>12.08</td> <td>7.89</td> <td>(34.68)%</td> </tr> <tr> <td>Increase in the revenue of the Company (%)</td> <td colspan="2">Increase in Profit before tax and exceptional items (%)</td> <td></td> </tr> <tr> <td>(20.17%)</td> <td colspan="2">10.47%</td> <td></td> </tr> </tbody> </table>					Name & Designation	Remuneration of KMPs (Rs. In Lacs)		Increase/Decrease %	Financial Year		2017-18	2018-19	LKJ, Ch.	42.34	81.60	92.72%	AJ, MD	29.03	68.51	136%	SJ,JMD	28.02	67.67	141.5%	SCA,ED-CEO	29.62	29.73	0.37 %	CFO	15.00	15.34	2.27%	CS	12.08	7.89	(34.68)%	Increase in the revenue of the Company (%)	Increase in Profit before tax and exceptional items (%)			(20.17%)	10.47%			
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10	The key parameters for any variable component of remuneration availed by the directors	Executive Directors - i) Incentive of annual salary and commission up to 2% of the profit as decided by Board on the recommendation of Nomination-cum-Remuneration Committee ii) In the event of loss or inadequacy of profits in any financial year, incentive shall be restricted to of annual salary as mentioned in section 197 read with Schedule V. iii) Non-executive directors Commission NIL																																													
11	The 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	No Such Case																																													
12	Affirmation that the remuneration is as per the remuneration policy of the company	Yes.																																													

Notes:

- All other directors (Independent) were paid only sitting fee for attending the meetings of the Board and Committees thereof.
- Commission was paid to the Whole Time Directors during the year under review, which was within the limit specified under section 197 of the Companies Act, 2013 read with schedule V.
- The remuneration levels and periodic increases have no direct correlation to the company's performance but are determined in the normal course of business and in line with industry norms.
- The company did not come out with Public Offer.



FORM NO. MR.3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019
[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 M SUGAR MILLS LIMITED,
11, MotiBhawan, Collectorganj, Kanpur - 208 001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s K M SUGAR MILLS 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 my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit,
We hereby report that in our opinion

- i. The company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also;
- ii. 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 on 31st March, 2019 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. 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 - Not applicable as the Company has not made any such transaction during the financial year under review;
- v. 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, 2015 (w.e.f. 15.05.2015);
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- not applicable as the Company has not made any public offer of securities during the period under review;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/Securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014) - Not applicable as the Company has not granted any options during the financial year under review
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - not applicable as the Company has not issued any listed debt securities during the period under review;
 - f. 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 - Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not applicable as the Company has not delisted / propose to delist its equity shares from any stock exchange during the financial year under review;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back/propose to buyback any of its securities during the financial year under review.
- vi. The following other laws as may be applicable specifically to the company:
 - (a) Sugar Cess Act, 1982
 - (b) Levy Sugar Price Equalisation Fund Act, 1976



- (c) Food Safety And Standards Act, 2006
- (d) Essential Commodities Act, 1955
- (e) Sugar Development Fund Act, 1982
- (f) Agricultural and Processed Food Products Export Act, 1986
- (g) The Boilers Act, 1923
- (h) The Legal Metrology Act, 2009
- (i) The Environment Protection Act, 1986
- (j) The Water (Prevention and Control Pollution) Act, 1974
- (k) The Air (Prevention and Control Pollution) Act, 1981

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
- (ii) Listing Agreements entered into by the Company with BSE Limited & National Stock Exchange Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- (i) The Company has filed with delay few forms/returns/documents etc. on payment of additional fee with the Registrar of Companies, Ministry of Corporate Affairs, Kanpur under the provisions of the Companies Act, 2013.

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 changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, however we have noted delay in sending agenda papers in few cases, 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.
- Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that the systems and processes in the company require further strengthening and improvements, considering the size and operations of the company to enable effective monitoring and ensuring of compliance with applicable laws, rules, regulations and guidelines.

For Pragati Gupta
Practising Company Secretaries

Pragati Gupta
Proprietor
Membership No. : A19302
C.P. No. 7878

Date: 29.05.2019

Place: Lucknow

Note: This report should be read with the letter of even date by the Secretarial Auditors.



To,
The Members,
K M SUGAR MILLS LIMITED,
11, MotiBhawan, Collectorganj, Kanpur - 208 001

Our Report of even date 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 process 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 for 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 management. Our examination was limited to the verification of procedure 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.

For Pragati Gupta
Practising Company Secretaries

Pragati Gupta
Proprietor
Membership No. : A19302
C.P. No. 7878

Date: 29.05.2019
Place: Lucknow





INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report...

To The Members of K.M. Sugar Mills Ltd.
Report on the Standalone Financial Statements
Opinion

We have audited the accompanying Standalone financial statements of K.M. Sugar Mills Ltd. ("the Company") which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matter	Auditor's Response
1	Valuation of inventory of sugar: As on March 31, 2019, the Company has inventory of sugar with a carrying value INR 25774.84 lakhs. The inventory of sugar is valued at the lower of cost and net realizable value. We considered the value of the inventory of sugar as a key audit matter given the relative value of inventory in the financial statements and significant judgement involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and related notifications of the Government in valuation of NRV.	<u>Principal Audit Procedures</u> We understood and tested the design and operating effectiveness of controls as established by the management in determination of cost of production and net realizable value of inventory of sugar. We considered various factors including the prevailing selling price during and subsequent to the year end, minimum selling price & monthly quota, and notifications of the Government of India, initiatives taken by the Government with respect to sugar industry as a whole. Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year-end and comparison with cost for valuation of inventory, is considered to be reasonable.
2	Change in policy of valuation of leasehold land The Company has elected to continue with carrying value of all property, plant and equipment under the previous GAAP as deemed cost as at the transition date i.e. 1st April 2016 while implementing Ind AS in F.Y. 2017-18. Now, the company has changed the policy to reflect the leasehold land at its fair value and thus adopted fair value model as on 31.03.2019 based on fair valuation done by a chartered engineer. The company intends to apply fair value model in a phased manner for other assets also. Because of this change, the increase in carrying amount of leasehold land by Rs.6046.98 lakhs has been recognised through other comprehensive income and accumulated in revaluation reserve under other equity.	<u>Principal Audit Procedures</u> As per the valuation report issued by Chartered Engineer, which was presented to us by the management of the Company, the fair valuation adopted and disclosed by way of Notes on Accounts has been found to be consistent with the Accounting Policy of the Company. The change in Accounting Policy and the Fair Value adopted has been found to be
3	Deferred tax asset relating to MAT Credit Entitlement: The company has recognised deferred tax asset relating to MAT credit entitlement. The recoverability of this deferred tax asset relating to MAT credit entitlement is dependent upon the generation of sufficient future taxable profit to utilise such entitlement within the stipulated period prescribed under the Income Tax Act, 1961. We identified this as a key audit matter because significant judgement is required in forecasting future taxable profits for recognition of deferred tax asset relating to MAT credit entitlement.	<u>Principal Audit Procedures</u> We have assessed the management's judgement relating to the forecasts of future revenue, taxable profits and evaluated the reasonableness of the considerations/ assumptions underlying the preparation of these forecasts. Based on the above procedures performed, the recognition and measurement of deferred tax asset relating to MAT credit entitlement are considered adequate and reasonable.
4	Contingent Liabilities: There are various litigations pending before various forums against the Company and management's judgement is required for estimating the amount to be disclosed as contingent liability. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias.	<u>Principal Audit Procedures</u> We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures: - understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases; - discussing with management any material developments and latest status of legal matters; - read various correspondences and related documents pertaining to litigation cases produced by the management and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities; - examining management's judgements and assessments whether provisions are required; - considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote; - reviewing the adequacy and completeness of disclosures; Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable.



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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

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

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations,

or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Change 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 B". 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, 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 – 36.5 to the Standalone financial statements;
 - ii. the company did not have any long term contract including derivative contracts for which there were any material foreseeable losses; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Agiwal & Associates
Chartered Accountants
(FRN: 000181N)

P. C. Agiwal
Partner
M. No. 080475

Place: Lucknow
Date: 29.05.2019

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT
The Annexure 'A' referred to in our Independent Auditors' Report to the members of the Company on the Standalone financial statements of K.M. Sugar Mills Ltd. for the year ended 31st March, 2019, we report that :

- (i) In respect of its fixed assets:
 - (a) *The Company has generally maintained records to show particulars, including quantitative details and situation of fixed assets but its updation is in progress;*
 - (b) The fixed assets covering significant value were physically verified during the year by the management at such intervals which in our opinion, provides for the physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and nature of its business. According to the information and



explanations given to us, no material discrepancies were noticed on such verification;

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of company.
- (ii) According to the information and explanations given to us, the inventories have been physically verified by the management to the extent practicable at reasonable intervals during the year and as explained, there was no material discrepancies noticed on such verification.
- (iii) According to the information and explanations given to us, the Company has not granted secured or unsecured loan to companies, firms, LLP or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company is in compliance with the provisions of section 185 and 186 of Companies Act, 2013 as on 31.03.2019 with respect to the loans, investments, guarantees and security provided by it.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. Hence, the 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 are not applicable to the Company.
- (vi) In our opinion and according to the information and explanations given to us, specified cost accounts and records as prescribed by the Central Government in terms of sub-section (1) of section 148 of the Companies Act, 2013 have been prima facie made and maintained by the company. However, we have not, nor we are required, carried out any detailed examination of such accounts and records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other material statutory dues to the appropriate authorities to the extent these are applicable except some small delays. According to the information and explanations given to us, no undisputed dues were in arrears as at 31st March, 2019 for a period of more than six

months from the date they become payable.

- (b) According to the information and explanations given to us, the following dues of income tax, sales tax, duty of excise, service tax and value added tax have not been deposited by the Company on account of disputes :

Name of the statute	Nature of dues	Gross demand Amount (Rs. in lakhs)	Amount paid under protest (Rs. in lakhs)	Period to which pertain	Forum where dispute is pending
Entry Tax Act	Entry Tax	1.86	1.86	2012-13 and 2016-17	Additional Commissioner (Appeal), Commercial Tax, Faizabad
Value Added Tax Act	VAT	16.49	8.74	2013-14, 2014-15 and 2015-16	Additional Commissioner Appeal, Faizabad
Central Sales Tax	CST	136.48	-	2014-15 and 2015-16	Additional Commissioner Appeal, Faizabad

- (viii) Based on our audit procedure and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of loans / borrowings to the financial institutions, banks, Government or a debenture holders at the end of year.
- (ix) According to the information and explanations given to us, the Company has not raised money by way of term loans during the year.
- (x) To the best of our knowledge and 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 our information and explanations given to us and based on our examination of the records of the Company, managerial remuneration has been paid / provided 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.
- (xiii) In our opinion and 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 statement as required by the applicable accounting standards.
- (xiv) According to the information and explanations given 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) In our opinion and 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.

(xvi) As per our information, the company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934.

For Agiwal & Associates
Chartered Accountants
(FRN: 000181N)

Place: Lucknow
Date: 29.05.2019

P. C. Agiwal
Partner
M. No. 080475

Annexure - B to the Independent Auditors' Report
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of K.M. Sugar Mills Ltd. ("the Company") as of 31 March 2019 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both

applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, including the assessment of the risks of material misstatement of the standalone 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 of the Company.

Meaning of Internal Financial Controls over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and



not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanation 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 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Agiwal & Associates
Chartered Accountants
(FRN: 000181N)

Place: Lucknow
Date: 29.05.2019

P. C. Agiwal
Partner
M. No. 080475

Independent Auditor's Report...





K.M Sugar Mills Limited

CIN : L15421UP1971PLC003492

Balance Sheet as at 31st March, 2019

(Rs. in Lakhs)

PARTICULARS	Notes No.	Previous Year	
		As at March 31, 2019	As at March 31, 2018
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	3	15,258.11	9,400.93
(b) Capital work-in-progress	3A	702.57	9.55
(c) Other Intangible Assets	3B	3.91	2.59
(d) Financial assets			
(i) Loan	4	365.78	321.24
(ii) Non-current Investments	5	1,406.73	725.80
(e) Deferred tax asset (net)	19	-	86.26
(f) Non-current Tax assets (net)	6	98.68	171.94
(g) Other non-current assets	7	45.09	215.98
Total non-current assets		17,880.87	10,934.29
(2) Current assets			
(a) Inventories	8	26,598.43	16,317.17
(b) Financial assets			
(i) Investment	9	94.25	
(ii) Trade and other receivables	10	2,749.64	2,232.21
(iii) Cash and cash equivalents	11	302.69	1,066.44
(iv) Bank Balance other than (iii) above	11A	678.00	345.59
(v) Other Financial assets	12	3.58	31.40
(c) Other current assets	13	1,044.36	421.84
Total current assets		31,470.95	20,414.65
Total assets		49,351.82	31,348.94
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	14	1,840.00	1,840.00
(b) Other equity	15	15,071.66	6,599.18
Total equity		16,911.66	8,439.18
LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowing	16	3,588.54	3,153.30
(ii) Other financial liabilities	17	26.15	-
(b) Other non current liabilities	18	585.36	87.14
(c) Deferred tax liabilities (net)	19	35.73	-
(d) Provisions	20	497.44	492.35
Total non-current liabilities		4,733.22	3,732.79
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowing	21	6,470.45	5,753.05
(ii) Trade payables and other payables	22	18,520.76	10,956.52
(iii) Other financial liabilities	23	1,726.13	1,501.10
(b) Other current liabilities	24	949.94	935.89
(c) Provisions	20	39.66	30.41
Total current liabilities		27,706.94	19,176.97
Total equity and liabilities		49,351.82	31,348.94

Corporate Information
Significant Accounting Policies and accompanying notes 2 to 36
As per our report of even date attached

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For Agiwal & Associates
Chartered Accountants

For and on behalf of Board of Directors

F.R. No. 000181N
CA. P. C. Agiwal
Partner
M.No.080475

S. C. Agarwal
Executive Director
DIN-02461954

Aditya Jhunjunwala
Managing Director
DIN-01686189

Place : Lucknow
Date : 29th May, 2019

A.K. Gupta
Chief Financial Officer

Pooja Dua
Company Secretary
M.No-A50996



K.M Sugar Mills Limited

CIN : L15421UP1971PLC003492

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

(Rs. in Lakhs)

PARTICULARS	Notes No.	Previous Year	
		Year Ended 31st March, 2019	Year Ended 31st March, 2018
I Revenue From Operations	25	39,005.38	46,978.32
II Other Income	26	1,415.30	3,653.82
III Total Income (I+II)		40,420.68	50,632.14
IV EXPENSES			
Cost of materials consumed	27	36,642.24	33,923.05
Purchase of Stock-in-Trade	28	2,398.96	388.56
Excise duty Expenses	29	-	701.00
Change in inventories of Finished Goods, by product and work in progress	30	(10,276.43)	5,055.70
Employee benefits expense	31	1,256.01	1,178.38
Finance costs	32	762.12	1,121.09
Depreciation and amortization expense	33	1,240.25	1,344.69
Other expenses	34	5,183.62	4,010.27
Total expenses		37,206.77	47,722.74
V Profit/(loss) before exceptional items and tax (III-IV)		3,213.91	2,909.40
VI Exceptional Items		-	-
VII Profit/(loss) before tax (V-VI)		3,213.91	2,909.40
VIII Tax expense:	35		
Current tax		672.00	617.00
Tax expense of earlier year		(21.00)	(22.65)
Deferred tax		128.23	428.52
		779.23	1,022.87
IX Profit (Loss) for the period (VII-VIII)		2,434.68	1,886.53
X Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Gain / (Loss) arising on actuarial valuation arising on defined benefit obligation		(18.23)	(0.19)
Gain / (Loss) arising on fair valuation of Fixed Asset.		6,046.98	-
Gain / (Loss) arising on fair valuation of equity Instrument		0.37	0.36
(ii) Income tax relating to items that will not be reclassified to profit or loss		6.24	(0.02)
		6,035.36	0.15
XI Total Comprehensive Income for the period (IX+X) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		8,470.04	1,886.68
XII Earnings per equity share			
(1) Basic		2.65	2.05
(2) Diluted		2.65	2.05

Corporate Information
Significant Accounting Policies and accompanying notes 2 to 36

1

As per our report of even date attached
For Agiwal & Associates
Chartered Accountants

F.R. No. 000181N
CA. P. C. Agiwal
Partner
M.No.080475

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

Aditya Jhunjunwala
Managing Director
DIN-01686189

Place : Lucknow
Date : 29th May, 2019

A.K. Gupta
Chief Financial Officer

Pooja Dua
Company Secretary
M.No-A50996

Statement of Standalone Profit and Loss



Cash Flow Statement for the year ended 31st March, 2019

(Rs. in Lakhs)

PARTICULARS	Current Year		Previous Year	
	Year ended 31st March, 19		Year ended 31st March, 18	
A. Cash Flow from operating activities				
Net Profit/(Loss) before tax and exceptional items		3,213.90		2,932.05
Adjustment to reconcile profit before exceptional items and extraordinary items and tax to net cash flow provided by operating activities:				
Depreciation and amortisation expense	1,240.25		1,344.69	
Finance costs	762.12		1,121.09	
Transfer to storage fund for molasses	2.44		2.07	
Provision/reversal of doubtful debts	0.12		(15.52)	
Balances written off	67.02		36.44	
Interest income	(146.06)		(145.87)	
Government Grant	(141.28)		(143.49)	
Gain on Mutual Fund	(93.38)		-	
Profit or loss on sale of fixed assets /Investment	(0.75)		0.19	
Unspent liabilities/balances written back	(93.07)		(2,944.84)	
Other expenses/(income)	29.39		40.46	
Remeasurement of defined benefit obligation	(18.23)		(0.19)	(704.97)
Operating Profit before working capital changes		1,608.57		(704.97)
Adjustment to reconcile operating profit to cash flow provided by change in working capital		4,822.47		2,227.08
(Increase)/Decrease in trade and other receivables	(556.75)		(621.75)	
(Increase) / Decrease in inventories	(10,281.26)		6,306.78	
(Increase) / Decrease in Current & Non current Assets	(834.67)		268.69	
(Increase) / Decrease in Loan	-		47.07	
Increase / (Decrease) in trade payables & Others	7,657.30		4,652.61	
Increase / (Decrease) in Current & Non current Liabilities	(7.09)		(2,863.60)	
Increase / (Decrease) in Other Financial Liabilities	328.92		(493.01)	
Increase / (Decrease) in Provisions	14.34		(1,632.84)	
Cash Generated from Operations		(3,679.21)		5,663.95
Tax expense (excluding wealth tax)		1,143.26		7,891.03
Cash flow before exceptional and extraordinary items		533.66		687.09
Exceptional items -Voluntary retirement scheme		609.60		7,203.94
Net Cash generated From Operating Activities (A)		-		-
B. Cash Flow from investing activities		609.60		7,203.94
Purchase of fixed assets	(1,051.78)		(1,224.68)	
Proceeds from sale of investment (Net)	(784.46)		72.80	
Addition in CWIP	(693.02)		(9.55)	
Interest income received	107.73		14.37	
Net Cash used in Investing Activities (B)		(2,421.53)		(1,147.06)
C. Cash Flow From Financing activities				
Proceed/(Repayments) of long term borrowings	792.12		(587.56)	
Proceeds/(repayments) of short term borrowings	717.40		(3,812.16)	
Finance cost paid	(461.37)		(1,425.54)	
Net Cash From Financing Activities (C)		1,048.15		(5,825.26)
Net increase in Cash & Cash Equivalents (A+B+C)		(763.78)		231.62
D. Opening cash and cash equivalents		1,066.44		834.82
E. Closing cash and cash equivalents for the purpose of cash flow statement (Refer Note No.11)		302.69		1,066.44
Increase in Cash & Cash Equivalents (D-E)		(763.75)		231.62

Notes:

1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard on Statement of Cash Flows (Ind As -7).

2) Cash and cash equivalents at year end comprises:

Cash on hand	4.50	7.44
Cheque on hand	1.77	322.21
Balances with scheduled banks		
- current accounts	296.41	736.79
- In EEFC Account	0.01	0.01
	<u>302.69</u>	<u>1,066.44</u>

Supplementary Information

- Restricted Cash Balance (NOTE 11A)*

* amount not included in cash and cash equivalent

As per our report of even date attached

For Agiwal & Associates

Chartered Accountants

F.R. No. 000181N

CA. P. C. Agiwal

Partner

M.No.080475

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

Aditya Jhunjunwala
Managing Director
DIN-01686189



Statement of change in equity

(a) Equity Capital
 AT 31st March, 2019
 AT 31st March, 2018

Number
 92000170
 92000170

Rs. in lakhs
 1,840.00
 1,840.00

(b) Other equity

Description	General Reserve	Initial Depreciation Reserve	Molasses Storage Fund	Sugar Price Equalisation Reserve	Securities Premium Account	Retained Earning	Items of Other Comprehensive Income			Total
							Revaluation reserve	FVTOCI reserve	Gain / Loss arising on actuarial valuation of defined benefit	
As at April 01, 2018	1,178.18	1.72	13.56	12.40	2,688.01	2,726.05	12.81	(5.63)	(27.93)	6,599.17
Change during the year	-	-	2.44	-	-	-	-	-	-	2.44
Profit for the period	-	-	-	-	-	2,434.68	-	-	-	2,434.67
Other Comprehensive Income	-	-	-	-	-	-	6,046.98	0.24	(11.86)	6,035.37
Total Comprehensive Income	1,178.18	1.72	16.00	12.40	2,688.01	5,160.73	6,059.80	(5.39)	(39.79)	15,071.65
Transfer to Molasses Fund	-	-	-	-	-	3.05	(1.96)	(1.09)	-	-
Transfer to retained earning	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	1,178.18	1.72	16.00	12.40	2,688.01	5,163.78	6,057.84	(6.48)	(39.79)	15,071.65

As per our report of even date attached

For Agiwal & Associates
 Chartered Accountants
 F.R. No 000181N

CA. P. C. Agiwal
 Partner
 M.No.080475

Place : Lucknow
 Date : 29th May, 2019

For and on behalf of Board of Directors

S. C. Agarwal
 Executive Director
 DIN-02461954

A. K. Gupta
 Chief Financial Officer

Aditya Jhunjhunwala
 Managing Director
 DIN-01686189

Pooja Dua
 Company Secretary
 M.No-A50996

Standalone Statement of Change in Equity



K.M. SUGAR MILLS LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Corporate Information

K.M Sugar Mills Limited is a public limited company incorporated and domiciled in India. The registered office of the Company is situated at 11, Moti Bhawan, Collector Ganj, Kanpur, Uttar Pradesh – 208001.

The Company's shares are listed on the BSE Ltd and National Stock Exchange of India Ltd.

The Company is engaged in sugar manufacturing. The principal activity of the Company is manufacturing of sugar and the company is also engaged in power generation using baggase and in manufacturing of Industrial alcohol.

2. Significant Accounting Policies

2.1 Statement of Compliance with Ind AS

In accordance with the notification dated 16th February, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from 1st April, 2016 with restatement of previous year figures presented in this financial statements. Accordingly, the financial statements have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 ("Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are approved for issue by the Board of Directors has been considered in preparing these financial statements.

2.2 Basis of Preparation of Financial Statements

These financial statements are prepared on the accrual basis of accounting, under the historical cost convention except for the following:

- i) Certain financial assets and financial liabilities measured at fair value and
- ii) Defined benefits plan - plan assets measured at fair value.

There is no change in the system of accounting as being consistently followed from earlier years unless otherwise stated

All assets and liabilities have been classified as current or non-current as per company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of operations and time between procurement of raw material and realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12

months for the purpose of current and non-current classification of assets and liabilities.

2.3 Use of Estimates

The preparation of the Financial Statements in conformity with GAPP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenditure during the period. Management believes that the estimates made in the preparation of the financial statements are prudent and reliable. Actual results might differ from the estimates. Difference between the actual results and estimates are recognized in the period in which results are known/material.

i) Estimated useful life of Property, plant and equipment

PPE represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual value of the asset are determined by the management when the asset is acquired and reviewed periodically including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their lives, such as change in technology.

ii) Recognition of deferred tax assets for carried forward tax losses and unused tax credit

Deferred tax assets are recognized for unused losses (carry forward of prior years' losses) and unused tax credit to the extent that it is probable that taxable profit would be available against which the losses could be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

iii) Estimation of Defined benefit obligations

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. 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 financial year end. The parameter most subject to change is the discount rate. In



determining the appropriate discount rate for plans, the actuary considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

iv) Estimated fair value of unlisted securities

The fair values of financial instruments that are not traded in an active market and cannot be measured based on quoted prices in active markets is determined using valuation techniques including the discounted cash flow (DCF) model. The company uses its judgment to select a variety of method / methods and make assumptions that are mainly based on market conditions existing at the end of each financial year. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgment includes considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.4 Property, plant and equipment (PPE) and Capital work-in-progress (CWIP)

The Company has elected to continue with carrying value of all Property, plant and equipment and Capital work-in-progress (CWIP) under the previous GAAP as deemed cost as at the transition date i.e. 1st April, 2016. Now during financial year 2018-19, the company has revalued the lease hold assets considering entire class of lease hold land. Property (excluding lease hold land), plant and equipment were stated at their original cost (net of accumulated depreciation and impairment) adjusted by revaluation of certain assets.

The Property, plant and equipment (PPE) and Capital work-in-progress (CWIP) are stated at cost net of GST credit and/or at revalued price less accumulated depreciation and Accumulated Impairment.

The Company has elected the fair value model for leasehold land to make the better presentation of financial statement.

Interest on borrowings used to finance the construction of qualifying assets are capitalized as part of the cost of the asset until such time that the asset is ready for its intended use.

Depreciation on Property, plant and equipment (PPE) is provided on written down value method as prescribed under Part C of Schedule II to the Companies Act, 2013. The additional depreciation, on

increase in cost on account of revaluation, is transferred to Retained Earnings from Revaluation Reserve and is thus not charged to statement of Profit & Loss of the year.

Useful life of assets are considered on the base is of Schedule-II of Companies Act, 2013

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

Each item of PPE individually costing Rs.5,000 or less is depreciated fully in the year of their put to use.

Depreciation/amortization on assets added, sold or discarded during the year is provided on pro-rata basis.

2.5 Intangible assets (Computer Software)

The Company has elected to continue with carrying value of computer software under the previous GAAP, as deemed cost since 1st April, 2016. Computer software if any purchased during the year has been stated at their original cost (net of accumulated amortization and accumulated impairment, if any).

Intangible assets expected to provide future enduring economic benefits are recorded at the consideration paid for acquisition of such assets and are carried at cost of acquisition less accumulated amortization and impairment, if any.

Intangible assets: Computer software is amortized over a period of four years.

2.6 Revenue Recognition and Expenses

i) Effective April 1 2018 the company adopted Ind As 115, revenue from contracts with customer using the cumulative catch up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch up transition method, the comparatives have not been retrospectively adjusted. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for services and goods are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on supply and service contracts are recognized as the related performance obligation is completed.

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or



costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenues in excess of invoicing are classified as contract assets (which we refer to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

- ii) Insurance claims have been accounted for on cash basis looking in to the uncertainty and its collection as per past practice.
- iii) Interest Income is accounted for on time proportionate basis.

2.7 Expenses

- (i) All expenses are accounted for on accrual basis.

2.8 Inventory

- a) Cost of inventory comprises of purchase price, cost of conversion and other cost that have been incurred in bringing the inventories to their respective present location and condition. Interest costs are not included in value of inventory.

Inventories are valued as under :

- a) Raw Materials and Finished Goods (except molasses) are carried at lower of cost and net realizable value.
- b) Stock of Molasses is carried at net realizable value.
- c) Stores & Spares are carried at cost.
- d) Goods in Process / WIP are carried at lower of cost and net realizable Value.
- e) Banked power with UPPCL is carried at lower of cost and net realizable value.

Cost for the purpose of valuations of raw material and components, stores & spares are considered on following basis:

<u>Manufacturing Units</u>	<u>Basis</u>
- Sugar - Raw Material	First in First Out
- Stores & Spares and other components	Weighted Average
- Trading Goods	First in First Out
- Distillery- Raw Material	First in First Out
- Stores & Spares Other components	Weighted Average
- Co-generation - Raw Material	First in First Out

2.9 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided by the management after discussion with and approval by the Company's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities, which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.



The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.10 Financial instruments

Financial assets and financial liabilities are recognised in the Balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. The financial assets include equity and debt securities, trade and other receivables, loans and advances, cash and bank balances and derivative financial instruments.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- 1) At amortised cost,
- 2) At fair value through other comprehensive income (FVTOCI), and
- 3) At fair value through profit or loss (FVTPL).

Debt instruments at amortised cost

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

- 1) The asset is held within a business model whose objective is to hold the asset for collecting contractual cash flows, and
- 2) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest 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 on acquisition and fees or costs that are an integral part of the EIR.

Equity investments

All equity investments in the scope of Ind AS 109 are measured at fair value except in case of investment in subsidiary carried at deemed cost and associate carried at cost.

Deemed cost is the carrying amount under the previous GAAP as at the transition date i.e. 1st April, 2016. Equity

instruments included within the FVTPL category, if any, are measured at fair value with all changes recognized in profit or loss. The Company may make an irrevocable election to present in OCI subsequent changes in the fair value.

The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI.

There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Preference Share

The Company has made investment in subsidiary company the fair value of which has been determined using cost model as prescribed IND AS 27, Fair value of preference share in other company has been determined on the basis of amortized cost. The discount rate has been taken at 10.50% which is incremental borrowing rate for the company after considering percentage of dividend. Difference between the actual cost and amortized cost is accounted for under "Finance cost" as Gain/ loss arising on fair valuation of preference share and unwinding of interest is accounted for under "Other income"

De-recognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

2.11 Employees Benefits

(i) Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short term employee benefits to be paid in exchange for employee services are recognized as an expense as the related service is rendered by employees.

(ii) Post employment benefits

Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The company makes specified monthly contributions towards provident fund. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which employee renders the related service.

Defined benefit plan :

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the



amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

When the calculation results in a benefit to the Company, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized in the other comprehensive income

(iii) Long term employment benefits

The Company's net obligation in respect of long-term employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

(iv) Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit & Loss for the year in which the related service is rendered.

2.12 Borrowing Costs

Borrowing costs attributable to the qualifying assets are capitalized up to the period such assets are ready for the intended use and commenced commercial production. All other borrowing cost is charged to the Statement of Profit & Loss in the period in which they are incurred.

2.13 Dividend payable on shares are recorded as a liability on the date of approval by the shareholders and interim dividend are recorded as a liability on the date of declaration by the Company's Board of Directors. A corresponding amount is recognized directly in equity.

2.14 Biological assets Biological assets comprise standing crops (crops under development) of sugarcane. The biological process starts with preparation of land for planting, seedlings and ends with the harvesting of crops. When harvested, cane is transferred to inventory at fair value less costs to sell or at cost whichever applicable. For biological assets, where little biological transformation has taken place since the initial cost was incurred (for example seedlings planted immediately before the balance sheet date.)

2.15 Government Grants

Government grants are recognised at fair value when there is reasonable assurance that the grant would be received and the Company would comply with all the conditions attached with them.

Government grants related to PPE are treated as deferred income (included under non-current liabilities with current portion considered under current liabilities) and are recognized and credited in the Statement of Profit and Loss on a systematic and rational basis over the estimated useful life of the related asset and included under "Other Income".

The benefit of government loan at a below-market rate of interest is treated as a government grant. The Difference between the market rate of interest and actual rate of interest is treated as government grant.

First time Adopter shall classify all government loan received as financial liability or Equity as per Ind AS- 32. First time adopter shall apply the requirement in Ind AS -20 and Ind AS -109 to government loan existing at the date of transition to Ind AS and shall not recognized the corresponding benefit of government loan at below market rate of interest as government grant.

Government Grants in the nature of Government promoters' contribution, i.e. which have reference to the total investment in an undertaking or by way of contribution towards total capital outlay, are credited to retained earnings as related to the previous years.



2.16 Financial Derivatives and Commodity Hedging Transactions

Financial Derivatives and commodity hedging contracts are accounted for on the date of their settlement and realized gain/loss in respect of settled contracts are recognized in the Statement of Profit & Loss, along with the underlying transactions.

2.17 Foreign Currency Transactions and Translations

- a) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates.
- b) Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- c) In respect of monetary items which are covered by forward exchange contracts, the difference between the year end and the rate on the date of contract is recognized as exchange difference and the premium on such forward contracts is recognized over the life of the forward contract.
- d) The exchange differences arising on settlement / translation are recognized in the Statement of Profit and Loss.

2.18 Taxes on Income

(a) Current Tax

Tax on income for the current period is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which give future economic benefit in the form of adjustment to future income tax liability is considered as an asset to the extent there is convincing evidence that the company will pay normal income tax.

(b) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statement and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction (other than a business combination) affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised for the carry

forward of unused tax losses and unused tax credit to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can 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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

The company has revalued its lease hold property but deferred tax liabilities is not recognized on the ground that the company does not have sale / transfer right with regard to lease hold land.

Deferred tax liabilities are generally recognised on all taxable temporary differences.

2.19 Impairment of Non financial Assets

- (i) Non financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
- (ii) An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount, costs of disposal and value in use.
- (iii) For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash generating units).
- (iv) Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of the each reporting period.

2.20 Leases

Assets acquired as leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit & Loss on accrual basis.

2.21 Provisions, Contingent Liabilities and Contingent Assets

- (i) Provision is recognized in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.
- (ii) Provision is recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.
- (iii) Provisions are not recognized for future operating losses.
- (iv) Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not



- wholly within the control of the Company.
- (v) A contingent asset is not recognized in the financial statements.
- (vi) Provisions and contingent liabilities are reviewed at each balance sheet date.
- 2.22 Investment Property
Investment property is property (land or a building — or part of a building — or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business. Owner-occupied property is property held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes. Investment properties are accounted for in the books at cost. However, fair value of such property is required to be disclosed only in accordance with Ind AS 40.
- 2.23 Segment Reporting
Primary Segment
Based on the guiding principles given in the Ind AS-108 “Segment Reporting” issued by ICAI, the Company’s segments are Sugar, Power Generation and Distillery.
Revenue and expenses have been accounted for on the basis of their relationship to the operating activities of the respective segment.
Segment Identification
Business segments have been identified on the basis of the nature of products/ services, the risk return profile of individual business, the organizational structure and the internal reporting system of the company.
The operating segments are reported after taken into consideration of Aggregation criteria and Quantitative threshold as mentioned in Para 12 and 13 of Ind AS 108.

Excise duty in respect of finished goods held in stock has been accounted for at the end of the year and is included in the value of closing stock.

2.24 Earning Per Share

Basic earnings per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares.

2.25 Cash and Cash Equivalents

Cash and cash equivalents Cash and cash equivalents in the Balance sheet comprise cash on hand, cheques on hand, balance with banks on current accounts and short term, highly liquid investments with an original maturity of three months or less and which carry insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, Cash and cash equivalents consist of Cash and cash equivalents, as defined above and net of outstanding book overdrafts as they are considered an integral part of the Company’s cash management

2.26 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and item of income or expenses associated with investing or financing flows. The cash flows operating, investing and financing activities of the company are segregated.

For Agiwal & Associates
Chartered Accountants
F.R. No 000181N

CA. P. C. Agiwal
Partner
M.No.080475

Place : Lucknow
Date : 29th May, 2019

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

A K Gupta
Chief Financial Officer

Aditya Jhunhunwala
Managing Director
DIN-01686189

Pooja Dua
Company Secretary
M.No-A50996



NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 3: Property, Plant and Equipment

Particulars	Land (Lease hold)	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers	Total
Gross Block									
Balance as at 1st April, 17	16.48	59.73	689.19	24,575.77	407.50	881.44	94.99	109.56	26,834.66
Additions	-	-	64.89	1,050.37	36.32	19.25	32.98	16.69	1,220.50
Disposal/Deduction	-	-	-	-	4.45	4.36	0.03	0.43	5.27
Balance as at 31st March, 18	16.48	59.73	754.08	25,626.14	443.37	896.33	127.94	125.82	28,049.89
Additions	-	750.40	80.19	102.23	21.64	84.51	6.39	2.91	1,048.27
Fair valuation	6,046.98	-	-	-	-	-	-	-	6,046.98
Disposal/Deduction	-	-	-	-	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 19	6,063.46	810.13	834.27	25,728.37	465.01	980.84	134.33	128.73	35,145.14
Accumulated depreciation									
Balance as at 1st April, 17	-	-	375.06	16,218.56	191.83	372.74	55.65	97.94	17,311.78
Depreciation for the year	-	-	51.42	975.50	48.55	164.45	28.06	13.11	1,281.09
Depreciation due to obsolescence	-	-	12.18	48.62	0.14	0.10	0.13	-	61.17
Disposal/Deduction	-	-	-	-	(0.45)	(4.17)	(0.03)	(0.43)	(5.08)
Balance as at 31st March, 18	-	-	438.66	17,242.68	240.07	533.12	83.81	110.62	18,648.96
Depreciation for the year	-	-	40.56	917.03	58.58	130.62	20.92	9.18	1,176.89
Depreciation due to obsolescence	-	-	12.19	48.61	0.15	0.09	0.14	-	61.18
Disposal/Deduction	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 19	-	-	491.41	18,208.32	298.80	663.83	104.87	119.80	19,887.03

Net Carrying amount

Property, Plant and Equipment

Net Carrying Amount	Land (Lease hold)	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers	Total
As at 31st March, 2018	16.48	59.73	315.42	8,383.46	203.30	363.21	44.13	15.20	9,400.93
As at 31st March, 2019	6,063.46	810.13	342.86	7,520.05	166.21	317.01	29.46	8.93	15,258.11

* The company has followed the deemed cost option as on 01.04.2016 and now decided to opt fair value model for its leasehold land to make the financial statements more presentable.

* Fair value of leasehold land has been done for 31.03.2019 by Mr. Anoop Kumar Raamani, a chartered engineer of repute.

* Fair valuation has been done using market comparable method. The revalued amount of leasehold land comes to Rs. 6063.46 lakhs as against its cost of Rs. 16.48 lakhs and difference amount of Rs. 6046.98 lakhs has been shown as revaluation surplus under other equity, which has been routed through other comprehensive income.

* To arrive at the fair value of leasehold land, the guidance rate of UPSIDC prescribed for Madhopur and Masodha area is considered, which is Rs. 1,300 per square meter and accordingly valued entire leasehold area of 46.642 hectare.

* Lease hold land was taken from Uttar Pradesh Government at initial lease period valid till 13.06.2044 with an option of further renewal for 99 years. This fact is duly considered by the valuer in arriving the fair value.



Note 3A Capital work in Progress

(Amount in Lakh)

Balance as at 01.04.17	
Addition *	324.76
Capitalisation	315.21
Balance as at 31 st March, 2018	9.55
Addition *	810.16
Capitalisation	117.14
Balance as at 31st March, 2019	702.57

Note 3B

INTANGIBLE ASSETS

Rs. in lakhs

Description	Amount
Gross carrying amount as at 01 April, 2017	22.14
Additions	4.18
Deductions	-
Other adjustments	-
Balance as at 31st March, 2018	26.32
Additions	3.50
Deductions	-
Other adjustments	-
Balance as at 31st March, 2019	29.82
Acumulated balance as at 01 April, 2017	21.32
Depreciation for the year	2.41
Depreciation adjustment	-
Deduction	-
Balance as at 31 March, 2018	23.73
Depreciation for the year	2.18
Depreciation adjustment	-
Deduction	-
Balance as at 31 March, 2019	25.91
Net carrying amount	-
As at 31 March, 2018	2.59
As at 31 March, 2019	3.91



K.M Sugar Mills Limited

CIN : L15421UP1971PLC003492

Notes to The Financial Statements as at 31st March, 2019

PARTICULARS	(Rs. in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Note 4 <u>Non Current Loan</u> Carried at amortised cost Security Deposit	365.78	321.24
Total	365.78	321.24
Note 5 <u>Non Current Investments</u>		
(i) <u>Equity Instruments</u>		
(1) Measured at cost		
Unquoted		
In equity shares of companies fully paid up		
Subsidiary company		
10,00,000 (Pr. Yr. Nil) nos. of shares having face value of Rs. 10 each in Sonar Casting Ltd.	100.00	-
50,000 (Pr. Yr. Nil) nos. of shares having face value of Rs. 10 each in K.M Sprints and Allied Industries Ltd.	5.00	-
(2) Designated at Fair Value through other comprehensive income		
Unquoted		
1000 nos. of shares having face value Rs.10 each in Chamoli Hydro Power Pvt. Ltd.	0.18	0.18
25000 nos. of Shares having face value Rs.10 each in K.M Shakar Karkhana Pvt Ltd.	2.85	2.85
2,000 nos. of shares having face value of Rs. 10 each in HH Foundation	0.20	0.20
(ii) Preference share (Measured at amortised cost)		
Subsidiary company		
In 6% redeemable Non-cumulative preference shares fully paid up		
67,50,000 nos. of Preference Share having face value of Rs.10 each in Sonar Casting Ltd.	675.00	-
Others		
In 9% redeemable Non-cumulative preference shares fully paid up		
38,50,000 nos. of preference shares having face value of Rs. 10 each in Brahma Properties Pvt. Ltd.	331.59	371.32
33,89,215 nos. of preference shares having face value of Rs. 10 each in K M Energy Pvt. Ltd.	291.91	349.73
(iii) Other Investments		
Designated at Fair Value through other comprehensive income		
Quoted		
In equity shares of companies fully paid up		
Nil nos.(Pr. Yr.168) of equity shares of face value 10 each in Reliance Industries Ltd.	-	1.48
Nil nos. (Pr. Yr. 42) of equity shares of face value 10 each in Reliance Communication Ltd.	-	0.01
Nil nos. (Pr.Yr. 3) of equity shares of face value 10 each fully paid up in Reliance Infrastructure Ltd.	-	0.01
Nil nos. (Pr. Yr. 2) of equity shares of face value 2 each in Reliance Capital Ltd.	-	0.01
Nil nos. (Pr.Yr. 10) of equity shares of face value 10 each in Reliance Power Ltd.	-	0.01
Total	1,406.73	725.80
Aggregate book value of quoted investments	-	1.16
Aggregate fair value of quoted investments	-	1.52
Aggregate book value of unquoted investments	724.28	646.65
Aggregate fair value of unquoted Investment	1,406.73	724.28



PARTICULARS	As at March 31, 2019		As at March 31, 2018	
Note 6 <u>Non current Tax Asset (Net)</u>				
Advance Tax (net of provision)		737.52		779.80
TDS Receivable		33.16		9.14
		<u>770.68</u>		<u>788.94</u>
Less:- Provision for Income Tax for current year		672.00		617.00
Total		<u>98.68</u>		<u>171.94</u>
Note 7 <u>Other Non Current Assets</u>				
Capital advances		37.45		184.38
Advance to suppliers and others				
Considered Good		-		-
Considered doubtful	233.68		279.90	
Less: Allowance for doubtful advance	233.68	-	279.90	-
Others				
Duties and Taxes Paid under protest		6.19		6.96
Upfront fee		1.45		
Deferred Rent		-		24.64
Total		<u>45.09</u>		<u>215.98</u>
Note 8 <u>INVENTORIES</u>				
(a) Raw materials		16.69		21.74
(b) Finished Goods		25,774.84		15,557.28
(c) Work in progress		360.04		301.17
(d) Stores and spares		446.86		436.98
Total		<u>26,598.43</u>		<u>16,317.17</u>
(Refer Note No. - '2.8' for Mode of Valuation)				
Note 9 <u>Investment</u>				
Measured at Fair Value through OCI				
Investment in SBI Liquid Fund (3,231.682 units)		94.25		-
Total		<u>94.25</u>		<u>-</u>
Note 10 <u>TRADE RECEIVABLES</u>				
- Unsecured				
Considered Good		54.71		1.05
Considered Doubtful	35.21		47.98	
Less:- Provision for Doubtful Debts	35.21	-	47.98	-
-Other receivables (Unsecured)				
Other				
Considered Good *		2,694.93		2,231.16
Total		<u>2,749.64</u>		<u>2,232.21</u>
Note 11 <u>CASH AND CASH EQUIVALENT*</u>				
Balances with Banks				
In current Account		296.41		736.78
In EEFC Account		0.01		0.01
Cheques draft on Hand		1.77		322.21
Cash on hand		4.50		7.44
Total		<u>302.69</u>		<u>1,066.44</u>
<i>*As certified by the management</i>				
Notes:				
Particulars				
Balance with banks				
- In current accounts		296.41		736.78
- In EEFC Account		0.01		0.01
- Deposit with original maturity of less than 3 months		-		-
- Cheques, drafts on hand		1.77		322.21
Cash on hand		4.50		7.44
		<u>302.69</u>		<u>1,066.44</u>



(Rs. in Lakhs)

PARTICULARS		As at March 31, 2018			
Note 11A	<u>Bank Balance other than cash and cash equivalents</u>				
	<u>Earmarked</u>				
	FDR with bank for Bank Guarantee and margin Money		581.34		258.67
	Interest accrued on deposit		62.72		48.35
	FDR with Bank More original maturity more than 12 Months		14.50		14.50
	Molasses storage Fund in SB account		19.44		24.07
	Total		678.00		345.59
Note 12	<u>OTHER FINANCIAL ASSETS</u>				
	(a) Rent Receivable		3.58		3.58
	(b) Interest receivable		-		27.82
	Total		3.58		31.40
Note 13	<u>OTHER CURRENT ASSETS</u>				
	(a) GST and other taxes receivable		448.27		117.90
	(b) Security Deposit		24.96		25.21
	Considered Good				
	Considered doubtful	16.00	-	16.00	-
	Less: Provision for doubtful	16.00	-	16.00	-
	(c) Advance to employees		8.11		5.34
	(d) Advances for supply of goods & services		399.10		187.99
	(e) Prepaid Expenses		142.02		50.60
	(f) Capital Advances		-		-
	(g) Others		-		-
	Upfront fee		-		4.80
	Deferred rent		21.90		30.00
	Total		1,044.36		421.84
Note 14	<u>Share Capital</u>				
	<u>AUTHORISED</u>				
	Equity Share Capital	No. of shares	Amount	No. of shares	Amount
	Equity Shares of Rs. 2/- each	100,000,000	2,000.00	100,000,000	2,000.00
	<u>Issued capital</u>				
	Equity Share Capital				
	Equity Shares of Rs. 2/- each	92,000,170	1,840.00	92,000,170	1,840.00
	<u>Subscribed and paid up capital</u>				
	Equity Share Capital				
	Equity Shares of Rs. 2/- each	92,000,170	1,840.00	92,000,170	1,840.00
	<u>Reconciliation of number of shares outstanding and the amount of share capital outstanding and the amount of Share capital</u>				
	i) Equity share capital	No. of shares	Amount	No. of shares	Amount
	Shares outstanding at the beginning of the year	92,000,170	1,840.00	92,000,170	1,840.00
	Shares issued during the year	-	-	-	-
	Shares bought back during the year	-	-	-	-
	Shares outstanding at the end of the year	92,000,170	1,840.00	92,000,170	1,840.00
	ii) Rights, preferences and restrictions attached to the equity shares				
	The Company has only one class of Issued, subscribed and paid up equity shares having a par value of INR 2/- each per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.				
	In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.				
	iii) Details of the Shareholders holding more than 5% share in the Company				
		31st March, 2019		31st March, 2018	
	Particulars	No. of Shares held	Percentage of share holding	No. of Shares held	Percentage of share holding
	Equity shares of INR 2/- each fully paid up				
	Mr. L K Jhunjunwala	13,802,600	15.00	5,602,600	6.09
	Mr. P C Jhunjunwala	-	-	9,956,100	10.82
	M/s. L K Jhunjunwala (HUF)	10,065,900	10.94	10,065,900	10.94
	M/s Marvel Business Pvt. Ltd.	12,153,989	13.21	12,022,258	13.07



PARTICULARS					
Note 15	Other Equity				
	General Reserve				
	Opening balance	1,178.18	1,178.18		
	Add: change during the year	-	-		
	Closing balance	1,178.18	1,178.18		
	Initial Depreciation Reserve				
	Opening balance	1.72	1.72		
	Add: change during the year	-	-		
	Closing balance	1.72	1.72		
	Molasses Storage Fund				
	Opening balance	13.56	11.49		
	Add: Changes during the year	2.44	2.07		
	Closing balance	16.00	13.56		
	Sugar Price Equalisation Reserve				
	Opening balance	12.40	12.40		
	Change during the year	-	-		
	Closing balance	12.40	12.40		
	Securities Premium Account				
	Opening balance	2,688.01	2,688.01		
	Add change during the year	-	-		
	Closing balance	2,688.01	2,688.01		
	Retained Earnings				
	Opening balance	2,726.06	837.21		
	Add: Profit/ Loss during the year	2,434.68	1,886.53		
	Add: Transfer from Other comprehensive income	3.05	2.32		
	Closing balance	5,163.79	2,726.06		
	Comprehensive Income				
	Opening balance	(20.75)	(18.58)		
	Change during the year	6,035.36	0.15		
	Less: Transfer to Retained Earning	(3.05)	(2.32)		
	Closing balances	6,011.56	(20.75)		
	Total	15,071.66	6,599.18		
Note 16	<u>Long term borrowings</u>	<u>Current</u>	<u>Non current</u>	<u>Current</u>	<u>Non current</u>
	<u>Carried at Amortised cost</u>				
(i)	From Banks				
	Secured				
	Rupee Loan				
	State Bank of India - SEFASU Loan	78.90	-	320.40	57.20
	Punjab National Bank - SEFASU Loan	-	-	210.15	-
	Punjab National Bank - Soft Loan	-	-	153.84	385.10
	Allahabad Bank	-	-	4.73	-
	State Bank of India - SEFASU Loan	716.39	3,462.66	-	-
	Total A	795.29	3,462.66	689.12	442.30
	From Entities other than Banks				
	Secured				
	Sugar Development Fund (SDF) from Govt. of India	-	-	277.86	540.85
	Total B	-	-	277.86	540.85
(ii)	From Entities other than Banks				
	Unsecured Loan				
	Unsecured loan from a company	-	-	-	2,016.15
	Unsecured loan from related parties	-	125.88	-	154.00
	Total C	-	125.88	-	2,170.15
	TOTAL (A+B+C)	795.29	3,588.54	966.98	3,153.30

(1) Rupee Term Loan of State Bank of India (SEFASU), Punjab National Bank (SEFASU) and Punjab National Bank (Soft Loan) are secured by residual charge on entire fixed assets and current assets of the company, present and future, on pari passu basis with other term lenders. Corporate guarantee of KM plantation Pvt. Ltd. Personal guarantee of three directors in case of SBI loan and Personal guarantee of two directors in case of PNB.



PARTICULARS

- (2) Rupee Term Loan of Allahabad Bank is secured by third charge on entire fixed assets of the company on pari passu basis. Personal guarantee of two directors and corporate guarantee of KM Plantation Pvt. Ltd.
- (3) Rupee Term Loan from SDF is secured by first charge on Company's immovable and movable properties both present and future.
- (4) Unsecured loan from related parties represent promoters contribution as per CDR approval.

Term of Repayment *

Name of the banks / entities	Interest Rates(%)	Amount Outstanding as on 31, March, 2019		1-3 years	3 years and above
		Current	Non Current		
State Bank of India SEFASU loan	-	78.90	-	-	-
SBI SEFASU Loan 2018	5.00	716.39	4,059.55	1,910.38	2,149.17
Unsecured Loan from related parties	-	-	114.00	-	114.00
Total		795.29	4,173.55	1,910.38	2,263.17

Rate of interest has been disclosed for loans which are outstanding on balance sheet date and in case of default, penal interest are charged as per sanction.

Interest sub-vention to the extent of 12% on SEFASU loan from State Bank of India and Punjab National Bank is to be funded by Central Government.

* Subsidised loan taken from banks and government have been amortised using effective interest rate and maturity profile of loan is as per repayment schedule.

Note 17	<u>Non Current Financial Liability</u> Corporate Guarantee issued (Refer Note 36.5)				
			26.15		-
	Total		26.15		-
Note 18	<u>Non current Liabilities</u> Deferred Government Grant (Refer Note 24) Other payable				
			570.86		72.64
			14.50		14.50
	Total		585.36		87.14
Note 19	<u>Deferred tax liabilities/Assets*</u> PARTICULARS Deferred Tax Liabilities Depreciation Others Deferred Tax Assets Expenses allowable for tax purpose when paid MAT credit entitlement Others Net Assets/(Liability) *Refer Note 35				
			1,267.15		1,214.33
			27.11		26.98
			147.92		104.99
			1,027.71		1,162.71
			82.90		59.87
	Total		(35.73)		86.26
		Current	Non current	Current	Non current
Note 20	Provision for liabilities Provisions for employees benefit Unavailed leave Gratuity Expenses Other Provision				
		8.11	45.60	7.39	40.43
		31.55	-	23.02	0.08
		-	451.84	-	451.84
	Total	39.66	497.44	30.41	492.35
	* Includes duties, taxes and penalty levied by Commissioner of Excise, Bihar				



PARTICULARS		As at March 31, 2019	As at March 31, 2018
Note 21	<u>Short Term borrowing</u>		
	Carried at amortised cost		
	Loan repayable on demand		
	Working capital loans		
	From banks		
	Secured		
	State Bank of India	3,007.45	2,168.93
	Punjab National Bank	3,452.59	2,988.39
	The Federal Bank Ltd.	-	585.32
	Other Loans and advances		
	Unsecured		
	From Others	10.41	10.41
	Total	6,470.45	5,753.05
Summary of short term borrowings			
Secured borrowings			
Nature of Securities			
<ol style="list-style-type: none"> Working capital loans from State Bank of India is secured by way of hypothecation and first pari passu charge on stocks of sugar, molasses, consumable stores / spares, industrial alcohol, book debts and other current assets of the company, second pari passu charge with other working capital lenders on entire fixed assets and all other movable and immovable assets of the company (existing & future), personal guarantee of three directors, pledge of shares and corporate guarantee of KM Plantation Pvt. Ltd.. Working capital loan from Punjab National Bank is secured by pledge of stock of Crystal sugar, second pari passu charge with other working capital lenders on entire fixed assets and all other movable and immovable assets of the company (existing & future), personal guarantee of two Directors, pledge of shares and corporate guarantee of KM Plantation Pvt. Ltd. Working capital loans from The Federal Bank Ltd. is secured by way of hypothecation and first pari passu charge on stocks of sugar, molasses, consumable stores / spares, industrial alcohol, book debts and other current assets of the company, second pari passu charge with other working capital lenders on entire fixed assets and all other movable and immovable assets of the company (existing & future), personal guarantee of two directors, pledge of shares and corporate guarantee of KM Plantation Pvt. Ltd. 			
		Year ended at March 31, 2019	Year ended March 31, 2018
Note 22	<u>Trade Payables</u>		
	(i) Total outstanding dues of Micro enterprises & Small Enterprises	5.85	-
	(ii) Other than Micro enterprises Small Enterprises (Other than acceptance) *	18,514.91	10,956.52
	Total	18,520.76	10,956.52
* Amount also includes balances payable to related party, For Details Refer Note 36.18			
Note 23	<u>Other Current Financial Liabilities</u>		
	Current maturities of long term debt*	795.29	966.97
	Interest accrued but not due on borrowings	80.47	-
	Interest accrued and due on borrowings	0.80	4.69
	Other Payables	-	-
	Payable to capital goods supplier	447.97	131.67
	Security Deposit	249.17	261.17
	Salary and other payables to employees	152.43	136.60
	Total	1,726.13	1,501.10
*Refer Note No. 16 for nature of securities and term of repayment respectively			
Note 24	<u>Other Current liabilities</u>		
	Statutory liabilities	208.98	251.94
	Deferred government Grant	88.68	67.54
	Advances from Customers	123.18	24.67
	MCQ payable*	344.21	344.21
	Others payable	72.58	54.34
	Outstanding liability of related party	112.31	193.19
	Total	949.94	935.89
* Minimum guaranteed quantity Charges of country liquor supply to Bihar Government			
Note 25	<u>Sale of goods (Gross)</u>		
	Sugar	29,657.79	39,204.87
	Power	2,972.19	2,183.16
	Molasses	0.69	-
	Industrial alcohol	4,620.67	4,210.64
	Bagasse sale	1,491.64	1,312.45
	Pressmud	34.24	37.26
	Others	228.16	29.94
	Total	39,005.38	46,978.32
	Revenue from operations (Gross)		
	Total	39,005.38	46,978.32
Sugar sale includes trading of Rs. 2,690.44 (P. Yr. Nil)			



(Rs. in Lakhs)

PARTICULARS	Year ended at March 31, 2019	Year ended March 31, 2018
	Note 26 Other income	
Interest income on financial assets carried at amortised cost		
Investment	-	77.63
Security deposit	38.33	31.07
Fixed deposits with banks	79.92	37.17
Others	19.38	11.14
Government Grant (Ind AS)	141.28	143.49
Other non operating Income	-	-
Insurance claims	8.39	9.02
Profit on sale of Investment	0.74	-
Gain on mutual funds	93.38	-
Unspent liabilities/balances written back	93.07	2,944.84
Carbon credit/REC receipt	-	298.94
Miscellaneous income	112.00	84.99
Gain on Preference shares	4.23	-
Duty Draw Back receipt	0.87	-
Administrative charges refund on molasses*	318.63	-
Sugar Handling receipt	505.08	-
Reversal of provision for doubtful debts	-	15.53
Total	1,415.30	3,653.82
* Refer Note No. 36.13		
Note 27 Cost of materials consumed		
Sugar cane	36,371.79	33,667.35
Molasses	22.24	255.70
Baggage	248.21	-
Total	36,642.24	33,923.05
Note 28 Purchases of stock-in-trade		
Sugar	2,164.15	372.19
Other	234.81	16.37
Total	2,398.96	388.56
Note 29 Excise duty Expenses		
Total	-	701.00
Note 30 Changes in inventories of finished goods, by-products and work-in-progress		
Finished goods		
Opening stock		
Sugar	14,348.26	20,255.26
Molasses	361.77	1,131.09
Bagasse	331.51	103.14
Industrial alcohol	475.19	745.38
Banked Power	40.55	36.83
Pressmud	-	2.57
Total (a)	15,557.28	22,274.27
Less : Closing stock		
Sugar	24,322.81	14,348.26
Molasses	1,087.31	361.77
Bagasse	289.47	331.51
Industrial alcohol	49.66	475.19
Banked Power	25.59	40.55
Total (b)	25,774.84	15,557.28
Total (a-b)	(10,217.56)	6,716.99
Work-in-progress		
Opening stock	301.17	2.24
Less : Closing stock	360.04	301.17
	(58.87)	(298.93)
Increase / Decrease in Inventories	(10,276.43)	6,418.06
Less: Difference of Excise Duty on opening and closing Stock	-	(1,362.36)
Total	(10,276.43)	5,055.70



PARTICULARS		Year ended at March 31, 2019	Year ended March 31, 2018
Note 31	<u>Employee benefits expense</u>		
	Salary, wages and bonus	1,118.31	1,037.26
	Contribution to Provident Fund and other Funds	89.00	94.14
	Workmen and Staff Welfare Expenses	17.15	23.88
	Gratuity Expenses	31.55	23.10
	Total	1,256.01	1,178.38
Note 32	<u>Finance cost</u>		
	Interest expense		
	Cash Credit	222.97	443.32
	Term loan	316.73	460.02
	Others	63.20	169.00
	Other borrowing cost	159.22	48.75
	Total	762.12	1,121.09
Note 33	<u>Depreciation and amortisation</u>		
	Depreciation of Property, Plant & Equipment	1,176.90	1,281.10
	Amortisation of Intangible Assets	2.17	2.41
	Depreciation due to obsolescence	61.18	61.18
	Total	1,240.25	1,344.69
Note 34	<u>Other Expenses</u>		
	Consumption of stores and spare parts	452.82	388.10
	Packing materials	431.27	295.67
	Power and fuel	541.65	315.21
	Rent	233.77	223.16
	Repairs	-	-
	Buildings	79.83	110.33
	Machinery	948.64	1,071.62
	Others	185.00	123.13
	Insurance	43.43	49.45
	Rates and taxes	44.59	76.36
	Selling Expenses	-	-
	Commission to Selling Agents	175.58	107.45
	Other Selling Expenses	326.86	279.80
	Selling Expenses on Sugar Trading	444.28	-
	Payments to auditor	-	-
	Statutory audit fee	4.00	4.00
	Tax audit fee	1.00	1.00
	Reimbursement of expenses	0.13	-
	Charity and donation	0.33	0.97
	Printing and stationary	14.50	14.04
	Net Loss on foreign currency transactions	0.37	-
	Communication expenses	19.99	21.59
	Travelling Expenses	352.10	291.51
	Consultancy and legal expenses	192.38	165.74
	Director sitting fee	1.70	1.85
	Director remuneration	228.00	108.00
	Miscellaneous expenses	340.42	290.59
	CSR Expenditure	51.40	32.00
	Loss on sale/discard of Property Plant and Equipment	-	0.19
	Transfer to storage fund for molasses	2.44	2.07
	Provision for doubtful debts and advances	0.12	-
	Balances written off	67.02	36.44
	Total	5,183.62	4,010.27



Note 35 : Tax Reconciliation

(Rs. in lakhs)

Income tax expense:

The major components of income tax expenses for the year ended March 31, 2019 and March 31, 2018 are as follows:

(i) Profit or loss section

Particulars	March 31, 2019	March 31, 2018
Current tax expense	672.00	617.00
Tax expense of earlier year	(21.00)	(22.65)
Deferred tax expense	121.86	428.51
Deferred tax expense relating to actuarial gain/loss transferred to OCI	6.37	0.01
Total income tax expense recognised in statement of Profit & Loss	779.23	1,022.87

(ii) OCI Section

Particulars	March 31, 2019	March 31, 2018
Net (gain) / loss on remeasurement of defined benefit plans	(18.23)	(0.19)
Gain / Loss arising on fair valuation of Assets	6,046.98	-
Unrealised (gain)/loss on FVTOCI equity securities	0.37	0.36
Income tax charged to OCI	6.24	(0.02)
Total	6,035.36	0.15

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2019 and 31 March 2018

Particulars	March 31, 2019	March 31, 2018
Accounting profit before tax from continuing operations	3,213.90	2,909.40
Accounting profit before tax from discontinuing operations	-	-
Accounting profit before income tax	3,213.90	2,909.40
At India's statutory income tax rate of 34.944% (P. Yr. 34.944%)	1,123.07	1,016.66
Non taxable Income	513.60	6.26
<i>Non-deductible expenses for tax purposes:</i>	198.26	-
<i>Change in rate</i>	-	(393.31)
At the effective income tax rate	807.73	617.09
Adjustment through MAT credit Entitlement	(135.39)	-
Total income tax expense recognised in statement of Profit & Loss	672.34	617.09
Income tax expense reported in the statement of profit and loss	672.00	617.00

	As at 1-Apr-17	Provided during the Year	As at 31-Mar-18	Provided during the Year	As at 31-Mar-19
Deferred tax liability:					
Related to Fixed Assets (Depreciation)	1,064.02	150.31	1,214.33	52.83	1,267.15
Revaluations of FVTOCI investments to fair value	0.23	0.08	0.32	(0.19)	0.13
Ind AS effect related to Financial Asset / Liability (Net)	-	-	-	-	-
Total deferred tax liability (A)	1,064.25	150.39	1,214.64	52.64	1,267.28
Deferred tax assets:					
Carry forward Business Loss / Unabsorbed Depreciation	-	-	-	-	-
MAT Recoverable	545.71	617.00	1,162.71	(135.00)	1,027.71
43B Disallowances etc.	973.24	(868.25)	104.99	42.93	147.92
Other Ind AS adjustments related to Financial Asset / Liabilities (Net)	60.10	(26.90)	33.20	22.72	55.92
Revaluations of FVTOCI Investments to fair value	-	-	-	-	-
Total deferred tax assets (B)	1,579.05	(278.15)	1,300.90	(69.35)	1,231.55
Deferred Tax Liability / (Asset) (Net) (A - B)	(514.80)	428.54	(86.26)	121.99	35.73

The Company offsets tax assets and liabilities only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



KMSugar Mills Ltd.

Notes to the Financial Statements for the year ended 31st March 2019

36.1. Financial risk management objectives and policies

The Company's principal financial liabilities include Borrowings, Trade payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Trade receivables, Cash and cash equivalents and other financial assets that derive directly from its operations. The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Board of Directors reviewed policies for managing each of below mentioned risks, which are summarized below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other risks, such as regulatory risk and commodity price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings obligations with floating interest rates. Financial implication will not adversely affect the businesses as the management has established a periodical review procedure to consider the changes taken place in market.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency denominated borrowings. This foreign currency risk is covered by using foreign exchange forward contracts and currency swap contracts. The company does not have substantial transactions during the year in foreign currency so the company does not have such kind of risk.

Foreign currency risk	In AED	Rs. in lakhs
Outstanding Balance from customer	13.23	241.52

As the amount of foreign exchange fluctuation is not material during past period so the company has not hedged the foreign currency.

(iii) Regulatory risk

Sugar industry is regulated both by central government as well as state government. Central and state government's policies and regulations affect the Sugar industry and the Company's operations and profitability. Distillery business is also dependent on the Government policy. However, with the removal of major regulatory control on sugar sales by the Central Government, the regulatory risk are moderated.

(iv) Commodity price risk

Sugar industry being cyclical in nature, realizations get adversely affected during downturn. Higher cane price or higher production than the demand ultimately affects profitability. The Company has mitigated this risk by well integrated business model by diversifying into co-generation and distillation, thereby utilizing the by-products. Credit risk Credit risk is the risk that counterparty will not meet its Obligations under a financial instrument or customer contract, leading to a financial loss. The company's sugar sales are mostly on cash. Power and ethanol are sold to state government entities; thereby the credit default risk is significantly mitigated. The Central Govt. has fixed the minimum sale price of sugar w.e.f. 14.02.2019 at Rs.3,100 per Qtl. which has mitigated the price risk to the some extent. Similarly, the ethanol and power are sold the Govt. undertakings at fixed prices as per Govt. orders / regulatory guidelines.

The impairment for financial assets is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each balance sheet date. Financial assets are written off when there is no reasonable expectation of recovery, however, the Company continues to attempt to recover the receivables. Where recoveries are made, these are recognized in the Statement of Profit and Loss.

(v) Trade receivables

Trade receivables are non-interest bearing and are generally on cash basis. An impairment analysis is performed at each balance sheet date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into



homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial assets disclosed under.

Liquidity Risk

Liquidity risk refers to the probability of loss arising from a situation where there will not be enough cash and/or cash equivalents to meet the needs of depositors and borrowers, sale of illiquid assets will yield less than their fair value and illiquid assets will not be sold at the desired time due to lack of buyers. The primary objective of liquidity management is to provide for sufficient cash and cash equivalents at all times and any place in the world to enable us to meet our payment obligations. The company is maintaining cash credit limit to a reasonable level to meet out the current obligation.

The Company's objective is to meet the funding requirement and maintain flexibility in this respect through the use of cash credit facilities, short term loans and commercial papers. The table below summarises the maturity profile of the Company's financial liabilities:

The table below summarises the maturity profile of the Company's financial liabilities:

(Rs. in lakhs)

Liabilities	Amount	Less than 1 Year	1 to 5 years	More than 5 years
31st March, 2019				
Borrowing	4,968.84	795.29	3,934.75	238.80
Financial Liabilities	956.99	930.84	26.15	-
Trade Payable	18,520.75	18,520.75	-	-
Total	24,446.58	20,246.88	3,960.90	238.80
31st March, 2018				
Borrowing	4,176.72	982.58	3,194.14	-
Financial Liabilities	534.12	534.12	-	-
Trade Payable	10,956.51	10,956.51	-	-
Total	15,667.35	12,473.21	3,194.14	-

Credit risk : Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's sugar sales are mostly on cash. Power and ethanol are sold to government entities, thereby the credit default risk is significantly mitigated. The Company uses judgement in making these assumptions and selecting the inputs for assessing the impairment calculation, based on the Company's past history, existing market conditions as well as future estimates at the end of each balance sheet date. Financial assets are written off when there is no reasonable expectation of recovery, however, the Company continues to attempt to recover the receivables. Where recoveries are made, these are recognised in the Statement of Profit and Loss.

Trade receivables are non-interest bearing and are generally on credit terms of 3 to 60 days. An impairment analysis is performed at each balance sheet date on an

individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the balance sheet date is the ageing analysis of the receivables has been considered from the date the invoice falls due:

Rs. in lakhs

Description	31.03.2019	31.03.2018
Upto 6 months	2,694.93	2,231.16
6 to 12 Months	53.66	-
More than 12 months	36.26	49.03

The management has made ECL provision amounting to Rs.35.21 lakhs (Rs.47.98 lakhs) and management is of view that although certain amounts are beyond credit period but they are in fact recoverable and will be received in due course so balance amount is not liable to expected credit loss.

36.2. Earnings per Share

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year.

(Rs. in lakhs except no. of shares and EPS)

Particulars	31 st March,19	31 st March,18
Profit attributable to equity holders of the Company:	2,434.68	1,886.53
Profit attributable to equity holders for basic earnings	2,434.68	1,886.53
Profit attributable to equity holders adjusted for dilution effect	2,434.68	1,886.53
Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted) *	9,20,00,170	9,20,00,170
Earnings Per Share (Basic & Diluted)	2.65	2.05

36.3. Employee benefits in the form of Provident Fund are considered as defined contribution plan. The contribution to defined contribution plan, recognized the following amounts in the Statement of Profit & Loss:

	31st March 2019	31st March 2018
Employers' contribution to provident fund	Rs.89.00 lakhs	Rs.94.14 lakhs

36.4. Defined benefits plans

Long term employee benefits in the form of gratuity and leave encashment are considered as defined benefit plan. The present value of obligation is



determined based on actuarial valuation using projected Unit credit method as at the balance sheet date. The amount of defined benefits recognized in the balance sheet represent the present value of obligation as adjusted for unrecognized past service cost *as reduced by the fair value of plan assets. Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit & Loss for the year in which the related service is rendered.

In accordance with the Ind AS-19, actuarial valuation was done in respect of gratuity and encashment given below

(Rs. in lakhs)

Description	Gratuity Current Year	Gratuity Previous Year	Leave Encashment Current Year	Leave Encashment Previous Year
Discount rate (per annum)	7.75%	7.75%	7.75%	7.75%
Future salary increases	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	7.75%	7.75%	0%	0%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
I. Expenses recognized in the statement of profit and loss				
Current service cost	22.35	22.40	10.59	8.56
Interest cost	20.80	21.06	3.71	3.77
Past service cost	-	9.80	-	-
Expected return on plan assets	(19.01)	(16.08)	-	-
Net expenses recognized	24.14	37.18	14.30	12.33
II. Other comprehensive (income)/expense (Re-measurement)				
Accumulated gain/loss opening balance	7.31	21.39	43.14	27.31
Actuarial (gain)/loss – obligation	9.01	(15.64)	10.80	15.83
Actuarial (gain)/loss – plan assets	(1.60)	1.56	-	-
Total Actuarial (gain)/loss excluding opening	7.41	(14.08)	10.80	15.83
Actuarial (gain)/loss at the end of the period	14.72	7.31	53.94	43.14
III. Net liability/(assets) recognized in the balance sheet as at 31st March, 2018				
Present value of obligation at the end of period	271.65	268.38	53.71	47.82
Fair value of the plan asset at the end of period	240.10	245.28	-	-
Funded status [(surplus)/(deficit)]	(31.55)	(23.10)	(53.71)	(47.82)
Net (asset)/liability as at 31 March, 2019	271.65	268.38	53.71	47.82
IV. Change in present value of obligation during the year				
Present value of obligation at the beginning of year	268.38	271.81	47.82	48.71
Current service cost	22.35	22.40	10.59	8.56
Interest cost	20.80	21.06	3.70	3.77
Past service cost	-	9.80	-	-
Benefits paid	(48.89)	(41.05)	(19.20)	(29.05)
Actuarial loss/(gain)	9.01	(15.64)	10.80	15.83
Present value of obligation at the year end	271.65	268.38	53.71	47.82
V. Change in present value of fair value of plan assets				
Fair value of plan assets as at the beginning of period	245.28	207.51	-	-
Return on plan assets	20.61	14.52	-	-
Contributions	23.10	64.30	-	-
Benefits paid	(48.89)	(41.05)	-	-
Fair value of plan assets at the year end	240.10	245.28	-	-
Details of plan asset	Gratuity Trust	Gratuity Trust	N/A	N/A
SBI Kalyan ULIP plus II	218.73	224.30	-	-
Bank balance and others	21.37	20.98	-	-

The Company is exposed to various risks in providing the above gratuity benefit which are as follows :

Interest rate risk : The plan exposes the company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Salary escalation risk : The present value of the defined benefit plan is calculated with the assumption of salary increase 5% per annum of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Actual mortality & disability : deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Actuarial Assumption

Particulars	Gratuity Current Year	Gratuity Previous Period	Leave Encashment Current Year	Leave Encashment Previous Period
Discount rate (per annum)	7.75%	7.75%	7.75%	7.75%
Future salary increase	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	7.50%	7.50%	0%	0%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate

Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below :

(Gratuity)

Period	As on: 31/03/2019
Defined Benefit Obligation (Base)	21.65 @ Salary Increase Rate : 5%, and discount rate :7.75%
Liability with x% increase in Discount Rate	254.79; x=1.00% [Change (6)%]
Liability with x% decrease in Discount Rate	290.64; x=-1.00% [Change 7%]
Liability with x% increase in Salary Growth Rate	290.69; x=1.00% [Change 7%]
Liability with x% decrease in Salary Growth Rate	254.51; x=-1.00% [Change (6)%]
Liability with x% increase in Withdrawal Rate	274.34; x=1.00% [Change 1%]
Liability with x% decrease in Withdrawal Rate	269.54; x=-1.00% [Change (1)%]

Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption



would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below :

(Leave Encashment)

Period	As on: 31/ 03/201 9
Defined Benefit Obligation (Base)	53.71
Liability with x% increase in Discount Rate	50.36; x=1.00% [Change (6)%]
Liability with x% decrease in Discount Rate	57.57; x=1.00% [Change 7%]
Liability with x% increase in Salary Growth Rate	57.64; x=1.00% [Change 7%]
Liability with x% decrease in Salary Growth Rate	50.25; x=1.00% [Change (6)%]
Liability with x% increase in Withdrawal Rate	54.47; x=1.00 % [Change 1%]
Liability with x% decrease in Withdrawal Rate	53.05; x=1.00% [Change (1)%]

36.5. Contingent liabilities and commitments(to the extent not provided for)

Contingent liabilities:

(Rs. in lakhs)

Particulars	31 st March,19	31 st March,18
(i) Claims against the Company not acknowledged as debts in respect of pending cases of employees under labour laws	162.85	167.46
(ii) Claims against the company not acknowledged as debts in respect of criminal and Civil Cases	34.74	34.74
(iii) Bank guarantees given to the Central Government, Commissioner Excise & Commercial Tax Department of Bihar and Oil Manufacturing companies	658.10	599.33
(iv) As per the amended provision of the Bonus Act, differential amount of bonus liability	-	16.93
(v) Disputed sales tax and income tax cases under appeal #	148.84	21,697.85
(vi) Penalty levied by Competition Commission of India and U P Pollution Control Board	56.80	-

# Description		
Sales Tax/Trade Tax/Entry Tax *	148.84	112.10
Income Tax	-	21,585.75
TOTAL	148.84	21,697.85

* Amount after deducting Rs.6.00 lakhs (As on 31st March 2018 Rs.4.09 lakhs) paid under protest.

The Company had issued corporate guarantee of Rs.2433 lakhs in favour of Punjab National Bank (PNB) for extending loan to its subsidiary namely, K.M. Energy Pvt. Ltd. in FY 2016-17. The said guarantee was subject to approval of existing lenders of the Company. However, the lenders of the company did not approve the corporate guarantee thus, the corporate guarantee given by the company become ineffective. Further, K M Energy Pvt. Ltd. has ceased to be subsidiary of the Company. Now, both the companies have informed PNB for withdrawal of corporate guarantee. Accordingly, the amount of said corporate guarantee is not considered to be disclosed as contingent liability in these financial statements. However, corporate guarantee given by the company has been accounted for at fair value considering the premium at prevailing market rate.

The State Government had issued orders for waiver of interest on delayed cane payment to farmers for the sugar seasons 2012-13 to 2014-15. The Hon'ble High Court of Allahabad, Lucknow Bench vide order dated 09.03.2017 in PIL No.67617 of 2014 connecting with other PIL and cases has quashed the waiver of interest for these years and remanded to Cane Commissioner for consideration of interest payment to farmers on account of delayed cane

payment. Cane Commissioner has not taken any action in this regard and not decided the matter and no such liability is determined and ascertained.

The amount shown above represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of different legal processes which have been invoked by the company or the claimants as the case may be and therefore cannot be ascertained accurately. The company does not expect any reimbursements in respect of above contingent liabilities.

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

36.6. Commitments :

Capital Commitments

(Rs. in lakhs)

Particulars	31st March, 19	31st March, 18
Estimated amount of contracts remaining to be executed on capital account and not provided for	23.41	750.05
Less: Advances paid against above	5.42	155.73
Net Amount	17.99	594.32

Leases :

Operating lease (including maintenance)

commitments - company as lessee

The company has taken commercial properties and equipment on non-cancellable operating lease. The lease agreement provides for an option to the company to renew the lease period at the end of non-cancellable period.

Lease expense recognised for the year is Rs. 167.22 lakhs(31 March, 2018 Rs.167.22 lakhs). There are no exceptional / restrictive covenants in the lease agreements.

Future minimum rentals payable under non-cancellable operating leases are as follows :

	31 March, 2019	31 March, 2018
Within one year	167.22	167.22
After one year but not more than five years	508.86	668.88
More than five years	14.40	21.60

36.7. Other Current Assets shown under Notes 13 includes certain advances given to suppliers of raw material and revenue purchases, which are adjustable against the supply of goods/services. The management is of the opinion that these balances are recoverable / adjustable in future and accordingly, provision against the same has not been considered at this stage.

36.8. In view of the decision of Hon'ble Supreme Court, extra price and excise duty realized on levy sugar in earlier years amounting to Rs.67.11 lakhs for funding under the Sugar Price Equalization Fund Act, 1976 was transferred to Sugar Price Equalization Reserve Account. Later on as per the order dated 22.09.1993 of Hon'ble Supreme Court, a sum of Rs.17.90 lakhs



- was paid to the Government out of bank guarantee furnished by the Company and further, during the year 1998-99 a sum of Rs.1.00 lakhs were paid towards Excise Duty on the above. The company has further made a payment of Rs.35.81 lakhs during the year 2005-06 to the Government of India against the bank guarantee furnished by it along with interest of Rs.118.25 lakhs thereon. Still a sum of Rs.12.40 lakhs is lying in the Sugar Price Equalization Reserve as on 31.03.19 shown under Note 15 of "Other equity".
- 36.9. Certain balances in account of Trade receivables, advances, deposit account, and Trade payable are subject to reconciliation and confirmation by the respective parties. The management carries out review of these advances from time to time from realization point of view and based on the same, the required provisions have been considered in the accounts. The management is of the view that the realization from these assets in the ordinary course of business would not be less than the amount at which they are stated in the books of account.
- 36.10. Long term liabilities (Note No18) includes a loan from U.P. Government amounting to Rs.14.50 lakhs. The issue relating to interest payable thereon is under dispute and the matter is sub-judice before the Hon'ble Allahabad High Court. However, as per the interim order of the Court, a fixed deposit of Rs.14.50 lakhs have been kept with the District Magistrate, Faizabad. In opinion of the management, the interest due on fixed deposit is sufficient to meet out the interest liability of the Company on the said loan and as such, no interest is being provided for in these financial statements.
- 36.11. Since, the sugar industry is a seasonal industry; the cost of production of sugar is worked out on annualized basis considering prime cost, factory overhead and administrative overhead closely related to manufacturing of output.
- 36.12. The company has two subsidiary companies namely Sonar Casting Ltd. and K M Spirits and Allied Industries Ltd. and invested Rs.775.00 lakhs and Rs.5.00 lakhs in equity and preference shares respectively in these companies during the year.
- 36.13. An income of Rs.318.63 lakhs included in 'other income' is recognized on account of refund due from Govt. of Uttar Pradesh of administrative charges recovered from company during July,1995 to September,2011 on molasses transferred internally for captive consumption as per favourable order of Hon'ble Allahabad High Court passed on 15.04.2019 and 14.05.2019 in writ petitions filed by the company challenging the Notification No.86E-2/XIII-251-83 dated 16th January,1995. The Hon'ble High Court, Lucknow Bench has relied upon their own judgments and the judgment of Hon'ble Supreme Court rendered earlier on the same issue.
- 36.14. As per Bihar State Government directions, the operation of country liquor bottling unit in Bihar remain discontinued during the year. Depreciation due to obsolescence has been provided on fixed assets amounting to Rs.61.17 lakhs (Previous year –Rs.61.17 lakhs) in current year. The carrying amount of fixed assets amounting to Rs.160.95lakhs(Previous year – Rs.222.12lakhs) stand in the books as on 31.03.19.
- 36.15. The company had set up a cogeneration power plant of 25 MW at factory premises in the financial year 2006-07 and is continuously operating since then. This power generation plant qualifies under Section 80IA of the Income Tax Act, 1961 for deduction of its entire profits from such business for 10 consecutive years out of 15 years. The company has availed the option to treat the financial year 2011-12 as the first year of deduction but it could not claim any deduction till FY 2016-17 due to brought forwarded losses. The company has claimed deduction first time in financial year 2017-18 in view of set off of all brought forwarded losses.
- 36.16. The company has made investment in Preference shares of K.M Energy (P) Ltd. and Brahma Properties (P) Ltd. considering 9% dividend which is to be declared and paid at the discretion of the company. Management is of the view that dividend payment to be received is most probable and has been considered while determining fair value of preference share.
- 36.17. The dues to Micro, Small and Medium Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the company is given below:

(Rs. in lakhs)

S.No.	Particulars	31-March-2019	31-March-2018
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
-	Principal amount due to micro and small enterprises	5.80	-
-	Interest due on above	0.05	-
(b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		
(c)	The 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 MSMED Act 2006.		
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.05	-
(e)	The 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 MSMED Act 2006		



36.18. Related Party Disclosures : -
Pursuant to compliance of Indian Accounting Standard (Ind AS 24) on related party disclosure, the relevant information is provided here below:-

- I. Subsidiaries where control exist
 - a. Sonar Casting Ltd.
 - b. K M Spirits and Allied Industries Ltd.
- II. Related Parties with whom there were transactions during the year:

- a) Related party where control exist
 - Shri L. K. Jhunjunwala - Chairman
 - Shri Aditya Jhunjunwala - Managing Director
 - Shri Sanjay Jhunjunwala - Joint Managing Director

b) Details of the related parties :

- i. Key Management Personnel (Group A)
 - Shri L. K. Jhunjunwala - Chairman
 - Shri Aditya Jhunjunwala - Managing Director
 - Shri Sanjay Jhunjunwala - Joint Managing Director
 - Shri S. C. Agarwal - Executive Director
 - Shri Rajeev Kumar - Company Secretary
 - Shri Ritesh Srivastva - Company Secretary
 - Ms. Pooja Dua - Company Secretary
 - Shri Arvind Kumar Gupta - Chief Financial Officer
 - Shri Surendra Bahadur Singh - Independent Director
 - Shri H P Singhania - Independent Director
 - Mrs. Madhu Mathur - Independent Director
 - Shri RS Shukla - Independent Director
 - Shri S K Gupta - Independent Director
- ii. Relatives of Key Management Personnel (Group B)
 - Shri P. C. Jhunjunwala
 - L. K. Jhunjunwala (HUF)
 - A. K. Jhunjunwala (HUF)
 - S. K. Jhunjunwala (HUF)
 - Smt. Naina Jhunjunwala (Wife of Shri L. K. Jhunjunwala)
 - Smt. Priti Jhunjunwala (Wife of Shri Aditya Jhunjunwala)
 - Smt. Priti Jhunjunwala (Wife of Shri Sanjay Jhunjunwala)
 - Shri Vatsal Jhunjunwala (Son of Shri A. K. Jhunjunwala)
- iii. Enterprises/ Parties over which Key management personnel or their relatives have substantial interest/ significant influence (Group C)

c) Transactions with the related parties :

(Rs in lakhs)

SI no	Nature of transaction/ Name of the related party	Subsidiary 2018-19 (2017-18)	Key Managerial Personnel (KMP) 2018-19 (2017-18)	Enterprises over which KMP and their relatives have substantial interest/ significant influence 2018-19 (2017-18)	Total 2018-19 (2017-18)
i.	Investment made				
	Sonar Casting Ltd.	775.00 (-)	(-)	(-)	775.00 (-)
	K M Spirits and Allied Industries Ltd.	5.00 (-)	(-)	(-)	5.00 (-)
ii.	Interest received				
	Sonar Casting Ltd.	0.06 (-)	(-)	(-)	0.06 (-)
iii.	Investment in equity sold				
	Promising Logistics (P) Ltd.	(-)	(-)	(-73.00)	(-73.00)
iv.	Remuneration including commission and PF*				
	Shri L. K. Jhunjunwala	(-)	81.60 (42.34)	(-)	81.60 (42.34)
	Shri Aditya Jhunjunwala	(-)	68.51 (29.03)	(-)	68.51 (29.03)
	Shri Sanjay Jhunjunwala	(-)	67.67 (28.02)	(-)	67.67 (28.02)
	Shri S. C. Agarwal	(-)	29.73 (29.62)	(-)	29.73 (29.62)
	Shri Rajeev Kumar*	(-)	7.25 (12.08)	(-)	7.25 (12.08)
	Shri Ritesh Srivastva*	(-)	0.63 (-)	(-)	0.63 (-)
	Shri Arvind Kumar Gupta	(-)	15.35 (15.00)	(-)	15.35 (15.00)
	Shri Vatsal Jhunjunwala	(-)	(-)	(-1.12)	(-1.12)
v.	Education fee paid				
	Shri Vatsal Jhunjunwala	(-)	(-)	53.11 (48.21)	53.11 (48.21)
vi.	Sugar sold				
	Sri Shakti Credits Ltd.	(-)	(-)	5598.99 (2661.75)	5598.99 (2661.75)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	1302.10 (-)	1302.10 (-)
vii.	Sugar purchase				
	Sri Shakti Credits Ltd.	(-)	(-)	(-390.80)	(-390.80)
viii.	Rent paid				
	Sri Shakti Credits Ltd.	(-)	(-)	5.40 (5.40)	5.40 (5.40)
	Zar International Pvt. Ltd.	(-)	(-)	1.14 (1.14)	1.14 (1.14)
	Marvel Business Pvt. Ltd.	(-)	(-)	7.20 (7.20)	7.20 (7.20)
ix.	Rent received				
	Sri Shakti Credits Ltd.	(-)	(-)	15.00 (0.93)	15.00 (0.93)
x.	Loans taken				
	Sri Shakti Credits Ltd.	(-)	(-)	(-135.00)	(-135.00)
	Marvel Business Pvt. Ltd.	(-)	(-)	(-160.00)	(-160.00)
	K M Plantation Pvt Ltd.	(-)	(-)	(-20.00)	(-20.00)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	(-55.00)	(-55.00)
	Nidhi Financial Services P Ltd.	(-)	(-)	(-30.00)	(-30.00)
	Shri Aditya Jhunjunwala	(-)	61.50 (-)	(-)	61.50 (-)
xi.	Loans repaid				
	Sri Shakti Credits Ltd.	(-)	(-)	(-135.00)	(-135.00)
	Marvel Business Pvt. Ltd.	(-)	(-)	(-160.00)	(-160.00)
	K M Plantation Pvt Ltd.	(-)	(-)	(-20.00)	(-20.00)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	(-55.00)	(-55.00)
	Nidhi Financial Services P Ltd.	(-)	(-)	(-30.00)	(-30.00)
	Shri Sanjay Jhunjunwala	(-)	40.00 (-)	(-)	40.00 (-)
	Shri Aditya Jhunjunwala	(-)	61.50 (-)	(-)	61.50 (-)
xii.	Advance paid				
	Marvel Business Pvt. Ltd.	(-)	(-)	122.50 (-)	122.50 (-)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	1,000.00 (-)	1,000.00 (-)
	Nidhi Financial Services P Ltd.	(-)	(-)	17.50 (-)	17.50 (-)
	Jhunjunwala Securities P Ltd.	(-)	(-)	25.00 (-)	25.00 (-)
xiii.	Advance received back				
	Marvel Business Pvt. Ltd.	(-)	(-)	122.50 (-)	122.50 (-)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	1,000.00 (-)	1,000.00 (-)
	Nidhi Financial Services P Ltd.	(-)	(-)	17.50 (-)	17.50 (-)
	Jhunjunwala Securities P Ltd.	(-)	(-)	25.00 (-)	25.00 (-)
xiv.	Interest on loans paid				
	Sri Shakti Credits Ltd.	(-)	(-)	(-6.98)	(-6.98)
	Marvel Business Pvt. Ltd.	(-)	(-)	(-6.28)	(-6.28)
	K M Plantation Pvt Ltd.	(-)	(-)	(-1.18)	(-1.18)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	(-3.17)	(-3.17)
	Nidhi Financial Services P Ltd.	(-)	(-)	(-1.33)	(-1.33)
xv.	Sitting fees paid				
	Shri H P Singhania	(-)	0.48 (0.54)	(-)	0.48 (0.54)
	Smt. Madhu Mathur	(-)	0.30 (0.15)	(-)	0.30 (0.15)
	Shri RS Shukla	(-)	0.64 (0.54)	(-)	0.64 (0.54)
	Shri S K Gupta	(-)	0.18 (0.62)	(-)	0.18 (0.62)
	Shri Surendra Bahadur Singh	(-)	0.10 (-)	(-)	0.10 (-)
xvi.	Balance outstanding				
	a. Loans payable				
	Shri L. K. Jhunjunwala	(-)	31.00 (31.00)	(-)	31.00 (31.00)
	Shri Aditya Jhunjunwala	(-)	61.50 (61.50)	(-)	61.50 (61.50)
	Shri Sanjay Jhunjunwala	(-)	21.50 (61.50)	(-)	21.50 (61.50)
	b. Amount payable				
	Shri L. K. Jhunjunwala	(-)	30.35 (7.78)	(-)	30.35 (7.78)
	Shri Aditya Jhunjunwala	(-)	35.78 (65.00)	(-)	35.78 (65.00)
	Shri Sanjay Jhunjunwala	(-)	25.79 (69.83)	(-)	25.79 (69.83)
	Shri S. C. Agarwal	(-)	1.94 (1.46)	(-)	1.94 (1.46)
	Shri Vatsal Jhunjunwala	(-)	0.12 (0.54)	(-)	0.12 (0.54)
	Sri Shakti Credits Ltd.	(-)	(-)	2.86 (2.74)	2.86 (2.74)
	Marvel Business Pvt. Ltd.	(-)	(-)	12.70 (6.27)	12.70 (6.27)
	Zar International Pvt. Ltd.	(-)	(-)	2.28 (1.14)	2.28 (1.14)
	c. Guarantee given for Bank loan taken by the company				
	KM Plantation Pvt Ltd.	(-)	(-)	6538.94 (6874.05)	6538.94 (6874.05)
	d. Investment Held				
	Preference share in K.M Energy Pvt. Limited	(-)	(-)	338.92 (338.92)	338.92 (338.92)
	Preference share in Brahma Properties Pvt. Limited	(-)	(-)	385.00 (385.00)	385.00 (385.00)



- * Remain employed in part of the year
- * Related party transaction areshown at actual amount instead of fair value for the purpose of disclosure under related parties.
- * Directors Remuneration

(Rs. in lakhs)

S. No.	Particulars	Chairman	Managing Director and Joint Managing Director	Executive Director	TOTAL
1	Salary	36.00 (36.00)	48.00(48.00)	24.00(24.00)	108.00(108.00)
2	Commission	40.00 (-)	80.00 (-)	- (-)	120.00 (-)
3	Contribution to Provident Fund	4.32 (4.32)	5.76(5.76)	2.88(2.88)	12.96(12.96)
4	Perquisites:				
	(i) Residence				
	-Furnished (Previous Year)	-	-	-	-
	(ii) Residence				
	-Unfurnished (Previous Year)	-	-	1.82 (1.83)	1.82(1.83)
	(iii)Medical Reimbursement	0.01 (0.84)	0.84 (1.71)	0.33 (0.30)	1.18 (2.85)
	(iv) Other benefits	1.27(1.18)	1.58 (1.58)	0.70(0.64)	3.55 (3.40)
	Total	81.60(42.34)	136.18 (57.05)	29.73 (29.62)	247.51(129.01)

Note: The value of perquisites shown above is as per the income tax provisions.

- i. The transactions with related parties have been entered at an amount, which are not materially different from those on normal commercial terms.No amount has been written back/written off during the year in respect to due to/due from related parties.
- ii. The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.

36.19.Segment Reporting: Information on the Segment Reporting for the year ended 31.03.2019:

The company has identified three primary business segments viz. Sugar, Distillery and Power. Segments have been identified and reported taking into account the nature of products, the differing risks and returns, the organizational structure and internal business reposting system as defined in IndAS 108 – operating segments.

(Rs. in lakhs)

Particulars	Sugar		Distillery		Co-generation		Others		Total	
	2019	2018	2019	2018	2019	2,018	2019	2018	2019	2018
Revenue										
Gross sales	38,110	46,051	4,621	4,225	6,815	5,489	-	-	49,546	55,765
Less: Inter segment sales	6,698	5,481	-	-	3,843	3,306			10,541	8,787
External sales	31,412	40,570	4,621	4,225	2,972	2,183	-	-	39,005	46,978
Add: Other income	1,334	1,994	79	1,373	3	323	-	8	1,416	3,698
Total revenue	32,746	42,564	4,700	5,598	2,975	2,506	-	8	40,421	50,676
Segment results	2,875	1,051	83	2,391	1,018	616	-	(4)	3,976	4,054
Less: Finance cost	693	841	13	27	56	254	-	-	762	1,122
Profit before tax	2,182	210	70	2,364	962	362	-	(4)	3,214	2,932
Current tax									651	617
Deferred tax									128	429
Profit after tax									2,435	1,886
Other information										
Segment assets	39,175	22,278	5,076	5,134	4,417	3,798	-	-	48,668	31,210
Segment liabilities	26,848	18,156	464	484	24	9	-	-	27,336	18,649
Capital Expenditure	1006	443	745	781	3	-	-	-	1,754	1,225
Depreciation and amortisation	637	703	399	405	204	236	-	-	1,240	1,344

* Capital expenditure includes fixed assets capitalized

during the year and net increase/decrease in capital work-in-progress.

The transactions between segments are primarily for materials which are transferred at market determined prices. The inter division transfer of electricity is being accounted for at tariff rate applicable to the company for purchase of electricity from UPPCL during the year. Common costs are apportioned on a reasonable basis.

Information about Secondary Geographical Segment: There is no secondary segment.

36.20.The Central Government pursuant to Notification No. 1(14)/2018-S.P. –I dated 5thOctober, 2018 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) has notified a scheme for assistance to sugar mills against sugar cane crashed during sugar season 2018-19 subject to fulfilment of various terms and conditions and export of sugar as per guidelines of Minimum Indicative Export quotas (MIEQ) under tradable export allotted vide Notification No. 1(4) 2018-SP-I dated 28th September, 2018. No effect of this notification is considered in these financial statements as the assistance receivable under the notification is subject to fulfilment of certain terms and conditions and export of sugar under MIEQ.

36.21.Government Grant:

The State Government has announced financial assistance and term loan at concessional rate during the year for payment of cane dues of season 2017-18 and the company has received/availed which has been recognised in the following manners :

Description	Amount (In lakhs)	Year to which relates	Treatment in accounts
Revenue related Government Grant			
Financial Assistance from state Government	521.32	Season 2017-18	Cost of material consumed for the year is net of financial assistance of Rs.521.32 lakhs.
Deferred Government Grant			
Deferred income relating to term loans on concessional rate (difference between actual amount of loan and its present value has been considered Deferred Govt. Grant)	660.64	2018-19	A sum of Rs. 39.78 lakhs consideredfor part of the year as government grant under Note -26. Deferred Income is to be considered as Government grant over the period of 5 years being the tenure of loan.

36.22.Fair value

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:



Fair value

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(Rs. in lakhs)

Description	Carrying value		Fair value	
	As at	As at	As at	As at
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Financial assets				
<u>FVOCI financial instruments:</u>				
Unquoted equity shares	3.23	3.23	3.23	3.23
Quoted equity Shares	-	1.16	-	1.52
Fair Value at Amortized Cost through Statement of Profit & Loss				
Investment in Preference Shares	721.04	643.42	623.50	721.04
Investment In subsidiary Guarantee	-	54.00	-	-
Loan (Security Deposit)	321.24	290.17	365.78	321.24
Fair Value of Assets though Other Comprehensive Income (OCI)				
Leasehold Land	16.48	16.48	6,063.46	-
Total	1,061.99	1,008.46	7,055.97	1,047.03

Description	Carrying value		Fair Value	
	As at	As at	As at	As at
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Financial liabilities at amortized cost through statement of profit and loss				
Loan taken from Bank, Government and others				
Fixed rate borrowings	4,912.40	3,969.72	4,383.83	4,120.28
Floating rate borrowings	-	-	-	-
Total	4,912.40	3,969.72	4,383.83	4,120.28

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019:

Description	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value					
<u>FVOCI financial instruments:</u>					
Unquoted equity shares	31-Mar-19	-	-	-	Yes
Quoted Equity Shares	31-Mar-19	Yes	-	-	-
Leasehold Land		-	Yes	-	-

36.23. Imported and Indigenous Raw Materials, Packing Materials and stores and spares consumed

(Rs. in lakhs)

Description	31st March, 2019		31st March, 2018	
	% of Total consumption	Amount	% of Total consumption	Amount
Raw Materials				
Imported	-	-	-	-
Indigenous	100%	36642.24	100%	33923.05
Stores and packing material				
Imported	-	-	-	-
Indigenous	100%	884.10	100%	683.77

36.24. Income in foreign currency on account of:

(Rs. in lakhs)

Description	31st March, 2019	31st March, 2018
Export sale	1552.66	NIL

36.25. Expenditure in foreign currency on account of:

(Rs. in lakhs)

Description	31st March, 2019	31st March, 2018
- Travelling	70.03	54.95
- Others	56.14	51.79

36.26. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio under control except for the first quarter of the financial year due to non-payment of cane dues. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or



processes for managing capital during the years ended 31 March 2019 and 31 March 2018 :
Capital Management

(Rs. in lakhs)

Description	31 March, 2019	31 March, 2018
Borrowings	10,854.28	9,873.33
Other financial liabilities	1,752.28	1,588.24
Trade and other payables	18,520.75	10,956.51
Less: Cash and short term deposits	302.69	1,066.44
Net debts	30,824.62	21,351.64
Equity	1,840.00	1,840.00
Other equity	15,071.65	6,599.18
Total capital	16,911.65	8,439.18
Capital and net debt	48,987.23	30,282.50
Gearing ratio (%)	62.92	70.51

36.27. Goods and Service Tax (GST) has been implemented with effect from 1st July, 2017 and revenue from operation is net of GST and revenue from operations and expenses for the previous year ended 31st March, 2018 being inclusive of excise duty therefore are not comparable.

36.28. The company has taken SBI SEFASU Loan from Government amounting to Rs.4775.94 lakhs bearing 5% Interest rate. Fair value of loan has been determined using discount rate 10.50% as the bank's fund is available at this rate and difference between actual amount and present value is amortised over the loan tenure and same has been considered as deferred government grant.

36.29. The company has revalued the leasehold land and deferred tax related to revaluation reserve is not determined as the company does not have right to sale/ transfer the leasehold land as per lease deed. Thus, the management is of the view that the question of deferred tax does not arise in the absence of right to sale / transfer in the lease deed.

For Agiwal & Associates
Chartered Accountants
F.R. No 000181N

CA. P. C. Agiwal
Partner
M.No.080475

Place : Lucknow
Date : 29th May, 2019

36.30. Effective from 1st April, 2018, the company adopted Ind AS 115- revenue from contract with customer. The transition effect is determined on 1 April, 2018 and no financial implication is observed. The adoption of IndAS 115 require enhance disclosures of nature, amount, timing and uncertainty of revenue and cash flow arising from the entities contracts with customers.

36.31. Components of other comprehensive income
The disaggregation of changes to OCI in equity is shown below:

During the Year ended 31 March 2019

(Rs. in lakhs)

Description	Comprehensive Income	Retained earnings	Total
Gain/(loss) arising on fair valuation of Asset	6,046.98	-	6,046.98
Gain/(loss) on FVTOCI financial assets	-	0.37	0.37
Re-measurement gain/(loss) on defined benefit plans	-	(18.23)	(18.23)
Retained earning	-	2,434.68	2,434.68
Taxes on above items	-	6.24	6.24
	6,046.98	(11.62)	2,434.68
			8,470.03

During the Year ended 31 March 2018

Description	Comprehensive Income	Retained earnings	Total
Gain/(loss) on FVTOCI financial assets	0.36	-	0.36
Re-measurement gains (losses) on defined benefit plans	-	(0.19)	(0.19)
Retained earning	-	1,236.53	1,236.53
Taxes on above items	10.00	0.00	10.00
	0.36	10.00	1,236.53
			1,236.53

36.32. The previous year's figures have been regrouped, reclassified, reworked and rearranged wherever necessary to correspond with the current year classification/disclosures. Amounts and other disclosures for the preceding period are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to current year.

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

A K Gupta
Chief Financial Officer

Aditya Jhunjunwala
Managing Director
DIN-01686189

Pooja Dua
Company Secretary
M.No-A50996



INDEPENDENT AUDITOR'S REPORT

To The Members of K.M. Sugar Mills Ltd.
Report on the Consolidated Financial Statements
Opinion

We have audited the accompanying consolidated financial statements of K.M. Sugar Mills Ltd. (*"the Company"*) and its subsidiaries (the Company and its subsidiaries together referred to as *"the Group"*), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as *"the consolidated financial statements"*).

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 Companies Act, 2013 (*"the Act"*) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (*"Ind AS"*) and other accounting principles generally accepted in India, of the consolidate state of affairs of the Group as at March 31, 2019, and consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a

separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matter	Auditor's Response
1	Valuation of inventory of sugar: As on March 31, 2019, the Company has inventory of sugar with a carrying value INR 25774.84 lakhs. The inventory of sugar is valued at the lower of cost and net realizable value. We considered the value of the inventory of sugar as a key audit matter given the relative value of inventory in the financial statements and significant judgement involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and related notifications of the Government in valuation of NRV.	<u>Principal Audit Procedures</u> We understood and tested the design and operating effectiveness of controls as established by the management in determination of cost of production and net realizable value of inventory of sugar. We considered various factors including the prevailing selling price during and subsequent to the year end, minimum selling price & monthly quota, and notifications of the Government of India, initiatives taken by the Government with respect to sugar industry as a whole. Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year-end and comparison with cost for valuation of inventory, is considered to be reasonable.
2	Change in policy of valuation of leasehold land The Company has elected to continue with carrying value of all property, plant and equipment under the previous GAAP as deemed cost as at the transition date i.e. 1st April 2016 while implementing Ind AS in F.Y. 2017-18. Now, the company has changed the policy to reflect the leasehold land at its fair value and thus adopted fair value model as on 31.03.2019 based on fair valuation done by a chartered engineer. The company intends to apply fair value model in a phased manner for other assets also. Because of this change, the increase in carrying amount of leasehold land by Rs.6046.98 lakhs has been recognised through other comprehensive income and accumulated in revaluation reserve under other equity.	<u>Principal Audit Procedures</u> As per the valuation report issued by Chartered Engineer, which was presented to us by the management of the Company, the fair valuation adopted and disclosed by way of Notes on Accounts has been found to be consistent with the Accounting Policy of the Company. The change in Accounting Policy and the Fair Value adopted has been found to be in accordance with IND AS 17 "Leases".
3	Deferred tax asset relating to MAT Credit Entitlement: The company has recognised deferred tax asset relating to MAT credit entitlement. The recoverability of this deferred tax asset relating to MAT credit entitlement is dependent upon the generation of sufficient future taxable profit to utilise such entitlement within the stipulated period prescribed under the Income Tax Act, 1961. We identified this as a key audit matter because significant judgement is required in forecasting future taxable profits for recognition of deferred tax asset relating to MAT credit entitlement.	<u>Principal Audit Procedures</u> We have assessed the management's judgement relating to the forecasts of future revenue, taxable profits and evaluated the reasonableness of the considerations/assumptions underlying the preparation of these forecasts. Based on the above procedures performed, the recognition and measurement of deferred tax asset relating to MAT credit entitlement are considered adequate and reasonable.



4	<p>Contingent Liabilities : There are various litigations pending before various forums against the Company and management's judgement is required for estimating the amount to be disclosed as contingent liability. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias.</p>	<p><u>Principal Audit Procedures</u> We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures: - understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases; - discussing with management any material developments and latest status of legal matters; - read various correspondences and related documents pertaining to litigation cases produced by the management and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities; - examining management's judgements and assessments whether provisions are required; - considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote; - reviewing the adequacy and completeness of disclosures; Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable.</p>
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Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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; 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 consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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



- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance.

We communicate with those charged with governance regarding, among other matters, the planned scope and

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements/ information of 2 (Two) subsidiaries, whose financial statements reflect total assets of Rs. 7.71 crores as at 31st March, 2019, total revenues of Rs. Nil and net cash flows amounting to Rs. 27.90 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements.

Report on Other Legal and Regulatory Requirements

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

- 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 of the aforesaid consolidated financial statements.
- In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of



Change in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Company as on 31st March, 2019 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 31st March, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor' reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for 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, 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 - Refer Note – 36.5 to the consolidated financial statements;
 - ii. the Group did not have any material foreseeable losses on long-term contracts including derivative contracts;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For Agiwal & Associates
Chartered Accountants
(FRN: 000181N)

P.C. Agiwal
Partner
M. No. 080475

Place: Lucknow
Date: 29.05.2019

Annexure - A to the Independent Auditors' Report Report on the Internal Financial Controls under Clause (i) of Sub-section 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, 2019, we have audited the internal financial controls over financial reporting of K.M. Sugar Mills Ltd. ("the 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, including the assessment of the risks of material misstatement of the consolidated 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanation 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 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Agiwal & Associates
Chartered Accountants
(FRN: 000181N)

P.C. Agiwal
Partner
M. No. 080475

Place: Lucknow
Date: 29.05.2019



K.M Sugar Mills Limited

CIN : L15421UP1971PLC003492

Consolidated Balance Sheet as at 31st March, 2019

(Rs. in Lakhs)

PARTICULARS	Notes No.	Current Year	Previous Year
		As at March 31, 2019	As at March 31, 2018
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	3	15,824.31	9,400.93
(b) Capital work-in-progress	3A	708.19	9.55
(c) Other Intangible Assets	3B	3.91	2.59
(d) Financial assets			
(i) Loan	4	365.78	321.24
(ii) Non-current Investments	5	626.73	725.80
(e) Deferred tax asset (net)	19	-	86.26
(f) Non-current Tax assets (net)	6	98.68	171.94
(g) Other non-current assets	7	45.09	215.98
Total non-current assets		17,672.69	10,934.29
(2) Current assets			
(a) Inventories	8	26,598.43	16,317.17
(b) Financial assets			
(i) Investment	9	94.25	-
(ii) Trade and other receivables	10	2,749.64	2,232.21
(iii) Cash and cash equivalents	11	330.60	1,066.44
(iv) Bank Balance other than (iii) above	11A	678.00	345.59
(v) Other Financial assets	12	3.58	31.40
(c) Other current assets	13	1,215.77	421.84
Total current assets		31,670.27	20,414.65
Total assets		49,342.96	31,348.94
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	14	1,840.00	1,840.00
(b) Other equity	15	15,061.88	6,599.18
Total equity		16,901.88	8,439.18
LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowing	16	3,588.54	3,153.30
(ii) Other financial liabilities	17	26.15	-
(b) Other non current liabilities	18	585.36	87.14
(c) Deferred tax liabilities (net)	19	35.74	-
(d) Provisions	20	497.44	492.35
Total non-current liabilities		4,733.23	3,732.79
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowing	21	6,470.45	5,753.05
(ii) Trade payables and other payables	22	18,521.63	10,956.52
(iii) Other financial liabilities	23	1,726.12	1,501.10
(b) Other current liabilities	24	949.98	935.89
(c) Provisions	20	39.67	30.41
Total current liabilities		27,707.85	19,176.97
Total equity and liabilities		49,342.96	31,348.94

Corporate Information

Significant Accounting Policies and accompanying notes 2 to 36

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As per our report of even date attached

For Agiwal & Associates

Chartered Accountants

F.R. No. 000181N

CA. P. C. Agiwal

Partner

M.No.080475

For and on behalf of Board of Directors

S. C. Agarwal

Executive Director

DIN-02461954

Aditya Jhunjhunwala

Managing Director

DIN-01686189

Place : Lucknow

Date : 29th May, 2019

A.K. Gupta

Chief Financial Officer

Pooja Dua

Company Secretary

M.No-A50996



K.M Sugar Mills Limited
CIN : L15421UP1971PLC003492

Consolidated Statement of Profit and Loss for the year ended 31st March, 2019

(Rs. in lakhs)

PARTICULARS	Notes No.	Current Year	Previous Year
		Year Ended 31st March, 2019	Year Ended 31st March, 2018
I Revenue From Operations	25	39,005.38	46,978.31
II Other Income	26	1,415.25	3,653.81
III Total Income (I+II)		40,420.63	50,632.12
IV EXPENSES			
Cost of materials consumed	27	36,642.24	33,923.05
Purchase of Stock-in-Trade	28	2,398.96	388.56
Excise duty Expenses	29	-	701.00
Change in inventories of Finished Goods, by product and work in progress	30	(10,276.43)	5,055.69
Employee benefits expense	31	1,256.01	1,178.38
Finance costs	32	762.15	1,121.09
Depreciation and amortization expense	33	1,240.31	1,344.69
Other expenses	34	5,193.25	4,010.27
Total expenses		37,216.49	47,722.73
V Profit/(loss) before exceptional items and tax (III-IV)		3,204.14	2,909.39
VI Exceptional Items		-	-
VII Profit/(loss) before tax (V-VI)		3,204.14	2,909.39
VIII Tax expense:	35		
Current tax		672.00	617.00
Tax expense of earlier year		(21.00)	(22.65)
Deferred tax		128.24	428.52
		779.24	1,022.87
IX Profit (Loss) for the period (VII-VIII)		2,424.90	1,886.53
X Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Gain / (Loss) arising on actuarial valuation arising on defined benefit obligation		(18.23)	(0.19)
Gain / (Loss) arising on fair valuation of Fixed Asset.		6,046.98	-
Gain / (Loss) arising on fair valuation of equity Instrument		0.37	0.36
(ii) Income tax relating to items that will not be reclassified to profit or loss		6.24	(0.02)
		6,035.36	0.15
XI Total Comprehensive Income for the period (IX+X) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		8,460.26	1,886.68
Profit for the year attributable to			
(a) Owners of the parent		2,424.90	1,886.53
(b) Pre acquisition profit attributable to owners		-	-
(c) Non-Controlling interest		-	-
Other Comprehensive Income attributable to			
(a) Owners of the parent		6,035.36	0.15
(b) Non-Controlling interest		-	-
Total Comprehensive Income for the year attributable to			
(a) Owners of the parent		2,424.90	1,886.53
(b) Pre acquisition profit attributable to owners		-	-
(c) Non-Controlling interest		-	-
XII Earnings per equity share			
(1) Basic		2.65	2.05
(2) Diluted		2.65	2.05

Corporate Information
Significant Accounting Policies and accompanying notes 2 to 36

1

As per our report of even date attached

For Agiwal & Associates
Chartered Accountants

F.R. No 000181N
CA. P. C. Agiwal
Partner
M.No.080475

Place : Lucknow
Date : 29th May, 2019

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954
A. K. Gupta
Chief Financial Officer

Aditya Jhunjunwala
Managing Director
DIN-01686189
Pooja Dua
Company Secretary
M.No-A50996

Statement of Consolidated Profit and Loss



K.M Sugar Mills Limited

CIN : L15421UP1971PLC003492

Consolidated Cash Flow Statement for the year ended 31st March, 2019

(Rs. in Lakhs)

Consolidated Cash Flow

PARTICULARS	Current Year		Previous Year	
	Year ended 31st March, 19		Year ended 31st March, 18	
A. Cash flow from Operating Activities				
Net Profit/(Loss) before tax and exceptional items		3,204.13		2,932.05
Adjustment to reconcile profit before exceptional items and extraordinary items and tax to net cash flow provided by operating activities:				
Depreciation and amortisation expense	1,240.25		1,344.69	
Finance costs	762.12		1,121.09	
Transfer to storage fund for molasses	2.44		2.07	
Provision/reversal of doubtful debts	0.12		(15.52)	
Sundry Balances written off	67.02		36.44	
Interest income	(146.06)		(145.87)	
Government Grant	(141.28)		(143.49)	
Gain on Mutual Fund	(93.38)		-	
Profit or loss on sale of fixed assets /Investment	(0.75)		0.19	
Unspent liabilities/balances written back	(93.07)		(2,944.84)	
Other expenses/(income)	29.39		40.46	
Remeasurement of defined benefit obligation	(18.23)	1,608.57	(0.19)	(704.97)
Operating Profit before working capital changes		4,812.70		2,227.08
Adjustment to reconcile operating profit to cash flow provided by change in working capital				
(Increase)/Decrease in trade and other receivables	(556.75)		(621.75)	
(Increase) / Decrease in inventories	(10,281.26)		6,306.78	
(Increase) / Decrease in Current & Non current Assets	(1,006.08)		268.69	
(Increase) / Decrease in Loan	-		47.07	
Increase / (Decrease) in trade payables & Others	7,658.19		4,652.61	
Increase / (Decrease) in Current & Non current Liabilities	(7.04)		(2,863.60)	
Increase / (Decrease) in Other Financial Liabilities	328.92		(493.01)	
Increase / (Decrease) in Provisions	14.34		(1,632.84)	
		(3,849.68)		5,663.95
Cash Generated from Operations		963.02		7,891.03
Tax expense (excluding wealth tax)		533.66		687.09
Cash flow before exceptional and extraordinary items		429.36		7,203.94
Exceptional items -Voluntary retirement scheme		-		-
Net Cash generated From Operating Activities (A)		429.36		7,203.94
B. Cash Flow from investing activities				
Purchase of fixed assets	(1,617.98)		(1,224.68)	
Proceeds from sale of Investment (Net)	(4.46)		72.80	
Addition in CWIP	(698.64)		(9.55)	
Interest income received	107.73		14.37	
Net Cash used in Investing Activities (B)		(2,213.35)		(1,147.06)
C. Cash Flow From Financing activities				
Proceed(Repayments) of long term borrowings	792.12		(587.56)	
Proceeds/(repayments) of short term borrowings	717.40		(3,812.16)	
Finance cost paid	(461.37)		(1,425.54)	
Net Cash From Financing Activities (C)		1,048.15		(5,825.26)
Net increase in Cash & Cash Equivalents (A+B+C)		(735.84)		231.62
D. Opening cash and cash equivalents		1,066.44		834.82
E. Closing cash and cash equivalents for the purpose of cash flow statement (Refer Note No.11)		330.60		1,066.44
Increase in Cash & Cash Equivalents (D-E)		(735.84)		231.62

Notes:

1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard on Statement of Cash Flows (Ind As -7).

2) Cash and cash equivalents at year end comprises:

Cash on hand	4.50	7.44
Cheque on hand	1.77	322.21
Balances with scheduled banks		
- current accounts	324.32	736.79
- In EEFC Account	0.01	0.01
	<u>330.60</u>	<u>1,066.44</u>
Supplementary Information		
- Restricted Cash Balance (NOTE 11A)*	<u>678.00</u>	<u>345.59</u>

* amount not included in cash and cash equivalent
As per our report of even date attached

For Agiwal & Associates
Chartered Accountants
F.R. No 000181N

For and on behalf of Board of Directors

CA. P. C. Agiwal
Partner
M.No.080475

S. C. Agarwal
Executive Director
DIN-02461954

Aditya Jhunjunwala
Managing Director
DIN-01686189

Place : Lucknow
Date : 29nd May, 2019

A. K. Gupta
Chief Financial Officer

Pooja Dua
Company Secretary
M.No-A50996



Statement of change in equity

(a) Equity Capital

	Number	Rs. in lakhs
AT 31st March, 2019	92000170	1,840.00
AT 31st March, 2018	92000170	1,840.00

(b) Other equity

Description	General Reserve	Initial Depreciation Reserve	Molasses Storage Fund	Sugar Price Equalisation Reserve	Securities Premium Account	Retained Earning	Items of Other Comprehensive Income			Total
							Revaluation reserve	FVTOCI reserve	Gain / Loss arising on actuarial valuation of defined benefit	
As at April 01, 2018	1,178.18	1.72	13.56	12.40	2,688.01	2,719.34	12.81	1.09	(27.94)	6,599.18
Change during the year	-	-	2.44	-	-	-	-	-	-	2.44
Profit for the period	-	-	-	-	-	2,434.67	-	-	-	2,434.67
Other Comprehensive Income	-	-	-	-	-	-	6,046.98	(0.13)	6.37	-
Total Comprehensive Income	1,178.18	1.72	16.00	12.40	2,688.01	5,154.01	6,059.79	0.96	(21.57)	15,089.51
Transfer to Molasses Fund	-	-	-	-	-	-	-	-	-	-
Transfer to retained earning	-	-	-	-	-	3.05	(1.96)	(1.09)	-	-
As at March 31, 2019	1,178.18	1.72	16.00	12.40	2,688.01	5,157.06	6,057.83	(0.13)	(21.57)	15,089.51

As per our report of even date attached

For Agiwal & Associates
Chartered Accountants
F.R. No 000181N

CA. P. C. Agiwal
Partner
M.No 080475

Place : Lucknow
Date : 29th May, 2019

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

Aditya Jhunjhunwala
Managing Director
DIN-01686189

A. K. Gupta
Chief Financial Officer

Pooja Dua
Company Secretary
M.No-A50996

Consolidated Statement of Change in Equity



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

K.M Sugar Mills Limited is a public limited company incorporated and domiciled in India. The registered office of the Company is situated at 11, Moti Bhawan, Collector Ganj, Kanpur, Uttar Pradesh – 208001.

The Company's shares are listed on the BSE Ltd and National Stock Exchange of India Ltd.

The Group is engaged in sugar manufacturing. The principal activity of the Group is manufacturing of sugar and the group is also engaged in power generation using baggase and in manufacturing of Industrial Alcohol.

2. Significant Accounting Policies

2.1 Statement of Compliance with Ind AS

In accordance with the notification dated 16th February, 2015, issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from 1st April, 2016 with restatement of previous year figures presented in this consolidated financial statements. Accordingly, the consolidated financial statements have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 ("Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the consolidated financial statements are approved for issue by the Board of Directors has been considered in preparing these consolidated financial statements.

2.2 Basis of Preparation of Consolidated financial Statements

a) Basis of Presentation

These consolidated financial statements are prepared on the accrual basis of accounting, under the historical cost convention except for the following:

- i) Certain financial assets and financial liabilities measured at fair value and
- ii) Defined benefits plan - plan assets measured at fair value.

There is no change in the system of accounting as being consistently followed from earlier years unless otherwise stated.

All assets and liabilities have been classified as current or non-current as per group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of operations and time between procurement of raw

material and realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

b) Basis of Consolidation

Consolidation financial statement related to KM Sugar Mills Limited ("The Company" and its subsidiaries (collectively referred as the Group).

In the case of subsidiaries, control is achieved when the group is exposed, or has right, to variable return from its involvement with the investee and has the ability to affect those returns though its power over the investee specifically, the group controls as investee if and only if the group has:

- Power over the investee (i.e. existing right that give it the current ability to direct the relevant activities of the investee;
- Exposure, or right, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The group re-assesses whether or not it controls an investee if facts and circumstances indicates that there are changes to one or more of the three elements of control.

Consolidation of subsidiary begins when the group obtains control over the subsidiary and ceases when the group losses control of the subsidiary Assets, Liabilities, Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement from the date the group gains control until the date the group ceases to control the subsidiary.

Consolidation Financial statements are prepared using accounting policies for like transaction and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidation financial statement for like transaction and event in similar circumstances, appropriate adjustment are made to the group member's financial statement in preparing the consolidation financial statement to ensure conformity with the group accounting policies.

The Consolidated financial statements of all entities used for the purposes of consolidation are drawn up to same reporting date as that of the parent company i.e. year ended on March 31.

Profit or loss each component of other comprehensive income (OCI) are attributed to the owners of the company and to the non controlling interest. Total comprehensive income of subsidiaries attributed to the owner of the company and to the non controlling interest even if this results in the non controlling interest having a deficit balance Following subsidiary



company has been considered in the preparation of the consolidated financial statements :

Name of Entity	Relationship	Country of Incorporation	% of Holding and voting power Directly as at 31 March 2019
Sonar Casting Ltd.	Wholly Owned Subsidiary Company	India	100%
KM Spirits and Allied Industries Ltd.	Wholly Owned Subsidiary Company	India	100%

c) Consolidation procedure

The consolidation financial statement relate to KM Sugar Mills Limited ("the company) and the subsidiary companies. The Consolidated financial statements have been prepared on the following basis:

- i. The financial statement of the company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, income, expenses and cash flows, after fully eliminating intra group balances and intra group transaction.
- ii. Profits or losses resulting from intra-group transactions that are recognized in assets, such as inventory and property, plant and equipment, are eliminated in full.
- iii. In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve.
- iv. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- v. The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as on date of disposal is recognized in Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.
- vi. Non-Controlling Interest's share of profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to owners of the Company.
- vii. Non-Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the owners of the Company.

2.3 Use of Estimates

The preparation of the consolidated financial statements in conformity with GAPP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the consolidated financial statements and reported amounts of income and expenditure during the period. Management

believes that the estimates made in the preparation of the consolidated financial statements are prudent and reliable. Actual results might differ from the estimates. Difference between the actual results and estimates are recognized in the period in which results are known/material.

i) Estimated useful life of Property, plant and equipment

PPE represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual value of the asset are determined by the management when the asset is acquired and reviewed periodically including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their lives, such as change in technology.

ii) Recognition of deferred tax assets for carried forward tax losses and unused tax credit

Deferred tax assets are recognized for unused losses (carry forward of prior years' losses) and unused tax credit to the extent that it is probable that taxable profit would be available against which the losses could be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

iii) Estimation of Defined benefit obligations

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. 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 financial year end. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the actuary considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

iv) Estimated fair value of unlisted securities

The fair values of financial instruments that are not traded in an active market and cannot be measured based on quoted prices in active markets is



2.4

determined using valuation techniques including the discounted cash flow (DCF) model. The group uses its judgment to select a variety of method / methods and make assumptions that are mainly based on market conditions existing at the end of each financial year. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgment includes considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Property, plant and equipment (PPE) and Capital work-in-progress (CWIP)

The Group has elected to continue with carrying value of all Property, plant and equipment and Capital work-in-progress (CWIP) under the previous GAAP as deemed cost as at the transition date i.e. 1st April, 2016. Under the previous GAAP, Property, plant and equipment were stated at their original cost (net of accumulated depreciation and impairment) adjusted by revaluation of certain assets.

The Property, plant and equipment (PPE) and Capital work-in-progress (CWIP) are stated at cost net of cenvat credit and/or at revalued price less accumulated depreciation and Accumulated Impairment.

The Group has elected the fair value model for leasehold land to make the better presentation of financial statement.

Interest on borrowings used to finance the construction of qualifying assets are capitalized as part of the cost of the asset until such time that the asset is ready for its intended use.

Depreciation on Property, plant and equipment (PPE) is provided on written down value method as prescribed under Part C of Schedule II to the Companies Act, 2013. The additional depreciation, on increase in cost on account of revaluation is transferred to Retained Earnings from Revaluation Reserve and is thus not charged to statement of Profit & Loss of the year.

Useful life of assets are considered on the base is of Schedule-II of Companies Act, 2013

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

Each item of PPE individually costing Rs. 5, 000 or less is depreciated fully in the year of their put to use.

Depreciation/amortization on assets added, sold or discarded during the year is provided on pro-rata basis.

2.5 Intangible assets (Computer Software)

The Group has elected to continue with carrying value of computer software under the previous GAAP, as deemed cost since 1st April, 2016. Computer software, if any, purchased during the year has been stated at their original cost (net of accumulated amortization and accumulated impairment, if any).

Intangible assets expected to provide future enduring economic benefits are recorded at the consideration paid for acquisition of such assets and are carried at cost of acquisition less accumulated amortization and impairment, if any.

Intangible assets: Computer software is amortized over a period of four years.

2.6 Revenue Recognition and Expenses

i) Effective April 1 2018 the group adopted Ind AS 115, revenue from contracts with customer using the cumulative catch up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch up transition method, the comparatives have not been retrospectively adjusted. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for services and goods are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on supply and service contracts are recognized as the related performance obligation is completed.

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenues in excess of invoicing are classified as contract assets (which we refer to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

ii) Insurance claims have been accounted for on cash basis looking in to the uncertainty and its collection as per past practice.

iii) Interest Income is accounted for on time



proportionate basis.

2.7 Expenses

(i) All expenses are accounted for on accrual basis.

2.8 Inventory

a) Cost of inventory comprises of purchase price, cost of conversion and other cost that have been incurred in bringing the inventories to their respective present location and condition. Interest costs are not included in value of inventory.

Inventories are valued as under :

- a) Raw Materials and Finished Goods (except molasses) are carried at lower of cost and net realizable value.
- b) Stock of Molasses is carried at net realizable value.
- c) Stores & Spares are carried at cost.
- d) Goods in Process / WIP are carried at lower of cost and net realizable Value.
- e) Banked power with UPPCL is carried at lower of cost and net realizable value.

Cost for the purpose of valuations of raw material and components, stores & spares are considered on following basis:

<u>Manufacturing Units</u>	<u>Basis</u>
- Sugar - Raw Material	First in First Out
- Stores & Spares and other components	Weighted Average
- Trading Goods	First in First Out
- Distillery- Raw Material	First in First Out
- Stores & Spares Other components	Weighted Average
- Co-generation - Raw Material	First in First Out

2.9 Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either :

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value,

maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole :

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided by the management after discussion with and approval by the Group's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities, which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or



liability and the level of the fair value hierarchy as explained above.

2.10 Financial instruments

Financial assets and financial liabilities are recognised in the Balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. The financial assets include equity and debt securities, trade and other receivables, loans and advances, cash and bank balances and derivative financial instruments.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- 1) At amortised cost,
- 2) At fair value through other comprehensive income (FVTOCI), and
- 3) At fair value through profit or loss (FVTPL).

Debt instruments at amortised cost

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

- 1) The asset is held within a business model whose objective is to hold the asset for collecting contractual cash flows, and
- 2) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest 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 on acquisition and fees or costs that are an integral part of the EIR.

Equity investments

All equity investments in the scope of Ind AS 109 are measured at fair value except in case of investment in subsidiary carried at deemed cost and associate carried at cost.

Equity instruments included within the FVTPL category, if any, are measured at fair value with all changes recognized in profit or loss. The Group may make an irrevocable election to present in OCI subsequent changes in the fair value.

The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Group decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI.

There is no recycling of the amounts from OCI to profit

or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Preference Share

The Company has made investment in subsidiary company the fair value of which has been determined using cost model as prescribed IND AS 27, Fair value of preference share in other company has been determined on the basis of amortized cost. The discount rate has been taken at 10.50% which is incremental borrowing rate for the company after considering percentage of dividend. Difference between the actual cost and amortized cost is accounted for under "Finance cost" as Gain/ loss arising on fair valuation of preference share and unwinding of interest is accounted for under "Other income"

De-recognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

2.11 Employees Benefits

(i) Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short term employee benefits to be paid in exchange for employee services are recognized as an expense as the related service is rendered by employees.

(ii) Post employment benefits

Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The group makes specified monthly contributions towards provident fund. The Group's contribution is recognized as an expense in the statement of profit and loss during the period in which employee renders the related service.

Defined benefit plan:

The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.



The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

When the calculation results in a benefit to the Group, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized in the other comprehensive income.

(iii) Long term employment benefits

The Group's net obligation in respect of long-term employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

(iv) Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit & Loss for the year in which the related service is rendered.

2.12 Borrowing Costs

Borrowing costs attributable to the qualifying assets are capitalized up to the period such assets are ready for the intended use and commenced commercial production. All other borrowing cost is charged to the Statement of Profit & Loss in the period in which they are incurred.

2.13 Dividend payables on shares are recorded as a liability on the date of approval by the shareholders and interim dividend are recorded as a liability on the date of declaration by the Group's Board of Directors. A corresponding amount is recognized directly in other equity.

2.14 Biological assets Biological assets comprise standing crops (crops under development) of sugarcane. The biological process starts with preparation of land for planting, seedlings and ends with the harvesting of crops. When harvested, cane is transferred to inventory at fair value less costs to sell or at cost whichever applicable. For biological assets, where little biological transformation has taken place since the initial cost was incurred (for example seedlings planted immediately before the balance sheet).

2.15 Government Grants

Government grants are recognized at fair value when there is reasonable assurance that the grant would be received and the Group would comply with all the conditions attached with them.

Government grants related to PPE are treated as deferred income (included under non-current liabilities with current portion considered under current liabilities) and are recognized and credited in the Statement of Profit and Loss on a systematic and rational basis over the estimated useful life of the related asset and included under "Other Income".

The benefit of government loan at a below-market rate of interest is treated as a government grant. The Difference between the market rate of interest and actual rate of interest is treated as government grant.

First time Adopter shall classify all government loan received as financial liability or Equity as per Ind AS- 32. First time adopter shall apply the requirement in Ind AS -20 and Ind AS -109 to government loan existing at the date of transition to Ind AS and shall not recognized the corresponding benefit of government loan at below market rate of interest as government grant.

Government Grants in the nature of Government promoters' contribution, i.e. which have reference to the total investment in an undertaking or by way of contribution towards total capital outlay, are credited to retained earnings as related to the previous years.

2.16 Financial Derivatives and Commodity Hedging Transactions

Financial Derivatives and commodity hedging contracts are accounted for on the date of their settlement and realized gain/loss in respect of settled contracts are recognized in the Statement of Profit & Loss, along with the underlying transactions.

2.17 Foreign Currency Transactions and Translations

- a) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates.
- b) Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- c) In respect of monetary items which are covered by



forward exchange contracts, the difference between the year end and the rate on the date of contract is recognized as exchange difference and the premium on such forward contracts is recognized over the life of the forward contract.

- d) The exchange differences arising on settlement / translation are recognized in the Statement of Profit and Loss.

2.18 Taxes on Income

(a) Current Tax

Tax on income for the current period is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which give future economic benefit in the form of adjustment to future income tax liability is considered as an asset to the extent there is convincing evidence that the group will pay normal income tax.

(b) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statement and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction (other than a business combination) affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credit to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can 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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

The group has revalued its lease hold property but deferred tax liabilities is not recognized on the ground that the group does not have sale / transfer

right with regard to lease hold land.

Deferred tax liabilities are generally recognised on all taxable temporary differences.

2.19 Impairment of Non financial Assets

- (i) Non financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
- (ii) An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount, costs of disposal and value in use.
- (iii) For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash generating units).
- (iv) Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of the each reporting period.

2.20 Leases

Assets acquired as leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit & Loss on accrual basis.

2.21 Provisions, Contingent Liabilities and Contingent Assets

- (i) Provision is recognized in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.
- (ii) Provision is recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.
- (iii) Provisions are not recognized for future operating losses.
- (iv) Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group.
- (v) A contingent asset is not recognized in the consolidated financial statements.
- (vi) Provisions and contingent liabilities are reviewed at each balance sheet date.

2.22 Investment Property

Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business. Owner-



occupied property is property held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes. Investment properties are accounted for in the books at cost. However, fair value of such property is required to be disclosed only in accordance with Ind AS 40.

2.23 Segment Reporting

Primary Segment

Based on the guiding principles given in the Ind AS-108 "Segment Reporting" issued by ICAI, the Group's segments are Sugar, Power Generation and Distillery.

Revenue and expenses have been accounted for on the basis of their relationship to the operating activities of the respective segment.

Segment Identification

Business segments have been identified on the basis of the nature of products/ services, the risk return profile of individual business, the organizational structure and the internal reporting system of the group.

The operating segments are reported after taken into consideration of Aggregation criteria and Quantitative threshold as mentioned in Para 12 and 13 of Ind AS 108.

Excise duty in respect of finished goods held in stock has been accounted for at the end of the year and is included in the value of closing stock.

2.24 Earning Per Share

Basic earnings per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of

extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares.

2.25 Cash and Cash Equivalents

Cash and cash equivalents Cash and cash equivalents in the Balance sheet comprise cash on hand, cheques on hand, balance with banks on current accounts and short term, highly liquid investments with an original maturity of three months or less and which carry insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, Cash and cash equivalents consist of Cash and cash equivalents, as defined above and net of outstanding book overdrafts as they are considered an integral part of the Group's cash management

2.26 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and item of income or expenses associated with investing or financing flows. The cash flows operating, investing and financing activities of the group are segregated.

For Agiwal & Associates
Chartered Accountants
F.R. No 000181N

CA. P. C. Agiwal
Partner
M.No.080475

Date : 29th May, 2019
Place : Lucknow

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

A K Gupta
Chief Financial Officer

Aditya Jhunhunwala
Managing Director
DIN-01686189

Pooja Dua
Company Secretary
M.No. A50996



Notes forming part of Consolidated Financial Statement

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Note 3: Property, Plant and Equipment

(Rs. in lakhs)

Particulars	Land (lease hold)	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers	Total
Gross Block									
Balance as at 1st April, 17	16.48	59.73	689.19	24,575.76	407.50	881.44	94.99	109.56	26,834.65
Additions	-	-	64.89	1,050.37	36.33	19.24	32.99	16.69	1,220.51
Disposal/Deduction	-	-	-	-	0.45	4.36	0.03	0.43	5.27
Balance as at 31st March, 18	16.48	59.73	754.08	25,626.13	443.38	896.32	127.95	125.82	28,049.89
Additions	564.32	750.40	80.19	102.23	23.59	84.51	6.39	2.91	1,614.54
Fair valuation	6,046.98	-	-	-	-	-	-	-	6,046.98
Disposal/Deduction	-	-	-	-	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 19	6,627.78	810.13	834.27	25,728.36	466.97	980.83	134.34	128.73	35,711.41
Accumulated depreciation									
Balance as at 1st April, 17	-	-	375.05	16,218.56	191.83	372.74	55.65	97.94	17,311.77
Depreciation for the year	-	-	51.42	975.50	48.55	164.45	28.06	13.11	1,281.09
Depreciation due to obsolescence	-	-	12.19	48.61	0.15	0.09	0.14	-	61.18
Disposal/Deduction	-	-	-	-	(0.45)	(4.17)	(0.03)	(0.43)	(5.08)
Balance as at 31st March, 18	-	-	438.66	17,242.67	240.08	533.11	83.82	110.62	18,648.96
Depreciation for the year	-	-	40.56	917.03	58.64	130.63	20.92	9.18	1,176.96
Depreciation due to obsolescence	-	-	12.19	48.61	0.15	0.09	0.14	-	61.18
Disposal/Deduction	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 19	-	-	491.41	18,208.31	298.87	663.83	104.88	119.80	19,887.10

Net Carrying amount Property, Plant and Equipment

Net Carrying Amount	Land (lease hold)	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers	Total
As at 31st March, 2018	16.48	59.73	315.42	8,383.46	203.30	363.21	44.13	15.20	9,400.93
As at 31st March, 2019	6,627.78	810.13	342.86	7,520.05	168.10	317.00	29.46	8.93	15,824.31

* The company has followed the deemed cost option as on 01.04.2016 and now decided to opt fair value model for its leasehold land to make the financial statements more presentable.

* Fair value of leasehold land has been done for 31.03.2019 by Mr. Anoop Kumar Raamani, a chartered engineer of repute.

* Fair valuation has been done using market comparable method. The revalued amount of leasehold land comes to Rs. 6063.46 lakhs as against its cost of Rs. 16.48 lakhs and difference amount of Rs.6046.98 lakhs has been shown as revaluation surplus under other equity, which has been routed through other comprehensive income.

* To arrive at the fair value of leasehold land, the guidance rate of UPSIDC prescribed for Madhopur and Masodha area is considered, which is Rs. 1,300 per square meter and accordingly valued entire leasehold area of 46.642 hectare.

* Lease hold land was taken from Uttar Pradesh Government at initial lease period valid till 13.06.2044 with an option of further renewal for 99 years. This fact is duly considered by the valuer in arriving the fair value.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Note 3A Capital work in Progress

(Rs. in lakhs)

Balance as at 01.04.17	
Addition *	324.76
Capitalisation	315.21
Balance as at 31 st March, 2018	9.55
Addition *	815.78
Capitalisation	117.14
Balance as at 31st March, 2019	708.19

Note 3B INTANGIBLE ASSETS

(Rs. in lakhs)

Description	Amount
Gross carrying amount as at 01 April, 2017	22.14
Additions	4.18
Deductions	-
Other adjustments	-
Balance as at 31st March, 2018	26.32
Additions	3.50
Deductions	-
Other adjustments	-
Balance as at 31st March, 2019	29.82
Acumulated balance as at 01 April, 2017	21.32
Depreciation for the year	2.41
Depreciation adjustment	-
Deduction	-
Balance as at 31 March, 2018	23.73
Depreciation for the year	2.18
Depreciation adjustment	-
Deduction	-
Balance as at 31 March, 2019	25.91
Net carrying amount	-
As at 31 March, 2018	2.59
As at 31 March, 2019	3.91



K.M Sugar Mills Limited

CIN : L15421UP1971PLC003492

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Notes forming part of Consolidated Financial Statement

		(Rs. in Lakhs)	
		As at March 31, 2019	As at March 31, 2018
PARTICULARS			
Note 4	<u>Non Current Loan</u> Carried at amortised cost Security Deposit	365.78	321.24
Total		365.78	321.24
Note 5	<u>Non Current Investments</u>		
(i)	Equity Instruments		
	(1) Measured at cost		
	Unquoted		
	In equity shares of companies fully paid up		
	Subsidiary company	-	-
	(2) Designated at Fair Value through other comprehensive income		
	Unquoted		
	1000 nos. of shares having face value Rs.10 each in Chamoli Hydro Power Pvt. Ltd.	0.18	0.18
	25000 nos. of Shares having face value Rs. 10 each in K.M Shakar Karkhana Pvt Ltd.	2.85	2.85
	2,000 nos. of shares having face value of Rs. 10 each in HH Foundation	0.20	0.20
(ii)	Preference share (Measured at amortised cost)		
	In 9% Non-cumulative redeemable preference shares fully paid up		
	38,50,000 nos. of preference shares having face value of Rs. 10 each in Brahma Properties Pvt. Ltd.	331.59	371.32
	33,89,215 nos. of preference shares having face value of Rs. 10 each in K M Energy Pvt. Ltd.	291.91	349.73
(iii)	Other Investments		
	Designated at Fair Value through other comprehensive income		
	Quoted		
	In equity shares of companies fully paid up		
	Nil nos.(Pr. Yr.168) of equity shares of face value 10 each in Reliance Industries Ltd.	-	1.48
	Nil nos. (Pr. Yr. 42) of equity shares of face value 10 each in Reliance Communication Ltd.	-	0.01
	Nil nos. (Pr.Yr. 3) of equity shares of face value 10 each fully paid up in Reliance Infrastructure Ltd.	-	0.01
	Nil nos. (Pr. Yr. 2) of equity shares of face value 2 each in Reliance Capital Ltd.	-	0.01
	Nil nos. (Pr.Yr. 10) of equity shares of face value 10 each in Reliance Power Ltd.	-	0.01
		-	-
Total		626.73	725.80
	Aggregate book value of quoted investments	-	1.16
	Aggregate fair value of quoted investments	-	1.52
	Aggregate book value of unquoted investments	724.28	646.65
	Aggregate fair value of unquoted Investment	626.73	724.28



(Rs. in Lakhs)

PARTICULARS	Current Year		Previous Year	
	Year ended 31st March, 19		Year ended 31st March, 18	
Note 6 <u>Non current Tax Asset (Net)</u> Advance Tax (net of provision) TDS Receivable Less:- Provision for Income Tax for current year Total		737.52 33.16 672.00 98.68		779.80 9.14 617.00 171.94
Note 7 <u>Other Non Current Assets</u> Capital advances Advance to suppliers and others Considered Good Considered doubtful Less: Allowance for doubtful advance Others Duties and Taxes Paid under protest Upfront fee Deferred Rent Total		37.45 - - 6.19 1.45 - 45.09	233.68 233.68 279.90 279.90	184.38 - - 6.96 - 24.64 215.98
Note 8 <u>INVENTORIES</u> (a) Raw materials (b) Finished Goods (c) Work in progress (d) Stores and spares Total (Refer Note No. - '2.8' for Mode of Valuation)		16.69 25,774.84 360.04 446.86 26,598.43		21.74 15,557.28 301.17 436.98 16,317.17
Note 9 <u>Investment</u> Measured at Fair Value through OCI Investment in SBI Liquid Fund (3,231.682 units) Total		94.25 94.25		- -
Note 10 <u>TRADE RECEIVABLES</u> - Unsecured Considered Good Considered Doubtful Less:- Provision for Doubtful Debts -Other receivables (Unsecured) Other Considered Good * Total		54.71 35.21 35.21 - 2,694.93 2,749.64	47.98 47.98	1.05 - 2,231.16 2,232.21
Note 11 <u>CASH AND CASH EQUIVALENT*</u> Balances with Banks In current Account In EEFC Account Cheques draft on Hand Cash on hand Total <i>*As certified by the management</i> Notes: Particulars Balance with banks - In current accounts - In EEFC Account - Deposit with original maturity of less than 3 months - Cheques, drafts on hand Cash on hand Total		324.32 0.01 1.77 4.50 330.60 324.32 0.01 - 1.77 4.50 330.60		736.78 0.01 322.21 7.44 1,066.44 736.78 0.01 - 322.21 7.44 1,066.44
Note 11A <u>Bank Balance other than cash and cash equivalents Earmarked</u> FDR with bank for Bank Guarantee and margin Money Interest accrued on deposit FDR with Bank More original maturity more than 12 Months Molasses storage Fund in SB account Total		581.34 62.72 14.50 19.44 678.00		258.67 48.35 14.50 24.07 345.59

Notes forming part of Consolidated Financial Statement



PARTICULARS	Current Year		Previous Year	
	Year ended 31st March, 19		Year ended 31st March, 18	
Note 12 OTHER FINANCIAL ASSETS				
(a) Rent Receivable		3.58		3.58
(b) Interest receivable		-		27.82
Total		3.58		31.40
Note 13 OTHER CURRENT ASSETS				
(a) GST and other taxes receivable		448.27		117.90
(b) Security Deposit		25.16		25.21
Considered Good				
Considered doubtful	16.00		16.00	
Less: Provision for doubtful	16.00	-	16.00	-
(c) Advance to employees		8.11		5.34
(d) Advances for supply of goods & services		399.10		187.99
(e) Prepaid Expenses		142.02		50.60
(f) Capital Advances		171.21		-
(g) Others				
Upfront fee		-		4.80
Deferred rent		21.90		30.00
Total		1,215.77		421.84
Note 14 Share Capital				
AUTHORISED	No. of shares	Amount	No. of shares	Amount
Equity Share Capital				
Equity Shares of Rs. 2/- each	10,000,000	2,000.00	10,000,000	2,000.00
Issued capital				
Equity Share Capital				
Equity Shares of Rs. 2/- each	92,000,170	1,840.00	92,000,170	1,840.00
Subscribed and paid up capital				
Equity Share Capital				
Equity Shares of Rs. 2/- each	92,000,170	1,840.00	92,000,170	1,840.00
Reconciliation of number of shares outstanding and the amount of share capital outstanding and the amount of Share capital				
i) Equity share capital	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	92,000,170	1,840.00	92,000,170	1,840.00
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	92,000,170	1,840.00	92,000,170	1,840.00
ii) Rights, preferences and restrictions attached to the equity shares				
The Company has only one class of Issued, subscribed and paid up equity shares having a par value of INR 2/- each per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.				
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.				
iii) Details of the Shareholders holding more than 5% share in the Company				
	31st March, 2019		31st March, 2018	
Particulars	No. of Shares held	Percentage of share holding	No. of Shares held	Percentage of share holding
Equity shares of INR 2/- each fully paid up				
Mr. L K Jhunjunwala	13,802,600	15.00	5,602,600	6.09
Mr. P C Jhunjunwala	-	-	9,956,100	10.82
M/s. L K Jhunjunwala (HUF)	10,065,900	10.94	10,065,900	10.94
M/s Marvel Business Pvt. Ltd.	12,153,989	13.21	12,022,258	13.07



(Rs. in Lakhs)

PARTICULARS		Year ended 31st March, 19	Year ended 31st March, 18
Note 15	Other Equity		
	General Reserve		
	Opening balance	1,178.18	1,178.18
	Add: change during the year	-	-
	Closing balance	1,178.18	1,178.18
	Initial Depreciation Reserve		
	Opening balance	1.72	1.72
	Add: change during the year	-	-
	Closing balance	1.72	1.72
	Molasses Storage Fund		
	Opening balance	13.56	11.49
	Add: Changes during the year	2.44	2.07
	Closing balance	16.00	13.56
	Sugar Price Equalisation Reserve		
	Opening balance	12.40	12.40
	Change during the year	-	-
	Closing balance	12.40	12.40
	Securities Premium Account		
	Opening balance	2,688.01	2,688.01
	Add change during the year	-	-
	Closing balance	2,688.01	2,688.01
	Retained Earnings		
	Opening balance	2,726.06	837.21
	Add: Profit/ Loss during the year	2,424.90	1,886.53
	Add: Transfer from Other comprehensive income	3.05	2.32
	Closing balance	5,154.01	2,726.06
	Comprehensive Income		
	Opening balance	(20.75)	(18.58)
	Change during the year	6,035.36	0.15
	Less: Transfer to Retained Earning	(3.05)	(2.32)
	Closing balances	6,011.56	(20.75)
	Total	15,061.88	6,599.18

Note 16 <u>Long term borrowings</u> <u>Carried at Amortised cost</u>					
(i)	From Banks	Current	Non current	Current	Non current
	Secured				
	Rupee Loan				
	State Bank of India - SEFASU Loan	78.90	-	320.40	57.20
	Punjab National Bank - SEFASU Loan	-	-	210.15	-
	Punjab National Bank - Soft Loan	-	-	153.84	385.10
	Allahabad Bank	-	-	4.73	-
	State Bank of India - SEFASU Loan	716.39	3,462.66	-	-
	Total A	795.29	3,462.66	689.12	442.30
	From Entities other than Banks				
	Secured				
	Sugar Development Fund (SDF) from Govt. of India	-	-	277.86	540.85
	Total B	-	-	277.86	540.85
(ii)	From Entities other than Banks				
	Unsecured Loan				
	Unsecured loan from a company	-	-	-	2,016.15
	Unsecured loan from related parties	-	125.88	-	154.00
	Total C	-	125.88	-	2,170.15
	TOTAL (A+B+C)	795.29	3,588.54	966.98	3,153.30

(1) Rupee Term Loan of State Bank of India (SEFASU), Punjab National Bank (SEFASU) and Punjab National Bank (Soft Loan) are secured by residual charge on entire fixed assets and current assets of the company, present and future, on pari passu basis with other term lenders. Corporate guarantee of KM plantation Pvt. Ltd. Personal guarantee of three directors in case of SBI loan and Personal guarantee of two directors in case of PNB.

(2) Rupee Term Loan of Allahabad Bank is secured by third charge on entire fixed assets of the company on pari passu basis. Personal guarantee of two directors and corporate guarantee of KM Plantation Pvt. Ltd.

(3) Rupee Term Loan from SDF is secured by first charge on Company's immovable and movable properties both present and future.

(4) Unsecured loan from related parties represent promoters contribution as per CDR approval.



PARTICULARS

Term of Repayment *

Name of the banks / entities	Interest Rates (%)	Amount Outstanding as on 31, March, 2019		1-3 years	3 years and above
		Current	Non Current		
State Bank of India SEFASU loan	-	78.90	-	-	-
SBI SEFASU Loan 2018	5.00	716.39	4,059.55	1,910.38	2,149.17
Unsecured Loan from related parties	-	-	114.00	-	114.00
Total		795.29	4,173.55	1,910.38	2,263.17

Rate of interest has been disclosed for loans which are outstanding on balance sheet date and in case of default, penal interest are charged as per sanction.

Interest sub-vention to the extent of 12% on SEFASU loan from State Bank of India and Punjab National Bank is to be funded by Central Government.

* Subsidised loan taken from banks and government have been amortised using effective interest rate and maturity profile of loan is as per repayment schedule.

Note 17	<u>Non Current Financial Liability</u> Corporate Gurantee issued (Refer Note 36.5)		
		26.15	-
	Total	26.15	-

Note 18	<u>Non current Liabilities</u> Deferred Government Grant (Refer Note 24) Other payable		
		570.86	72.64
		14.50	14.50
	Total	585.36	87.14

Note 19	<u>Deferred tax liabilities/Assets*</u> P A R T I C U L A R S Deferred Tax Liabilities Depreciation		
		1,267.16	1,214.33
	Others	27.11	26.98
	Deferred Tax Assets		
	Expenses allowable for tax purpose when paid	147.92	104.99
	MAT credit entitlement	1,027.71	1,162.71
	Others	82.90	59.87
	Net Assets/(Liability)	(35.74)	86.26
	*Refer Note 35		

		Current	Non current	Current	Non current
Note 20	Provision for liabilities				
	Provisions for employees benefit				
	Unavailed leave	8.12	45.60	7.39	40.43
	Gratuity Expenses	31.55	-	23.02	0.08
	Other Provision	-	451.84	-	451.84
	Total	39.67	497.44	30.41	492.35

* Includes duties, taxes and penalty levied by Commissioner of Excise, Bihar

Note 21	<u>Short Term borrowing</u> Carried at amortised cost Loan repayable on demand Working capital loans From banks Secured		
	State Bank of India		3,007.45
	Punjab National Bank		3,452.59
	The Federal Bank Ltd.		-
	Other Loans and advances Unsecured		585.32
	From Others		10.41
	Total	6,470.45	5,753.05



(Rs. in Lakhs)

Year ended
31st March, 19Year ended
31st March, 18

PARTICULARS		
Summary of short term borrowings		
Secured borrowings		
Nature of Securities		
1. Working capital loans from State Bank of India is secured by way of hypothecation and first pari passu charge on stocks of sugar, molasses, consumable stores / spares, industrial alcohol, book debts and other current assets of the company, second pari passu charge with other working capital lenders on entire fixed assets and all other movable and immovable assets of the company (existing & future), personal guarantee of three Directors, pledge of shares and corporate guarantee of KM Plantation Pvt. Ltd. 2. Working capital loan from Punjab National Bank is secured by pledge of stock of Crystal sugar, second pari passu charge with other working capital lenders on entire fixed assets and all other movable and immovable assets of the company (existing & future), personal guarantee of two Directors, pledge of shares and corporate guarantee of KM Plantation Pvt. Ltd. 3. Working capital loans from The Federal Bank Ltd. is secured by way of hypothecation and first pari passu charge on stocks of sugar, molasses, consumable stores / spares, industrial alcohol, book debts and other current assets of the company, second pari passu charge with other working capital lenders on entire fixed assets and all other movable and immovable assets of the company (existing & future), personal guarantee of two directors, pledge of shares and corporate guarantee of KM Plantation Pvt. Ltd.		
Note 22	<u>Trade Payables</u>	
	(i) Total outstanding dues of Micro enterprises & Small Enterprises	5.85
	(ii) Other than Micro enterprises Small Enterprises (Other than acceptance) *	18,515.78
	Total	18,521.63
	* Amount also includes balances payable to related party, For Details Refer Note 36.17	
Note 23	<u>Other Current Financial Liabilities</u>	
	Current maturities of long term debt*	795.29
	Interest accrued but not due on borrowings	80.47
	Interest accrued and due on borrowings	0.80
	Other Payables	-
	Payable to capital goods supplier	447.97
	Security Deposit	249.17
	Salary and other payables to employees	152.42
	Total	1,726.12
	*Refer Note No. 16 for nature of securities and term of repayment respectively	
Note 24	<u>Other Current liabilities</u>	
	Statutory liabilities	209.02
	Deferred government Grant	88.68
	Advances from Customers	123.18
	MCQ payable*	344.21
	Others payable	72.58
	Outstanding liability of related party	112.31
	Total	949.98
	* Minimum guaranteed quantity Charges of country liquor supply to Bihar Government	
Note 25	<u>Sale of goods (Gross)</u>	
	Sugar	29,657.79
	Power	2,972.19
	Molasses	0.69
	Industrial alcohol	4,620.67
	Bagasse sale	1,491.64
	Pressmud	34.24
	Others	228.16
	Revenue from operations (Gross)	39,005.38
	Sugar sale includes trading of Rs. 2,690.44 (P. Yr. Nil)	46,978.31
Note 26	<u>Other income</u>	
	Interest income on financial assets carried at amortised cost	-
	Investment	77.63
	Security deposit	31.07
	Fixed deposits with banks	37.17
	Others	11.14
	Government Grant (Ind AS)	141.28
	Other non operating Income	-
	Insurance claims	8.39
	Profit on sale of Investment	0.75
	Gain on mutual funds	93.38
	Unspent liabilities/balances written back	93.07
	Carbon credit/REC receipt	-
	Miscellaneous income	112.00
	Gain on Preference shares	4.23
	Duty Draw Back receipt	0.87
	Administrative charges refund on molasses*	318.63
	Sugar Handling receipt	505.08
	Reversal of provision for doubtful debts	-
	Total	1,415.25
	* Refer Note No. 36.12	



(Rs. in Lakhs)

PARTICULARS		Year ended 31st March, 19	Year ended 31st March, 18
Note 27	<u>Cost of materials consumed</u>		
	Sugar cane	36,371.79	33,667.35
	Molasses	22.24	255.70
	Baggage	248.21	-
	Total	36,642.24	33,923.05
Note 28	<u>Purchases of stock-in-trade</u>		
	Sugar	2,164.15	372.19
	Other	234.81	16.37
	Total	2,398.96	388.56
Note 29	Excise duty Expenses	-	701.00
		-	701.00
Note 30	<u>Changes in inventories of finished goods, by-products and work-in-progress</u>		
	Finished goods		
	Opening stock		
	Sugar	14,348.26	20,255.26
	Molasses	361.77	1,131.09
	Bagasse	331.51	103.14
	Industrial alcohol	475.19	745.38
	Banked Power	40.55	36.82
	Pressmud	-	2.57
	Total (a)	15,557.28	22,274.26
	Less : Closing stock		
	Sugar	24,322.81	14,348.26
	Molasses	1,087.30	361.77
	Bagasse	289.47	331.51
	Industrial alcohol	49.66	475.19
	Banked Power	25.60	40.55
	Total (b)	25,774.84	15,557.28
	Total (a-b)	(10,217.56)	6,716.98
	Work-in-progress		
	Opening stock	301.17	2.24
	Less : Closing stock	360.04	301.17
		(58.87)	(298.93)
	Increase / Decrease in Inventories	(10,276.43)	6,418.05
	Less: Difference of Excise Duty on opening and closing Stock	-	(1,362.36)
	Total	(10,276.43)	5,055.69
Note 31	<u>Employee benefits expense</u>		
	Salary, wages and bonus	1,118.31	1,037.26
	Contribution to Provident Fund and other Funds	89.00	94.14
	Workmen and Staff Welfare Expenses	17.15	23.88
	Gratuity Expenses	31.55	23.10
	Total	1,256.01	1,178.38
Note 32	<u>Finance cost</u>		
	Interest expense		
	Cash Credit	222.97	443.32
	Term loan	316.73	460.02
	Others	63.20	169.00
	Other borrowing cost	159.25	48.75
	Total	762.15	1,121.09



(Rs. in Lakhs)

PARTICULARS		Year ended 31st March, 19	Year ended 31st March, 18
Note 33	<u>Depreciation and amortisation</u>		
	Depreciation of Property, Plant & Equipment	1,176.96	1,281.10
	Amortisation of Intangible Assets	2.17	2.41
	Depreciation due to obsolescence	61.18	61.18
	Total	1,240.31	1,344.69
Note 34	<u>Other Expenses</u>		
	Consumption of stores and spare parts	452.82	388.10
	Packing materials	431.27	295.67
	Power and fuel	541.65	315.21
	Rent	233.77	223.16
	Repairs	-	-
	Buildings	79.83	110.33
	Machinery	948.64	1,071.62
	Others	185.00	123.13
	Insurance	43.43	49.45
	Rates and taxes	44.59	76.36
	Selling Expenses	-	-
	Commission to Selling Agents	175.58	107.45
	Other Selling Expenses	326.86	279.80
	Selling Expenses on Sugar Trading	444.28	-
	Payments to auditor	-	-
	Statutory audit fee	4.25	4.00
	Tax audit fee	1.00	1.00
	Reimbursement of expenses	0.13	-
	Charity and donation	0.33	0.97
	Printing and stationary	14.67	14.04
	Net Loss on foreign currency transactions	0.37	-
	Communication expenses	20.00	21.59
	Travelling Expenses	352.10	291.51
	Consultancy and legal expenses	192.38	165.74
	Director sitting fee	1.70	1.85
	Director remuneration	228.00	108.00
	Miscellaneous expenses	349.62	290.59
	CSR Expenditure	51.40	32.00
	Loss on sale/discard of Property Plant and Equipment	-	0.19
	Transfer to storage fund for molasses	2.44	2.07
	Provision for doubtful debts and advances	0.12	-
	Balances written off	67.02	36.44
	Total	5,193.25	4,010.27

Notes forming part of Consolidated Financial Statement



K.M SUGAR MILLS LIMITED
CIN : L15421UP1971PLC003492

Note 35 : Tax Reconciliation

(Rs. in Lakhs)

Income tax expense:

The major components of income tax expenses for the year ended March 31, 2019 and March 31, 2018 are as follows:

(i) Profit or loss section

Particulars	March 31, 2019	March 31, 2018
Current tax expense	672.00	617.00
Tax expense of earlier year	(21.00)	(22.65)
Deferred tax expense	121.87	428.51
Deferred tax expense relating to actuarial gain/loss transferred to OCI	6.37	0.01
Total income tax expense recognised in statement of Profit & Loss	779.24	1,022.87

(ii) OCI Section

Particulars	March 31, 2019	March 31, 2018
Net (gain) / loss on remeasurement of defined benefit plans	(18.23)	(0.19)
Gain / Loss arising on fair valuation of Assets	6,046.98	0.36
Unrealised (gain)/loss on FVTOCI equity securities	0.37	-
Income tax charged to OCI	6.24	(0.02)
Total	6,035.36	0.15

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2019 and 31 March 2018

Particulars	March 31, 2019	March 31, 2018
Accounting profit before tax from continuing operations	3,213.90	2,909.40
Accounting profit before tax from discontinuing operations	-	-
Accounting profit before income tax	3,213.90	2,909.40
At India's statutory income tax rate of 34.944% (P. Yr. 34.944%)	1,123.07	1,016.66
Non taxable Income	513.60	6.26
Non-deductible expenses for tax purposes:	198.26	-
Change in rate	-	(393.31)
At the effective income tax rate of 34.944 % (P. Yr. 34.944%)	807.73	617.09
Adjustment through MAT credit Entitlement	(135.39)	-
Total income tax expense recognised in statement of Profit & Loss	672.34	617.09
Income tax expense reported in the statement of profit and loss	672.00	617.00

	As at 1-Apr-17	Provided during the Year	As at 31-Mar-18	Provided during the Year	As at 31-Mar-19
Deferred tax liability:					
Related to Fixed Assets (Depreciation)	1,064.02	150.31	1,214.33	52.82	1,267.16
Revaluations of FVTOCI investments to fair value	0.23	0.08	0.32	(0.19)	0.13
Ind AS effect related to Financial Asset / Liability (Net)	-	-	-	-	-
Total deferred tax liability (A)	1,064.25	150.39	1,214.64	52.64	1,267.29
Deferred tax assets:					
Carry forward Business Loss / Unabsorbed Depreciation	-	-	-	-	-
MAT Recoverable	545.71	617.00	1,162.71	(135.00)	1,027.71
43B Disallowances etc.	973.24	(868.25)	104.99	42.93	147.92
Other Ind AS adjustments related to Financial Asset / Liabilities (Net)	60.10	(26.90)	33.20	22.72	55.92
Revaluations of FVTOCI Investments to fair value	-	-	-	-	-
Total deferred tax assets (B)	1,579.05	(278.15)	1,300.90	(69.35)	1,231.55
Deferred Tax Liability / (Asset) (Net) (A - B)	(514.80)	428.54	(86.26)	121.99	35.74

The Company offsets tax assets and liabilities only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



KM Sugar Mills Ltd.

Notes to the Consolidated Financial Statements for the year ended 31st March 2019

36.1. Financial risk management objectives and policies

The Group's principal financial liabilities include Borrowings, Trade payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Group's principal financial assets include Trade receivables, Cash and cash equivalents and other financial assets that derive directly from its operations. The Group is exposed to credit risk, liquidity risk and market risk. The Group's senior management oversees the management of these risks and the appropriate financial risk governance framework for the Group. The senior management provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Board of Directors reviewed policies for managing each of below mentioned risks, which are summarized below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other risks, such as regulatory risk and commodity price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings obligations with floating interest rates. Financial implication will not adversely affect the businesses as the management has established a periodical review procedure to consider the changes taken place in market.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's foreign currency denominated borrowings. This foreign currency risk is covered by using foreign exchange forward contracts and currency swap contracts. The Group does not have substantial transactions during the year in foreign currency so the Group does not have such kind of risk.

Foreign currency risk	In AED	Rs. in lakhs
Outstanding Balance from customer	13.23	241.52

As the amount of foreign exchange fluctuation is not material during past period so the Group has not hedged the foreign currency.

(iii) Regulatory risk

Sugar industry is regulated both by central government as well as state government. Central and state government's policies and regulations affect the Sugar industry and the Group's operations and profitability. Distillery business is also dependent on the Government policy. However, with the removal of major regulatory control on sugar sales by the Central Government, the regulatory risk are moderated.

(iv) Commodity price risk

Sugar industry being cyclical in nature, realizations get adversely affected during downturn. Higher cane price or higher production than the demand ultimately affects profitability. The Group has mitigated this risk by well integrated business model by diversifying into co-generation and distillation, thereby utilizing the by-products. Credit risk is the risk that counter party will not meet its Obligations under a financial instrument or customer contract, leading to a financial loss. The Group's sugar sales are mostly on cash. Power and ethanol are sold to state government entities; thereby the credit default risk is significantly mitigated. The Central Govt. has fixed the minimum sale price of sugar w.e.f. 14.02.2019 at Rs.3,100 per Qtl. which has mitigated the price risk to the some extent. Similarly, the ethanol and power are sold the Govt. undertakings at fixed prices as per Govt. orders / regulatory guidelines.

The impairment for financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each balance sheet date. Financial assets are written off when there is no reasonable expectation of recovery, however, the Group continues to attempt to recover the receivables. Where recoveries are made, these are recognized in the Statement of Profit and Loss.

(v) Trade receivables

Trade receivables are non-interest bearing and are generally on cash basis. An impairment analysis is performed at each balance sheet



date on an individual basis for major clients. In addition, a largenumber of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial assets disclosed under.

Liquidity Risk

Liquidity risk refers to the probability of loss arising from a situation where there will not be enough cash and/or cash equivalents to meet the needs of depositors and borrowers, sale of illiquid assets will yield less than their fair value and illiquid assets will not be sold at the desired time due to lack of buyers. The primary objective of liquidity management is to provide for sufficient cash and cash equivalents at all times and any place in the world to enable us to meet our payment obligations. The Group is maintaining cash credit limit to a reasonable level to meet out the current obligation.

The Group's objective is to meet the funding requirement and maintain flexibility in this respect through the use of cash credit facilities, short term loans and commercial papers. The table below summarises the maturity profile of the Group's financial liabilities:

The table below summarises the maturity profile of the Group's financial liabilities:

(Rs. in lakhs)

Liabilities	Amount	Less than 1 Year	1 to 5 years	More than 5 years
31st March, 2019				
Borrowing	4,968.84	795.29	3,934.75	238.80
FinancialLiabilities	956.99	930.84	26.15	-
TradePayable	18,521.63	18,521.63	-	-
Total	24,446.58	20,246.88	3,960.90	238.80
31 st March,2018				
Borrowing	4,176.72	982.58	3,194.14	-
FinancialLiabilities	534.12	534.12	-	-
TradePayable	10,956.51	10,956.51	-	-
Total	15,667.35	12,473.21	3,194.14	-

Credit risk : Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's sugar sales are mostly on cash. Power and ethanol are sold to government entities, thereby the credit default risk is significantly mitigated. The Group uses judgement in making these assumptions and selecting the inputs for assessing the impairment calculation, based on the Group's past history, existing market conditions as well as future estimates at the end of each balance sheet date. Financial assets are written off when there is no reasonable expectation of recovery, however, the Group continues to attempt to recover the receivables. Where recoveries are made, these are recognised in the Statement of Profit and Loss.

Trade receivables are non-interest bearing and are generally on credit terms of 3 to 60 days. An impairment analysis is performed at each balance sheet date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the balance sheet date is the ageing analysis of the receivables has been considered from the date the invoice falls due :

(Rs. in lakhs)

Description	31.03.2019	31.03.2018
Upto 6 months	2,694.93	2,231.16
6 to 12 Months	53.66	-
More than 12 months	36.26	49.03

The management has made ECL provision amounting to Rs.35.21 lakhs (Rs.47.98 lakhs) and management is of view that although certain amounts are beyond credit period but they are in fact recoverable and will be received in due course so balance amount is not liable to expected credit loss.

36.2. Earnings per Share

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the holding company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the holding company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the holding company by the weighted average number of Equity shares outstanding during the year.

(Rs. in lakhs except no. of shares and EPS)

Particulars	31 st March,19	31 st March,18
Profit attributable to equity holders of the holding Company:	2,424.90	1,886.53
Profit attributable to equity holders for basic earnings	2,424.90	1,886.53
Profit attributable to equity holders adjusted for dilution effect	2,424.90	1,886.53
Weighted Average number of equity shares used for computing Earning Per Share	9,20,00,170	9,20,00,170
(Basic & Diluted) *		
Earnings Per Share (Basic & Diluted)	2.64	2.05

36.3. Employee benefits in the form of Provident Fund are considered as defined contribution plan. The contribution to defined contribution plan, recognized the following amounts in the Statement of Profit & Loss:

	31st March,19	31st March,18
Employers' contribution to provident fund	Rs.89.00 lakhs	Rs.94.14 lakhs



36.4. Defined benefits plans

Long term employee benefits in the form of gratuity and leave encashment are considered as defined benefit plan. The present value of obligation is determined based on actuarial valuation using projected Unit credit method as at the balance sheet date. The amount of defined benefits recognized in the balance sheet represent the present value of obligation as adjusted for unrecognized past service cost *as reduced by the fair value of plan assets. Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit & Loss for the year in which the related service is rendered.

In accordance with the Ind AS-19, actuarial valuation was done in respect of gratuity and encashment given below (Rs. in lakhs)

Description	Gratuity Current Year	Gratuity Previous Year	Leave Encashment Current Year	Leave Encashment Previous Year
Discount rate (per annum)	7.75%	7.75%	7.75%	7.75%
Future salary increases	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	7.75%	7.75%	0%	0%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
I. Expenses recognized in the statement of profit and loss				
Current service cost	22.35	22.40	10.59	8.56
Interest cost	20.80	21.06	3.71	3.77
Past service cost	-	9.80	-	-
Expected return on plan assets	(19.01)	(16.08)	-	-
Net expenses recognized	24.14	37.18	14.30	12.33
II. Other comprehensive (income)/expense (Re-measurement)	7.31	21.39	43.14	27.31
Accumulated gain/loss opening balance	9.01	(15.64)	10.80	15.83
Actuarial (gain)/loss – obligation	(1.60)	1.56	-	-
Actuarial (gain)/loss – plan assets	7.41	(14.08)	10.80	15.83
Total Actuarial (gain)/loss excluding opening	14.72	7.31	53.94	43.14
Actuarial (gain)/loss at the end of the period				
III. Net liability/(assets) recognized in the balance sheet as at 31st March, 2018				
Present value of obligation at the end of period	271.65	268.38	53.71	47.82
Fair value of the plan asset at the end of period	240.10	245.28	-	-
Funded status [(surplus)/(deficit)]	(31.55)	(23.10)	(53.71)	(47.82)
Net (asset)/liability as at 31st March, 2019	271.65	268.38	53.71	47.82
IV. Change in present value of obligation during the year				
Present value of obligation at the beginning of year	268.38	271.81	47.82	48.71
Current service cost	22.35	22.40	10.59	8.56
Interest cost	20.80	21.06	3.70	3.77
Past service cost	0	9.80	-	-
Benefits paid	(48.89)	(41.05)	(19.20)	(29.05)
Actuarial loss/(gain)	9.01	(15.64)	10.80	15.83
Present value of obligation at the year end	271.65	268.38	53.71	47.82
V. Change in present value of fair value of plan assets				
Fair value of plan assets as at the beginning of period	245.28	207.51	-	-
Return on plan assets	20.61	14.52	-	-
Contributions	23.10	64.30	-	-
Benefits paid	(48.89)	(41.05)	-	-
Fair value of plan assets at the year end	240.10	245.28	-	-
Details of plan asset	Gratuity Trust	Gratuity Trust	N/A	N/A
SBI Kalyan ULIP Plus II	218.73	224.30	-	-
Bank Balance and Others	21.37	20.98	-	-

The Group is exposed to various risks in providing the above gratuity benefit which are as follows :

Interest rate risk : The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Salary escalation risk : The present value of the defined benefit plan is calculated with the assumption of salary increase 5% per annum of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Actual mortality & disability : deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Actuarial Assumption

Particulars	Gratuity	Gratuity	Leave Encashment	Leave Encashment
	Current Year	Previous Period	Current Year	Previous Period
Discount rate (per annum)	7.75%	7.75%	7.75%	7.75%
Future salary increase	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	7.50%	7.50%	0%	0%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate

Sensitivity Analysis : Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below :

(Gratuity)

Period	As on: 31/03/2019
Defined Benefit Obligation (Base)	21.65 @ Salary Increase Rate : 5%, and discount rate :7.75%
Liability with x% increase in Discount Rate	254.79; x=1.00% [Change (6)%]
Liability with x% decrease in Discount Rate	290.64; x=1.00% [Change 7%]
Liability with x% increase in Salary Growth Rate	290.69; x=1.00% [Change 7%]
Liability with x% decrease in Salary Growth Rate	254.51; x=1.00% [Change (6)%]
Liability with x% increase in Withdrawal Rate	274.34; x=1.00% [Change 1%]
Liability with x% decrease in Withdrawal Rate	269.54; x=1.00% [Change (1)%]

Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below :



(Leave Encashment)

Period	As on: 31/03/2019
Defined Benefit Obligation (Base)	53.71
Liability with x% increase in Discount Rate	50.36; x=1.00% [Change (6)%]
Liability with x% decrease in Discount Rate	57.57; x=1.00% [Change 7%]
Liability with x% increase in Salary Growth Rate	57.64; x=1.00% [Change 7%]
Liability with x% decrease in Salary Growth Rate	50.25; x=1.00% [Change (6)%]
Liability with x% increase in Withdrawal Rate	54.47; x=1.00% [Change 1%]
Liability with x% decrease in Withdrawal Rate	53.05; x=1.00% [Change (1)%]

36.5. Contingent liabilities and commitments(to the extent not provided for)

Contingent liabilities:

(Rs. in lakhs)

Particulars	31 st March, 19	31 st March, 18
(i) Claims against the Group not acknowledged as debts in respect of pending cases of employees under labour laws	162.85	167.46
(ii) Claims against the Group not acknowledged as debts in respect of criminal and Civil Cases	34.74	34.74
(iii) Bank guarantees given to the Central Government, Commissioner Excise & Commercial Tax Department of Bihar and Oil Manufacturing companies	658.10	599.33
(iv) As per the amended provision of the Bonus Act, differential amount of bonus liability	-	16.93
(v) Disputed sales tax and income tax cases under appeal #	148.84	21,697.85
(vi) Penalty levied by Competition Commission of India and Pollution Control Board U P	56.80	-
# Description		
Sales Tax/Trade Tax/Entry Tax *	148.84	112.10
Income Tax	-	21,585.75
TOTAL	148.84	21,697.85

* Amount after deducting Rs.6.00 lakhs (As on 31st March 2018 Rs.4.09 lakhs) paid under protest.

The holding Company had issued corporate guarantee of Rs.2433 lakhs in favour of Punjab National Bank (PNB) for extending loan to its subsidiary namely, K.M. Energy Pvt. Ltd. in FY 2016-17. The said guarantee was subject to approval of existing lenders of the Company. However, the lenders of the company did not approve the corporate guarantee thus, the corporate guarantee given by the company become ineffective. Further, K M Energy Pvt. Ltd. has ceased to be subsidiary of the Company. Now, both the companies have informed PNB for withdrawal of corporate guarantee. Accordingly, the amount of said corporate guarantee is not considered to be disclosed as contingent liability in these financial statements. However, corporate guarantee given by the company has been accounted for at fair value considering the premium at prevailing market rate.

The State Government had issued orders for waiver of interest on delayed cane payment to farmers for the sugar seasons 2012-13 to 2014-15. The Hon'ble High Court of Allahabad, Lucknow Bench vide order dated 09.03.2017 in PIL No.67617 of 2014 connecting with other PIL and cases has quashed the waiver of interest for these years and remanded to Cane Commissioner for consideration of interest payment to farmers on account of delayed cane

payment. Cane Commissioner has not taken any action in this regard and not decided the matter and no such liability is determined and ascertained.

The amount shown above represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of different legal processes which have been invoked by the Group or the claimants as the case may be and therefore cannot be ascertained accurately. The Group does not expect any reimbursements in respect of above contingent liabilities.

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

36.6. Commitments:

Capital Commitments

Particulars	31st March, 19	31st March, 18
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,238.91	750.05
Less: Advances paid against above	175.44	155.73
Net Amount	1,063.47	594.32

Leases

Operating lease (including maintenance) commitments - company as lessee

The company has taken commercial properties and equipment on non-cancellable operating lease. The lease agreement provides for an option to the company to renew the lease period at the end of non-cancellable period.

Lease expense recognised for the year is Rs. 167.22 lakhs(31 March, 2018 Rs.167.22 lakhs). There are no exceptional / restrictive covenants in the lease agreements. Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows: (Rs. in Lakhs)

	31 March 2019	31 March 2018
Within one year	167.22	167.22
After one year but not more than five years	508.86	668.88
More than five years	14.40	21.60

36.7. Other Current Assets shown under Notes 13 includes certain advances given to suppliers of raw material and revenue purchases, which are adjustable against the supply of goods/services. The management is of the opinion that these balances are recoverable/adjustable in future and accordingly, provision against the same has not been considered at this stage.

36.8. In view of the decision of Hon'ble Supreme Court, extra price and excise duty realized on levy sugar in earlier years amounting to Rs.67.11 lakhs for funding under the Sugar Price Equalization Fund Act, 1976 was transferred to Sugar Price Equalization Reserve Account. Later on as per the order dated 22.09.1993 of Hon'ble Supreme Court, a sum of Rs.17.90 lakhs was paid to the Government out of bank guarantee furnished by the holding Company and



further, during the year 1998-99 a sum of Rs.1.00 lakhs were paid towards Excise Duty on the above. The holding company has further made a payment of Rs.35.81 lakhs during the year 2005-06 to the Government of India against the bank guarantee furnished by it along with interest of Rs.118.25 lakhs thereon. Still a sum of Rs. 12.40 lakhs is lying in the Sugar Price Equalization Reserve as on 31.03.19 shown under Note 15 of "Other equity".

36.9. Certain balances in account of Trade receivables, advances, deposit account, and Trade payable are subject to reconciliation and confirmation by the respective parties. The management carries out review of these advances from time to time from realization point of view and based on the same, the required provisions have been considered in the accounts. The management is of the view that the realization from these assets in the ordinary course of business would not be less than the amount at which they are stated in the books of account.

36.10. Long term liabilities (Note No18) includes a loan from U.P. Government amounting to Rs.14.50 lakhs. The issue relating to interest payable thereon is under dispute and the matter is sub-judice before the Hon'ble Allahabad High Court. However, as per the interim order of the Court, a fixed deposit of Rs.14.50 lakhs have been kept with the District Magistrate, Faizabad. In opinion of the management, the interest due on fixed deposit is sufficient to meet out the interest liability of the Group on the said loan and as such, no interest is being provided for in these financial statements.

36.11. Since, the sugar industry is a seasonal industry; the cost of production of sugar is worked out on annualized basis considering prime cost, factory overhead and administrative overhead closely related to manufacturing of output.

36.12. An income of Rs.318.63 lakhs included in 'other income' is recognized on account of refund due from Govt. of Uttar Pradesh of administrative charges recovered from Group during July,1995 to September,2011 on molasses transferred internally for captive consumption as per favourable order of Hon'ble Allahabad High Court passed on 15.04.2019 and 14.05.2019 in writ petitions filed by the Group challenging the Notification No.86E-2/XIII-251-83 dated 16th January, 1995. The Hon'ble High Court, Lucknow Bench has relied upon their own judgments and the judgment of Hon'ble Supreme Court rendered earlier on the same issue.

36.13. As per Bihar State Government directions, the operation of country liquor bottling unit in Bihar remain discontinued during the year. Depreciation due to obsolescence has been provided on fixed assets amounting to Rs.61.17 lakhs (Previous year –Rs.61.17 lakhs) in current year. The carrying amount of fixed assets amounting to Rs.160.95 lakhs (Previous year – Rs.222.12 lakhs) stand in the books as on 31.03.19.

36.14. The Group had set up a cogeneration power plant of 25 MW at factory premises in the financial year 2006-07

and is continuously operating since then. This power generation plant qualifies under Section 80IA of the Income Tax Act, 1961 for deduction of its entire profits from such business for 10 consecutive years out of 15 years. The Group has availed the option to treat the financial year 2011-12 as the first year of deduction but it could not claim any deduction till FY 2016-17 due to brought forwarded losses. The Group has claimed deduction first time in financial year 2017-18 in view of set off of all brought forwarded losses.

36.15. The Group has made investment in Preference shares of K.M Energy (P) Ltd. and Brahma Properties (P) Ltd. considering 9% dividend which is to be declared and paid at the discretion of the Group. Management is of the view that dividend payment to be received is most probable and has been considered while determining fair value of preference share.

36.16. The dues to Micro, Small and Medium Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the Group is given below:

(Rs. in lakhs)

S.No.	Particulars	31-Mar-19	31-Mar-18
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
-	Principal amount due to micro and small enterprises	5.80	-
-	Interest due on above	0.05	-
(b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c)	The 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 MSMED Act 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.05	-
(e)	The 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 MSMED Act 2006	-	-

36.17. Related Party Disclosures: -

Pursuant to compliance of Indian Accounting Standard (Ind AS 24) on related party disclosure, the relevant information is provided here below:-

Related Parties with whom there were transactions during the year:

- a) Related party where control exist
 - Shri L. K. Jhunjhunwala - Chairman
 - Shri Aditya Jhunjhunwala - Managing Director
 - Shri Sanjay Jhunjhunwala - Joint Managing Director
- b) Details of the related parties:
 - i. Key Management Personnel (Group A)
 - Shri L. K. Jhunjhunwala - Chairman
 - Shri Aditya Jhunjhunwala - Managing Director
 - Shri Sanjay Jhunjhunwala - Joint Managing Director
 - Shri S. C. Agarwal - Executive Director
 - Shri Rajeew Kumar - Company Secretary
 - Shri Ritesh Srivastva - Company Secretary
 - Ms. Pooja Dua - Company Secretary



- ShriArvind Kumar Gupta -Chief Financial Officer
 - ShriSurendraBahadur Singh- Independent Director
 - ShriH P Singhania -Independent Director
 - Mrs.MadhuMathur -Independent Director
 - ShriR S Shukla -Independent Director
 - ShriS K Gupta -Independent Director
- ii. Relatives of Key Management Personnel (Group B)
- Shri P. C. Jhunjunwala
 - L. K. Jhunjunwala (HUF)
 - A. K. Jhunjunwala (HUF)
 - S. K. Jhunjunwala (HUF)
 - Smt. Naina Jhunjunwala (Wife of Shri L.K. Jhunjunwala)
 - Smt. Priti Jhunjunwala (Wife of Shri Aditya Jhunjunwala)
 - Smt. Priti Jhunjunwala (Wife of Shri Sanjay Jhunjunwala)
 - Shri Vatsal Jhunjunwala (Son of Shri A. K. Jhunjunwala)
- iii. Enterprises/ Parties over which Key management personnel or their relatives have substantial interest/ significant influence (Group C)
- K.M. Plantations (P) Ltd.
 - Marvel Business (P) Limited
 - Francoise Commerce (P) Limited
 - Nidhi Financial Services (P) Limited
 - Promising Logistics (P) Ltd.
 - Jhunjunwala Securities (P) Ltd.
 - Shri Shakti Credits Ltd.
 - Zar International (P) Ltd.
 - Shivam Trust
 - PalakJhunjunwala Trust
 - KM Energy Pvt. Ltd.
 - Brahma Properties Pvt. Ltd.

c) Transactions with the related parties:

(Rs. in lakhs)

Sl no.	Nature of transaction/ Name of the related party	Subsidiary 2018-19 (2017-18)	Key Managerial Personnel (KMP) 2018-19 (2017-18)	Enterprises over which KMP and their relatives have substantial interest/ significant influence 2018-19 (2017-18)	Total 2018-19 (2017-18)
i.	Investment in equity sold				
	Promising Logistics (P) Ltd.	- (-)	- (-)	- (73.00)	- (73.00)
ii.	Remuneration including commission and PF*				
	Shri L K Jhunjunwala	- (-)	81.60 (42.34)	- (-)	81.60 (42.34)
	ShriAdityaJhunjunwala	- (-)	68.51 (29.03)	- (-)	68.51 (29.03)
	Shri Sanjay Jhunjunwala	- (-)	67.67 (28.02)	- (-)	67.67 (28.02)
	Shri S. C. Agarwal	- (-)	29.73 (29.62)	- (-)	29.73 (29.62)
	Shri Rajeev Kumar*	- (-)	7.25 (12.08)	- (-)	7.25 (12.08)
	ShriRiteshSrivastva*	- (-)	0.63 (-)	- (-)	0.63 (-)
	ShriArvind Kumar Gupta	- (-)	15.35 (15.00)	- (-)	15.35 (15.00)
	ShriVatsalJhunjunwala	- (-)	- (-)	- (1.12)	- (1.12)
iii.	Education fee paid				
	ShriVatsalJhunjunwala	- (-)	- (-)	53.11 (48.21)	53.11 (48.21)
iv.	Sugar sold				
	Sri Shakti Credits Ltd.	- (-)	- (-)	5598.99 (2661.75)	5598.99 (2661.75)
	Francoise Commerce Pvt. Ltd.	- (-)	- (-)	1302.10 (-)	1302.10 (-)
v.	Sugar purchase				
	Sri Shakti Credits Ltd.	- (-)	- (-)	- (390.80)	- (390.80)
vi.	Rent paid				
	Sri Shakti Credits Ltd.	- (-)	- (-)	5.40 (5.40)	5.40 (5.40)
	Zar International Pvt. Ltd.	- (-)	- (-)	1.14 (1.14)	1.14 (1.14)
	Marvel Business Pvt.Ltd.	- (-)	- (-)	7.20 (7.20)	7.20 (7.20)
vii.	Rent received				
	Sri Shakti Credits Ltd.	- (-)	- (-)	15.00 (0.93)	15.00 (0.93)

viii.	Loans taken				
	Sri Shakti Credits Ltd.	- (-)	- (-)	- (135.00)	- (135.00)
	Marvel Business Pvt. Ltd.	- (-)	- (-)	- (160.00)	- (160.00)
	K M Plantation Pvt Ltd.	- (-)	- (-)	- (20.00)	- (20.00)
	Francoise Commerce Pvt. Ltd.	- (-)	- (-)	- (55.00)	- (55.00)
	Nidhi Financial Services P Ltd.	- (-)	- (-)	- (30.00)	- (30.00)
	Shri Aditya Jhunjunwala	- (-)	61.50 (-)	- (-)	61.50 (-)
ix.	Loans repaid				
	Sri Shakti Credits Ltd.	- (-)	- (-)	- (135.00)	- (135.00)
	Marvel Business Pvt. Ltd.	- (-)	- (-)	- (160.00)	- (160.00)
	K M Plantation Pvt Ltd.	- (-)	- (-)	- (20.00)	- (20.00)
	Francoise Commerce Pvt. Ltd.	- (-)	- (-)	- (55.00)	- (55.00)
	Nidhi Financial Services P Ltd.	- (-)	- (-)	- (30.00)	- (30.00)
	Shri Sanjay Jhunjunwala	- (-)	40.00 (-)	- (-)	40.00 (-)
	Shri Aditya Jhunjunwala	- (-)	61.50 (-)	- (-)	61.50 (-)
x.	Advance paid				
	Marvel Business Pvt. Ltd.	- (-)	- (-)	122.50 (-)	122.50 (-)
	Francoise Commerce Pvt. Ltd.	- (-)	- (-)	1,000.00 (-)	1,000.00 (-)
	Nidhi Financial Services P Ltd.	- (-)	- (-)	17.50 (-)	17.50 (-)
	Jhunjunwala Securities P Ltd.	- (-)	- (-)	25.00 (-)	25.00 (-)
xi.	Advance received back				
	Marvel Business Pvt. Ltd.	- (-)	- (-)	122.50 (-)	122.50 (-)
	Francoise Commerce Pvt. Ltd.	- (-)	- (-)	1,000.00 (-)	1,000.00 (-)
	Nidhi Financial Services P Ltd.	- (-)	- (-)	17.50 (-)	17.50 (-)
	Jhunjunwala Securities P Ltd.	- (-)	- (-)	25.00 (-)	25.00 (-)
xii.	Interest on loans paid				
	Sri Shakti Credits Ltd.	- (-)	- (-)	- (6.98)	- (6.98)
	Marvel Business Pvt. Ltd.	- (-)	- (-)	- (6.28)	- (6.28)
	K M Plantation Pvt Ltd.	- (-)	- (-)	- (1.18)	- (1.18)
	Francoise Commerce Pvt. Ltd.	- (-)	- (-)	- (3.17)	- (3.17)
	Nidhi Financial Services P Ltd.	- (-)	- (-)	- (1.33)	- (1.33)
xiii.	Sitting fees paid				
	Shri H P Singhania	- (-)	0.48 (0.54)	- (-)	0.48 (0.54)
	Smt Madhu Mathur	- (-)	0.30 (0.15)	- (-)	0.30 (0.15)
	Shri R S Shukla	- (-)	0.64 (0.54)	- (-)	0.64 (0.54)
	Shri S K Gupta	- (-)	0.18 (0.62)	- (-)	0.18 (0.62)
	Shri Surendra Bahadur Singh	- (-)	0.10 (-)	- (-)	0.10 (-)
xiv.	Balance outstanding				
	a. Loans payable				
	Shri L K Jhunjunwala	- (-)	31.00 (31.00)	- (-)	31.00 (31.00)
	Shri Aditya Jhunjunwala	- (-)	61.50 (61.50)	- (-)	61.50 (61.50)
	Shri Sanjay Jhunjunwala	- (-)	21.50 (61.50)	- (-)	21.50 (61.50)
	b. Amount payable				
	Shri L K Jhunjunwala	- (-)	30.35 (7.78)	- (-)	30.35 (7.78)
	Shri Aditya Jhunjunwala	- (-)	35.78 (65.00)	- (-)	35.78 (65.00)
	Shri Sanjay Jhunjunwala	- (-)	25.79 (69.83)	- (-)	25.79 (69.83)
	Shri S. C. Agarwal	- (-)	1.94 (1.46)	- (-)	1.94 (1.46)
	Shri Vatsal Jhunjunwala	- (-)	0.12 (0.54)	- (-)	0.12 (0.54)
	Sri Shakti Credits Ltd.	- (-)	- (-)	2.86 (2.74)	2.86 (2.74)
	Marvel Business Pvt. Ltd.	- (-)	- (-)	12.70 (6.27)	12.70 (6.27)
	Zar International Pvt. Ltd.	- (-)	- (-)	2.28 (1.14)	2.28 (1.14)
	c. Guarantee given for Bank loan taken by the company				
	KM Plantation Pvt Ltd.	- (-)	- (-)	6538.94 (6874.05)	6538.94 (6874.05)
	d. Investment Held				
	Preference share in K.M Energy Pvt. Limited	- (-)	- (-)	338.92 (338.92)	338.92 (338.92)
	Preference share in Brahma Properties Pvt. Limited	- (-)	- (-)	385.00 (385.00)	385.00 (385.00)

Remain employed in part of the year

* Related party transaction are shown at actual amount instead of fair value for the purpose of disclosure under related parties.

* Directors Remuneration

(Rs. in lakhs)

S. No.	Particulars	Chairman	Managing Director and Joint Managing Director	Executive Director	TOTAL
1	Salary	36.00 (36.00)	48.00 (48.00)	24.00 (24.00)	108.00 (108.00)
2	Commission	40.00 (-)	80.00 (-)	- (-)	120.00 (-)
3	Contribution to Provident Fund	4.32 (4.32)	5.76 (5.76)	2.88 (2.88)	12.96 (12.96)
4	Perquisites:				
	(i) Residence	-	-	-	-
	-Furnished (Previous Year)	-	-	-	-
	(ii) Residence	-	-	1.82 (1.83)	1.82 (1.83)
	-Unfurnished (Previous Year)	-	-	0.33 (0.30)	0.33 (0.30)
	(iii) Medical Reimbursement	0.01 (0.84)	0.84 (1.71)	(0.30)	1.18 (2.85)
	(iv) Other benefits	1.27 (1.18)	1.58 (1.58)	0.70 (0.64)	3.55 (3.40)
	Total	81.60 (42.34)	136.18 (57.05)	29.73 (29.62)	247.51 (129.01)



Note : The value of perquisites shown above is as per the income tax provisions.

- i. The transactions with related parties have been entered at an amount, which are not materially different from those on normal commercial terms. No amount has been written back/written off during the year in respect of due to/due from related parties.
- ii. The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.

36.18. Segment Reporting: Information on the Segment Reporting for the year ended 31.03.2019 :

The Group has identified three primary business segments viz. Sugar, Distillery and Power. Segments have been identified and reported taking into account the nature of products, the differing risks and returns, the organizational structure and internal business reporting system as defined in IndAS 108 – operating segments.

(Rs. in lakhs)

Particulars	Sugar		Distillery		Co-generation		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue										
Gross sales	38,110	46,051	4,621	4,225	6,815	5,489	-	-	49,546	55,765
Less: Inter segment sales	6,698	5,481	-	-	3,843	3,306			10,541	8,787
External sales	31,412	40,570	4,621	4,225	2,972	2,183	-	-	39,005	46,978
Add: Other income	1,334	1,994	79	1,373	3	323	-	8	1,416	3,698
Total revenue	32,746	42,564	4,700	5,598	2,975	2,506	-	8	40,421	50,676
Segment results	2,875	1,051	83	2,391	1,018	616	(10)	(4)	3,966	4,054
Less: Finance cost	693	841	13	27	56	254			762	1,122
Profit before tax	2,182	210	70	2,364	962	362	(10)	(4)	3,204	2,932
Current tax									651	617
Deferred tax									128	429
Profit after tax									2,425	1,886
Other information										
Segment assets	38,395	22,278	5,076	5,134	4,417	3,798	770	-	48,658	31,210
Segment liabilities	26,848	18,156	464	484	24	9	-	-	27,336	18,649
Capital Expenditure	1,006	443	745	781	3		572	-	2,326	1,225
Depreciation and amortisation	637	703	399	405	204	236	-	-	1,240	1,344

*Capital expenditure includes fixed assets capitalized during the year and net increase/decrease in capital work-in-progress.

The transactions between segments are primarily for materials which are transferred at market determined prices. The inter division transfer of electricity is being accounted for at tariff rate applicable to the company for purchase of electricity from UPPCL during the year. Common costs are apportioned on a reasonable basis. Information about Secondary Geographical Segment: There is no secondary segment.

36.19. The Central Government pursuant to Notification No. 1(14)/2018-S.P. – I dated 5th October, 2018 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) has notified a scheme for assistance to sugar mills against sugar cane crashed during sugar season 2018-19 subject to fulfilment of various terms and conditions and export of sugar as per guidelines of Minimum Indicative Export quotas (MIEQ) under tradable export allotted vide Notification No. 1(4) 2018-SP-I dated 28th September, 2018. No effect of

this notification is considered in these financial statements as the assistance receivable under the notification is subject to fulfilment of certain terms and conditions and export of sugar under MIEQ.

36.20. Government Grant :

The State Government has announced financial assistance and term loan at concessional rate during the year for payment of cane dues of season 2017-18 and the Group has received/availed which has been recognised in the following manners:

Description	Amount (In lakhs)	Year to which relates	Treatment in accounts
Revenue related Government Grant			
Financial Assistance from state Government	521.32	Season 2017-18	Cost of material consumed for the year is net of financial assistance of Rs.521.32 lakhs.
Deferred Government Grant			
Deferred income relating to term loans on concessional rate (difference between actual amount of loan and its present value has been considered Deferred Govt. Grant)	660.64	2018-19	A sum of Rs. 39.78 lakhs considered for part of the year as government grant under Note -26. Deferred Income is to be considered as Government grant over the period of 5 years being the tenure of loan.

36.21. Fair value

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values :

Fair value

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(Rs. in lakhs)

Description	Carrying value		Fair value	
	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
Financial assets				
FVOCI financial instruments:				
Unquoted equity shares	3.23	3.23	3.23	3.23
Quoted equity Shares	-	1.16	-	1.52
Fair Value at Amortized Cost through Statement of Profit & Loss				
Investment in Preference Shares	721.04	643.42	623.50	721.04
Investment In subsidiary Guarantee	-	54.00	-	-
Loan (Security Deposit)	321.24	290.17	365.78	321.24
Fair Value of Assets through Other Comprehensive Income (OCI)				
Leasehold Land	580.80	16.48	6,627.78	-
Total	1,626.31	1,008.46	7,620.29	1,047.03

Description	Carrying value		Fair Value	
	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
Financial liabilities at amortized cost through statement of profit and loss				
Loan taken from Bank, Government and others				
Fixed rate borrowings	4,912.40	3,969.72	4,383.83	4,120.28
Floating rate borrowings	-	-	-	-
Total	4,912.40	3,969.72	4,383.83	4,120.28

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.



Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019 :

Description	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
FVOCI financial instruments:					
Unquoted equity shares	31-Mar-19	-	-	-	Yes
Quoted Equity Shares	31-Mar-19		Yes	-	-
Leasehold Land				Yes	

36.22. Imported and Indigenous Raw Materials, Packing Materials and stores and spares consumed (Rs. in lakhs)

Description	31st March, 2019		31st March, 2018	
	% of Total consumption	Amount	% of Total consumption	Amount
Raw Materials Imported	-	-	-	-
Indigenous Stores and packing material	100%	36642.24	100%	33923.05
Imported	-	-	-	-
Indigenous	100%	884.10	100%	683.77

36.23. Income in foreign currency on account of :

Description	31st March, 2019	31st March, 2018
Export sale	1552.66	NIL

36.24. Expenditure in foreign currency on account of :

Description	31st March, 2019	31st March, 2018
- Travelling	70.03	54.95
-Others	56.14	51.79

36.25. Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio under control except for the first quarter of the financial year due to non-payment of cane dues. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to

ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018:

Capital Management

(Rs. in lakhs)

Description	31 March, 2019	31 March, 2018
Borrowings	10,854.28	9,873.33
Other financial liabilities	1,752.29	1,588.24
Trade and other payables	18,521.63	10,956.51
Less: Cash and short term deposits	330.60	1,066.44
Net debts	30,797.60	21,351.64
Equity	1,840.00	1,840.00
Other equity	15,061.87	6,599.18
Total capital	16,901.87	8,439.18
Capital and net debt	47,699.47	30,282.50
Gearing ratio (%)	64.56	70.51

36.26. Goods and Service Tax (GST) has been implemented with effect from 1st July, 2017 and revenue from operation is net of GST and revenue from operations and expenses for the previous year ended 31st March, 2018 being inclusive of excise duty therefore are not comparable..

36.27. The Group has taken SBI SEFASU Loan from Government amounting to Rs.4775.94 lakhs bearing 5% Interest rate. Fair value of loan has been determined using discount rate 10.50% as the bank's fund is available at this rate and difference between actual amount and present value is amortised over the loan tenure and same has been considered as deferred government grant.

36.28. The Group has revalued the leasehold land and deferred tax related to revaluation reserve is not determined as the Group does not have right to sale/ transfer the leasehold land as per lease deed. Thus, the management is of the view that the question of deferred tax does not arise in the absence of right to sale / transfer in the lease deed.

36.29. Effective from 1st April, 2018, the Group adopted Ind AS 115- revenue from contract with customer. The transition effect is determined on 1 April, 2018 and no financial implication is observed. The adoption of IndAS 115 require enhance disclosures of nature, amount, timing and uncertainty of revenue and cash flow arising from the entities contracts with customers.



36.30. Components of other comprehensive income

The disaggregation of changes to OCI in equity is shown below:

During the Year ended 31 March 2019

(Rs. in lakhs)

Description	Comprehensive Income	Retained earnings	Total
Gain/(loss) arising on fair valuation of Asset	6,046.98	-	6,046.98
Gain/(loss) on FVTOCI financial assets	-	0.37	0.37
Re-measurement gain/(loss) on defined benefit plans	-	(18.23)	(18.23)
Retained earning	-	2,424.90	2,424.90
Taxes on above items	-	6.24	6.24
	6,046.98	(11.62)	8,460.26

During the Year ended 31 March 2018

Description	Comprehensive Income	Retained earnings	Total
Gain/(loss) on FVTOCI financial assets	0.36	-	0.36
Re-measurement gains (losses) on defined benefit plans	-	(0.19)	(0.19)
Retained earning	-	1,886.53	1,886.53
Taxes on above items	(0.08)	0.06	(0.02)
	0.28	(0.13)	1,886.53

36.31. Additional information as required under Schedule III of Companies Act 2013 :

For the Year ended on 31st March, 2019

Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprise consolidated as Subsidiary

(Rs. in lakhs)

Name of Enterprise	Net Assets/ (Total Assets minus Total Liabilities)		Share in Profit or loss		Share in Other comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent K M Sugar Mills Limited Subsidiary (Indian)	95.64%	16,911.66	100.40%	2,434.68	100.00%	(6,035.36)
a. Sonar Casting Ltd	4.33%	765.57	-0.39%	(9.43)	0.00%	-
b. KM Spirits and Allied Industries Ltd	0.03%	4.65	-0.01%	(0.35)	0.00%	-
	100%	17,681.88	100%	2,424.90	100%	(6,035.36)
i. Non controlling interest		-		-		-
ii. Adjustments arising on account of consolidation		(7.80.00)		-		-
Total	100%	16,901.88	100.00%	2,424.90	100.00%	(6,035.36)

For Agiwal & Associates
Chartered Accountants
F.R. No 000181N

CA. P. C. Agiwal
Partner
M.No.080475

Date : 29th May, 2019
Place : Lucknow

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

A K Gupta
Chief Financial Officer

Aditya Jhunjunwala
Managing Director
DIN-01686189

Pooja Dua
Company Secretary
M.No. A50996

For the Year ended on 31st March, 2018

Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprise consolidated as Subsidiary

(Rs. in lakhs)

Name of Enterprise	Net Assets/ (Total Assets minus Total Liabilities)		Share in Profit or loss		Share in Other comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent K M Sugar Mills Limited Subsidiary (Indian)	100.00%	8,439.18	100.00%	1,886.53	100.00%	(0.15)
a. Sonar Casting Ltd	0.00%	-	0.00%	0.00	0.00%	0.00
b. KM Spirits and Allied Industries Ltd	0.00%	-	0.00%	0.00	0.00%	0.00
	100.00%	8,439.18	100.00%	1,886.53	100.00%	(0.15)
i. Non controlling interest		-		-		-
ii. Adjustments arising on account of consolidation		-		-		-
Total	100.00%	8,439.18	100.00%	1,886.53	100.00%	(0.15)

36.32. The previous year's figures have been regrouped, reclassified, reworked and rearranged wherever necessary to correspond with the current year classification / disclosures. Amounts and other disclosures for the preceding period are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to current year.



K M SUGAR MILLS LIMITED

Regd. Office: 11 MOTI BHAWAN COLLECTOR GANJ,

KANPUR, Uttar Pradesh-208001

CIN: L15421UP1971PLC003492;

Website: www.kmsugar.com

Phone: 0512-2310762 ; 0522-4079561; E-mail: cs@kmsugar.com

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 46th Annual General Meeting of the K. M. Sugar Mills Ltd. will be held at its Registered Office of the Company at 11- Moti Bhawan, Collector Ganj, Kanpur-208001, on Tuesday, the 20th day of August, 2019 at 11:00 a.m. transact the following business:

ORDINARY BUSINESSES:

1. To consider and adopt the Financial Statements of the Company for the financial year ended 31st March, 2019, the Consolidated Financial Statements for the said financial year and the Reports of the Board of Directors and the Auditors and, to consider and pass, the following resolution as an Ordinary Resolution:
"RESOLVED THAT the Financial Statements of the Company for the financial year ended 31st March, 2019, the Consolidated Financial Statements for the said financial year and the Reports of the Board of Directors and the Auditors thereon laid before the 46th Annual General Meeting of the members of the Company, be and are hereby received, considered and adopted."
"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do, perform and execute all such acts, deeds and things and to settle any question, difficulty or doubt, that may arise and to do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient and for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."
2. To appoint a director in place of Shri L.K. Jhunjunwala, who retires by rotation and being eligible, offers himself for re-appointment and, to consider and pass, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri L. K. Jhunjunwala (DIN-01854647) who retires by rotation under Section 152 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred as 'the Act') and the Rules made thereunder read with the Articles of Association of the Company, at the conclusion of 46th Annual General Meeting of the members of the Company, and being eligible, has offered himself for re-appointment, be and is hereby re-appointed as a Director on the Board of the Company, whose period of office shall be liable to retire by rotation."
"RESOLVED FURTHER THAT the Board of Directors of
- the Company be and is hereby authorized to do, perform and execute all such acts, deeds and things as may be required including to delegate and to settle any question, difficulty or doubt, that may arise and to sign and execute all documents or writings as may be deemed necessary, proper or expedient for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."
3. To appoint a director in place of Mr. Shri Aditya Jhunjunwala, who retires by rotation and being eligible, offers himself for re-appointment and, to consider and pass, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri Aditya Jhunjunwala (DIN-01686189) who retires by rotation under Section 152 and other applicable provisions, if any, of the Companies Act, 2013 (here in after referred as 'the Act') and the Rules made thereunder read with the Articles of Association of the Company, at the conclusion of 46th Annual General Meeting of the members of the Company, and being eligible, has offered himself for re-appointment, be and is hereby re-appointed as a Director on the Board of the Company, whose period of office shall be liable to retire by rotation."
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do, perform and execute all such acts, deeds and things as may be required including to delegate and to settle any question, difficulty or doubt, that may arise and to sign and execute all documents or writings as may be deemed necessary, proper or expedient for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."
4. To ratify the appointment of M/s. Agiwal & Co, Chartered Accountants, New Delhi, as statutory auditors for the remaining term and, to consider and pass, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the members of the company be and hereby ratifies the appointment of M/s. Agiwal & Co, Chartered

Accountants (Firm Registration No 00181N), as the Statutory Auditors of the Company for remaining term, from the conclusion of 46th Annual general meeting of the Company till the conclusion of 49th Annual general meeting of the Company, on such remuneration plus Goods and service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the said Auditors."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

SPECIAL BUSINESS :-

5. To approve the change in terms and re-appointment of Shri L.K. Jhunjhunwala (DIN: 01854647) as a Whole Time Director designated as Chairman of the Company and in this regard, to consider and if thought fit, to pass the following resolution as a Special Resolution :-

"RESOLVED THAT pursuant to the provisions of the Section 196, 197, 198, 203, read with the Schedule V of the Companies Act 2013 and other applicable provisions, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, consent of the Shareholders be and is hereby accorded for the re-appointment of Shri L.K. Jhunjhunwala (DIN: 01854647), who has attained the age of 77 years, as a Whole Time Director, designated as a Chairman of the Company for the period of five years from the ensuing 46th Annual general meeting of the Company at the terms & conditions as mentioned in explanatory statement, with power to the Board of Directors ("The Board ") to alter and vary the terms and conditions of the appointment and remuneration in such a manner as may be permitted by in accordance with the provisions of the Companies Act, 2013 and Schedule V or any modification thereto and as may be agreed to by an between the Board and Shri L.K. Jhunjhunwala time to time."

"RESOLVED FURTHER THAT pursuant to the provisions of the Section 196, 197, 198, 203, read with the Schedule V of the Companies Act 2013 and other applicable provisions, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, consent of the Shareholders be and is hereby accorded for the amendment in the terms of appointment of Shri L.K. Jhunjhunwala (DIN: 01854647), Whole Time Director, designated as a Chairman of the Company, effective from April 01, 2019 till the re-appointment at ensuing 46th annual general meeting of the

Company as per the terms & conditions as mentioned in explanatory statement, with power to the Board of Directors ("The Board ") to alter and vary the terms and conditions of the appointment and remuneration in such a manner as may be permitted by in accordance with the provisions of the Companies Act, 2013 and Schedule V or any modification thereto and as may be agreed to by an between the Board and Shri L.K. Jhunjhunwala time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and hereby authorized to do, perform and execute all such acts, deeds and things and to settle all question arising out of incidental thereto, and to give such directions as may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

6. To approve the change in terms and re-appointment of Shri Aditya Jhunjhunwala, (DIN: 01686189) as Managing Director of the Company and in this regard, to consider and if thought fit, to pass the following resolution as a Special Resolution :-

"RESOLVED THAT pursuant to the provisions of the Section 196, 197, 198, 203, read with the Schedule V of the Companies Act 2013 and other applicable provisions, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, consent of the Shareholders be and is hereby accorded for the re-appointment of Shri Aditya Jhunjhunwala, (DIN: 01686189) as a Managing Director of the Company, for the period of five years from the ensuing 46th annual general meeting of the Company at the terms & conditions as mentioned in explanatory statement, with power to the Board of Directors ("The Board ") to alter and vary the terms and conditions of the appointment and remuneration in such a manner as may be permitted by in accordance with the provisions of the Companies Act, 2013 and Schedule V or any modification thereto and as may be agreed to by an between the Board and Shri Aditya Jhunjhunwala time to time."

"RESOLVED FURTHER THAT pursuant to the provisions of the Section 196, 197, 198, 203, read with the Schedule V of the Companies Act 2013 and other applicable provisions, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, consent of the Shareholders be and is hereby accorded for the amendment in the terms of appointment of Shri Aditya Jhunjhunwala, (DIN: 01686189) Managing Director of the Company, effective from April 01, 2019 till the re-appointment at ensuing 46th annual general meeting of the Company as per the terms &

conditions as mentioned in explanatory statement, with power to the Board of Directors("The Board ") to alter and vary the terms and conditions of the appointment and remuneration in such a manner as may be permitted by in accordance with the provisions of the Companies Act,2013 and Schedule V or any modification thereto and as may be agreed to by an between the Board and Shri Aditya Jhunjunwala time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and hereby authorized to do, perform and execute all such acts, deeds and things and to settle all question arising out of incidental thereto, and to give such directions as may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

7. To approve the change in terms and re-appointment of Shri Sanjay Jhunjunwala (DIN: 01777954) as a Joint Managing Director of the Company and in this regard, to consider and if thought fit, to pass the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of the Section 196, 197,198, 203, read with the Schedule V of the Companies Act 2013 and other applicable provisions,if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, consent of the Shareholders be and is hereby accorded for the re-appointment of Shri Sanjay Jhunjunwala, (DIN: 01777954) as a Joint Managing Director of the Company, for the period of five years from the ensuing 46th annual general meeting of the Company at the terms & conditions as mentioned in explanatory statement, with power to the Board of Directors("The Board ") to alter and vary the terms and conditions of the appointment and remuneration in such a manner as may be permitted by in accordance with the provisions of the Companies Act,2013 and Schedule V or any modification thereto and as may be agreed to by an between the Board and Shri Sanjay Jhunjunwala time to time."

"RESOLVED FURTHER THAT pursuant to the provisions of the Section 196, 197,198, 203, read with the Schedule V of the Companies Act 2013 and other applicable provisions,if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, consent of the Shareholders be and is hereby accorded for the amendment in the terms of appointment of Shri Sanjay Jhunjunwala, (DIN: 01777954) Joint Managing Director of the Company, effective from April 01, 2019 till the re-appointment at ensuing 46th annual general meeting of the Company as per the terms & conditions as mentioned in explanatory

statement, with power to the Board of Directors ("The Board ") to alter and vary the terms and conditions of the appointment and remuneration in such a manner as may be permitted by in accordance with the provisions of the Companies Act,2013 and Schedule V or any modification thereto and as may be agreed to by an between the Board and Shri Sanjay Jhunjunwala time to time."

"RESOLVED FURTHER that the Board of Directors of the Company be and hereby authorized to do, perform and execute all such acts, deeds and things and to settle all question arising out of incidental thereto, and to give such directions as may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

8. To approve the change in terms and re-appointment of Shri Subhash Chandra Agarwal , (DIN -02461954) as Executive Director of the Company and in this regard, to consider and if thought fit, to pass the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of the Section 196, 197,198, 203, read with the Schedule V of the Companies Act 2013 and other applicable provisions, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, consent of the Shareholders be and is hereby accorded for the appointment of Shri Subhash Chandra Agarwal, (DIN: 02461954) as a Whole time Director designated as an Executive Director cum CEO, for the period of five years from the ensuing 46th annual general meeting of the Company at the terms & conditions as mentioned in explanatory statement, with power to the Board of Directors("The Board ") to alter and vary the terms and conditions of the appointment and remuneration in such a manner as may be permitted by in accordance with the provisions of the Companies Act,2013 and Schedule V or any modification thereto and as may be agreed to by an between the Board and Shri Subhash Chandra Agarwal time to time."

"RESOLVED FURTHER THAT pursuant to the provisions of the Section 196, 197,198, 203, read with the Schedule V of the Companies Act 2013 and other applicable provisions, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, consent of the Shareholders be and is hereby accorded for the amendment in the terms of appointment of Shri Subhash Chandra Agarwal, (DIN: 02461954) Executive Director of the Company, effective from April 01, 2019 till the re-appointment at ensuing 46th annual general meeting of the Company as per the terms & conditions as mentioned in explanatory

statement, with power to the Board of Directors ("The Board ") to alter and vary the terms and conditions of the appointment and remuneration in such a manner as may be permitted by in accordance with the provisions of the Companies Act,2013 and Schedule V or any modification thereto and as may be agreed to by an between the Board and Shri Subhash Chandra Agarwal time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and hereby authorized to do, perform and execute all such acts, deeds and things and to settle all question arising out of incidental thereto, and to give such directions as may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

9. To approve the continuance of Mr. H.P. Singhania (DIN – 00141096) as an Independent Director and in this regard, to consider and, if thought fit, to pass, the following resolution as a Special resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to the provisions of sub-regulation 1A of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the shareholders of the Company, be and is hereby accorded for continuance of Mr. H.P. Singhania (DIN – 00141096)aged about 89 years as an Independent Director of the Company from April 01, 2019 to the date of ensuing 46th annual general meeting of the Company or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines".

"RESOLVED FURTHER THAT Mr. H.P. Singhania shall not be liable to retire by rotation and shall hold office until he resigns".

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

10. To re-appoint Mr. H.P. Singhania (DIN – 00141096) as an Independent Director and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and

Qualification of Directors) Rules, 2014 and pursuant to the provisions of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the reappointment of Mr. H.P. Singhania (DIN – 00141096)aged about 89 years as an Independent Director of the Company, be and is hereby approved, to hold office for the period of five years with effect from ensuing 46th annual general meeting or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

11. To re-appoint Mr. S.K. Gupta (DIN – 01995658) as an Independent Director and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to the provisions of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the reappointment of Mr. S.K. Gupta (DIN – 01995658) aged about 72 years as an Independent Director of the Company, be and is hereby approved, to hold office for the period of five years with effect from ensuing 46th annual general meeting or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

12. To re-appoint Mrs. Madhu Mathur (DIN NO. 07196895) as an Independent Director and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to the

provisions of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the reappointment of Mrs. Madhu Mathur (DIN - 07196895) aged about 74 as a Women Independent Director of the Company, be and is hereby approved, to hold office for the period of five years with effect from ensuing 46th annual general meeting or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

13. To authorize the Board to make investments / give loans or guarantees / provide security up-to an aggregate amount not exceeding Rs. 200.00 Cr outstanding at any time and to consider, and if thought fit, to pass the following resolution as a Special Resolution:-

"RESOLVED THAT, pursuant to the provisions of Section 186 and other applicable provisions of the Companies Act, 2013, (including any statutory modification or re-enactment thereof, for the time being in force), and subject to such approvals, consents, sanctions and permissions, as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board") to (a) give any loan to any body corporate(s) / person (s); (b) give any guarantee or provide security in connection with a loan to any body corporate(s) / person (s); and (c) acquire by way of subscription, purchase or otherwise, securities of any body corporate(s) (i) up-to an aggregate amount not exceeding Rs. 200.00 Cr outstanding at any time; or (ii) 60% of the aggregate of the paid-up share capital and free reserves and securities premium account; or (iii) 100% of its free reserves and securities premium account, whichever is higher, on such terms and conditions, as the Board may think fit."

"RESOLVED FURTHER THAT the Board or a duly constituted Committee thereof be and is hereby authorized to decide and finalize the terms and conditions of the above, limit upto which such investments in securities / loans / guarantees, that may be given or made, as may be determined by the Board or the Committee thereof, within the aforesaid limits including with the power to transfer / dispose of the investments so made, from time to time, and to execute all deeds, documents and other writings and to do all such acts, deeds, matters and

things, as may be necessary and/or expedient for implementing and giving effect to this resolution."

14. To approve the investment in Sonar Castings Limited and issue of corporate guarantee for securing credit facilities to Sonar Castings Limited and to consider and if thought fit to pass, the following resolution as the Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 185, 186 & 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), memorandum and articles of association and the Company's policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the contract(s)/ arrangement(s)/ transaction(s) with Sonar Castings Limited (SCL), a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for investments/Corporate Guarantee for securing credit facility, on terms and conditions mentioned in the explanatory statement, for an aggregate value of Rs.100 Crore, in one or more tranches, for the business activities of SCL related to its ductile Iron project at Durgapur, West Bengal."

"RESOLVED FURTHER THAT Shri Aditya Jhunjhunwala, Managing Director, Shri S.C Agarwal, Executive Director and Ms. Pooja Dua, Company Secretary be and is hereby severally authorised to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party, finalise the terms and conditions and execute such agreements, documents and writings and to make such filings as may be necessary, expedient and desirable", in order to give effect to this Resolution in the best interest of the Company."

15. To approve the related party transaction and to consider and if thought fit to pass, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of regulation 23 of SEBI (LODR) Regulations, 2015 and Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules framed thereunder, consent of the members of the Company be and is hereby accorded for the transaction(s) with its related party, Shri Shakti Credits Limited to the extent of the maximum amounts in any financial year, stated against respective nature of transactions as provided below:

"RESOLVED FURTHER THAT pursuant to the

provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the contract(s)/ arrangement(s)/ transaction(s) with Shri Shakti Credits Limited, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for sale of sugar, on terms and conditions mentioned in the explanatory statement, for an aggregate value of Rs.55.99 Crore for the financial year 2018-19."

"RESOLVED FURTHER THAT Shri Aditya Jhunjunwala, Managing Director, Shri S.C Agarwal, Executive Director and Ms. Pooja Dua, Company Secretary be and is hereby severally authorised to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party, finalise the terms and conditions and execute such agreements, documents and writings and to make such filings as may be necessary, expedient and desirable, in order to give effect to this Resolution in the best interest of the Company."

16. To approve the related party transaction and to consider and if thought fit to pass, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of regulation 23 of SEBI (LODR) Regulations, 2015 and Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules framed thereunder, consent of the members of the Company be and is hereby accorded for the transaction(s) to be entered into from time to time in the ordinary course of business with its related party, Francoise Commerce Private Limited to the extent of the maximum amounts Rs.100 Crore."

"RESOLVED FURTHER THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the contract(s)/ arrangement(s)/ transaction(s) to be entered into from time to time in the ordinary course of business with Francoise Commerce Private Limited, a related party within the meaning

of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations for the Sale/Purchase of Sugar on such a terms and conditions mentioned in the explanatory statement, for an aggregate value not exceeding of Rs. 100 Crore."

"RESOLVED FURTHER THAT Shri Aditya Jhunjunwala, Managing Director, Shri S.C Agarwal, Executive Director and Ms. Pooja Dua, Company Secretary be and is hereby severally authorised to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party, finalise the terms and conditions and execute such agreements, documents and writings and to make such filings as may be necessary, expedient and desirable, in order to give effect to this Resolution in the best interest of the Company."

17. To approve the remuneration of Cost Auditor appointed for the financial year 2019-20 and to consider and if thought fit to pass, the following resolution as an Ordinary Resolution :-

"RESOLVED THAT, in accordance with the Provisions of section 148 and other applicable provisions if any of the Companies Act,2013 and rule made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of M/s. Aman Malviya & Associates, Cost Accountants, Lucknow, appointed as the Cost Auditor to conduct audit of Cost records maintained by the Company, at the remuneration approved by the Board of Directors on the recommendation on the Audit Committee plus goods and services tax, as applicable, and reimbursement of out-of-pocket expenses incurred for the financial year 2019-20 be and is hereby ratified."

By order of the Board
For K. M. Sugar Mills Ltd.

Pooja Dua
Company Secretary

Place: Lucknow

Dated: 29.05.2019

Notes:

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote instead of him. The proxy need not be member of the company. Proxy to be valid shall be deposited with company not later than 48 hours before the time for holding the meeting.
2. A person can act as proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more

than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. As per the Listing Agreement with stock Exchanges, the brief resume, functional expertise of the directors proposed for reappointment is annexed as Appendix-A.

3. The relevant Explanatory Statement pursuant to Section 102 of the companies Act, 2013, in respect of Special Business is annexed.
4. The register of Members and share transfer books of the Company will remain closed from 14th August, 2019 to 20th August, 2019 (both days inclusive).
5. Shareholders are requested to intimate to the Company or to the Share Transfer Agent of the Company, M/s. Link In time (India) Pvt. Ltd., change if any, in their registered addresses and also to provide their mailing address for quick response.
6. Members are requested to bring their copies of the Report and Accounts to the meeting.
7. Members who require any information about the accounts to be explained in the meeting are requested to inform the Company about the intended query at least seven days in advance of the meeting.
8. The copy of annual report, notice of general meeting, notice of e-voting, etc. are being sent to the members through e-mail who have registered their email ids with their depository participant (DPs) / Company's Registrar and Transfer Agent (RTA).
9. Members are requested to update their preferred e-mail ids with the Company / DPs / RTA, which will be used for the purpose of future communications.
10. Members whose e-mail id is not registered with the Company will be sent physical copies of Annual Report, notice of e-voting etc. at their registered address through permitted mode.
11. Annual Reports will also be available in the Financials section on the website of the Company at www.kmsugar.com.
12. Members are requested to opt for electronic mode of communication and support the Green initiatives of the Government. Pursuant to Section 108 of the Companies Act, 2013, the Company provides e-voting facility to the members to exercise their voting right. The process and manner of voting containing detailed instructions is given below in point no.13.
13. Voting through electronic means
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time and Regulation 44(1)

of SEBI (LORD) Regulations, 2015, the Company is pleased to provide to the members the facility to exercise their right to vote on resolutions proposed to be considered at the 46th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services Limited (CDSL).

The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The remote e-voting period commences on 17th August, 2019 (10:00 am) and ends on 19th August, 2019 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 13th August, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The instructions for Voting through electronic means are as under:

- i. The shareholders should log on to the e-voting website www.evotingindia.com.
- ii. Click on Shareholders.
- iii. Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv. Next enter the Image Verification as displayed and Click on Login.
- v. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vi. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN: Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat

- shareholders as well as physical shareholders)
- Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is provided through separate letter attached with Annual report.
Dividend Bank Details OR Date of Birth (DOB) Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).
- vii. After entering these details appropriately, click on "SUBMIT" tab.
- viii. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the EVSN for the relevant Company Name i.e. K M Sugar Mills Limited on which you choose to vote.
- xi. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi. If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xviii. Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xix. Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. may follow the same instructions as mentioned above for e-Voting.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com
- xxi. A member may participate in the AGM even after exercising his/ her right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- xxii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- xxiii. Mr. Amit Gupta, Practicing Company Secretary, Lucknow, (Membership No. FCS 5478 CP No. 4682) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and

- transparent manner.
- xxiv. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper" or "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- xxv. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- xxvi. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.kmsugar.com and on the website of CDSL www.evotingindia.com immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges viz. Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

By the Order of the Board
For K. M. Sugar Mills Ltd.

Pooja Dua
Company Secretary

Place: Lucknow
Dated: 29.05.2019

ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 102
OF THE COMPANIES ACT, 2013
and 17(11) of SEBI (LODR) (AMENDMENT)
REGULATIONS ,2018

Item no. 5,6,7,8

Shri L.K. Jhunjunwala, Shri Aditya Jhunjunwala, Shri Sanjay Jhunjunwala and Shri S.C. Agarwal were appointed as whole time directors designated as Chairman, Managing Director, Joint Managing Director & Executive Director cum C.E.O. respectively at the 42nd annual general meeting of the Company held on 19.09.2015 for the period of five years. Accordingly the Board in its meeting held on May 29,

2019 considered the recommendation of the Nomination & Remuneration Committee and approved the proposal for their re-appointment for the period of five years from the ensuing 46th annual general meeting of the Company.

Section 196(3) of the Companies act, 2013 provides that a person who has attained the age of seventy years may be appointed by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person. In view of the rich and vast experience in the Sugar Industry and involvement in the overall operation of the Company, it would be in the interest of the Company to continue Shri L K Jhunjunwala as a Whole Time Director designated as Chairman, who has crossed the age of 77 years.

The aforesaid re-appointments as Whole Time Director require the approval of the members by passing a Special Resolution u/s 196 (3) of the Act and part I of Schedule V. Further the approval of the shareholders by special resolution in general meeting is also required, as the aggregate annual remuneration payable to executive directors who are promoters or members of the promoter group, exceeds 5 per cent of the net profits or annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher, in terms of regulation 17(6)(e) of the SEBI Listing Regulation, 2015.

On the recommendation of the Nomination and Remuneration Committee, the Board, at its meeting held on May 29, 2019 has approved the change in terms including remuneration and perquisites payable to them, with effect from April 01, 2019 till the date of ensuing 46th annual general meeting in terms of the provisions of section 196, 197 read with schedule V of the Companies Act, 2013, the approval of the members by way of special resolution is required for making such variation.

Shri L K Jhunjunwala retires by rotation at ensuing 46th annual general meeting and being eligible has offered himself for re-appointment. The Board has proposed for his re-appointment and necessary resolution is proposed at item no. 2.

Brief resume of Shri L.K. Jhunjunwala, Shri Aditya Jhunjunwala Shri Sanjay Jhunjunwala and Shri S.C. Agarwal, nature of expertise in functional area, name of the companies in which he holds directorships, membership, chairmanships of Board of Committees, shareholding and relationship between directorship inter-seas stipulated under regulation 34(3) of SEBI (LODR) Regulations 2015.

The particulars relating to the remuneration and perquisites of Shri L.K. Jhunjunwala, Shri Aditya Jhunjunwala, Shri Sanjay Jhunjunwala and Shri S.C. Agarwal are as follows:

1. REMUNERATION:-

Name	Shri L.K. Jhunjhunwala	Shri Aditya Jhunjhunwala	Shri Sanjay Jhunjhunwala	Shri S.C. Agrawal
Basic Salary	Rs. 8,00,000/-	Rs. 8,00,000/-	Rs. 8,00,000/-	Rs. 3,00,000/-
Commission	Commission Up -to 5% on profit	Commission Up -to 5% on profit	Commission Up -to 5% on profit	-
House	Free Furnished House	Free Furnished House	Free Furnished House	Free Furnished House, but the cost of furniture shall not exceed Rs.50,000/-.
Medical Reimbursement	Expenses actually incurred for self and his family in India and Abroad.	Expenses actually incurred for self and his family in India and Abroad.	Expenses actually incurred for self and his family in India and Abroad.	One month salary in a year or three months salary in a block of 3 years
Leave Travel Concession	Travelling, Lodging, Boarding conveyance, others for self and his family in India and Abroad.	Travelling, Lodging, Boarding conveyance, others for self and his family in India and Abroad.	Travelling, Lodging, Boarding conveyance, others for self and his family in India and Abroad.	Once in two years for self & family as per Company's rules
Personal Accident Insurance	Amount of annual premium which does not exceed the limit as per Companies Act,2013	Amount of annual premium which does not exceed the limit as per Companies Act,2013	Amount of annual premium which does not exceed the limit as per Companies Act,2013	Amount of annual premium which does not exceed the limit as per Companies Act,2013
Conveyance	Two Chauffeur driven cars for self and family	Two Chauffeur driven cars for self and family	Two Chauffeur driven cars for self and family	Cars with driver for self and family
Club Fees	Membership of clubs in India, Abroad- admission and lifetime	Membership of clubs in India, Abroad- admission and lifetime	Membership of clubs in India, Abroad- admission and lifetime	
Co.'s cont. to PF	As per company's rules subject to 12% of salary	As per company's rules subject to 12% of salary	As per company's rules subject to 12% of salary	As per company's rules subject to 12% of salary
Co.'s cont. Pension	As per company's rules together with PF and to such amount not taxable under I.Tax	As per company's rules together with PF and to such amount not taxable under I.Tax	As per company's rules together with PF and to such amount not taxable under I.Tax	As per company's rules together with PF and to such amount not taxable under I.Tax
Gratuity	As per company's rules but not exceed 15 days salary on each completed years	As per company's rules but not exceed 15 days salary on each completed years	As per company's rules but not exceed 15 days salary on each completed years	As per company's rules but not exceed 15 days salary on each completed years
Encashment of leave	At the end of tenure will not be included in computation of the ceiling of perquisites	At the end of tenure will not be included in computation of the ceiling of perquisites	At the end of tenure will not be included in computation of the ceiling of perquisites	At the end of tenure will not be included in computation of the ceiling of perquisites
Leave	Encashment of one full month pay for every 11 months of salary	Encashment of one full month pay for every 11 months of salary	Encashment of one full month pay for every 11 months of salary	Encashment of one full month pay for every 11 months of salary
Travelling	Co.'s car / reimbursement of travelling / other exp.	Co.'s car / reimbursement of travelling / other exp.	Co.'s car / reimbursement of travelling / other exp.	Co.'s car / reimbursement of travelling / other exp.
Telephone	Payment of telephone (with STD) at residence / mobile cell phone bills shall not reckoned as perquisites	Payment of telephone (with STD) at residence / mobile cell phone bills shall not reckoned as perquisites	Payment of telephone (with STD) at residence / mobile cell phone bills shall not reckoned as perquisites	Payment of telephone (with STD) at residence / mobile cell phone bills shall not reckoned as perquisites
Other perks	As applicable to other senior management. In case, the company does not have profit or profit are inadequate, he will be entitled such perks as per limit specified above as well as Schedule-V	As applicable to other senior management. In case, the company does not have profit or profit are inadequate, he will be entitled such perks as per limit specified above as well as Schedule-V	As applicable to other senior management. In case, the company does not have profit or profit are inadequate, he will be entitled such perks as per limit specified above as well as Schedule-V	As applicable to other senior management. In case, the company does not have profit or profit are inadequate, he will be entitled such perks as per limit specified above as well as Schedule-V

2. OTHER TERMS:

- a) In case the Company has, in any financial year, no profits or if its profits are inadequate anytime during the three years period starting from the date of appointment, the aforesaid remuneration shall be paid to respective

directors as remuneration in accordance with the provisions of Section II of Part II of Schedule V to the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof, as may, for the time being, be in force and as may be agreed to by and between the Board and the Director;

- b) Director shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee(s) thereof;
- c) The appointment may be terminated by either party giving the other party six months' notice or paying six months' salary in lieu thereof;
- d) If at any time any director ceases to be a director of the Company for any reason whatsoever, he shall cease to be the Whole Time Director of the Company;
- e) The office of the Director will be subject to retirement by rotation.

As proposed in the resolutions placed at item no. 5, 6, 7 & 8 the above terms and conditions shall be applicable to the respective directors for their remaining term from April 01,2019 up till ensuing 46th annual general meeting.

As proposed in item no. 5, 6, 7 & 8, the approval of the members of the Company by way of special resolution is sought in terms of the provisions of section 196, 197 read with schedule V, other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and regulation 17(6)(e) of the SEBI Listing Regulations, 2015 for:

- (a) the approval of the appointment of Shri L.K. Jhunjhunwala, Shri Aditya Jhunjhunwala, Shri Sanjay Jhunjhunwala and Shri S.C. Agarwal on the terms and conditions as set out above for the period of five years from the ensuing 46th annual general meeting; and
- (b) the approval of the change in terms of appointment of Shri L.K. Jhunjhunwala, Shri Aditya Jhunjhunwala, Shri Sanjay Jhunjhunwala and Shri S.C. Agarwal, as set out above for the period April 01, 2019 till the ensuing 46th annual general meeting.

In resolution no. 5, 6 & 7 none of the Directors or Key Managerial Personnel of the Company or their relatives, except Shri L K Jhunjhunwala, Shri Aditya Jhunjhunwala & Shri Sanjay Jhunjhunwala are concerned or interested financially or otherwise in this resolution. In resolution no. 8 none of Directors or Key Managerial Personnel of the Company or their relatives, except Shri S C Agarwal is concerned or interested financially or otherwise in this resolution

The Board recommends resolution set out in item no. 5,6,7 and 8, of the notice for approval of the members as a special Resolution.

Information required under Section II, Part II of Schedule V of the Companies Act, 2013 (in respect of business proposed at item no. 5, 6, 7 & 8) :

I. General Information																														
Nature of Industry	Sugar, Rectified Spirit and Electricity																													
Date or expected date of commencement of commercial production	K.M. Sugar Mills Limited has legacy of more than 47 years with its date of incorporation being 17 th December,1971																													
Financial performance based on given indicators	The details of financial performance of the Company for the years 2018-19 being provided in the Annual Report of 2019.																													
Foreign investments or collaborations, if any	-NA -																													
II. Information about the appointees																														
Background details	<ol style="list-style-type: none"> 1. Shri L.K. Jhunjhunwala is Chairman-cum-Whole Time Director ; 2. Shri Aditya Jhunjhunwala is Managing Director ; 3. Shri Sanjay Jhunjhunwala is Jt. Managing Director ; 4. Shri S.C. Agarwal is Executive Director cum C.E.O. ; 																													
Past remuneration	<p>Details of past remuneration are as follows: (Rs. In lakhs)</p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="4">Remuneration</th> </tr> <tr> <th>LKJhunjhunwala</th> <th>Aditya Jhunjhunwala</th> <th>Sanjay Jhunjhunwala</th> <th>S.C.Agarwal</th> </tr> </thead> <tbody> <tr> <td>2016-17</td> <td>111.57</td> <td>97.25</td> <td>97.48</td> <td>28.34</td> </tr> <tr> <td>2017-18</td> <td>42.34</td> <td>29.03</td> <td>28.02</td> <td>29.62</td> </tr> <tr> <td>2018-19*</td> <td>81.60</td> <td>68.51</td> <td>67.67</td> <td>29.73</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Year	Remuneration				LKJhunjhunwala	Aditya Jhunjhunwala	Sanjay Jhunjhunwala	S.C.Agarwal	2016-17	111.57	97.25	97.48	28.34	2017-18	42.34	29.03	28.02	29.62	2018-19*	81.60	68.51	67.67	29.73					
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	LKJhunjhunwala	Aditya Jhunjhunwala	Sanjay Jhunjhunwala	S.C.Agarwal																										
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2017-18	42.34	29.03	28.02	29.62																										
2018-19*	81.60	68.51	67.67	29.73																										
Recognition or awards	<p>Under the leadership of team of all the above named Executive Directors, the Company has made tremendous growth and got recognitions in the Sugar Industry in Uttar Pradesh. It has break the production target and achieved new mile stone. Mr.L.K. Jhunjhunwala has experience in Sugar Industry for more than 46 years. Mr. Aditya Jhunjhunwala is a dynamic and young Management expert of Sugar Industry having experience for more than 25 years. Mr. Sanjay Jhunjhunwala is also young Management visionary and having experience for more than 21 years. Mr. S.C. Agarwal is well known for his pioneering in Sugar Technology, having experience for more than 41 years.</p>																													
Job profile and his suitability	<p>Mr.L.K. Jhunjhunwala is a B.A. ; having vast experience of Sugar Industry. Mr. Aditya Jhunjhunwala is B.Com. ; having experience of Sugar Industry; Mr. Sanjay Jhunjhunwala is B.Com. and MBA from U.K. ; having vast Finance an Taxation experience in Sugar Industry; Mr. S. C. Agarwal is B.Sc. from NSI, having vast experience of Sugar Technology; Taking this into consideration, the Board bestowed the task of managing the overall operations of the Company to the above team. They all are involved in day to day management of the Company and implementation of Board policies and decisions. Under their leadership, the Company has achieved new heights and remarkable growth.</p>																													
Remuneration proposed	As recommended by the Board, the proposed remuneration will exceed the limit prescribed under Section 197 & 198 of the Companies Act, 2013 read with Schedule V.																													

Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration proposed is as per Section 197 & 198 of the Companies Act, 2013 read with Schedule V and is comparable to the remuneration of Chief Executive Officer /Managing Director levels of similar sized Sugar companies.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Aditya Jhunjhunwala and Mr. Sanjay Jhunjhunwala are sons of Mr. L.K. Jhunjhunwala. Besides the remuneration, Mr. L. K. Jhunjhunwala holds 1,38,02,600 nos. Equity shares (15.00 %), Mr. Aditya Jhunjhunwala holds 39,72,981 nos. Equity shares (4.31%) and Mr. Sanjay Jhunjhunwala holds 24,94,600 nos. of Equity Shares (2.72%) of the Company. Besides remuneration, Mr. S.C. Agarwal in way and in no manner concerned and
III. Other Information	
Reasons of special resolution for payment of proposed remuneration in case of inadequate profits	The Company has earned profit during 2016-17, 2017-18 and 2018-19 of Rs. 37.11 crores, Rs.18.87 crores and Rs.24.35 crores respectively. To pay the proposed remuneration to the Whole-Time- Directors under part –B of Schedule V in excess of limit prescribed in section 197 read with Schedule V, it
Steps taken or proposed to be taken for improvement	With the improvements in technology and processes that the Company introduced and it expected a significant reduction in its operational costs. Further, the Company has enhanced its production capacity from 6500 TCD to 7500 TCD and all the measures to have better yield and to reduce cost. The measures being taken by the Company, shall significantly improve the
Expected increase in productivity and profits in measurable terms	Since the rate of sugar has comparatively been improving during last two years and further the incentives given / announced by the Central and State Governments and further improvement in recovery of the Sugar, it is expected the Sugar Industry will recover in future.
IV. Disclosures: As required, the information is provided under Corporate Governance Section of Annual Report 2019.	

Register pursuant to section 190 of the Companies Act, 2013 shall open for inspection to any member without payment of any fee at the office hours at the registered office of the Company.

Profile: Shri L.K. Jhunjhunwala

Shri L.K. Jhunjhunwala, aged 77 years is an Arts Graduate and has about 46 years of experience in Sugar Industry. He has been Associated with the Company since inception as promoter and has been actively managing the affairs of the Company. He is also associated with various Industry Associations i.e. FICCI, ASSOCEHM, ISMA, UPSMA etc. He was the president of U.P. Sugar Mills Association, East U.P. Sugar Mills Association and U.P. ASSOCEHM.

Profile: Shri Aditya Jhunjhunwala

Shri Aditya Jhunjhunwala, aged 49 years is the eldest son of Mr. L.K. Jhunjhunwala and elder brother of Shri Sanjay Jhunjhunwala. He is Commerce graduate and has about 25 years of business experience mainly in Sugar and Distillery Industries. He is looking after the over all operations of the Company. He is also actively associated with various industry organizations i.e. IMSA, UPSMA, FICCCI.

Profile: Shri Sanjay Jhunjhunwala

Shri Sanjay Jhunjhunwala, aged 44 years is the younger son of Mr. L.K. Jhunjhunwala and younger brother of Shri Aditya Jhunjhunwala. He is Commerce graduate, MBA from U.K. and has about 21 years of business experience mainly in

Sugar Industry and successfully and implemented modern management techniques in the Company, which have proved immensely beneficial to the Company. He is looking after the over all operations of the Company specifically taxation, corporate and other laws. He is also actively associated with industry organizations i.e. U.P. Chapter of E.O..

Profile: Shri S.C. Agarwal

Shri S.C. Agarwal, aged 59 years and is Executive Director (Non-related) of the Company. He is Science graduate from NSI and has about 41 years of business experience mainly in Sugar Technology. He is looking after the over all day to day operations of the Company and actively involved in the production of the Sugar, Power and RS.

Item no. 9,10,11 & 12

Shri H.P. Singhania, Shri S.K. Gupta and Smt. Madhu Mathur were appointed as an Independent Directors of the Company in 42nd annual general meeting of the Company held on 19.09.2015 for the period of five years.

In terms of Section 149 read with Schedule IV and any other applicable provisions, if any of the Companies Act, 2013 and rules made thereunder and regulation 16 & 17 of the SEBI Listing Regulations, 2015, the aforesaid persons can be appointed as an Independent director for second consecutive term of five years, with the approval of shareholders by way of special resolution.

Accordingly the Board of Directors of the Company ('the Board') at the meeting held on May 29, 2019, on the recommendation of the Nomination & Compensation Committee ('the Committee'), recommended for the approval of the Members, the re-appointment of Shri H.P. Singhania, Shri S.K. Gupta and Smt. Madhu Mathur as Independent Directors of the Company for the second term of the five years with effect from ensuing 46th annual general meeting, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), as set out in the Resolutions relating to their respective reappointment. Further as Shri H.P. Singhania has already attained the age of 89 years as on April 01, 2019, the approval of shareholders by way of special resolution is sought as mentioned in item no. 9 for his continuance for remaining term up to the ensuing 46th annual general meeting, in terms of the provisions of regulation 17(1A) of the SEBI Listing Regulations, 2015.

The Committee and the Board are of the view that, given the knowledge, experience and performance of Shri H.P. Singhania, Shri S.K. Gupta and Smt. Madhu Mathur, and contribution to Board processes by them, their continued association would benefit the Company. Declarations have been received from Shri H.P. Singhania, Shri S.K. Gupta and Smt. Madhu Mathur that they meet the criteria of Independence prescribed under Section 149 of the Act read

with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Listing Regulations 2015.

In the opinion of the Board, Shri H.P. Singhania, Shri S.K. Gupta and Smt. Madhu Mathur fulfill the conditions specified in the Act, the Rules thereunder and the Listing Regulations 2015 for re-appointment as Independent Directors and they are independent of the management of the Company. The aforesaid Independent directors shall be entitled to sitting fees for attending the meeting of the Board of committee and reimbursement of expenses for attending the said meetings as approved by the Board from time to time. In terms of the aforesaid provisions, the Independent Directors shall not be liable to retire by rotation.

The consent of the Members by way of Special Resolution is required for re-appointment of Shri H.P. Singhania, Shri S.K. Gupta and Smt. Madhu Mathur, in terms of Section 149 of the Act. Further, pursuant to Regulation 17 of the Listing Regulations 2015, consent of the Members by way of Special Resolution is also required for continuation of a Non-Executive Director beyond the age of seventy five years. Shri H.P. Singhania has already attained the age of 89 years and Shri S.K. Gupta and Smt. Madhu Mathur shall attain the age of seventy five years on 02.09.2022 & 14.10.2019 respectively, during the proposed term of re-appointment. The Special Resolutions under Item Nos. 9, 10, 11 and 12, once passed, shall also be deemed as your approval under the Listing Regulations 2015, for continuation of these directors as Independent Directors beyond the age of seventy five years.

Requisite Notices under Section 160 of the Act proposing the re-appointment of Shri H.P. Singhania, Shri S.K. Gupta and Smt. Madhu Mathur have been received by the Company, and consents have been filed by Shri H.P. Singhania, Shri S.K. Gupta and Smt. Madhu Mathur pursuant to Section 152 of the Act.

Additional information in respect of Shri H.P. Singhania, Shri S.K. Gupta and Smt. Madhu Mathur, pursuant to the Listing Regulations 2015 and the Secretarial Standard on General Meetings, are provided herein below and detailed profiles are available on company's website www.kmsugar.com. Shri S.K. Gupta and Smt. Madhu Mathur do not hold any share in the Company, either in their individual capacity or on a beneficial basis for any other person. Shri H.P. Singhania does not hold any shares in the Company; he does not hold any share in the Company on a beneficial basis for any other person.

Shri H.P. Singhania, Shri S.K. Gupta and Smt. Madhu Mathur and their relatives, are interested in the Special Resolutions relating to their respective re-appointment. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in these Special Resolutions.

The Board recommends these Special Resolutions for your

approval.

Profile: Mr. H.P. Singhania

Mr. H.P. Singhania was a Board Member of Bank of India, Ex-Vice President of Board of Cricket Control of India (BCCI), Marybone Cricket Club (MCC) Lords, London and in various companies of J.K. Group. Presently, he is on the Board of the Company and provides suggestions on commercial matters. He is also on the Board of Sir Shadi Lal Distillery Limited. He holds nil (0.00%) equity shares in the Company.

Profile: Mr. S.K. Gupta

Mr. S.K. Gupta is M.Sc. in Sugar Technology from ANSI and DIM from IGNOU. He served as Director at National Sugar Institute, Kanpur, Ministry of Food & Public Administration, New Delhi, and U.P. State Sugar Corporation. He also acted as an expert Advisor for the Study of Status of Sugar Status and suggested road map for its development. He was also awarded LIFE TIME ACHIEVEMENT AWARD by The Sugar Technologists Association of India. Presently, he is on the Board of the Company and provides critical suggestions on technical matters, which are beneficial to the Company. He holds nil (0.00%) equity shares in the Company.

Profile: Mrs. Madhu Mathur

Mrs. Madhu Mathur has a vast experience of working with UNO and expert in Social Service. Presently, she is on the Board of the Company and provides critical suggestions on Corporate Social Responsibility matters, which are beneficial to the Company. She holds nil (0.00%) equity shares in the Company. Her guidance and suggestions shall be in the interest of the Company to carry out the CSR.

Item No:13

The Board of Directors of a Company has been permitted to make investment, give loans and guarantees, provide securities and to make investments in the securities of other bodies corporate to the extent of 60 % of its paid-up share capital and free reserves and securities premium account or 100 % of its free reserves and securities premium account whichever is higher, in terms of Section 186 of the Companies Act, 2013 (the Act), from time to time, for business purposes.

Where the aggregate of loans and investments made, guarantees given and securities provided exceed the aforesaid limits, prior approval of the Members is required by way of a special resolution.

As the Company is planning to take various initiatives for future growth plan in the business of Company, these future plans will have to be partially implemented / proposed to be implemented through various subsidiary / associate companies, in order to derive maximum value.

Therefore, the increasing business operations and future growth plans of the Company may necessitate making further investments / providing loans or giving guarantees or providing security to these body corporate(s) and other person(s), over a period of time.

It is, therefore, necessary to empower the Board by the

Members for such purpose, namely to make any loan(s) to any body corporate(s) / person(s) and/or to give any guarantee (s) / provide any security(ies), in connection with loan(s) made to any body corporate(s) / person (s) and /or to acquire by way of subscription, purchase or otherwise the securities of body corporate(s) in India or abroad, exceeding the aforesaid limit, for business expansion and other growth initiatives.

Under these circumstances, it is considered desirable to have the consent of the Members for fixing a higher limit for such purpose, namely (i) to the extent of Rs. 200.00 Cr or (ii) 60% of the aggregate of the paid-up share capital and free reserves and securities premium account or (iii) 100% of its free reserves and securities premium account, whichever is higher.

The proposed special resolution as set out in item No.13 of the Notice is enabling in nature in view of any further loan / investment / guarantee / security, if any, made in or given to wholly owned subsidiaries will also be included for the limit under the provisions of the Companies Act, 2013. Hence prior approval of the Members of the Company is sought for exercising these powers by the Board beyond the specified limit.

The Board has unanimously approved the above proposal at its meeting held on 29th May, 2019 and the Board also recommends the passing of the resolution by the Members of the Company, as set out in Item No.13 of the Notice.

None of the directors or key managerial personnel and / or their relatives is deemed to be interested or concerned in this resolution, except to the extent of their shareholding in the Company.

Item No. 14

The Company made investment of Rs. 1 crores in equity shares and Rs. 6.75 Crore in preference shares in Sonar Castings Limited (SCL), for setting up ductile Iron project in Durgapur, West Bengal. The Company has not given any loan or Corporate Guarantee at present to SCL. SCL is wholly owned subsidiary of the Company and is related party in terms of the provisions of section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the Listing Regulations. However, owing to further requirement of the funds to complete the project, SCL may not remain its wholly owned subsidiary or subsidiary and may fall in the category of entities restricted under section 185(2) for grant of loan, guarantee etc., except with the approval of the shareholders by way of special resolution. The Company is expected to render support for the requirements of SCL, including subscription to the share capital, loan and Corporate Guarantee for securing credit facilities, from time to time. Accordingly with the approval of members by way of special resolution, the Company would be in a position to provide financial assistance by way of loan to SCL or give guarantee or provide security in respect of loans taken by SCL, for their principal business activities.

Further the above transaction also require the approval of

the shareholders in terms of the provisions of section 188 of the Companies Act, 2013, rules made thereunder and regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015').

The members may note that board of directors would carefully evaluate proposals and make investments, provide such loan, guarantee or security proposals through deployment of funds out of internal resources / accruals and / or any other appropriate sources, from time to time, only for principal business activities of the SCL. Further at no time aggregate of investments, loan and Corporate Guarantee to SCL shall not exceed Rs. 100 crores.

The Board of Directors Recommend the Special Resolution for approval by the members. In terms of the provisions of regulation 23, all entities falling under the definition of related parties shall not vote to approve this item irrespective of whether the entity is a party to the particular transaction or not.

All the Directors except for the Independent Directors are concerned or interested in the aforesaid resolution, financially or otherwise.

Item No. 15

The regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), Section 188 of the Companies Act, 2013 read with Rules framed thereunder and the Company's policy on Related Party transaction(s), the approval of the members of the Company is required to the contract(s)/ arrangement(s)/ transaction(s) with Shri Shakti Credits Limited, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for sale of sugar, for an aggregate value of Rs. 55.99 Crore for the financial year 2018-19, being material related party transaction due to exceeding the threshold of ten percent of the annual consolidated turnover of the Company as per the last audited financial statements.

Pursuant to the requirements prescribed under the Companies (Meetings of the Board and its Powers) Rules, 2014, as amended from time to time, the details in relation to the transactions with related parties, are as under :

Name of the Related Party	Nature of Transactions as per Section 188 of the Companies Act, 2013	Name of Director or Key Managerial Personnel who is related, if any	Nature of Relationship	Material Terms and particulars of the contract or arrangement	Monetary value (Rs. in Crore)	Any other information relevant or important for the Members to take decision on the proposed resolution
Shri Shakti Credits Limited (SSCL)	Sale of Sugar	Mr. Aditya Jhunjunwala, Mr. Sanjay Jhunjunwala	Mr. Aditya Jhunjunwala, Mr. Sanjay Jhunjunwala Is the director of SSCL	As per the terms of the respective contracts or arrangements entered into or to be entered into from time to time in the ordinary course of business and on an arms' length basis.	Rs.55.99	None

The Board of Directors Recommend the Ordinary

Resolution for approval by the members. In terms of the provisions of regulation 23, all entities falling under the definition of related parties shall not vote to approve this item irrespective of whether the entity is a party to the particular transaction or not.

All the Directors except for the Independent Directors are concerned or interested in the aforesaid resolution, financially or otherwise.

Item No. 16

The regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), Section 188 of the Companies Act, 2013 read with Rules framed thereunder and the Company's policy on Related Party transaction(s), the approval of the members of the Company is required to the contract(s)/ arrangement(s)/ transaction(s) to be entered into from time to time in the ordinary course of business with Francoise Commerce Private Limited, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, or sale/Purchase of sugar for an aggregate value not exceeding Rs. 100 Crore, being material related party transaction due to exceeding the threshold of ten percent of the annual consolidated turnover of the Company as per the last audited financial statements.

Pursuant to the requirements prescribed under the Companies (Meetings of the Board and its Powers) Rules, 2014, as amended from time to time, the details in relation to the transactions with related parties, are as under :

Name of the Related Party	Nature of Transactions as per Section 188 of the Companies Act, 2013	Name of Director or Key Managerial Personnel who is related, if any	Nature of Relationship	Material Terms and particulars of the contract or arrangement	Monetary value (Rs. in Crore)	Any other information relevant or important for the Members to take decision on the proposed resolution
Francoise Commerce Private Limited (FCPL)	Sale/ Purchase of Sugar	Mr. Aditya Jhunjunwala,	Mr. Aditya Jhunjunwala, Is the director of FCCL	As per the terms of the respective contracts or arrangements entered into or to be entered into from time to time in the ordinary course of business and on an arms' length basis.	Upto Rs.100 Crore	None

The Board of Directors Recommend the Ordinary Resolution for approval by the members. In terms of the provisions of regulation 23, all entities falling under the definition of related parties shall not vote to approve this item irrespective of whether the entity is a party to the particular transaction or not.

All the Directors except for the Independent Directors are concerned or interested in the aforesaid resolution, financially or otherwise.

Item no. 17

The Board of Directors approved the appointment of M/s. Aman Malviya & Associates, Cost Accountants, Lucknow, as a Cost Auditor of the Company for conducting cost audit for the financial year 2019-20 in the meeting held on May 29,

2019 at the remuneration approved by the Board of Directors on the recommendation on the Audit Committee plus goods ad services tax, as applicable, and reimbursement of out-of-pocket expenses, in line with the recommendation of the Audit Committee. Pursuant the provision of section 148 other applicable provisions if any of the Companies Act, 2013 and rule made thereunder, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

The Board recommends resolution set out in item no. 17 of the notice for approval and ratification to the members as an Ordinary Resolution.

None of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in this resolution.

By the Order of the Board
For K. M. Sugar Mills Ltd.

Pooja Dua
Company Secretary

Date:29.05.2019
Place: Lucknow

Appendix –A

The details of the Directors liable to retire by rotation and seek re-appointment :-

Sr. No.	Name of the Director	Qualification	Directorship of Other Companies	Committee position held in other companies	Professional / expertise	Nos. of shares held
						Relationship between directors interse
1.	Mr. L.K. Jhunjhunwala (DIN-01854647)	B.A	1)Awadh Technology Park And Services Private Limited 2)Marvel Business Pvt Ltd 3)Jhunjhunwala Securities Pvt.Ltd. 4)Satyam Trade Centre Pvt Ltd 5)Nidhi Financial Services Pvt Ltd 6)Shailja Properties Private Limited	1) FICCI-UP- Chairman. 2) PHD Chamber of Commerce. 3) ISMA, Member.	Has vast experience of Sugar Technology and leadership skills in heading the Company	13802600 Nos. of Equity shares (Pledged with Bank) Related with Shri Sanjay Jhunjhunwala and Shri Aditya Jhunjhunwala
2.	Mr. Aditya Jhunjhunwala (DIN-01686189)	B.A	1)Km Spirits And Allied Industries Limited 2)Benaras Inorganics Private Limited 3)Pharmetro Life Sciences Private Limited 4)Thermocrafts (India) Private Limited 5)Sonar Casting Limited 6)K M Plantations Private Limited 7)Shri Shakti Credits Limited 8)Marvel Business Pvt Ltd 8)Avantika Tradelink Private Limited 8)Brilliant Barter Private Limited 9)Promising Logistics Private Limited 10) Francoise Commerce Pvt Ltd 11)Prakash Properties Ltd 12)Zar International Private Limited 12)H H Foundation 13)Indian Sugar Exim Corporation Ltd.	Nil	Has vast experience in Finance and Taxation and operational management of sugar industry	3972981 Nos. of Equity shares (Pledged with Bank) Related with Shri Sanjay Jhunjhunwala and Shri L.K Jhunjhunwala

K M SUGAR MILLS LIMITED
Regd. Office: 11 Moti Bhawan, Collector Ganj, Kanpur, Uttar Pradesh- 208001
CIN: L15421UP1971PLC003492 E-MAIL: kmsugar@gmail.com
Phone: 0512-2310762 ; 0522-4079561

ATTENDANCE SLIP

Please fill attendance slip and hand it over at the entrance of the meeting hall
Joint shareholders may obtain additional Slip at the venue of the meeting.

DP ID*	CLIENT ID*	FOLIO NO.	NO. OF SHARES

I, _____ (Name and address of the Shareholder / Proxy) hereby record my presence at the 46th ANNUAL GENERAL MEETING of the Company held on Tuesday, 20th day of August, 2019 at 11.00 a.m.at 11-Moti Bhawan, Collector Ganj, Kanpur-208001(U.P.).

Signature of Shareholder / Proxy

*Applicable for investors holding shares in electronic form.

Note :-

1. Please complete this attendance slip and hand over it at the entrance of the meeting venue.
2. Only shareholders of the Company or their proxy/(ies) will be allowed to attend the meeting on production of the attendance slip duly completed and signed.

K M SUGAR MILLS LIMITED
 Regd. Office: 11 Moti Bhawan, Collector Ganj, Kanpur, Uttar Pradesh- 208001
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POLL SLIP

1.	Name(s) and registered address of the Sole / First Holder	
2.	Folio no. of the shareholder	
3.	Nos. of Equity Shares held	

I/We hereby exercise my/our vote(s) in respect of the Resolutions set out in the notice of Annual General Meeting of the Company held Tuesday, the 20th day of August, 2019 at 11.00 a.m. at 11-Moti Bhawan, Collector Ganj, Kanpur-208001 (U.P.) by giving my/our assent or dissent to the Resolutions by placing the tick (?) mark at the appropriate box below :

No.	Matter of resolution	VOTE		
		For	Against	Abstain
1	To consider and adopt the Financial Statements of the Company for the financial year ended 31st March, 2019, the Consolidated Financial Statements for the said financial year and the Reports of the Board of Directors and the Auditorsthereon.			
2	To reappoint Shri L.K. Jhunjhunwala as Whole Time Director-cum-Chairman, who retires by rotation.			
3.	To reappoint Shri Aditya Jhunjhunwala as Whole- Time Director, who retires by rotation.			
4.	To ratify the appointment of M/s. Agiwal & Co, Chartered Accountants, New Delhi, as statutory auditors.			
5.	To approve the change in terms and re-appointment of Shri L.K. Jhunjhunwala as a Whole Time Director-cum-Chairman.			
6.	To approve the change in terms and re-appointment of Shri Aditya Jhunjhunwala, as Managing Director.			
7.	To approve the change in terms and re-appointment of Shri Sanjay Jhunjhunwala, as a Joint Managing Director.			
8.	To approve the change in terms and re-appointment of Shri Subhash Chandra Agarwal, as Executive Director.			
9.	To approve the continuance of Mr. H.P. Singhania, as an Independent Director.			
10.	To re-appoint Mr. H.P. Singhania, as an Independent Director.			
11.	To re-appoint Mr. S.K. Gupta, as an Independent Director.			
12.	To re-appoint Mrs. Madhu Mathur, as an Independent Director.			
13.	To authorize the Board to make investments / give loans or guarantees / provide security up-to an aggregate amount not exceeding Rs. 200.00 Cr.			
14.	To approve the investment in Sonar Castings Limited and issue of			

	corporate guarantee for securing credit facilities to Sonar Castings Limited.			
15	To approve the related party transaction with Shri Shakti Credits Ltd.			
16	To approve the related party transaction with Francoise Commerce Pvt. Ltd.			
17	To approve the remuneration of Cost Auditor.			

Signed this ___ day of August, 2019

Signature of shareholder

INSTRUCTIONS

- 1) This Form is provided for the benefit of Members to participate in the Poll.
- 2) A Member can opt for this mode of voting..
- 3) The scrutinizer will collate the votes to declare the final result for each of the Resolutions forming part of the Notice of the AGM.

PROCESS AND MANNER FOR MEMBERS OPTING TO VOTE BY POLL

- 1) The Form should be signed by the Member as per the specimen signature registered with the Company. In case of joint holding, the Form should be completed and signed by the first named Member and in his/her absence, by the next named joint holder. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA registered with the Company or enclosing an attested copy of the POA.
- 2) In case the shares are held by companies, trusts, societies, etc. , the authorized person should provide a certified true copy of the relevant Board Resolution/Authorization.
- 3) Votes should be cast in case of each resolution, either in favour or against by putting the tick (✓) mark in the column provided in the Poll slip.
- 4) The voting rights of shareholders shall be in proportion of the shares held by them in the paid up equity share capital of the Company as on Monday, 01st July, 2019 as per the Register of Members of the Company.
- 5) The decision of the Scrutinizer on the Poll shall be final.
- 6) The results shall be declared in the meeting itself.

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L15421UP1971PLC003492
 Name of the company : K M SUGAR MILLS LIMITED
 Registered office : 11 – Moti Bhavan, Collector Ganj, Kanpur-208001 (U.P.)

Name of the member (s)		E-mail Id	
Registered address		*Folio No/ Client Id	
		*DP ID	

I/We, being the member(s) of _____ shares of the above named company, hereby appoint -

- 1) _____ Address _____ having e-mail id _____; or failing him
- 2) _____ Address _____ having e-mail id _____; or failing him
- 3) _____ Address _____ having e-mail id _____

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual general meeting of the company, to be held on the on Tuesday, 20th day of August, 2019 at 11.00 a.m. at 11-Moti Bhawan, Collector Ganj, Kanpur-208001 (U.P.) and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

No.	Matter of resolution	VOTE		
		For	Against	Abstain
1	To consider and adopt the Financial Statements of the Company for the financial year ended 31st March, 2019, the Consolidated Financial Statements for the said financial year and the Reports of			
2	To reappoint Shri L.K Jhunjunwala as Whole Time Director-cum-Chairman, who retires by rotation.			
3.	To reappoint Shri Aditya Jhunjunwala as Whole-Time Director, who retires by rotation.			
4.	To ratify the appointment of M/s. Agiwal & Co, Chartered			
5.	To approve the change in terms and re-appointment of Shri L.K. Jhunjunwala as a Whole Time Director-cum-Chairman.			
6.	To approve the change in terms and re-appointment of Shri Aditya Jhunjunwala, as Managing Director.			
7.	To approve the change in terms and re-appointment of Shri Sanjay Jhunjunwala, as a Joint Managing Director.			
8.	To approve the change in terms and re-appointment of Shri Subhash Chandra Agarwal, as Executive Director.			
9.	To approve the continuance of Mr. H.P. Singhanian, as an Independent Director.			

10.	To re-appoint Mr. H.P. Singhania, as an Independent Director.			
11.	To re-appoint Mr. S.K. Gupta, as an Independent Director.			
12.	To re-appoint Mrs. Madhu Mathur, as an Independent Director.			
13.	To authorize the Board to make investments / give loans or guarantees / provide security up-to an aggregate amount not exceeding Rs. 200.00 Cr.			
14.	To approve the investment in Sonar Castings Limited and issue of corporate guarantee for securing credit facilities to Sonar Castings Limited.			
15.	To approve the related party transaction with Shri Shakti Credits Ltd.			
16.	To approve the related party transaction with Francoise Commerce Pvt. Ltd.			
17.	To approve the remuneration of Cost Auditor.			

Signed this..... day of August, 2019

Signature of shareholder

Affix
revenue
stamp

Signature of first proxy holder (s)

Notes:

- (1) The proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- ** (4) This is only optional. Please put a '✓' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (6) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

Route map of the registered office of K.M SUGAR MILLS LIMITED at 11 – MOTI BHAVAN, COLLECTOR GANJ, KANPUR-208001 (U.P.)





World Class Sugar



Power Generation



Ethanol



Registered Office :
11, Moti Bhawan, Collectorganj, Kanpur - 208 001 U.P. (India)
Tel. No.: (0512) 2310762, Fax No:(0512) 2310762

Corporate Office and Works :
Post Office Moti Nagar, District Faizabad-224 201 U.P. (India)
Tel. No.: (05278) 254 059, 254 173, Fax No.: (05278) 254 031
Email : cs@kmsugar.com Website : www.kmsugar.com