



# **K.M.SUGAR MILLS LIMITED**

**Annual Report  
for  
18 months ended 31-03-2015**





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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 mailid 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. Kirti Singh

Shri R. S. Shukla

Shri S. K. Gupta

Smt. Madhu Mathur

#### Nominee Director

Mr. A. K. Mishra (P.N.B.)

#### Company Secretary

Mr. Rajeev Kumar

#### Auditors

M/s. MEHROTRA & MEHROTRA,

Chartered Accountants,

C-561, DEFENCOLONY,

NEW DELHI - 110024

#### Bankers

STATE BANK OF INDIA

PUNJAB NATIONAL BANK

FEDERAL BANK LTD.

ALLAHABAD 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 42nd Director's Report along with the Audited Statement of Accounts for 18 months ended on 31st March, 2015. It is also pertinent to mention here that in terms of the requirement of section 2(41) of the Companies Act, 2013, the Company aligned its financial year from April- March. Hence, accounts for the 18 months started on 1st October 2013 to 31st March, 2015 are being placed. Further, subsequent financial years of the Company shall begin on 1st April and end as on 31st March.

### Financial Performance

The Financial performance of the Company during the year 18 months ended 31st March 2015 as under :

(Rupees in Lacs)

	For 18 Months ended as at 31 <sup>st</sup> March, 2015 (Rs.)	As at 30 <sup>th</sup> September, 2013 (Rs.)
Profit before interest, depreciation & tax	3700	3504
Less: Interest	(1373)	(1324)
Depreciation	(1426)	(901)
Profit before tax	901	1279
Provision for taxation (including FBT)	(103)	-
Provision for taxation (deferred)	(49)	(19)
Net Profit before extraordinary Items	749	1260
Add: Extra ordinary item	(0)	(0)
Net Profit	749	1260
Earning Per Share of Rs 2/- each	0.81	1.37

### Overall Performance

For the period of 18 months ended on 31st March, 2015, sales stood at Rs. 55044.84 Lacs (net of excise duty) against the Rs. 27258.79 (net of excise duty) of previous financial year 2012-13( 12months ended on 30-09-2013). During the financial year under review, the company had done trading of sugar for Rs. 1330.34 lacs whereas during the preceding

financial year sugar trading was Nil). Profit after interest and depreciation stood at Rs. 901 Lacs as against the profit of Rs. 1279 Lacs in preceding year. Profit after tax for the 18 months ended March 31, 2015 was Rs.749 Lacs compared to profit of Rs. 1260 Lacs in the preceding year.

### Dividend

Due to accumulated losses your directors have not recommended any dividend for the financial year ended 31st March 2015.

### Transfer to reserves:

### Performance of Divisions:-

#### Sugar Division

Crushing season till 31st March, 2015 consisted of two sugar seasons for 18 months for the Company. The company has crushed 183.48 Lacs qtls. of cane and the season ran for 263 days. Sugar sale was Rs.47441 lacs as against Rs.23249 lacs. The other details are as under:

	18 months ended 31-03-2015	Season 2012-2013 (12 months)
Gross Working days	263	142
Total Cane Crushed (qtls.)	18348401	9156678
White sugar Produced (qtls)	1708881	877655
Average Recovery	9.32%	9.60%

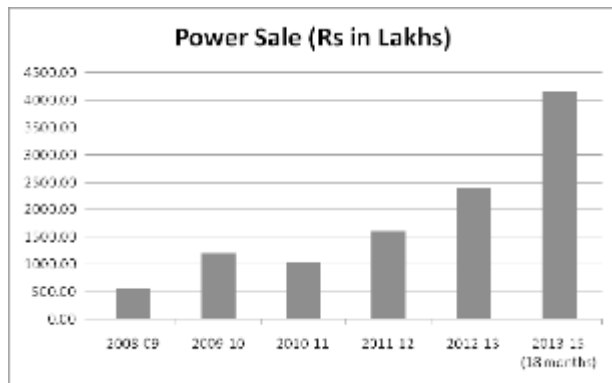


### Co-Generation:

During the crushing season reported the company produced 16,44,42,230 KWH power and exported

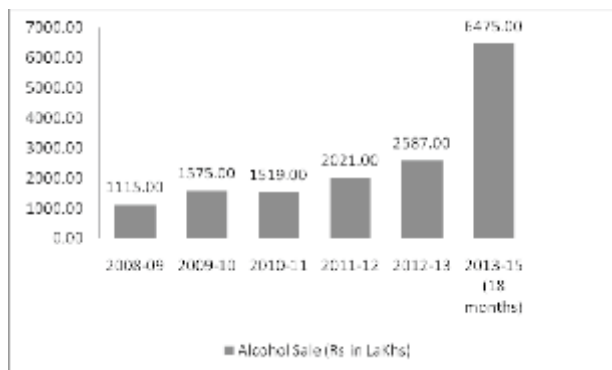


9,82,95,057 KWH to UPPCL. Power sale was Rs.4668 lacs as against Rs.2395 lacs.



### Distillery

During the 18 months ended as at 31-03-2015, Company Produced 167.48 Lacs BL of Rectified Spirit with a recovery of 21.12% which is better in comparison of preceding year production of 85.96 Lacs BL. with a recovery of 20.41% during preceding Financial Year 2012-2013 ( twelve months). Sale of RS and Country liquor were Rs.6475 lacs as against Rs.2587 lacs



Reference to BIFR Under Section 15 and Other Applicable provisions of the Chapter III of the Sick Industrial Companies ( Special Provisos ) Act , 1985

As mentioned in the last report that due to erosion of the Net worth of the Company, the reference was registered with the Board for Industrial and Financial Reconstruction (BIFR) in terms of the provisions of the Sick Industrial Companies ( Special Provisions) Act , 1985 on 28-02-2013 on the basis of audited accounts for the year ended 30th September,2012. The reference made with BIFR is still pending.

### Auditors

M/s. Mehrotra & Mehrotra, Chartered Accountants, New Delhi, Auditors of the Company retires at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. They have furnished a certificate to the effect that their proposed reappointment, if made, will be in accordance within the limits specified u/s 139 of the Companies Act, 2013. Pursuant to the provisions of Section 139, 142 and other applicable provisions, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 the existing Auditors can be re-appointed to hold office maximum up to the conclusion of 44th Annual general meeting of the Company, whereafter new Auditor shall be required to be appointed. Accordingly the Board propose for re-appointment of existing Auditors to hold office up to the conclusion of 44th Annual General Meeting for audit of financial statements for year ending at 31st March, 2017, subject to ratification their continuance by shareholders at annual general meeting.

### 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

M/s Amit Gupta & Associates, Practicing Company Secretaries were appointed as secretarial auditors of the Company for the year 2013-15 as required under Section 204 of the Companies Act, 2013 and Rules made thereunder. The secretarial audit report for FY 2013-15 forms part of the Annual Report (Annexure to the Directors' Report in Form MR. 3) and carries no qualifications, reservations, adverse remarks or disclaimers and hence no explanations are required.

The Board has further appointed M/s Amit Gupta & Associates, Practicing Company Secretaries, as secretarial auditor of the Company for the financial year 2015-16.

### Cost Auditors

The Central Government approved the appointment of M/s. Aman Malviya & Company, Cost Auditor, Lucknow as Cost Auditors for conducting Cost Audit for Sugar and Industrial Alcohol businesses for the 18 months ended 31st March 2015, report of which shall be submitted in due course of time The Board has approved their





appointment for the year 2015-16 and their remuneration is subject to approval by the Company in the forthcoming Annual General Meeting.

#### Directors

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

Ms. Shruti Modi who was appointed as an Additional Director of the Company by passing a resolution by circulation on 30-03-2015, resigned on 28-05-2015.

Further, Shri L.K. Jhunjhunwala, Chairman-cum-Director, Shri Aditya Jhunjhunwala, Managing Director, Shri Sanjay Jhunjhunwala, Jt. Managing Director and Shri S.C. Agarwal, Executive Director were appointed at the Annual General Meeting held on 19-03-2012 for a period of three years w.e.f. 1st March, 2013 to 28th February, 2015 and their term expire thereafter. After having been recommended by the Nomination & Remuneration Committee of the Company, the Board recommended their appointment in the Board meeting held on 14-02-2015 for a period of 5 ( five ) years w.e.f. 1st March, 2015 to 29th February, 2020.

Mrs. Madhu Mathur were appointed as Independent Directors of the Company by the Board in their meetings held on 28-05-2015 and Mr. H.P. Singhania, Mr. S.K. Gupta, Dr. Kirti Singh and Mr. R.S. Shukla were appointed as Independent Directors of the Company by the Board in their meetings held on 11-08-2015 respectively, subject to approval of the shareholders at general meeting. 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 Clause 49 of the Listing Agreement, the approval of the shareholders is sought for their appointment as Independent Directors for a term of five consecutive years from the original date of appointment. The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services.

#### Public Deposits

During the financial year ended 31-03-2015 for the period 18 of months, the company has not accepted any public deposits.

#### Listing Agreement

The equity shares of the company are listed with the Bombay Stock Exchange Limited and National Stock Exchange Limited and listing fees for 2015-16 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 the 18 months ended on March 31, 2015 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 Clause 49 of Listing Agreement, 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 Agreement, includes appointment of a Whistle Officer who will look into the matter, conduct detailed investigation and take appropriate disciplinary action. 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. The Policy on vigil mechanism and whistle blower policy will be uploaded very soon on the Company's website at the link: <http://www.kmsugar.com>. During the year under review, no employee was denied access to Whistle Blower Officer or Audit Committee.

## Extract of annual return

Extract of Annual Return of the Company is annexed herewith in form no. MGT-9 as Annexure 7 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 formalised 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.

During the year, the Company has constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in:

- ? Reviewing and approving the Company's Risk Management Policy so that it is consistent with the Company's objectives; and
- ? Ensuring that all the risks that the Company faces such as strategic, operational, financial, compliance and other risks are identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Risk Management Policy was reviewed and approved by the Committee. The policy on Risk Management will be uploaded very soon on the Company's website at the link: <http://www.kmsugar.com>

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 strongly believes in concept of sustainable development and is committed to operate and grow its operations in a socially and environmentally responsible way. Our vision is to expand our operations whilst reducing the environmental impact of our operations and increasing the positive social impact on our community.

As per the Companies Act, 2013, all companies with a net worth of Rs. 100 crore or more, or turnover of Rs. 1,000 crore or more or a net profit of Rs. 5 crore or more during any financial year are required to constitute a Corporate Social Responsibility (CSR) committee of the Board of Directors comprising of three or more directors, at least one of whom should be an independent director and such company shall spend at least 2% of the average net profits of the company's immediately preceding three financial years on CSR activities. The provision regarding CSR were not



applicable on the Company during the period under report.

The Company has duly constituted a Corporate Social Responsibility (CSR) Committee pursuant to the requirement of Section 135(1) of Companies Act, 2013 and the Rules made thereunder.

**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 Annx-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.

**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 stipulated in Clause 49 of the Listing Agreement, a separate section on Corporate Governance forming part of the Directors' Report and Management Discussion & Analysis Report and the certificate from Practicing Company Secretary confirming the compliance of the conditions on Corporate Governance are included in the Annual Report.

The Report on Corporate Governance is attached as Annexure-3 to this report. A certificate from M/s. Amit Gupta & Associates, Company Secretaries regarding compliance of conditions of Corporate Governance as stipulated under 49 of the Listing Agreement is also annexed 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-4'.

**Industrial Relation**

The industrial relations have been cordial at all plants

of the Company during the year.

**Subsidiary Company**

Your Company has a subsidiary a company viz. M/s. K.M. Energy Private Limited, incorporated on 01-12-2014 for setting up of Solar Power Project. There was no operational activities during the period under review. However, this company has loss Rs.6.77 lacs for the year ended 31-03-2015. Further, your Company had given a loan of Rs.285.00 lacs to it at interest @10%. 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 Annex.5 The consolidated financial statements presented by the Company include financial information of its subsidiary prepared in compliance with applicable Accounting Standards.

The Company will make available the annual report of subsidiary Company upon request by any shareholder of the Company interested in obtaining the same. Pursuant to the provisions of section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiary, are available on the website of the Company.

**Number of meetings of the Board**

The Board met six 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 Listing Agreement.

**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. As at year end, the Board consists of 10 members, four 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 appointees 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 has 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 Clause 49 of the Listing Agreement.

#### Board evaluation

Pursuant to the requirement of the Companies Act, 2013, a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. The Act states that the performance evaluation of the independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board as explained under the Corporate Governance section of this Annual Report. In a separate meeting of independent Directors, performance of non-independent

directors was evaluated.

#### Committees of the board

Currently, the Board has 4 nos of 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:

Name of the committee	Composition of the committee	Highlights of duties, responsibilities and activities
Audit committee		<ul style="list-style-type: none"> <li>All recommendations made by the committee during the year were accepted by the Board.</li> <li>The Company has adopted the Whistle Blower Mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud.</li> <li>The Company has formed the Related Party Transaction Policy.</li> </ul>
Nomination and remuneration committee		<ul style="list-style-type: none"> <li>The Committee oversees and administers executive compensation.</li> <li>All recommendations made by the committee during the year were accepted by the Board.</li> </ul>
Stakeholders relationship committee		<ul style="list-style-type: none"> <li>The Committee reviews and ensures redressal of investor grievances.</li> <li>The committee noted that no grievances of the investors have been reported during the year.</li> </ul>
Corporate social responsibility committee		<ul style="list-style-type: none"> <li>The Board as laid down the Company's policy on Corporate Social Responsibility (CSR).</li> <li>The CSR policy will be uploaded very soon on Company website, <a href="http://www.kmsugar.com">www.kmsugar.com</a></li> </ul>

#### 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 standalone financial statements. The Company is in compliance with the limits as prescribed under Section 186 of Companies Act, 2013 read with rule 11 of the Companies (Meeting of Board and its Powers) Rules, 2014.

#### Particulars of contracts or arrangements with Related Party

The Company's policy on related party transactions 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 Not to Accounts no.2.29-(12-D) also in Form AOC-2 as Annexure-6.

Material changes and commitments affecting financial position between the end of the financial year and date of report

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

#### Acknowledgement

Yours Directors place on record their acknowledgement 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.

Sd/-

L. K. Jhunjhunwala  
Chairman

Date: 11.08.2015

Place: Lucknow

Annexure to the Directors Report

Annexure 1

Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

Disclosure of particulars with respect to conservation of Energy

Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

Form A

Disclosure of particulars with respect to conservation of Energy

Annexure 'A'

Conservation of Energy, Technology Absorption and Foreign Exchange outgo

Particulars	Units	18 months ended 31 <sup>st</sup> March, 2015 (Oct-13 to March-15)	Previous year ended at 30 <sup>th</sup> September, 2013
Electricity			
(i) Purchased Unit (in lacs)	Kwh	2.78	2.07
Total Amount (in lacs)	Rs.	26.06	22.96
(ii) Own generation			
Through Diesel Generator			
- Unit (in lacs)	Kwh	0.02	-
- Unit per litre of diesel oil		3.28	-
- Cost per unit	Rs.	15.85	-
Through steam turbine *			
- Unit (in lacs)	Kwh	1515.27	806.32
- Unit per MT of fuel (Bagasse)		376.76	391.09
- Cost per unit	Rs.	4.22	1.78

\* Excluding captive generation of plant turbines

Form B

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

1.	Specific areas in which R & D carried out by the Company	1-Co-gen Area -Power load sharing system device provided 15MW,10MW & gird 2-Boiling House -Modular pan provided to increased capacity of KCP Pan for "B/C" Boiling 3-Hot wa ter cooling tower - Jet spray cooling tower provided for excess hot water for cooling. 4 Mill Area - Grease lubrication system provided in Mill house in place of oil lubrication ..
2.	Benefits derived as results of the above R & D	1-Co-gen Area-Turbine stoppages as well as cane crushing stoppages reduced during grid failure/ fluctuation. 2-Boiling house - After providing modular pan at KCP capacity of pan increased. 3-Hot water cooling tower - After providing jet spray cooling tower excess hot water cooled down 80 °c to 32° c & re used the same water in boiling house, Resulting reduced bore well water and effluent water. 4- Mill Area - After providing grease lubrication system lubricants quantity 0.25kg/100 qtls of cane reduced against last year & oil in effluent water reduced.



3.	Further plan of action	1-Mill House Area - a- Cane kicker on Auxiliary cane carrier. b- Bagasse Moisture device on Zero Mill and last Mill C- Rope drum coupling on last mill in place of muff coupling d- Modification at 50TPH Boiler Bagasse feeder.
4.	Expenditure on R & D i) Capital ii) Recurring Expenditure iii) Total iv) Total R & D expenditure as a percentage of total turnover	Rs.90.00 lacs (Approx.) Rs. 10.00 lacs (Approx.) Rs.100.00 lacs (Approx.) 0.18%

I. Technology absorption, adaptation and innovation:

I. Efforts made : The steps taken and efforts made in the earlier years towards technology absorption, adaption and innovations in respect of latest technology were kept continued during the year under review. Modernized technology, automation adopted were adopted. So many kaizen done. Guniting done in Juice clarifier

Benefits : The benefits were derived in the form of cost reduction and improvement in the quality of products, capacity of plant and working improved. Further improvement continuously be available to the Company.

Particulars of technologies imported during the last 5 years:

- a- Mills primary steam driven movers (Turbine) replaced by DC Drive electric motors with complete automation & DCS.
- b- Variable frequency drives.
- C- Direct contact heaters & plate type heat exchangers.

#### Foreign Exchange earnings & Outgo

i)	Activities relating to exports initiative taken to increase exports	The Company made efforts to explore the foreign markets to export the sugar.
ii)	Development of new export market for product and services and export plan	Efforts are being made to explore the foreign markets for consumer products including sugar
iii)	Total foreign exchange earnings (Rs. Lacs) – interest on Recovery of old dues	113.94
iv)	Used (Rs. Lacs)	49.75

#### Annexure 2

Information pursuant to section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the year ended September 30, 2013.

A. Employed throughout the financial year and were in receipt of remuneration in aggregate of not less than Rs. 60,00,000 per annum.

Sl	Name	Age Yrs	Designation	qualification	experience (in years)	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. 5,00,000.

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

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

Sd/-

L. K. Jhunjhunwala  
Chairman

Date: 11.08.2015

Place: Lucknow

#### Annexure 3

#### Report on Corporate Governance

Corporate Governance introduced by SEBI through Clause 49 of the Listing Agreement with Stock Exchanges and amended from time to time is complied in all respects by the Company. The policies, procedures and processes of the Company are at all times directed in furtherance of following the best practices and institutionalizing the code of corporate governance.

This Report is furnished in terms of Clause 49 of the Listing Agreement. 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 provisions of Clause 49 of the Listing Agreement, the Board has laid down a Code of Conduct for all Board members and Senior

Management of the Company and the same will be uploaded very soon on the website of the Company ([www.kmsugar.com](http://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 18 months ended on 31st March, 2015, 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 Director. 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 Non-Independent & Non-Executive Director
- ? One Nominee, Non-Executive Director

During the year 18 months ended on 31st March, 2015 , six Board meetings were held on 28.11.2013, 08.02.2014, 12.05.2014 ,11.08.2014, 14.11.2014 and 14.02.2015. As at 18 months ended on 31st March, 2015, the composition of the Board of Directors, 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)	No. of Board Meeting attends	Attendance at last AGM
1-Sh. L. K. Jhunjhunwala	Promoter, Executive	-	5	No
2-Sh. Aditya Jhunjhunwala	Promoter, Executive	2	2	No
3-Sh. Sanjay Jhunjhunwala	Promoter, Executive	2	6	Yes
4-Sh. S. C. Agarwal	Independent, Executive	-	2	No
5-Sh. H. P. Singhania	Independent, Non-executive	1	5	No
6. Dr. Kirti Singh	Independent, Non-executive	-	2	No
7. Sh. R. S. Shukla	Independent, Non-executive	-	6	No
8. Sh. S. K. Gupta	Independent, Non-executive	-	5	Yes
9. Shri P.N. Mathur	Nominee-Non-Executive	-	6	No
10 Ms. Shruti Mo di **	Non-Independent Non-Executive	-	0	No
11. Mrs. Madhu Mathur*	Independent – Non-Executive	-	0	No



\*\*\* Appointed on 28-03-2015 and resigned on 28-05-2015. \* Appointed on 28-05-2015

## ii) Independent Directors

- a) The Chairman is Executive and falls under Promoter category. The number of Independent Directors is one-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.
- b) 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.
- c) Pursuant to Clause 49 of the Listing Agreement, the Company has formulated a familiarization programme for Independent Directors with the objective of making them familiar with their role, rights & responsibilities, nature of the industry, business model and compliance management.
- d) All the Independent Directors have given the declarations pursuant to Section 149(7) of the Act affirming that they meet the criteria of independence as provided in sub section (6).

## Board Procedure

The Board Meeting of the Company held at least once in each quarter in order to review the quarterly performance and the financial results. The intimation of the Board Meeting is given to the members of the Board at least seven clear days before the date of the Board Meeting in writing by mail / postal service / courier and over the phone as well as the agenda of the meeting and the relevant notes are sent to each director in advance and only in exceptional circumstances it is tabled at the meeting. All the items of agenda are accompanied with detailed notes providing information on the related subject.

All divisions/departments in the Company are

encouraged to plan their functions well in advance, particularly with regard to matters requiring discussions/approval/ decisions in the Board and Committee Meetings. All such matters are communicated to the Secretary in advance by the Departments /Divisions. Secretary segregates the matters that can be discussed and decided internally and the matters, which need to be put up before the board, in consultation with the Chairman, Managing Director and Joint Managing Director.

The information as per Annexure I to clause 49 of the listing agreement is regularly made available to the members of the Board.

The members of the Board are informed at every meeting about the overall performance of the company during the quarter, which enable the Board to discharge their duties and responsibilities more efficiently. Apart from the matters statutorily requiring board's approval, all other major decision including policy formulation, capital expenditure budgets, new investments, compliance with statutory / regulatory requirements are also considered by the Board.

The Minutes of the Board Meeting are circulated to all the members of the board in advance and are confirmed at subsequent Board Meeting.

Details of Directors seeking re-appointment at the ensuing Annual General Meeting.

In respect of Directors seeking appointment or re-appointment, the Notice for the Annual General Meeting contains all the relevant information, like brief resume of the Directors, nature of their expertise in specific functional areas and name of the companies in which they hold Directorship and Membership of any Committee of the Board.

During the financial year for 18 months Six Board meetings were held. The details are as follows:-

Date of Board Meeting	Board Strength	Directors Present
28.11.2013	9	7
08.02.2014	9	5
12.05.2014	9	7
11.08.2014	9	7
14.11.2014	9	6
14.02.2015	9	7

**1. Board Committees**

Earlier, there were three committees, the Audit Committee, the Remuneration Committee and Investor Grievance Committee. On the enactment of new Companies Act, 2014, the Committee of Corporate Social Responsibility was constituted and the name of Shareholders' Grievance Committee was changed to Stakeholders' Relationship 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 and 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 Clause 49 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 clause 49 of the listing agreement 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 six meetings of the company were held on 28.11.2013, 08.02.2014, 12.05.2014, 11.08.2014, 14.11.2014 and 14.02.2015

Sl no.	Name of the Member	Position	Number of meetings held	Number of Meetings Attended
1	Mr. H. P. Singhania	Chairman	6	5
2	Mr. R. S. Shukla	Member	6	6
3	Mr. Sanjay Jhunjhunwala	Member	6	6
4	Mr. S.K. Gupta	Member	6	5

**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 6 meetings of the Committee were held on 28.11.2013,





08.02.2014, 12.05.2014, 11.08.2014, 14.11.2014 and 14.02.2015. 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	6	5
2.	Mr. R. S. Shukla	Member	6	6
3.	Mr. S. K. Gupta	Member	6	5

#### 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 paid to the non-executive directors is Rs. 5000/- for each Board meeting and Rs.2000/- for each meeting of any Board Committee attended by them.

#### Executive Directors

The executive directors are paid remuneration as decided and recommended by the remuneration committee to the Board of Directors. The remuneration package for the Chairman, Managing Director, Jt. Managing Director & Executive Directors is subject to the limit prescribed under the Companies Act, 2013.

The remuneration paid to the directors during the 18 months ending on 31st March, 2015 is given in form no. MGT-9 as Annexure -7.

#### Stake Holders' Relationship Committee

The name of shareholders' Grievance Committee was changed to Stake Holders' Relationship Committee and comprises of four directors out of which one executive and three non-executive Independent Directors.

The Stake Holders' Relationship Committee looks after the cordial investor relations and oversees the mechanism for redressing of shareholders and investors complaints like non-receipt of Annual Report, non-receipt of declared dividend warrants and transfer of shares. Share transfers/transmissions are approved by the Share Transfer Committee 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, 1992.

During the financial year for 18 months Six Board of the Committee were held on 28.11.2013, 08.02.2014, 12.05.2014, 11.08.2014, 14.11.2014 and 14.02.2015. 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	6	5
2	Mr. R. S. Shukla	Member	6	6
3	Mr. S. K. Gupta	Member	6	5
4	Mr. Aditya Jhunjhunwala	Member	6	2

#### Corporate Social Responsibility Committee:

Pursuant to the provisions of section 135 of the Companies Act, 2013, the Companies having minimum threshold limit of net worth, turnover or net profit as prescribed have to carry out the corporate social responsibility. Since the company does not meet any one of these criterion, it remains outside the purview of Sec.135 and consequently the reporting requirements thereunder do not at present apply to us. The company, however, as a responsible corporate citizen has constituted a CSR Committee on 12-05-2014 and formulated a CSR policy, which will pursue the objects as mentioned u/s 135 in schedule VII. The Committee comprises of three directors out of which two executive and one non-executive Independent Directors.

During the financial year for 18 months, four Committee meetings were held on 12.05.2014, 11.08.2014, 14.11.2014 and 14.02.2015. The details are as follows:

Sl 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	4
3	Mr. S. K. Gupta	Member	4	3

#### Circular Resolution

The Company passes resolution by circulation in exceptional and emergent cases which are recorded at



the succeeding Board / Committee Meetings. During the year, two circular resolutions were passed.

#### General Body Meeting

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

Day & Date: 19th September, 2015

Time: 11.00 AM

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

#### Dates of Book Closure:

From 14th September to 19th September, 2015, both days inclusive

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

Financial Year	Day & Date	Location	Time
2010-2011	19.03.2012	Kahana continental Coco cola Crossing Kanpur	11.00 AM
2011-2012	22.03.2013	Kahana continental Coco cola Crossing Kanpur	11.00 AM
2012-2013	22.03.2014	Regd. Office- 11-Moti Bhavan, Collector Ganj, Kanpur-208001	11.00 AM

#### Extra ordinary General Meeting

\* The Company had an Extra Ordinary General Meeting on 23-12-2013 and approved the payment of remuneration to Mr. L K Jhunjunwala, Mr. Aditya Jhunjunwala, Mr. Sanjay Jhunjunwala and Mr. S C Agarwal, w.e.f. 01.04.2013 within limits set out in section 198 & 309 of the Companies Act, 1956. It has also authorized the Board to change the remuneration of aforesaid managerial personnel's from time to time within the statutory limits set out by the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force).

#### Postal Ballot

No resolution was passed through postal ballot during the year under review.

#### Disclosures

##### a) Related Party Transaction

There were transactions with related parties i.e. promoters, directors, management, subsidiaries or relatives etc. which were not of material nature, not

having potential conflict with the interest of the Company at large. Adequate disclosure has been made as per Accounting Standard 18 in Note no. 2.29 (12)(d) of the Financial Statements.

##### b) Disclosure of accounting treatment

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 and relevant presentational requirements of the Act.

c) 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.

d) There have been no instances of non-compliance, penalties, structures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

#### 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 has 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 victimisation. 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 to Clause 49 of Listing Agreement

#### Compliance with Corporate Governance Norms

The Company has complied with Mandatory requirements of the Code of Corporate Governance as Stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. The Company has submitted its Compliance Report in the prescribed format to the Stock Exchange for the quarters ended 28.11.2013, 08.02.2014, 12.05.2014, 11.08.2014, 14.11.2014 and 14.02.2015. The Statutory Auditors have certified that the company has complied with the Corporate Governance norms as stipulated by the Stock Exchanges under Clause 49 of the Listing agreement. The said certificate is sent to the Considered Stock Exchange where Company is listed.

#### Reconciliation of the Share Capital Audit

As Stipulated by Securities and Exchange Board of India (SEBI), a qualified 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 Managing Director 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

#### Communication

The quarterly and annual results of the Company are published in prominent newspapers viz. The Financial Express and Rashtriya Sahara. The results are sent to stock exchanges, immediately after approval of the board. The Company has its website [www.kmsugar.com](http://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.

#### 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

#### Listing on Stock Exchanges

Equity Shares	Equity Shares
Bombay Stock Exchange Limited, 25 <sup>th</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 Tel: 91 -22-22728527/ 8307 Fax: 91-22-22721072 Website: <a href="http://www.bseindia.com">www.bseindia.com</a>	National Stock Exchange of India Limited, Exchange Plaza, C-1, Block - 'G', Bandra Kurla Complex, Bandra(E), Mumbai-400051 Tel: 91 -22-26598100 Fax: 91-22-26598237/38 Website: <a href="http://www.nseindia.com">www.nseindia.com</a>

Listing fees up-to the financial year ended 31-03-2015 has been paid to all the concerned stock exchanges by the Company.





**Depositories:**

1. National Securities Depository Ltd., Trade Worlds, 4 <sup>th</sup> floor, Kamala mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400013	2. Central Depository Services (India) Ltd., Phiroze Jeejeebhoy Towers, 17 <sup>th</sup> floor, Mumbai 400023
Compliance officer Mr. Rajeev Kumar, 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-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup West, Mumbai-400078

**Stock Market Data**

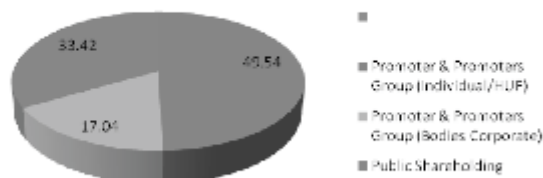
Month	Quotation at BSE			Quotation at NSE		
	High	Low	Closing	High	Low	Closing
October, 13	1.37	0.99	1.30	1.40	1.25	1.30
November, 13	1.37	1.13	1.13	1.40	1.25	1.25
December, 13	1.29	1.00	1.23	1.30	1.00	1.00
January, 14	1.51	1.05	1.06	1.25	0.90	1.00
February, 14	1.21	0.96	1.12	1.20	0.95	1.10
March, 14	1.43	0.99	1.10	1.40	1.00	1.20
April, 14	1.68	1.12	1.50	1.60	1.20	1.50
May, 14	2.78	1.33	2.78	2.75	1.45	2.75
June, 14	7.54	2.90	7.51	6.70	2.85	6.70
July, 14	8.15	3.47	4.88	7.35	3.50	4.70
August, 14	5.37	3.75	3.82	5.10	3.80	3.80
September, 14	5.19	3.46	3.78	5.10	3.45	3.65
October, 14	3.88	3.06	3.11	3.90	3.05	3.10
November, 14	5.04	3.00	4.43	4.90	3.00	4.35
December, 14	4.64	3.29	3.63	4.55	3.25	3.65
January, 15	4.83	3.41	4.01	4.60	3.40	4.10
February, 15	4.15	2.80	3.06	4.25	2.60	3.05
March, 15	3.45	1.83	2.10	3.35	1.85	2.10

**Shareholding Pattern as at 31st March, 2015**

Category of Shareholder	No. of Share holders	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	17	45581189	45581189	49.54
Bodies Corporate	5	15679315	15679315	17.04
Sub Total	22	61260504	61260504	66.58
(2) Foreign				
Total shareholding of Promoter and Promoter Group (A)	22	61260504	61260504	66.58
(B) Public Shareholding				
(1) Institutions				
Central Government / State Government(s)	1	1140	1140	0
Sub Total	1	1140	1140	0
(2) Non-Institutions				
Bodies Corporate	167	4954678	4954673	5.39
Individuals				
Individual shareholders holding nominal share capital up to Rs. 1 lakh	9590	16009504	16008479	17.40
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	41	8830928	8830928	9.60
Any Others (Specify)	142	943416	943416	1.03
Non Resident Indians	88	521083	521083	0.57
Clearing Members	54	422333	422333	0.46
Sub Total	9940	30738526	30737496	33.42
Total Public shareholding (B)	9941	30739666	30738636	33.42
Total (A)+(B)	9963	92000170	919999140	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)	9963	92000170	919999140	100



(%)Percentage Shareholding



#### Notes:

##### 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
1-5000	9,263	92.974	9,247,644	10.052
5,001-10,000	363	3.643	2,822,451	3.068
10,001-20,000	55	0.552	1,347,241	1.464
20,001- 30,000	172	1.726	2,572,224	2.796
30,001- 40,000	18	0.181	631,225	0.686
40,001- 50,000	17	0.171	762,631	0.829
50,001- 1,00,000	28	0.281	2,021,143	2.197
1,00,001 & Above	47	0.472	72,595,611	78.908
TOTAL	9,963	100.000	92,000,170	100.000

##### 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, 1992. 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 2014-15 and a confirmation to this effect has been obtained from

them.

SEBI in January 2015 has notified a new set of Regulations, namely, SEBI (Prohibition of Insider Trading) Regulations, 2015 that has come into force from 15th May 2015. In terms of these Regulations, the Board in March 2015 in supersession of the earlier code 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.

These shall be uploaded in the Company's website very shortly and Stock Exchanges be advised of same.

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 between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after 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 has formulated a Policy on Related Party Transactions (RPTs). It has also fixed the materiality threshold under this policy at 10% of its turnover as per the last audited financial statements. Transactions with a related party individually or taken together in a financial year crossing this 10% threshold would be considered material.

All RPTs during 18 months ended 31-03-2015 were on an arms-length basis and were in the ordinary course of business. They have been disclosed in deference to Accounting Standard 18 in Note 39 of the financial statements.

None of these transactions are likely to have a conflict with the Company's interest.

All RPTs have the approval of Audit Committee. Prior omnibus approval of the Audit Committee is obtained for the transactions that are non material and repetitive in nature.

The Company has Related Party Transactions on a



continuing basis with promoters and other companies in which they are Directors at arm length and within specified limit u/s 188. These transactions have the approval of Audit Committee and Board obtained in respective meetings and not need shareholders' approval.

None of the directors has any pecuniary relationships or transactions other than the remuneration duly disclosed vis-à-vis the Company.

#### Risk Management

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.

#### Whistle Blower Policy

In deference to Section 177 (9) of the Act read with relevant Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement, the Company has established a vigil mechanism overseen by the Audit Committee. This will be uploaded in the Company's website very shortly. 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.

#### Other Compliances

##### i) Management Discussion and Analysis

Management Discussion and Analysis Report is made in conformity with Clause 49(VIII)(D) of the Listing Agreement and is attached to the Board's Report forming part of the Annual Report of the Company.

##### ii) Quarterly Financial Results

Pursuant to Clause 41 of the Listing Agreement, Quarterly Financial Results are approved by the Board on the recommendations of the Audit Committee.

These are communicated to Stock Exchanges by email and courier after the conclusion of the Board Meeting and published in leading dailies, 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 to Stock Exchanges in the prescribed format within 15 days for six quarters during 1st Oct., 2013 to 31st March, 15 from the close of each quarter.

##### (iv) Online filing

NEAPS - Quarterly reports to National Stock Exchange are filed through NSE Electronic Application Processing System (NEAPS) in addition to filing hard copy of such reports.

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, there were no complaints 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



31-12-2013, 31-03-2015, 30.06.2014, 30.09.2014, 31.12.2014 31.03.2015 on 18-01-2014, 11-04-2014, 14.07.2014, 17.10.2014, 16.01.2015 and 20.04.2015 respectively.

(vi) Accounting treatment

In the preparation of financial statements, no accounting treatment different from that prescribed in any Accounting Standard, has been followed.

(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 18 months ended as at 31-03-2015. Their remuneration was approved by the Board. The due date for filing of Cost Audit Report for period is 30.09.2015.

- 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 M/s. Amit Gupta & Associates, a Practicing Company Secretary (C.P.No.4682) to undertake the Secretarial Audit of the Company for 18 months ended as at 31-03-2015. The Secretarial Audit Report was placed before the Board on 11-08-2015 as per Annexure-9. 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 18 months ended as at 31-03-2015. 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 18 months ended 31st March 2015 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

Clause 41 of the Listing Agreement stipulates that limited review / audit reports shall be given only by an Auditor who has subjected himself to the peer review process and holds a valid certificate issued by the Peer Review Board of the ICAI. The statutory auditors of the Company M/s. Mehrotra & Mehrotra, Chartered Accountant, New Delhi have undergone the peer review process and been issued requisite certificate that were placed before the Audit Committee.

Compliance with non-mandatory requirements

(a) Board - Chairman's office is separated from CEO. The Chairman is Executive and maintains an office at the Company's expense.

(b) 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 delhi@linkintime.co.in*

(c) Section 136(1) of the Act and Clause 32 of Listing Agreement 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 has sought shareholders' cooperation to fall in line with the Green Initiatives of the Central Government by way of sending communications in e-mode.

(d) 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 Clause 31 (a) of the Listing Agreement are required to submit Form A in case of Unqualified Auditor's Report and Form B in case of Qualified... / Subject to... / Except for... audit report. Stock Exchanges will initiate further steps as specified in the circular, in case of companies where





Form B has been filed. Our Company will comply with this SEBI Circular while filing the Annual Reports for the 18 months (financial year) ended 31st March 2015.

#### Disclosures

- No strictures / penalties have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matters related to the capital market during the last 3 years.
- No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and the Company's operations in future.
- No loan or advance in the nature of loan was made during or outstanding at the close of the year to Associates or Firms/ Companies in which a director of the Company is interested. Accordingly no disclosure in terms of Clause 32 on this score is applicable.

#### Means of Communication

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 31.12.2013 (Un-audited)	01.02.2014	08.02.2014	09.02.2014	Financial Express ; Rashtriya Sahara
Quarter ended 31.03.2014 (Un-audited)	02.05.2014	12.05.2014	13.05.2014	Financial Express ; Rashtriya Sahara
Quarter ended 30.06.2014 (Un-audited)	02.08.2014	11.08.2014	12.08.2014	Financial Express ; Rashtriya Sahara
Quarter ended 30.09.2014 (Un-audited)	03.11.2014	14.11.2014	15.11.2014	Financial Express ; Rashtriya Sahara
Quarter ended 31.12.2014 (Un-audited)	01.02.2015	14.02.2015	15.02.2015	Financial Express ; Rashtriya Sahara
Quarter and Year ended 31.03.2015 (Audited)	17.5.2015	28.05.2015	29.05.2015	Financial Express ; Rashtriya Sahara

\* Publication arranged

The results published also show as footnote relevant additional information and/or disclosures to the investors. Financial results are emailed & courier to Stock Exchanges immediately after the conclusion of the Board meeting. A confirmation copy is sent by courier/ speed post.

#### Website

The Company maintains a functional website [www.kmsugar.com](http://www.kmsugar.com) that contains relevant information updated in time and complies with Clause 54 of the Listing Agreement.

#### General Shareholder Information

##### Business Responsibility Reports

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. Clause 55 has been inserted in the Equity Listing Agreement for this purpose. Initially this has been made applicable for top 100 listed entities and our Company is not presently covered by this.

#### Company Commitment

Our Company keeps constant track of prevalent practices among bellwether corporates 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 neighbourhood 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.

#### Declaration

##### Code of Conduct

The Board has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company which will be posted on its website. It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to this effect has been obtained from them individually for the period under review. Further, the senior management personnel have declared to the Board that no material, financial and commercial transactions were entered into by them during for the period under review where they have personal interest that may have a potential conflict with the interest of the Company at large.

It is hereby declared that all the members of the Board



and Senior Management personnel have affirmed compliance with the "Code of Conduct for Members of the Board and Senior Management of K M Sugar Mills Ltd." during the 18 months ended on 31st March, 2015.

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

Sd/-  
L. K. Jhunjhunwala  
Chairman

Date: 11.08.2015  
Place: Lucknow

Annexure-4"

#### 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 global sugar prices have been seen high level of volatility.
- ? India is the second largest producer of sugar in the world and its production's share in 2014-15 was 16%.

#### Global Sugar Industry

Global Sugar Industry has managed the growth in demand for a fifth consecutive year. The estimated sugar production for year ended 31st March, 2015 was 174.3 mmt (rv) as against consumption of 170.6 mmt(rv), with a surplus of 3.7 mmt(rv)(source : USDA Trade Report-May,2015). However, the sugar production in Brazil was 35.8 mmt lower by 8% than the previous year. Brazil exported 24.5 mmt during year ended 31st March, 2015. Further, a moderate global sugar surplus is expected in the year 2015-16, continue to remain positive for the fifth consecutive year. As per the latest estimates, the Sugar Production forecast for the sugar year 2015-2016 is at

174.3 mmt.

#### Indian Sugar Industry

The Government of India in its recent decision has dispensed with the regulated release mechanism of sugar for domestic consumption. Further, obligation to supply sugar as levy on production at a control rate for Public Distribution System (PDS) has also been done away with for sugar produced . Now, the PDS requirements will be procured by the States through open market and the gap will be supported by the Central Government. These measures shall facilitate the Sugar Industry to plan their cash flows and reduce the working capital requirement. However, the deregulation process remained incomplete as they have not addressed the issues of the State Control on cane prices with lack of parity between sugar and cane prices.

#### INDUSTRY SCENARIO

Cane management is the most indispensable part of the whole sugar manufacturing process. It is said "Sugar is produced in the field and extracted in the factory". This makes Cane management, the most important part of the Sugar Industry. The Uttar Pradesh Government had announced an unprecedented increase in State Advised Cane Price (SAP) by Rs.40/- per quintal for the year 2012-13, which increased the Cane Prices in the State to the range of Rs.275/- to Rs.290/- per quintal. The U.P. Government retained the cane prices at Rs.280/- per quintal during the season 2013-14 and 2014-15. However, The U.P. Government announced a financial assistance of Rs.40/- per quintal to reduce the burden of increase in cane price.

Sugar Mills in U.P. pay SAP for sugar cane which historically is significantly higher than the FRP fixed by the Central Government. This has made an aggregate increase of Rs.150/- per quintal in SAP of cane in the last four years. The Cost of Sugar in U.P. has become the highest in the Country. This escalation in cane price announced by the U.P. State Government has rendered the U.P. Sugar Industry cash- crunched, heavy losses and uncompetitive. The Sugar Mills have been facing hardship in making payment to the Cane Growers in time. The Central Government has come out with loan assistance to the Sugar Mills for clearance of dues of cane growers, which would not be enough for the



survival of the Sugar Industry.

#### Government Policies

The Government is becoming aware of the woes of the sugar industry on account of stifling Government intervention, policy inertia and absence of realistic initiatives. The GOI, during the year under review, dispensed with the system of allocating sugar mill-wise export quota and permit export of sugar without any restrictions.

#### Government hikes import duty on sugar

The Government hiked the import duty on sugar to 40 per cent from 15 per cent to curb inflow of cheaper sweetener, a move that could see a rise in sugar prices.

Govt. notifies export subsidy of Rs. 4,000/- per ton for raw sugar

The Government has notified the incentive for sugar mills to export raw sugar. The rate of incentive will be Rs. 4,000/- a tonne. According to a gazette notification, sugar factories which produce raw sugar and undertake export either by themselves or through exporters will be eligible for the incentive.

#### Trend in Sugar Industry Trade

Domestic sugar prices have continued moving downwards during the period. Weakening world market prices have made export parity negative as sales of sugar to the world market are not commercially attractive to the Indian Sugar Industry. The domestic sugar prices during the 18 months ended at 31-03-2015 have fallen deeply. The prices at the major markets during the year have been volatile. The prices of sugar in 2011-12 (Aug., 2012) moved upto Rs.3900/- per quintal and throughout the past three years hovered in the band of Rs. 3900/- to Rs.2600/- per quintal. For the fear of food inflation being stoked, Government policies aimed at pegging domestic sugar prices at lower level continued, regardless of the fact that the incidence of sugar price of inflation is miniscule. Going forward, any significant strengthening of domestic sugar prices in the near future is uncertain.

#### Power Sector

As per the report of Central Electricity Authority (CEA), the renewable power constitutes about

25,600mw or 12% of the Indian Power generation capacity. Sugar industry has been traditionally practicing cogeneration by using bagasse as a fuel. It can also produce significant surplus electricity for sale to the grid using bagasse. To make Sugar Mills viable, they have now started to set-up cogeneration plant. There is potential to increase this capacity to 10,000 mw.

#### Ethanol Sector

The Central Government had made 5% ethanol blending mandatory with petrol across the country procured at market. In order to give boost to ethanol blending program, the State Oil Firms (OMC) have decided to procure for the year 2015-16 at the price of Rs. 49/-per liter. OMCs had invited bid for 156 crore liters of ethanol from the domestic and international suppliers for blending with petrol in the sugar year 2015.

#### 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 4 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 cogeneration power plants.
- iv) Sugar Industry has political intervention.
- v) Steep decline in sugar price adversely affect the sugar mills

## AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,  
The Shareholders  
K M Sugar Mills Limited  
Moti Nagar Faizabad.

1. We have examined the compliance of conditions of Corporate Governance by K M Sugar Mills Limited for the year 18 months ended 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with National Stock Exchange Limited. and Bombay Stock Exchange Ltd. have been complied with in all material respect by the Company.
4. We state that no investor grievance is pending

for a period exceeding one month against the Company as per the records maintained by share holders/investor grievance committee.

5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Amit Gupta & Associates  
Company Secretaries

Sd/-  
(Amit Gupta)  
Proprietor  
C.P. No. 4682

Date: 11.08.2015  
Place: Lucknow

## 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 18 months ended at 31st March, 2015 , 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 Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) Based on our knowledge and information, 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 and that we have:-
  - (i) evaluated the effectiveness of the internal control systems of the Company; 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 along with Company's other certifying officers, have indicated to the auditors and the Audit Committee of the Company, the following:-
- significant changes in internal control during the year;
  - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 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 company's internal control system.

Date: 11-08-2015

Place: Lucknow

Sd/-

SC Agarwal

Sd/-

AK Gupta

Annexure 5 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)

Part 'A'

Sl. No.	Particulars	M/s. Energy Limited	K.M. Pvt.
1	Reporting period of the subsidiary	01-12-2014 to 31-03-2015	
2	Reporting currency	Indian Rupees in lacs	
3	Share Capital	1.00 lacs	
4	Reserve & Surplus	0.00	
5	Total Assets	384.35	
6	Total Liabilities	384.35	
7	Investments	0.00	
8	Turnover	3.83	
9	Profit before tax	(6.77)	
10	Provision for tax	0.00	
11	Profit after tax	(6.77)	
12	Proposed Dividend	0.00%	
13	% of shareholding	73%	

For and on behalf of the Board

of K. M. Sugar Mills Ltd.

Sd/-

L. K. Jhunjhunwala  
Chairman

Date: 11.08.2015

Place: Lucknow

Annexure 6 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 arrangements or transactions
- date(s) of approval by the Board
- Amount paid as advances, if any;
- 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 :-



As details given in Note no.2.29(12-D)

Name(s) of the related party	Nature of relationship	Nature of contract/ Arrangement/ Transaction	Duration of the contract/ Arrangement/ Transaction	Salient terms	Amount Rs. in lacs
Shri L.K. Jhunjhunwala	Whole Time Director	Remuneration	01-10-2013 to 31-03-2015	At arms length	45.91
		Bal. payable			48.39
Shri Aditya Jhunjhunwala	Mg. Director	Remuneration	01-10-2013 to 31-03-2015	At arms length	24.34
		Bal. payable			73.40
Shri Sanjay Jhunjhunwala	Jt. Mg. Director	Remuneration	01-10-2013 to 31-03-2015	At arms length	24.34
		Bal. payable			77.04
Shri S.C.Agarwal	Exe. Director-cum- CEO	Remuneration	01-10-2013 to 31-03-2015	At arms length	22.20
		Bal. payable			7.08
Total					116.79
Shri Shakti Credits Limited	Related group-C	Sale of Sugar	01-10-2013 to 31-03-2015	At arms length	98.50
		Rent paid			8.77
		Advance received			25.00
		Advance given			25.00
		Adv. recd. Back			54.31
		Bal. payable			1.44
K.M. Vyapar Pvt. Ltd.,	Related group C	Rent Paid	01-10-2013 to 31-03-2015	At arms length	86.37
		Advance Recd.			40.00
		Advance given			55.16
		Bal. payable			44.27
Zar Intl. Pvt. Ltd.,	Related group C		01-10-2013 to 31-03-2015	At arms length	1.71
		Bal. payable			3.42
K.M. Energy Pvt. Ltd.,		Investment in shares	01-10-2013 to 31-03-2015	At arms length	0.73
		Loan given @10%			285.00
		Bal. receivable			287.95

- (a) Name(s) of the related party and nature of relationship :-
- (b) Nature of contracts/arrangements/transactions :-
- (c) Duration of the contracts / arrangements / transactions: 01-10-2013 to 31-03-2015
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (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 meetings. The approval of the shareholders is not required the transactions are within the prescribed limit u/s 186.
- (f) Amount paid as advances, if any:  
For and on behalf of the Board of Directors

L.K. Jhunjhunwala  
(Chairman)

Date: 11.08.2015

Place: Lucknow

Annexure 7 Board's Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2015

[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	1542UP1071PLC003492
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 - Moti Bhavan, Collector Ganj, Kanpur -208002, Phone no. 0522-2310762
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-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup West, Mumbai-400078 Phone no. 022 - 6171 5400

## 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	81%
2	Rectified Spirit /Ethanol	11019	12%

## 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	K.M. Energy Private Limited	U40300UP2004PTC067293	Subsidiary	73	2(46)



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

Category of Shareholder	Nos. of shares at the beginning of the year 01-10-2013				Nos. of shares at the end of the year 31-03-2015				% of change
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(A) Promoter									
<b>1- Indian</b>									
a- Individuals/ Hindu Undivided Family	45557054	0	45557054	49.52	45581189	0	45581189	49.54	0.02
b- Central Government/ State Government(s)	0	0	0	0	0	0	0	0	
c- Bodies Corporate	16438570	0	16438570	17.87	15679315	0	15679315	17.04	-0.83
d- Financial Institutions/ Banks	0	0	0	0	0	0	0	0	
e- Any Others(Specify)	0	0	0	0	0	0	0	0	
Sub Total(A)(1)	61995624	0	61995624	67.39	61260504	0	61260504	66.58	-0.81
<b>2. Foreign</b>									
a- Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0	0	0	0	0	
b- Bodies Corporate	0	0	0	0	0	0	0	0	
c-Institutions	0	0	0	0	0	0	0	0	
d- Any Others(Specify)	0	0	0	0	0	0	0	0	
Sub Total(A)(2)	0	0	0	0	0	0	0	0	
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	<b>61995624</b>	<b>0</b>	<b>61995624</b>	<b>67.39</b>	<b>61260504</b>	<b>0</b>	<b>61260504</b>	<b>66.58</b>	<b>-0.81</b>
B- Public shareholding									
<b>1- Institutions</b>									
a- Mutual Funds/ UTI									
b- Financial Institutions / Banks									
c- Central Government/ State Government(s)	1140	0	1140	0	1140	0	1140	0	



# Directors Report ...

d- Venture Capital Funds									
e- Insurance Companies									
f- Foreign Institutional Investors									
g- Foreign Venture Capital Investors									
h- Any Other (specify)									
Sub-Total (B)(1)	1140	0	1140	0	1140	0	1140	0	
<b>B-2- Non-institutions</b>									
a- Bodies Corporate	6657203	0	6657208	7.24	4954673	5	4954678	5.39	1.85
b- Individuals									
i- Individuals shareholders holding nominal share capital up to Rs 1 lakh	14591553	1025	14592578	15.86	16008479	1025	16009504	17.40	1.54
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	8275595	0	8275595	8.99	8830928	0	8830928	9.60	0.61
<b>c- Other (specify)</b>									
foreign Investors	0	0	0	0	0	0	0	0	
Clearing House/Public Trust	276714	0	276714	0.30	422333	0	422333	0.46	0.16
Non- Resident Indians (Repat)	166223	0	166223	0.18	477996	0	477996	0.52	0.34
Non Resident Indians (Non Repat)	35088	0	43087	0.04	43087	0	43087	0.05	0.01
Sub-Total (B)(2)	30002376	1030	30003406	32.61	30737496	1030	30738526	33.41	0.81
B- Total Public Shareholding (B)= (B)(1)+(B)(2)	30003516	1030	30004546	32.61	30738636	1030	30739666	33.42	0.81
C- Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL (A)+(B)+(C)</b>	91999140	1030	92000170	100.00	91999140	1030	92000170	100.00	0





(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year as at 01-10-2013			Share holding at the end of the year- 31-03-2015			% 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	12450951	13.53		12450951	13.53		0
2	Laxmi Kant Dwarka Das AAAHL9403N	10065900	10.94		10065900	10.94		0
3	Prakash Chandra Jhunhunwala AAKPJ4437C	9946600	10.81		9946600	10.81		0
4	Laxmikant Jhunhunwala AEJPJ8858H	5602600	6.09	6.09	5602600	6.09	6.09	0
5	Umadevi Jhunhunwala ABQPJ7823H	4456500	4.84		4449527	4.84		0
6	Naina Devi Jhunhunwala AANPJ0921A	4168955	4.53	4.53	4168955	4.53	4.53	0
7	Praksash Chandra Jhunhunwal(HUF)	3825900	4.16		3825900	4.16		0
8	Aditya Jhunhunwala AANPJ0923C	3704200	4.03	4.03	3704200	4.03	4.03	0
9	KM Vyapar Private Limited AAACK5991M	2642619	2.87		2283364	2.48		(0.39)
10	Sanjay Jhunhunwala AANPJ9747L	2494600	2.71	2.71	2494600	2.71	2.71	0
11	Jhunhunwala securities private Limited	500000	0.54		500000	0.54		0
12	Vatsal Jhunhunwala AGHPJ6163E	450000	0.49		450000	0.49		0
13	Vridhi Jhunhunwala AMWPJ0962E	450000	0.49		450000	0.49		0
14	KM Plantations Private Limited AAACK5695A	425000	0.46		25000	0.03		(0.43)
15	Francoise commerce Private Limited	420000	0.46		420000	0.46		0



16	Vridhi Trust	128142	0.14		188780	0.20		0.06
17	Shivam Trust	120549	0.13		120549	0.13		0
18	Madhu Prakash Jhunjunwala	83550	0.09		61857	0.07		(0.02)
19	Sh. H.P. Singhania	18000	.02					(0.02)
20	Vatsal Trust	41558	0.05		49721	0.05		0
	Total	61995624	67.39	17.36	61260504	66.59	17.37	(0.81)

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

Sl. No.	Name of the shareholder	Shareholding		Cumulative Shareholding during the year	
		Nos. of shares	% of total share of the Company	Nos. of shares	% of total share of the Company
1.	M/s. K.M. Vyapar Pvt. Ltd.				
	At the beginning of the year as at 01-10-2013	2642619	2.87	2642619	2.87
	Less: Sale on 01-07-2014	-189157	-0.21	2453462	2.66
	Less: Sale on 02-07-2014	-170098	-0.18	2283364	2.48
	At the End of the year	2283364	2.48	2283364	2.48
2.	M/s. K.M. Plantation Pvt. Ltd.				
	At the beginning of the year as at 01-10-2013	425000	0.46	425000	0.46
	Less: Sale on 01-07-2014	-200000	-0.21	225000	0.25
	Less: Sale on 02-07-2014	-200000	-0.22	-200000	0.03
	At the End of the year	25000	0.03	25000	0.03
3.	Vridhi Trust				
	At the beginning of the year as at 01-10-2013	128142	0.14	425000	0.46
	Add: Purchase 0-02-2014	60638	0.06	188780	0.20
	At the End of the year	188780	0.20	188780	0.20
4.	Vatsal Trust				
	At the beginning of the year as at 01-10-2013	41558	0.05	41558	0.05
	Add: Purchase 0-02-2014	8163		49721	0.05
	At the End of the year	49721	0.05	25000	0.05
5.	Madhu P. Jhunjunwala				
	At the beginning of the year as at 01-10-2013	83550	0.09	83550	0.09
	Add: Purchase 0-02-2014	1400			
	Less: Sale on 02-07-2014	-23093	-0.02	-61857	0.07
	At the End of the year	61857	0.07	61857	0.07
6.	Sh. H.P. Singhania				
	At the beginning of the year as at 01-10-2013	18000	0.02	18000	18000
	Less: Sale on 00-07-2014	-18000	-0.02	0	0



	At the End of the year	0	0	0	0
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(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the shareholder	Shareholding		Cumulative Shareholding during the year	
		Nos. of shares	% of total share of the Company	Nos. of shares	% of total share of the Company
1.	Kunal Rakesh Agarwal				
	At the beginning of the year as at 01-10-2013	0	0	0	0
	Add: Purchased on 29-11-13	100000	0.11	100000	0.11
	Add: Purchased on 06.12.13	300000	0.32	400000	0.43
	Add: Purchased on 03.01.14	360373	0.39	760373	0.82
	Add: Purchased on 07.02.2014	389627	0.42	1150000	1.24
	Add: Purchased on 14.03.14	691091	0.76	1841091	2.00
	Add: Purchased on 21-03-14	3909	0.00	1845000	2.00
	At the End of the year	1845000	2.00		
2.	VIP Growth Fund Pvt.Ltd.,				
	At the beginning of the year as at 01-10-2013	1532640	1.66	1532640	1.66
	Less: Sale on 20.03.2015	-5507		1527133	1.66
	Less: Sale on 27.03.2015	-5000		1522133	1.66
	At the End of the year	1522133	1.66	1522133	1.66
3.	Manish Patodia (HUF)				
	At the beginning of the year as at 01-10-2013	1099208	1.19	1099208	1.19
	At the End of the year	1099208	1.19	1099208	1.19
4.	Jeevan Jyoti Infotech Pvt.Ltd.,				
	At the beginning of the year as at 01-10-2013	0	0	0	0
	Add: Purchased on 06.12.13	786000	0.85	786000	0.85
	Less: Sold on 04.07.14	-120824	-0.13	665176	0.72
	At the End of the year	665176	0.72	665176	0.72
5.	Nalin Dalal (HUF)				
	At the beginning of the year as at 01-10-2013	0	0	0	0
	Add: Purchased on 20.03.15	569400	0.62	569400	0.62
	At the End of the year	569400	0.62	569400	0.62
6.	Front Line Dealcomm. Pvt. Ltd.,				
	At the beginning of the year as at 01-10-2013	0	0	0	0
	Add: Purchased on 06.12.13	648000	0.70	648000	0.70
	Less: Sale on 04-07-2014	-111224	-0.12	536776	0.58
	At the End of the year	536776	0.58	536776	0.58
7.	Vishwanathan M. Pujari				
	At the beginning of the year as at 01-10-2013	500000	0.54	500000	0.54
	At the End of the year	500000	0.54	500000	0.54



8.	Motilal Oswal Fin. Services Ltd.,				
	At the beginning of the year as at 01-10-2013	0	0	0	0
	Add: Purchased on 03.01.14	490000	0.53	490000	0.53
	At the End of the year	490000	0.53	490000	0.53
9.	Dr. (Mrs.) Sushma Mehrotra				
	At the beginning of the year as at 01-10-2013	514302	0.56	514302	0.56
	Less: Sale on 30.06.2014	-42877	-0.05	471425	0.51
	Less: Sale on 04-07-2014	-50000	-0.05	421425	0.46
	At the End of the year	421425	0.46	421425	0.46
10.	Ashish Patodia				
	At the beginning of the year as at 01-10-2013	381445	0.41	381445	0.41
	At the End of the year	381445	0.41	381445	0.41

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sh. L.K. Jhunjhunwala				
	At the beginning of the year as at 01-10-2013	5602600	6.09	6.09	5602600
	At the End of the year	5602600	6.09	6.09	5602600
2	Sh. Aditya Jhunjhunwala				
	At the beginning of the year as at 01-10-2013	3704200	4.03	3704200	4.03
	At the End of the year	3704200	4.03	3704200	4.03
3	Shri Sanjay Jhunjhunwala				
	At the beginning of the year as at 01-10-2013	2494600	2.71	2494600	2.71
	At the End of the year	2494600	2.71	2494600	2.71
4	Shri H.P. Singhania				
	At the beginning of the year as at 01-10-2013	18000	0.02	18000	0.02
	Less: Sale on 02-07-2014	-18000	-0.02	0	0
	At the End of the year	0	0	0	0





## V. INDEBTEDNESS

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

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	11108.25	164.41	-	11272.66
i) Principal Amount	245.52	-	-	245.52
ii) Interest due but not paid	21.67	-	-	21.67
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	11375.44	164.41	-	11539.85
Change in Indebtedness during the financial year	4951.08	-	-	4951.08
?Addition	(1832.45)	-	-	(1832.45)
?Reduction	-	-	-	-
Net Change	3118.63	-	-	3118.63
Indebtedness at the end of the financial year	14411.18	164.41	-	14575.59
i) Principal Amount	82.89	-	-	82.89
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	14494.07	164.41	-	14658.48

## 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/WT/Manager				Total Amount
		Sh. L. K. Jhunjhunwala	Sh. Aditya Jhunjhunwala	Sh. Sanjay Jhunjhunwala	* Sh. S. C. Agarwal	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4150000	2200000	2200000	2200000	10750000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	16023	70565	830	193835	281253
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total (A)	4166023	2270565	2200830	2393835	11031253
	Ceiling as per the Act	-	-	-	-	-

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

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		H. P. Singhania	R S Shukla	S K Gupta	Dr. Kirti Singh	
1.	Independent Directors	43000	51000	51000	10000	155000
	· Fee for attending board / committee meetings	-	-	-	-	-
	· Commission	-	-	-	-	-
	· Others, please specify	-	-	-	-	-
	Total (1)	43000	51000	51000	10000	155000
2.	Other Non-Executive Directors	P.N. Mather, Nominee	-	-	-	-
	Fee for attending board / committee meetings	30000	-	-	-	30000
	Commission	0	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	30000	0	0	0	30000
	Total (B)=(1+2)	73000	51000	51000	10000	185000
	Total Managerial Remuneration	0	0	0	0	0
	Overall Ceiling as per the Act	0	0	0	0	0

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

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	-	1403802	1741342	3145144
	(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	-	-	-	-
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	-	-	-	-
	Total	0	1403802	1741342	3145144
	Ceiling as per the Act	-	-	-	-

\* 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) - Remuneration to Managing Director, Whole-time Directors and /or Manager.

PI see: Director sitting fee Rs.30000/- has been paid to PNB for PNB Nominee director MRP N Mathur

## 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)
<b>A. COMPANY</b>					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		
<b>B. DIRECTORS</b>					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		

For and on behalf of the Board of Directors

L.K. Jhunjunwala  
(Chairman)

Date: 11.08.2015

Place: Lucknow

Annexure - 8 to Board's Report  
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 -18 months ended 31-03-2015 (In Rs.)	Remuneration in year 2012-13 (In Rs.)	% increase in remuneration *	Ratio of remuneration to median remuneration of employees	Ratio of the remuneration to Net Profit 18 months ended 31-03-2015
Shri L.K. Jhunjunwala	Whole Time Director	45.91	6.30	729%	18.07:1.00	0.06:1.00
Shri Aditya Jhunjunwala	Mg. Director	24.34	3.60	676%	9.58:1.00	0.03:1.00
Shri Sanjay Jhunjunwala	Jt. Mg. Director	24.34	3.60	676%	9.58:1.00	0.03:1.00
Shri S.C.Agarwal	Exe. Director-cum-CEO	22.20	1.95	1138%	8.74:1.00	0.03:1.00

\*The figures are not comparable 1. The company did not pay the remuneration to the directors during 2012-13 for the whole year as it was in loss in F.Y. 2011-12. 2- The company has changed its F.Y. to align it as per the requirement of new Companies Act,2013, accordingly the accounts are for 18 months ended as at 31-03-2015.

(Amt. In Lakhs)

Name(s) of Independent Directors	Remuneration - 18 months ended 31-03-2015 (In Rs.)	Remuneration in year 2012-13 (In Rs.)	% increase in remuneration
Sh. H.P. Singhanian	0.43	0.05	860%
Sh. R.S. Shukla	0.41	0.20	205%
Sh. S.K. Gupta	0.51	0.20	255%
Dr. Kirti Singh	0.10	-	-
Ms. Shruti Modi	-	-	-
Mrs.Madhu Mathur	-	-	-

(Amt. in Lakhs)

Name of Non-Executive Director	Remuneration -18 months ended 31-03-2015 (In Rs.)*	Remuneration in year 2012-13 (In Rs.)	% increase in remuneration
Sh. P.N. Mathur	0.30	-	-
Sh. A.K. Mishra	-	-	-

(Amt. in Lakhs)

Name of KMP	Remuneration -18 months ended 31-03-2015 (In Rs.)*	Remuneration in year 2012-13 (In Rs.)	% increase in remuneration	Ratio of the remuneration to Net Profit 18 months ended 31-03-2015
Sh. Arvind Gupta	17.41	9.79	177%	0.02:1.00
Sh. Rajeev Kumar	14.03	6.86	204%	0.02:1.00

\* The figures are not comparable



A) Statement of particulars of remuneration as per Rule 5(1)

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 18.07:1.00 Shri Aditya Jhunjhunwala 9.58:1.00 Shri Sanjay Jhunjhunwala 9.58:1.00 Shri S.C.Agarwal 8.74:1.00					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 729% Managing Director 676% Joint Managing Director 676% Executive Director –cum-CEO 1138% CFO 177% CS 204%					Note-4
3	The percentage increase in the median remuneration of employees in the financial year	175%					
4	The number of permanent employees on the rolls of company	309					
5	The explanation on the relationship between average increase in remuneration and company performance	Salary increase 175% Company performance (Profit Before Tax) (-)56%					Note-2
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	KMP increase Executive Director –cum-CEO 1138% CFO 177% CS 204% Company performance (Profit Before Tax) (-)56 %					Note-3
7	Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase 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 31-03-2015	As at 30-09-2013	Variation	Note-3
		Closing rate at NSE	Rs.	2.10	1.35	+ 56%	
		EPS Consolidated	Rs.	0.81	1.37	- 69%	
		Market Capitalization	Rs./ lacs	1932.00	1242.00	+ 56%	
		Price Earning Ratio	Ratio	2.59	0.99	1.60	
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	Average percentile increase in the salary of employees other than managerial persons 175%					Note-5
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	Executive Director –cum-CEO 1138% CFO 177% CS 204% Company performance (Profit Before Tax) (-)56 %					Note-4
10	The key parameters for any variable component of remuneration availed by the directors	Executive Directors- i) Incentive of annual salary as decided by Board on the recommendation of Nomination-cum-Remuneration Committee. Nil 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 is restricted to one percent of the net profit – No commission in years of no profit.					
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 year	NIL					
12	Affirmation that the remuneration is as per the remuneration policy of the company	Yes. Remuneration is as per the remuneration policy of the company.					



## Notes:

1. All other directors were paid only sitting fee for attending the meetings of the Board and Committees thereof.
2. The company's operating profit has declined during the period under review is due to steep decline in sugar prices. The decline in operating profit in entirety are attributable to natural and macro economic factors beyond the control of KMPs and other employees. Hence remuneration levels and periodic increases have no direct correlation to the company performance but are determined in the normal course of business and in line with industry norms.
3. The company did not come out with Public Offer.
4. Executive Directors' remuneration revised w.e.f. from 1st August, 2014.
5. The figures are not comparable 1. The company did not pay the remuneration to the directors during 2012-13 for the whole year as it was in loss in F.Y. 2011-12. 2- The company has changed its F.Y. to align it as per the requirement of new Companies Act, 2013, accordingly the accounts are for 18 months ended as at 31-03-2015.

## Annexure-9

FORM NO. MR.3  
 SECRETARIAL AUDIT REPORT  
 FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015  
 [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, Moti Bhawan, 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 (18 months) ended on 31st March, 2015 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, 2015 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, 1992;
  - 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 securities issued by Company were not listed 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 (not applicable as not notified during the period under review); and
- (ii) Listing Agreements entered into by the Company with Stock Exchanges (not applicable as the securities issued by Company were not listed during the period under review)

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



# Directors Report ...

the company to enable effective monitoring and ensuring of compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has:

- (i) Promoted a subsidiary Company for setting up of 5 MW Grid Connected Solar PV Power Project.

For Amit Gupta & Associates  
Company Secretaries

Amit Gupta  
Proprietor  
Membership No. : F5478  
C.P. No. 4682  
Date: 11.08.2015  
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, Moti Bhawan, 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 Amit Gupta & Associates  
Company Secretaries

Amit Gupta  
Proprietor  
Membership No. : F5478  
C.P. No. 4682  
Date: 11.08.2015  
Place: Lucknow



## Independent Auditor's Report

# Independent Auditors' Report

To  
The Members  
K.M. Sugar Mills Ltd. Kanpur

### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of K.M. Sugar Mills Ltd. (the "Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and Cash Flow Statement for the period then ended and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

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

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

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015;
  - (b) in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

### Emphasis of Matters

7. We draw attention to the following matters in the Notes to the standalone financial statements:
  - (a) Note 2.29(10) to the financial statements which indicates that the company has accounted for an amount of Rs.782.45 lacs due to the company from State Government as financial assistance as per announcement made in this regard.

Our opinion is not modified in respect of these matters.

### Other Matters

8. The Ministry of Corporate Affairs had on 1st April, 2014, vide its General Circular No.07/2014, Dissemination of Information with regards to the provisions of the Companies Act, 2013 as notified till date vis a vis corresponding provisions of the Companies Act, 1956, identified such sections of the Companies Act, 1956 that would cease / continue to have effect from 1st April 2014. Accordingly, in terms of the aforesaid Circular, our reporting in respect of section 227(3)(f) of the Companies Act, 1956, and Clauses (iii), (v) (a) and (b), (vi), (viii), (xiv), (xviii) of the Companies (Auditor Report) Order, 2003 (dealing with sections 49, 58A, 58AA, 209(1)(d) and 301 of the Companies Act, 1956) is only for the period beginning from 1st October 2013 to 31st March, 2014 since as per the aforesaid MCA Circular, these sections have ceased to have effect from 01st April, 2014.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227(4A) of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
10. As required by section 227(3) of the Act, we report that :
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Act;
- (e) On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 274(1)(g) of the Act [corresponding Section 164 (2) of the Companies Act, 2013].

For Mehrotra & Mehrotra  
Chartered Accountants  
(FRN - 0226C)

CA. Rajesh Jhalani  
Partner  
(M.No. 074809)

Place : Lucknow

Date : 28th May, 2015

ANNEXURE TO DRAFT INDEPENDENT AUDITORS'  
REPORT REFERRED TO IN PARAGRAPH (9) OF OUR  
REPORT OF EVEN DATE

Re: K.M. Sugar Mills Ltd. for the period ended 31st March, 2015

- (i) (a) The Company has generally maintained records to show particulars, including quantitative details and situation of fixed assets.
- (b) The Fixed Assets of the Company have been physically verified by the management during the year in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the assets at reasonable intervals. Accordingly to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to information given to us, the Company has not disposed off any substantial part of fixed assets during the year and hence, going concern status of the company is not affected.
- (ii) (a) As explained to us, the inventory has been physically verified by the management to the extent practicable at reasonable intervals during the year.
- (b) In our opinion and according to information and explanations given to us, the procedures for physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) According to the information and explanations given to us, the Company has granted unsecured loan to a company covered in the register maintained under Section 301 of the Companies Act, 1956 and total amount of Rs.285 lacs was outstanding as on 31.03.2015. (Previous Year Nil)
- (b) In our opinion and according to the information and explanations given to us, the terms and conditions of the said loan given by the company were not prima facie prejudicial to interest of the company.
- (c) and (d) In our opinion and according to the information and explanation given to us, the repayment of principal and interest was not due during the year and there was no overdue amount of principal and interest at the year end.
- (e) According to the information and explanations given to us, the Company has taken unsecured loans from three parties covered in the register maintained under Section 301 of the Companies Act, 1956 and a sum of Rs.154 lacs was outstanding as on 31.03.2015. (Previous Year - Rs.154 lacs)
- (f) to (g) In our opinion and according to the information and explanations given to us, the terms and conditions of the said loan taken by the company are not prime facie prejudicial to interest of the Company. Further, the repayment of these loans is not due hence no repayment was made during the year.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- a) The particulars in respect of certain contracts or arrangements referred to in section 301 of the Companies Act, 1956 that needed to be entered in the register maintained under that section, have been so entered.
- b) As far as we could ascertain on the basis of our selective checking and according to the information and explanations given to us, the transaction made in pursuance to aforesaid contracts or arrangements have been made at the prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from public during the year. Hence, provisions of section 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and rules of Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits are not applicable to the Company.
- (vii) In our opinion, the internal audit system of the company is commensurate with the size and nature of the business of the Company.





(viii) We are informed by the management that the required cost records pursuant to the order made by Central Government under Section 209(1)(d) of the Companies Act, 1956 regarding production have been maintained by the Company and are of the opinion that prima-facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) (a) According to the information and explanation given to us and the records examined by us, the undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to the company have generally been regularly deposited with the appropriate authority except small delays in certain cases and no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2015 for a period of more than six months from the date of becoming payable. As informed, the provisions of the Employees State Insurance Act are not applicable to the Company.

b) According to the information and explanation given to us, the particulars of dues of excise duty, entry tax, central sales tax and income tax outstanding as at 31.03.2015, which have not been deposited on account of disputes, are as follows :-

Name of the Statute	Nature of Dues	Amount (Rs. In lacs)	Forum, where the dispute is pending
Entry Tax Act	Entry Tax 2007-08	0.04	Commercial Tax Tribunal, Faizabad
Central Excise Act	Excise Duty F.Y 2005-2006	11.46	Joint Commissioner
	FY 2006-07	467.30	CESTAT
	FY 2007-08	22.40	CESTAT
	July, 2007 to June 2012 including penalty	2237.16	Appeal is yet to be filed
	July, 2012 to March, 2013 including penalty	473.43	Appeal is yet to be filed
Income Tax Act	A.Y. 2010-2011	7198.21	CIT(A)
	A.Y. 2011-2012	7460.05	CIT(A)
	A.Y. 2012-2013	8087.76	CIT (A)

All aforesaid dues are not accounted for in the books and are shown as contingent liabilities in Note No. 2.29 (1) of the Standalone Financial Statements except excise duty demand of Rs.1355.30 lacs raised vide order dated 31.03.2015 has been duly provided for in the books. [Refer Note 2.29 (9)].

(x) The Company's accumulated losses as on 31.03.15 are of Rs.4079.23 lacs, which is not less than 50% of its net worth. The Company has not incurred cash losses during the current financial year as well as in

the immediate preceding financial year.

(xi) Based on our audit procedures and as per information and explanation given to us by the management, the continuing defaults in repayments of loans as on 31.03.2015 are as under :

Installments of Rs.1485 lacs against principal loan payable to Sugar Development Fund (SDF) and interest thereon of Rs.82.28 lacs are not paid in time and are overdue. (Refer Note 2.3)

(xii) In our opinion and as per information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the company is not a chit fund, or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

(xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments, and hence, the requirement of Para 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) According to the information and explanations given to us, term loans were generally applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and based on an overall examination of the balance sheet and other relevant records, we report that no funds raised on short term basis have been used for long term purposes.

(xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, the company has not issued any debentures during the period covered by our audit.

(xx) According to the information and explanations given to us, the company has not raised any money by way of public issue during the period covered by our audit.

(xxi) According to the information and explanation given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Mehrotra & Mehrotra  
Chartered Accountants  
(FRN - 0226C)

CA. Rajesh Jhalani  
Partner  
(M.No. 074809)

Place: Lucknow  
Date: 28th May, 2015





# Balance Sheet as at 31st March, 2015

# Balance Sheet

(Amount in Rs.)

PARTICULARS	Notes No.	Current Year				Previous Year			
		As at 31-March-2015				As at 30-September-2013			
		Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>I. EQUITY AND LIABILITIES</b>									
<b>1. Shareholders' Funds</b>									
(a) Share Capital	2.1	184,000,340.00				184,000,340.00			
(b) Reserves & Surplus	2.2	(8,030,229.84)		175,970,110.16		(83,349,063.99)		100,651,276.01	
<b>2. Non-current liabilities</b>									
(a) Long term borrowings	2.3	342,130,932.65				338,326,890.70			
(b) Deferred tax liabilities (Net)	2.4	37,762,292.00				32,835,473.00			
(c) Other Long term liabilities	2.5	2,246,321.85				2,246,321.85			
(d) Long term provisions	2.6	141,529,079.00		523,668,625.50		25,335,542.00		398,744,227.55	
<b>3. Current liabilities</b>									
(a) Short term borrowings	2.7	905,220,267.54				588,242,088.73			
(b) Trade payables	2.8	1,248,579,693.96				139,244,305.83			
(c) Other current liabilities	2.9	408,348,873.01				301,515,942.61			
(d) Short term provisions	2.10	2,755,873.00		2,564,904,707.51		1,847,688.00		1,030,850,025.17	
<b>Total</b>				3,264,543,443.17				1,530,245,528.73	
<b>II. ASSETS</b>									
<b>Non-current assets</b>									
<b>1. (a) Fixed Assets</b>	2.11								
(i) Tangible Assets		648,380,852.69				508,026,045.31			
(ii) Intangible assets		605,349.94				43,452.50			
(iii) Capital Work-in-Progress		4,857,358.00		653,843,560.63		44,394,553.75		552,464,051.56	
(b) Non current investments	2.12	1,094,300.00				1,021,300.00			
(c) Long term loans and advances	2.13	10,405,079.59				25,379,879.64			
(d) Other non current assets	2.14	1,788,543.82		13,287,923.41		1,879,215.82		28,280,395.46	
<b>2. Current Assets</b>									
(a) Inventories	2.15	1,918,644,389.93				766,366,880.96			
(b) Trade receivables	2.16	316,880,636.37				85,902,712.06			
(c) Cash and cash equivalents	2.17	40,548,189.82				28,082,749.29			
(d) Short term loans and advances	2.18	156,572,717.96				62,348,789.40			
(e) Other current assets	2.19	164,766,025.05		2,597,411,959.13		6,799,950.00		949,501,081.71	
<b>Total</b>				3,264,543,443.17				1,530,245,528.73	
Significant accounting policies	1			-				-	
Notes on financial statements	2								

As per our report of even date attached hereto

**For MEHROTRA & MEHROTRA**

Chartered Accountants

F.R. No.0226C

For &amp; on behalf of Board of Directors

**CA. Rajesh Jhalani**

Partner

M.No.74809

**S. C. Agarwal**

Executive Director

**L K Jhunjhunwala**

Chairman

Place: Lucknow

Date: 28.05.2015

**A K Gupta**

Chief Financial Officer

**Rajeev Kumar**

Company Secretary



# Statement of Profit & Loss for the period ended on 31st March, 2015

## Profit & Loss Account...

PARTICULARS	Notes No.	Current Year				Previous Year			
		18 months ended 31st March, 2015				Year ended 30th September, 2013			
		Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
I. Revenue from operations (Gross)	2.20	5,690,558,151.39				2,825,352,789.97			
Less: Excise duty and cess		186,073,938.00				99,473,654.08			
Revenue from operations (net)				5,504,484,213.39				2,725,879,135.89	
II. Other Income	2.21			71,060,051.42				25,442,152.33	
III. Total Revenue (I + II)				5,575,544,264.81				2,751,321,288.22	
IV. Expenses									
Cost of material consumed	2.22			5,035,076,427.22				2,602,737,488.06	
Purchase of Stock in trade	2.23			447,690,277.00				-	
Change in inventory of finished goods, work in progress and stock in trade	2.24			(1,098,228,982.00)				(505,455,945.50)	
Employee benefits expenses	2.25			145,409,327.37				83,433,912.29	
Finance costs	2.26			141,366,457.95				128,903,774.03	
Depreciation and amortization expense	2.27			142,648,682.91				90,118,028.44	
Other expenses	2.28			671,446,166.97				223,620,639.79	
Total expenses				5,485,408,357.42				2,623,357,897.11	
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)				90,135,907.39				127,963,391.11	
VI. Exceptional items				-				-	
VII. Profit/(Loss) before extraordinary items and tax (V-VI)				90,135,907.39				127,963,391.11	
VIII. Extraordinary item				-				-	
IX. Profit/(Loss) before tax (VII-VIII)				90,135,907.39				127,963,391.11	
X. Tax expense									
(1) Current Tax				10,317,324.00				-	
(2) Deferred Tax				4,926,819.00				1,947,121.00	
XI. Profit/(Loss) for the year (IX-X)				74,891,764.39				126,016,270.11	
XII. Earning per equity share (Nominal value of Rs.2 each)									
(1) Basic (Rs. Per share)					0.81				1.37
(2) Diluted (Rs. Per share)					0.81				1.37
Significant accounting policies	1								
Notes on financial statements	2								

As per our report of even date attached hereto

**For MEHROTRA & MEHROTRA**

Chartered Accountants

F.R. No.0226C

For & on behalf of Board of Directors

**CA. Rajesh Jhalani**

Partner

M.No.74809

**S. C. Agarwal**

Executive Director

**L K Jhunjhunwala**

Chairman

Place: Lucknow

Date: 28.05.2015

**A K Gupta**

Chief Financial Officer

**Rajeev Kumar**

Company Secretary



# Cash Flow Statement for the 18 months ended 31st March, 2015

PARTICULARS	18 months ended 31st March, 15		Year ended 30th September, 13	
	Rs.	P.	Rs.	P.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) before tax and exceptional items		901.36		1279.63
Adjustment for :				
Depreciation and amortisation expense	1426.49		901.18	
Finance costs	1413.66		1289.04	
Transfer to storage fund for molasses	10.57		6.57	
Provision/reversal of doubtful debts	(271.46)		57.79	
Balances written off	0.61		13.40	
Interest income	(135.33)		(126.37)	
Profit on sale of fixed assets	(22.47)		(1.07)	
Unspent liabilities/balances written back	(0.25)		(1.60)	
Storage fund for molasses written back	-		(5.00)	
		2421.82		2133.94
Operating Profit before working capital changes		3323.18		3413.57
Adjustment for :				
(Increase)/Decrease in trade and other receivables	(4410.17)		(151.73)	
(Increase) / Decrease in inventories	(11522.77)		(5411.17)	
Increase / (Decrease) in trade payables & Others	13422.14		827.62	
Cash Generated from Operations		(2510.80)		(4735.28)
Direct Tax Paid		(103.17)		-
Net Cash From Operating Activities (A)		709.21		(1321.71)
Cash Flow from investing activities				
Purchase of fixed assets	(2675.31)		(592.68)	
Proceeds from sale of fixed assets	251.18		1.34	
Purchase of shares of subsidiary	(0.73)		-	
Interest income received	135.33		126.37	
Net Cash From Investing Activities		(2289.53)		(464.97)
Cash Flow From Financing activities				
Proceeds/(repayments) of long term borrowings	133.15		(1846.04)	
Proceeds/(repayments) of short term borrowings	3169.78		4587.42	
Finance cost paid	(1597.96)		(956.85)	
Net Cash From Financing Activities		1704.97		1784.53
Net increase in Cash & Cash Equivalents (A+B+C)		124.65		(2.15)
D. Opening cash and cash equivalents		280.83		282.98
E. Closing cash and cash equivalents		405.48		280.83
Increase in Cash & Cash Equivalents (D-E)		124.65		(2.15)

Cash Flow Statement ...

Note: Cash and cash equivalents represent cash and bank balances.

As per our report of even date attached hereto  
For Mehrotra & Mehrotra  
Chartered Accountants  
F.R. No.0226C

For & on behalf of Board of Directors

**Rajesh Jhalani**  
Partner  
M.No.74809

**S. C. Agarwal**  
Executive Director

**L K Jhunjunwala**  
Chairman

Date : 28.05.2015  
Place : Lucknow

**A K Gupta**  
Chief Financial Officer

**Rajeev Kumar**  
Company Secretary



## Notes forming part of Financial Statement

### 1. Significant Accounting Policies

#### 1.1 Basis of Preparation of Financial Statements

These financial statements are prepared on the accrual basis of accounting, under the historical cost convention except for revaluation of certain Fixed Assets, in accordance with the Companies Act, 1956 and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India. 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 VI to the Companies Act, 1956. 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.

#### 1.2 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/materialized.

#### 1.3 Significant Accounting Policies

##### a) Fixed Assets

- i) Tangible Fixed Assets are stated at cost net of cenvat credit and/or at revalued price less accumulated depreciation. All costs including financing costs relating to borrowing till commencement of commercial production attributable to the fixed assets are capitalized.
- ii) Depreciation on fixed assets is provided on written down value method at the rates and the manner prescribed in Schedule XIV of the Companies Act, 1956. The additional depreciation, on increase in cost on account of revaluation, is transferred to statement of Profit & Loss from Revaluation Reserve and is thus not charged to statement of Profit & Loss of the year.
- iii) Tangible Fixed Assets costing up to Rs.5,000/- are being depreciated fully in the year of their put to use.
- iv) Depreciation/amortization on assets added, sold or discarded during the year is provided on pro-rata basis.
- v) 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.

##### b) Revenue Recognition and Expenses

- i. Revenue from the sale of products is recognized when the property in goods is transferred to the buyer for a consideration. Revenue from service transaction is recognized as the service is performed.
- ii. Insurance claims have been accounted for on cash basis as per past practice.
- iii. Revenue from certified emission reductions (CERs) and renewable emission certificate (REC) is recognized on cash basis in the absence of reasonable assurance that future economic benefits will flow from the same to the company.
- iv. All the expenses are accounted for on accrual basis.

##### c) Inventories are valued as under:

- i. Raw Materials and Finished Goods (except molasses) are carried at lower of cost or net realizable value.
- ii. Stock of Molasses are carried at net realizable value.
- iii. Stores & Spares are carried at cost.
- iv. Goods in Process / WIP is carried at lower of cost or net realizable Value.
- v. Banked power with UPPCL is carried at lower of cost or net realizable value.

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 cost are not included in value of inventory.

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

##### Manufacturing Units Basis

Sugar		
-	Raw Material	First in First Out
-	Stores & Spares and other components	Weighted monthly average
-	Trading Goods	First in First Out
Distillery		
-	Raw Material	First in First Out
-	Stores & Spares Other components	Weighted monthly average
Co-generation		
-	Raw Material	First in First Out

##### d) Investments

Long term Investments are carried at cost. However, provision for diminution is made to recognize decline, other than temporary, in the value of investment, if any. Current Investment is carried at cost or market value, whichever is lower.

**e) 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 immediately in the statement of profit and loss.

**(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.

**f) 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.

**g) Government Grants**

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 capital reserve.

**h) 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.

**i) Foreign Currency Transactions**

- 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.

**j) Taxes on Income**

- i. 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.
- ii. Deferred Tax is recognized on timing differences between accounting income and taxable income for the period, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- iii. Deferred Tax Assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Assets in respect to





brought forward losses/unabsorbed depreciation is recognized only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

#### k) Impairment of Assets

Impairment of individual assets/cash generating unit (a group of assets that generates identified independent cash flows) are identified using external and internal sources of information and impairment loss if any, is determined and recognized in accordance with the Accounting Standard 28 issued in this regard by the Institute of Chartered Accountants of India.

#### l) 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.

#### m) 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. 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.
- iv. A contingent asset is not recognized in the financial statements.
- v. Provisions and contingent liabilities are reviewed at each balance sheet date.

#### n) Segment Reporting

##### Primary Segment

Based on the guiding principles given in the Accounting Standard-17 "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.

**o) 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.**

#### p) 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.

#### q) 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.



## Note 2.1 - Share Capital

PARTICULARS	Current Year		Previous Year	
	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
<b>AUTHORISED</b>				
100,000,000 Equity Shares of Rs. 2/- each		<u>200,000,000.00</u>		<u>200,000,000.00</u>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		<b>184,000,340.00</b>		184,000,340.00
92,000,170 Equity Shares of Rs. 2/- each				
<b>TOTAL</b>		<b>184,000,340.00</b>		184,000,340.00
<b>a. Reconciliation of Number of Shares</b>				
Shares outstanding as at 1st October, 2013		No. of shares 92,000,170	Amount 184,000,340	
Shares outstanding as at 31st March, 2015		92,000,170	184,000,340	
<b>b. List of Shareholders holding more than 5% of the total number of shares issued by the company:</b>				
	As at 31-March-2015		As at 30-September-2013	
	No. of shares	% shareholding	No. of shares	% shareholding
<b>Name of the shareholder</b>				
L K Jhunjunwala	5602600	6.09	5602600	6.09
P C Jhunjunwala	9946600	10.81	9944100	10.81
L K Jhunjunwala (HUF)	10065900	10.94	10065900	10.94
Marvel Business Pvt. Ltd.	12450951	13.53	12450951	13.53
The Company has issued only one class of equity shares having a par value of Rs.2 per share. Each holder of Equity Share is entitled to one vote per share. No dividend has been proposed.				

## Note 2.2 - Reserves and Surplus

PARTICULARS	Current Year		Previous Year	
	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
<b>a. General Reserve</b>				
Balance as per last account		122,019,139.87		122,019,139.87
<b>b. Capital Reserve</b>				
Balance as per last account		4,833,000.00		4,833,000.00
<b>c. Initial Depreciation Reserve</b>				
Balance as per last account		172,449.73		172,449.73
<b>d. Molasses Storage Fund</b>				
Balance as per last account	4,058,541.10		3,901,638.15	
Less: Withdrawal/reversal during the year	-		500,000.00	
Less: Transfer to Statement of Profit & Loss	4,400,000.00		-	
Add: Transferred from Statement of Profit & Loss	1,057,480.00	716,021.10	656,902.95	4,058,541.10
<b>e. Fixed Asset Revaluation Reserve</b>				
Balance as per last account	2,741,510.05		3,237,876.52	
Less: Utilised for set off against depreciation	630,410.24	2,111,099.81	496,366.47	2,741,510.05
<b>f. Sugar Price Equalisation Reserve</b>				
Balance as per last account		1,239,508.05		1,239,508.05
<b>g. Securities Premium Account</b>				
Balance as per last account		268,801,428.00		268,801,428.00
<b>h. Surplus/(Deficit) in Statement of Profit &amp; Loss</b>				
Balance as per last account	(487,214,640.79)		(613,230,910.90)	
Add: Transfer from Molasses Storage Fund	4,400,000.00		-	
Add: Profit/(Loss) for the current year	74,891,764.39	(407,922,876.40)	126,016,270.11	(487,214,640.79)
<b>TOTAL</b>		<b>(8,030,229.84)</b>		<b>(83,349,063.99)</b>
Molasses Storage Fund has been created to meet the cost of construction of molasses storage tank as required under Uttar Pradesh Sheera Niyamtran (Sansodhan) Adesh, 1974 and the storage fund is represented by investment in the form of deposit in saving bank account with a bank amounting to Rs.19.93 lacs (Previous year Rs.8.91 lacs)				

Notes forming part of financial statements...



## Note 2.3 - Long Term Borrowings

PARTICULARS	Current Year		Previous Year	
	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
	Current	Non current	Current	Non current
<b>Term loans</b>				
<b>From Banks</b>				
<b>Secured</b>				
a. State Bank of India - SEFASU Loan	-	95,940,822.00	-	-
b. Punjab National Bank - SEFASU Loan	2,053,000.00	71,847,000.00	-	-
c. Punjab National Bank - Cogen loan	-	-	-	69,638,611.16
d. Punjab National Bank	7,376,000.00	42,000,805.00	625,000.00	49,879,941.00
e. Allahabad Bank	20,450,000.00	116,942,305.65	1,750,000.00	139,156,743.00
f. Punjab National Bank - FITL Old	-	-	952,199.00	-
g. Punjab National Bank - FITL New	21,064,307.00	-	21,067,732.00	31,601,598.00
h. Allahabad Bank - FITL	10,765,168.42	-	13,459,002.00	16,149,997.54
<b>Total A</b>	<b>61,708,475.42</b>	<b>326,730,932.65</b>	<b>37,853,933.00</b>	<b>306,426,890.70</b>
<b>From other entities</b>				
<b>Secured</b>				
a. Sugar Development Fund (SDF) from Govt. of India	148,500,000.00	-	132,000,000.00	16,500,000.00
b. Sugar Development Fund (SDF) from Govt. of India (Modernisation)	-	-	5,843,400.00	-
c. Sugar Development Fund (SDF) from Govt. of India (Cane Development)	-	-	12,500,000.00	-
d. Sugar Development Fund (SDF) from Govt. of India (Modernisation)	-	-	12,500,000.00	-
<b>Total B</b>	<b>148,500,000.00</b>	<b>-</b>	<b>162,843,400.00</b>	<b>16,500,000.00</b>
<b>From related parties</b>				
Unsecured loan	-	15,400,000.00	-	15,400,000.00
<b>Total C</b>	<b>-</b>	<b>15,400,000.00</b>	<b>-</b>	<b>15,400,000.00</b>
<b>TOTAL (A+B+C)</b>	<b>210,208,475.42</b>	<b>342,130,932.65</b>	<b>200,697,333.00</b>	<b>338,326,890.70</b>

### a. Nature of Securities

- Rupee Term Loan of State Bank of India and Punjab National Bank (SEFASU) 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 under scheme for extending Financial Assistance to Sugar Undertakings 2014 (SEAFSU).
- Punjab National Bank cogen loan is secured by first charge on entire fixed assets of the company on pari passu basis with other term lenders, personal guarantee of two directors, pledge of shares and corporate guarantee of a company.
- Rupee Term Loan of Punjab National Bank and Allahabad Bank are secured by 4th charge on entire fixed assets of the company on pari passu basis with other term lenders, personal guarantee of two directors, pledge of shares and and corporate guarantee of a company.
- FITL of Punjab National Bank and Allahabad Bank are secured by first charge on entire fixed assets of the company on pari passu basis with other term lenders, personal guarantee of two directors, pledge of shares and corporate guarantee of a company.
- Rupee Term Loan from SDF are secured by second charge on Company's immovable and movable properties both present and future.
- Unsecured loan from related parties represent promoters contribution as per CDR approval.

### b. Terms of repayment

Name of the banks / entities	Interest Rate %	Amount Outstanding as on 31 March, 2015		1-2 years	2-3 years	3 years and above
		Current	Non Current			
		Rs.	Rs.			
State Bank of India SEFASU loan	0.75	-	95,940,822	26,640,822	32,040,000	37,260,000
Punjab National Bank SEFASU loan	0.00	2,053,000	71,847,000	24,636,000	24,636,000	22,575,000
Punjab National Bank	11.00	7,376,000	42,000,805	14,760,000	17,560,000	9,680,805
Allahabad Bank	11.50	20,450,000	116,942,306	40,850,000	48,600,000	27,492,306
Punjab National Bank -FITL New	10.50	21,064,307	-	-	-	-
Allahabad Bank - FITL	11.00	10,765,168	-	-	-	-
Sugar Development Fund (SDF) from Govt. of India	4.00	148,500,000	-	-	-	-
Unsecured loan	-	-	15,400,000	-	-	15,400,000
Total		210,208,475	342,130,933	106,886,822	122,836,000	112,408,111

a. 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.

b. 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. State Bank of India SEFASU Loan is at 12.75%.



Notes forming part of financial statements...




## Note 2.4 - Deferred tax liabilities

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>Deferred Tax Liabilities</b>								
Depreciation			78,485,177.00				98,250,928.00	
<b>Deferred Tax Assets</b>								
Carried forward losses	19,249,201.00				24,734,277.00			
Expenses allowable for tax purpose when paid	<u>21,473,684.00</u>		40,722,885.00		<u>40,681,178.00</u>		65,415,455.00	
<b>TOTAL</b>			37,762,292.00				32,835,473.00	

Refer note no. 2.29 (8)

## Note 2.5 - Other long term liabilities

PARTICULARS	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
Loan from UP Government *	1,450,000.00		1,450,000.00	
Others	796,321.85		796,321.85	
<b>Total</b>	2,246,321.85		2,246,321.85	

\*Refer note no. 2.29 (7)

## Note 2.6 - Long term provisions

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Provisions for employees benefit								
Unavailed leave	2,457,664.00				2,419,768.00			
Gratuity	<u>3,541,656.00</u>		5,999,320.00		<u>2,803,767.00</u>		5,223,535.00	
Other Provision including Excise duty			135,529,759.00				20,112,007.00	
<b>TOTAL</b>			141,529,079.00				25,335,542.00	





## Note 2.7 - Short term borrowings

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>Loan repayable on demand</b>								
<b>Working capital loans</b>								
<b>From banks</b>								
<b>Secured</b>								
a. State Bank of India	452,485,753.14				349,465,814.63			
b. Punjab National Bank	373,310,328.30				233,772,463.00			
c. The Federal Bank Ltd.	78,383,346.10		904,179,427.54		3,962,971.10		587,201,248.73	
<b>Other Loans and advances</b>								
<b>Unsecured</b>								
From Others			1,040,840.00				1,040,840.00	
<b>TOTAL</b>			905,220,267.54				588,242,088.73	

### Summary of short term borrowings

#### Secured borrowings

#### Nature of Securities

- 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, third 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 a company.
- Working capital loan from Punjab National Bank is secured by pledge of stock of Crystal sugar, third 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 a company.
- 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, third 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 a company.

Notes forming part of financial statements...



## Note 2.8 - Trade Payables

PARTICULARS	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
Trade payable (Other than acceptance)*	1,248,579,693.96		139,244,305.83	
<b>Total</b>	<b>1,248,579,693.96</b>		<b>139,244,305.83</b>	

\* Includes Rs.12.59 lacs due to micro and small enterprises. [Refer note no.2.29 (14)]

## Note 2.9 - Other current liabilities

PARTICULARS	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
i. Current maturities of long term debt*	210,208,475.42		200,697,333.00	
ii. Payable to capital goods supplier	7,231,982.04		5,330,539.65	
iii. Statutory liabilities **	102,871,293.28		29,477,816.85	
iv. Advances from Customers	20,207,225.72		2,863,382.57	
v. Interest accrued but not due on borrowings	-		2,167,496.42	
vi. Interest accrued and due on borrowings	8,289,148.00		24,551,972.93	
vii. Security Deposits	30,789,828.32		15,602,729.52	
viii. Outstanding liability of related party	9,504,471.61		1,550,554.94	
ix. Salary and other payables to employees	9,972,711.52		9,593,725.06	
x. Others	9,273,737.10		9,680,391.67	
<b>TOTAL</b>	<b>408,348,873.01</b>		<b>301,515,942.61</b>	

\* Refer note no.2.3 (a), (b) & (c) for nature of securities and terms of repayment respectively.

\*\* Include Excise Duty and Cess on closing stock.

## Note 2.10 - Short term provisions

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Provision for employee benefit -								
Unavailed leave	177,317.00				200,631.00			
Gratuity	<u>2,578,556.00</u>		2,755,873.00		<u>1,647,057.00</u>		1,847,688.00	
For Income Tax				-				-
<b>TOTAL</b>			<b>2,755,873.00</b>				<b>1,847,688.00</b>	



# Notes forming part of financial statements...

## Note 2.11- Fixed Assets

Particulars	Tangible assets							Intangible Assets	Capital work in progress	Grand Total
	Land (Lease hold)	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers		
Gross Block										
Balance as at 01.10.2013	2,010,875.67	-	37,406,580.11	1,836,674,744.85	9,075,016.44	17,510,958.32	5,395,399.62	8,655,818.58	44,394,553.75	1,962,688,579.34
Additions	-	5,972,794.00	21,431,879.74	246,632,543.77	17,641,100.21	12,126,763.00	887,749.25	1,725,471.00	156,950,898.69	464,018,699.66
Disposal/Deduction	363,100.00	-	-	24,116,856.00	-	2,379,940.00	-	-	196,488,094.44	223,347,990.44
Balance as at 31.03.2015	<b>1,647,775.67</b>	<b>5,972,794.00</b>	<b>58,838,459.85</b>	<b>2,059,190,432.62</b>	<b>26,716,116.65</b>	<b>27,257,781.32</b>	<b>6,283,148.87</b>	<b>10,381,289.58</b>	<b>4,857,358.00</b>	<b>2,203,359,288.56</b>
Depreciation										
Balance as at 01.10.2013	-	-	22,554,761.01	1,353,897,714.55	7,479,980.69	13,482,570.58	4,227,300.14	7,061,021.31	-	1,410,224,527.78
Depreciation for the year	-	-	2,307,263.65	131,869,747.99	2,107,746.73	5,026,529.30	405,205.17	1,474,997.76	-	143,279,093.15
Disposal/Deduction	-	-	-	1,792,847.00	-	2,195,046.00	-	-	-	3,987,893.00
Balance as at 31.03.2015	-	-	<b>24,862,024.66</b>	<b>1,483,974,615.54</b>	<b>9,587,727.42</b>	<b>16,314,053.88</b>	<b>4,632,505.31</b>	<b>8,536,019.07</b>	-	<b>1,549,515,727.93</b>
Net Block as 31.03.2015	<b>1,647,775.67</b>	<b>5,972,794.00</b>	<b>33,976,435.20</b>	<b>575,215,817.08</b>	<b>17,128,389.23</b>	<b>10,943,727.44</b>	<b>1,650,643.57</b>	<b>1,845,270.51</b>	<b>4,857,358.00</b>	<b>653,843,560.63</b>

Fixed Assets Previous year

Particulars	Tangible assets							Intangible Assets	Capital work in progress	Grand Total
	Land (Lease hold)	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers		
Gross Block										
Balance as at 01.10.2012	2,010,875.67	-	37,406,580.11	1,823,898,160.39	8,774,233.44	17,684,287.32	5,312,599.62	7,230,112.58	-	1,903,881,481.13
Additions	-	-	-	12,776,584.46	308,683.00	280,000.00	82,800.00	1,425,706.00	44,394,553.75	59,268,327.21
Disposal/Deduction	-	-	-	-	7,900.00	453,329.00	-	-	-	461,229.00
Balance as at 30.09.2013	<b>2,010,875.67</b>	-	<b>37,406,580.11</b>	<b>1,836,674,744.85</b>	<b>9,075,016.44</b>	<b>17,510,958.32</b>	<b>5,395,399.62</b>	<b>8,655,818.58</b>	<b>44,394,553.75</b>	<b>1,962,688,579.34</b>
Depreciation										
Balance as at 01.10.2012	-	-	21,111,003.30	1,267,430,190.68	7,114,407.42	12,551,058.23	4,028,426.09	6,347,137.86	-	1,320,044,636.08
Depreciation for the year	-	-	1,443,757.71	86,467,523.87	373,473.27	1,358,115.56	198,874.05	713,883.45	-	90,614,394.91
Disposal/Deduction	-	-	-	-	7,900.00	426,603.21	-	-	-	434,503.21
Balance as at 30.09.2013	-	-	<b>22,554,761.01</b>	<b>1,353,897,714.55</b>	<b>7,479,980.69</b>	<b>13,482,570.58</b>	<b>4,227,300.14</b>	<b>7,061,021.31</b>	-	<b>1,410,224,527.78</b>
Net Block as 30.09.2013	<b>2,010,875.67</b>	-	<b>14,851,819.10</b>	<b>482,777,030.30</b>	<b>1,595,035.75</b>	<b>4,028,387.74</b>	<b>1,168,099.48</b>	<b>1,594,797.27</b>	<b>44,394,553.75</b>	<b>552,464,051.56</b>

Note: Leasehold land includes land valuing Rs.16 lacs acquired through Official Liquidator. However, the said land is not registered in the name of the company.



## Note 2.12 - Non-current Investments

PARTICULARS	Face Value	As at 31st March, 2015		As at 30th September, 2013	
		No. of shares	Rs.	No. of shares	Rs.
<b>Non Trade Investments</b>					
<b>Unquoted (valued at cost)</b>					
<b>a. In equity shares of companies fully paid up</b>					
<b>Subsidiary company:</b>					
K M Energy P Ltd.	10	7,300	73,000.00	-	-
<b>Others:</b>					
Chamoli Hydro Power (P) Ltd.	10	1,000	10,000.00	1,000	10,000.00
K M Shakar Karkhana Pvt Ltd	10	25,000	1,000,000.00	25,000	1,000,000.00
<b>Chamoli Hydro Power (P) Ltd.</b>					
<b>Other Investments</b>					
<b>Quoted (valued at cost)</b>					
<b>b. In equity shares of companies fully paid up</b>					
Reliance Industries Ltd.	10	84	5,876.00	84	5,876.00
Reliance Communication Ltd.	5	42	4,373.00	42	4,373.00
Reliance Infrastructure Ltd.	10	3	825.00	3	825.00
Reliance Capital Ltd.	10	2	147.00	2	147.00
Reliance Power Ltd.	10	10	79.00	10	79.00
Aggregate amount of unquoted investments Rs.10,83,000/-					
Aggregate amount of quoted investments Rs.11,300/-					
Aggregate market value of listed and quoted investments Rs.74,478/- (Previous year Rs.76,461/-)					
<b>Total</b>			<b>1,094,300.00</b>		<b>1,021,300.00</b>

## Note 2.13 Long-term loans and advances (unsecured, considered good unless stated otherwise)

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>Capital advances</b>			<b>158,000.00</b>				9,795,931.20	
<b>Security deposits</b>			<b>3,867,594.46</b>				4,129,994.46	
<b>Other loans and advances</b>								
Advance to suppliers and others								
Considered Good		-				5,216,800.00		
Considered doubtful	31,357,798.21					26,140,713.06		
Less: Allowance for doubtful advance	<u>31,357,449.72</u>					<u>26,140,649.72</u>		
	348.49					5,216,863.34		
Income Tax payments	5,637,906.64					5,526,599.64		
(Net of provision Rs.103.17 lacs previous year Rs.Nil)								
Duties and taxes paid under protest	741,230.00		6,379,485.13		710,491.00		11,453,953.98	
<b>Total</b>			<b>10,405,079.59</b>				<b>25,379,879.64</b>	



## Note 2.14 Other non-current assets (unsecured, considered good unless stated otherwise)

PARTICULARS	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
Fixed deposits with banks (Non current portion with original maturity period of more than 12 months) For a loan held by District Magistrate, Faizabad*	1,450,000.00		1,450,000.00	
Interest accrued but not due	-		90,672.00	
Others	338,543.82		338,543.82	
<b>Total</b>	<b>1,788,543.82</b>		<b>1,879,215.82</b>	

Refer note no. 2.29 (7)

## Note 2.15 Inventories (valued at lower of cost and net realisable value, unless stated otherwise)

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Raw materials								
Molasses in Distillery Division			23,170,500.00				19,944,983.00	
Rectified Spirit			13,859,139.00				-	
Work-in-progress								
Biocompost	211,456.00		211,456.00				-	
Finished goods								
Sugar	1,654,485,719.00				667,971,292.00			
Molasses	119,911,050.00				24,019,329.00			
Industrial Alcohol	43,787,150.00				6,920,115.00			
Country liquor	1,031,722.00				-			
Bagasse	15,414,528.00				2,989,490.00			
Banked power	3,701,552.00				805,448.00			
Carbon credit	-				728,797.00			
Pressmud	64,616.00		1,838,396,337.00		-		703,434,471.00	
Stores and spares			43,006,957.93				42,987,426.96	
<b>Total</b>			<b>1,918,644,389.93</b>				<b>766,366,880.96</b>	

Refer note no. 1.3 significant accounting policies

## Note 2.16 Trade receivables (unsecured, considered good)

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Trade receivables outstanding for a period exceeding 6 months from due date								
a. Considered good	42,482,126.59				7,615,045.52			
b. Considered doubtful	3,626,938.07				35,990,054.00			
	46,109,064.66				43,605,099.52			
Less: Provision for doubtful debts	3,626,849.78		42,482,214.88		35,990,054.00		7,615,045.52	
Other trade receivables- considered good			274,398,421.49				78,287,666.54	
<b>Total</b>			<b>316,880,636.37</b>				<b>85,902,712.06</b>	

Notes forming part of financial statements...





## Note 2.17 Cash and cash equivalents

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Balances with banks								
In current accounts	20,856,753.96				21,123,998.06			
In EEFC account	<u>3,255.00</u>		20,860,008.96		<u>150,790.00</u>		21,274,788.06	
Cheques on hand			1,711,775.00				1,852,250.00	
Cash on hand			2,202,853.28				844,269.65	
Fixed deposit for Bank guarantee deposited with bank as margin money -Earmarked								
Original maturity period upto 12 months	3,219,973.00				1,500,000.00			
Original maturity period more than 12 months	<u>10,561,000.00</u>		13,780,973.00		<u>1,719,973.00</u>		3,219,973.00	
Molasses storage fund in S/B account (Earmarked)			1,992,579.58				891,468.58	
<b>Total</b>			<b>40,548,189.82</b>				<b>28,082,749.29</b>	

## Note 2.18 Short-term loans and advances (unsecured, considered good)

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>Loan and advances to related parties</b>								
Considered good			28,500,000.00				5,430,879.80	
<b>Security deposits</b>			5,889,756.85				5,912,856.85	
<b>Other loans and advances</b>								
Advance to suppliers and others	101,103,473.75				39,755,189.30			
Advance to employees	1,517,754.89				1,911,206.10			
Cenvat, Vat and other taxes/duties	14,271,812.50				8,094,360.85			
Prepaid expenses	5,003,988.00				1,073,692.50			
Others	<u>285,931.97</u>		122,182,961.11		<u>170,604.00</u>		51,005,052.75	
<b>Total</b>			<b>156,572,717.96</b>				<b>62,348,789.40</b>	

## Note 2.19 Other current assets (unsecured, considered good)

PARTICULARS	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
Interest accrued / receivable	1,225,036.89		342,965.00	
Cane Price and Commission receivable*	138,293,001.16		-	
Others	<u>25,247,987.00</u>		6,456,985.00	
<b>Total</b>	<b>164,766,025.05</b>		<b>6,799,950.00</b>	

Refer note no. 2.29 (10)



## Note 2.20 Revenue from operations

PARTICULARS	18 months ended 31st March, 2015		Year ended 30th September, 2013	
	Rs.	P.	Rs.	P.
<b>Sale of goods (Gross)</b>				
Sugar (Including trading Rs.4893.95 lacs Previous year Rs. Nil)	4,474,097,303.00		2,324,898,925.55	
Molasses	-		1,200,661.33	
Power	416,771,040.00		239,506,757.09	
Industrial alcohol	554,178,678.00		258,719,911.00	
Country liquor	83,349,749.14		-	
Bagasse sale	160,406,329.25		-	
Bio compost manure	1,755,052.00		1,026,535.00	
<b>Revenue from operations (Gross)</b>	<b>5,690,558,151.39</b>		<b>2,825,352,789.97</b>	
Less : Excise duty, cess and administrative charges on sale of goods	186,073,938.00		99,473,654.08	
<b>Revenue from operations (Net)</b>	<b>5,504,484,213.39</b>		<b>2,725,879,135.89</b>	

## Note 2.21 Other income

PARTICULARS	18 months ended 31st March, 2015		Year ended 30th September, 2013	
	Rs.	P.	Rs.	P.
<b>Interest income</b>				
Fixed deposits with banks	1,734,567.89		850,342.07	
Others	11,798,554.00		11,786,589.09	
<b>Other non-operating income</b>				
Net gain on foreign currency transactions and translations	581,648.50		5,803,076.00	
Insurance claims	1,318,219.00		144,437.00	
Profit on sale of fixed assets	2,247,045.00		106,608.21	
Unspent liabilities/balances written back	25,000.00		160,002.43	
Carbon credit/REC receipt	15,416,220.00		-	
Miscellaneous income	10,067,543.03		4,026,998.68	
Prior period income	-		2,564,098.85	
Provision for doubtful debts reversal	27,871,254.00		-	
<b>Total</b>	<b>71,060,051.42</b>		<b>25,442,152.33</b>	

## Note 2.22 Cost of materials consumed

PARTICULARS	18 months ended 31st March, 2015		Year ended 30th September, 2013	
	Rs.	P.	Rs.	P.
Sugar cane*	5,003,084,065.82		2,596,437,115.06	
Molasses	27,851,630.40		6,300,373.00	
Spirit	4,140,731.00		-	
<b>Total</b>	<b>5,035,076,427.22</b>		<b>2,602,737,488.06</b>	

\* Refer note no.2.29 (10)

## Note 2.23 Purchases of stock-in-trade

PARTICULARS	18 months ended 31st March, 2015		Year ended 30th September, 2013	
	Rs.	P.	Rs.	P.
Sugar	447,690,277.00		-	
<b>Total</b>	<b>447,690,277.00</b>		<b>-</b>	



## Note 2.24 Changes in inventories of finished goods, by-products and work-in-progress

PARTICULARS	18 months ended 31st March, 2015				Year ended 30th September, 2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>Finished goods</b>								
<b>Opening stock</b>								
Sugar	667,971,292.00				177,171,452.00			
Molasses	32,414,403.00				5,958,261.50			
Bagasse	2,989,490.00				2,335,200.00			
Industrial alcohol	6,920,115.00				1,103,740.00			
Country liquor	-				-			
Banked Power	805,448.00				917,803.00			
Carbon credit	728,797.00				-			
Biocompost manure	-		711,829,545.00		-		187,486,456.50	
<b>Less : Closing stock</b>								
Sugar	1,654,485,719.00				667,971,292.00			
Molasses	143,081,550.00				32,414,403.00			
Bagasse	15,414,528.00				2,989,490.00			
Industrial alcohol	43,787,150.00				6,920,115.00			
Country liquor	1,031,722.00				-			
Banked Power	3,701,552.00				805,448.00			
Carbon credit	-				728,797.00			
Pressmud	64,616.00		1,861,566,837.00		-		711,829,545.00	
<b>Total (A)</b>			(1,149,737,292.00)				(524,343,088.50)	
<b>Work-in-progress</b>								
Opening stock			-				-	
Less : Closing stock			211,456.00				-	
<b>Total (B)</b>			(211,456.00)				-	
<b>Total (A+B)</b>			(1,149,948,748.00)				(524,343,088.50)	
Less: Difference of Excise Duty on opening and closing stock			51,719,766.00				18,887,143.00	
<b>Total</b>			(1,098,228,982.00)				(505,455,945.50)	

## Note 2.25 Employee benefits expense

PARTICULARS	18 months ended 31st March, 2015		Year ended 30th September, 2013	
	Rs.	P.	Rs.	P.
Salary, wages and bonus	128,239,103.37		75,082,963.69	
Contribution to Provident Fund and other Funds	10,604,186.00		5,097,287.00	
Workmen and Staff Welfare Expenses	2,347,388.00		1,259,306.60	
Gratuity	4,218,650.00		1,994,355.00	
<b>Total</b>	<b>145,409,327.37</b>		<b>83,433,912.29</b>	

## Note 2.26 Finance costs

PARTICULARS	18 months ended 31st March, 2015				Year ended 30th September, 2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>Interest expense</b>								
Cash Credit	68,112,130.00				49,758,108.00			
Term loan	68,131,648.39				73,802,845.32			
Others	1,032,158.00		137,275,936.39		90,550.43		123,651,503.75	
Documentation and other bank charges			4,090,521.56				5,252,270.28	
<b>Total</b>			<b>141,366,457.95</b>				<b>128,903,774.03</b>	



## Note 2.27 Depreciation and amortisation expense

PARTICULARS	18 months ended 31st March, 2015				Year ended 30th September, 2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Depreciation and amortisation on tangible assets	143,191,490.59		142,561,080.35		90,555,627.91		90,059,261.44	
Less: Transferred from revaluation reserve	630,410.24		87,602.56		496,366.47		58,767.00	
Amortisation on intangible assets								
<b>Total</b>			142,648,682.91				90,118,028.44	

## Note 2.28 Other expenses

PARTICULARS	18 months ended 31st March, 2015				Year ended 30th September, 2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Consumption of stores and spare parts			57,375,232.55				26,417,986.30	
Packing materials			102,081,946.52				28,675,849.25	
Power and fuel			36,836,886.51				20,466,520.29	
Rent			11,997,538.00				3,249,535.00	
Repairs								
Buildings	32,657,962.55				7,167,278.20			
Machinery	129,141,157.18				61,822,964.34			
Others	15,228,198.36		177,027,318.09		5,968,022.63		74,958,265.17	
Insurance			4,450,189.00				2,140,371.00	
Rates and taxes (excluding taxes on income)			5,177,655.12				1,946,354.62	
Selling Expenses :								
Commission to Selling Agents	8,696,010.00				4,235,439.00			
Other Selling Expenses	20,211,732.00				9,721,579.60			
Selling Expenses on Sugar Trading	37,935,469.00		66,843,211.00		-		13,957,018.60	
Payments to auditor								
Statutory audit fee	300,000.00				200,000.00			
Tax audit fee	200,000.00				100,000.00			
Reimbursement of expenses	59,145.00		559,145.00		37,982.00		337,982.00	
Charity and donation			159,553.00				17,753.00	
Printing and stationary			1,714,243.53				861,401.00	
Communication expenses			2,301,208.74				1,337,037.74	
Travelling Expenses			27,698,657.02				11,476,205.33	
Consultancy and legal expenses			13,367,817.62				6,415,899.00	
Director sitting fee			185,000.00				40,000.00	
Director remuneration			10,750,000.00				2,850,000.00	
Miscellaneous expenses			33,975,521.74				20,696,361.62	
Provision of Excise Duty demand			115,417,752.00				-	
Transfer to storage fund for molasses			1,057,480.00				656,902.95	
Provision for doubtful debts and advances			724,849.78				5,778,864.00	
Balances written off			60,636.75				1,340,332.92	
Prior period expenses			1,684,325.00				-	
<b>TOTAL</b>			671,446,166.97				223,620,639.79	

Notes forming part of financial statements...



## Note 2.29 Notes to the accounts

### 2.29 Other Disclosures:

#### 1. Contingent liabilities and commitments (to the extent not provided for and as certified by the management)

##### (a) Contingent liabilities

- Claims against the Company not acknowledged as debts in respect of pending cases of employees under labour laws - Rs.150.14 lacs (Previous Year - Rs.128.72 lacs).
- Claims against the company not acknowledged as debts in respect of criminal and Civil Cases Rs.35.43 lacs (Previous Year -Rs.31.17 lacs).
- Bank guarantees given to the Central Government, Excise Department and Indian Oil Corporation Ltd., aggregating to Rs.373.76 lacs (Previous Year Rs.132.96 lacs).
- Company has given guarantee to the banks, which provided vehicle loans to the employees of the company, outstanding loan as on 31.03.2015 NIL (Previous Year Rs. 0.42 lacs).
- Interest recompense payable to lenders under CDR scheme estimated amounting to Rs.676.43 lacs (Previous Year Rs.409.81 lacs). It is stipulated that minimum 75% of the recompense amount should be recovered by the lenders in terms of CDR circular.
- Disputed sales tax, income tax and excise duty cases under appeal - Rs.24603.80 lacs (Previous Year Rs.8935.20 lacs)

Description	Current Period Rs. In lacs	Previous year Rs. In lacs
Central Excise Act	1856.46	515.40
Sales Tax/Trade Tax/Entry Tax	0.04	39.63
Income Tax	22746.02	8378.89
Others	1.28	1.28
<b>Total</b>	<b>24603.80</b>	<b>8935.20</b>

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.

##### (b) Commitments :

- Estimated amount of contracts remaining to be executed on capital account and not provided for-Nil (Previous Year - Rs.211.33 lacs).
- Advances paid against above- Nil (Previous Year -Rs.96.38 lacs).

### 2. Employee Benefits

As per Accounting Standard -15 'Employees Benefits' the disclosure of Employee Benefits as defined in the Accounting Standard are as follow :

#### a. Defined contribution plans

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:

	Current period	Previous year
Employers' contribution to provident fund	Rs.1,06,04,186/-	Rs. 50,97,287/-

#### b. 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.

In accordance with the Accounting Standard 15, actuarial valuation was done in respect of gratuity and leave encashment defined benefits plans and details of the same are given below:

	Gratuity Current period	Gratuity Previous Year	Leave Encashment Current period	Leave Encashment Previous Year
Discount rate (per annum)	8.00%	8.50%	8.00%	9.00%
Future salary increase	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	8.50%	8.50%	0%	0%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
<b>I. Expenses recognized in profit and loss account</b>				
Current service cost	17,97,812	13,05,309	4,96,520	3,59,713
Interest cost	22,93,678	15,42,339	3,14,161	2,51,017
Expected return on plan assets	(12,49,926)	(11,41,944)	-	-
Net actuarial loss/ (gain) recognized in the period	22,01,344	(3,21,638)	32,89,940	10,32,101
<b>Net expenses recognized</b>	<b>50,42,908</b>	<b>20,27,342</b>	<b>41,00,621</b>	<b>16,42,831</b>
<b>II. Net liability/(assets) recognized in the balance sheet as at 31st March, 2015</b>				
Present value of obligation at the end of period	2,33,50,108	1,91,31,458	26,34,981	26,20,399
Fair value of the plan asset at the end of period	1,55,42,518	1,38,67,514	-	-
Funded status [(surplus)/(deficit)]	(78,07,590)	(52,63,944)	(26,34,981)	(26,20,399)
<b>Net (asset)/liability as at 31st March, 2015</b>	<b>2,33,50,108</b>	<b>1,91,31,458</b>	<b>26,34,981</b>	<b>26,20,399</b>
<b>III. Change in present value of obligation during the year</b>				
Present value of obligation at the beginning of year				
Current service cost	1,91,31,458	1,71,37,103	26,20,399	27,89,079
Interest cost	17,97,812	13,05,309	4,96,520	3,59,713
Benefits paid	22,93,678	15,42,339	3,14,161	2,51,017
Actuarial loss/ (gain) on obligations	(27,43,754)	(11,01,806)	(40,86,039)	(18,11,511)
	28,70,914	2,48,513	32,89,940	10,32,101
<b>Present value of obligation at the year end</b>	<b>2,33,50,108</b>	<b>1,91,31,458</b>	<b>26,34,981</b>	<b>26,20,399</b>
<b>IV. Change in present value of fair value of plan assets</b>				
Fair value of plan assets as at the beginning of period				
Return on plan assets	1,38,67,514	1,30,01,768	-	-
Contributions	19,19,496	10,68,819	-	-
Benefits paid	24,99,262	8,98,733	-	-
Actuarial loss/ (gain)	(27,43,754)	(11,01,806)	-	-
			-	-
<b>Fair value of plan assets at the year end</b>	<b>1,55,42,518</b>	<b>1,38,67,514</b>	<b>-</b>	<b>-</b>
<b>Details of plan asset</b>	<b>Gratuity Trust</b>	<b>Gratuity Trust</b>	<b>N/A</b>	<b>N/A</b>





**Note:** The Company funded the gratuity liability through a separate Gratuity Fund. The fair value of the plan assets is based on the information certified by the management. However, the gratuity liability of Rs.23,60,274/- of Co-Gen Division is not funded.

3. Short term loans and advances shown under Notes 2.18 includes certain advances given to suppliers of raw material and revenue purchases, which are adjustable against the supply of goods/services but are running due in the books since long. 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.
4. Certain bank accounts shown in Notes 2.17 of Cash and Bank balances under sub-head 'Balance with Banks' are non-operating for last some period and are also subject to reconciliation and receipt of confirmation. As such, the balance of Rs.1.99 lacs shown in respect of those bank accounts in the financial statements is as per books of account only.
5. 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 lacs 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 lacs 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 lac was paid towards Excise Duty on the above. The company has further made a payment of Rs.35.81 lacs during the year 2005-06 to the Government of India against the bank guarantee furnished by it along with interest of Rs.118.25 lacs thereon. Still a sum of Rs.12.40 lacs is lying in the Sugar Price Equalization Reserve as on 31.03.15 shown under Note 2.2 of "Reserve & Surplus".
6. Certain balances in account of debtors, advances, deposit account, and creditors are subject to reconciliation and confirmation by the respective parties. In some of the cases, the amount is overdue for last some years and consequential revenue impact, if any, is not ascertainable. However, management has reviewed these advances from its realization point of view and based on the management's working, the required provisions in respect thereof has been considered in these financial statements, wherever necessary. As far as other balances are concerned, the management is of the opinion that these balances are recoverable/adjustable and accordingly, provision against the same has not been considered at this stage and these balances are disclosed in the financial statements as per books of account only. 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. Further, there is no system of charging interest as per market tradition on amount due from sundry debtors and the parties to whom advances extended in the ordinary course of business and which remains due for a substantial period.
7. Long term liabilities (Note No.2.5) includes a loan from U.P. Government amounting to Rs.14.50 lacs. 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 lacs has 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.
8. For the purpose of computing deferred tax liability, amount of brought forward losses as claimed in the income tax returns filed has been considered for recognizing deferred tax assets.

On the basis of future projections taken on record by the management after considering improved performance of Cogen and Distillery Divisions, the management is confident that there is a virtual certainty that sufficient taxable income will be available in the forthcoming financial years against which, the deferred tax assets can be realized in the normal course of business of the company.

9. The Commissioner, Central Excise and Service Tax, Lucknow has passed the orders on 31.03.2015 in consequence to show cause notices issued earlier and raised a demand of Rs.13,55,29,759 on account of exemption of excise duty claimed on molasses consumed in house for distillery operations and also cenvat credit availed during the period from July, 2007 to March, 2013. Accordingly a provision of Rs.1154.18 lacs after adjusting brought forward provision has been made in the Statement of Profit & Loss.
10. Cost of material consumed for the 18 months period ended 31st March, 2015 is net of financial assistance of Rs.6/- per qtl. of cane purchased during sugar season 2013-14 amounting to Rs.555.19 lacs extended by the State Government. Further for the sugar season 2014-15, the Government of Uttar Pradesh has announced certain financial assistance including Rs.8.60 per qtl of cane linked to average selling price of sugar and its by products during the period 01.10.14 to 31.05.15 which is to be recommended by the Committee constituted by the Government of Uttar Pradesh as the average selling price of sugar is significantly lower than the threshold specified in the above announcement. Accordingly, the company has accounted for the above financial assistance of Rs.782.45 lacs for sugar season 2014-15 lacs and adjusted the same against the cost of material.
11. Since, the sugar industry is a seasonal industry; the cost of production of sugar is worked out on annualized basis.

## 12. Related Party Disclosures:-

Pursuant to compliance of Accounting Standard (AS 18) on related party disclosure, the relevant information is provided here below:-

- I. Subsidiaries (Control exist) - K M Energy Pvt. Ltd.
- II. Related Parties
  - 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 Persons (Group A)
 

?	Shri L. K. Jhunjunwala	-Chairman
?	Shri Aditya Jhunjunwala	-Managing Director
?	Shri Sanjay Jhunjunwala	-Joint Managing Director
?	Shri S. C. Agarwal	-Executive Director
    - ii. Key Management Persons' relatives (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)	
?	Smt. Reena Agarwal (Wife of Shri S. C. Agarwal)	



- ? Shri Ayush Agarwal (Son of Shri S. C. Agarwal)  
 ? Shri Payoush Agarwal (Son of Shri S. C. Agarwal)

iii. Associates (Group C)

- ? K. M. Vyapar (P) Ltd.  
 ? K.M. Plantations (P) Ltd.  
 ? Marvel Business (P) Limited  
 ? Francoise Commerce (P) Limited  
 ? Nidhi Financial Services (P) Limited  
 ? Shree Shakti Credits Limited  
 ? Prakash Properties Limited  
 ? Promissing Logistics (P) Ltd.  
 ? Shailja Property (P) Ltd.  
 ? Zar International (P) Ltd.

iv. Companies/ Parties in which Key management person or his relatives have substantial interest/ significant influence (Group D)

- ? Shivam Trust  
 ? Vatsal Trust  
 ? Palak Jhunjhunwala Trust  
 ? Laxmi Public Charitable Trust  
 ? Jhunjhunwala P G College

c) Details of the related parties with whom transactions have taken place during the year:

I. Subsidiaries - K M Energy Pvt. Ltd.

II. Related Parties

Key Management Persons (Group A)

- ? Shri L. K. Jhunjhunwala -Chairman  
 ? Shri Aditya Jhunjhunwala -Managing Director  
 ? Shri Sanjay Jhunjhunwala -Joint Managing Director  
 ? Shri S. C. Agarwal -Executive Director

Associates (Group C)

- ? K. M. Vyapar (P) Ltd.  
 ? Shree Shakti Credits Limited  
 ? Zar International (P) Ltd.

Associates (Group D)

- ? Laxmi Public Charitable Trust  
 ? Jhunjhunwala P G College

d) Details of transactions with the related parties during the year (Rs. In Lacs)

S.No	Nature of Transaction	Subsidiary C.P. (P.Y.)	Related parties group				Total Current period (Previous year)
			A C.P. (P.Y.)	B C.P. (P.Y.)	C C.P. (P.Y.)	D C.P. (P.Y.)	
1	Remuneration including contribution to Provident Fund	- (-)	116.79 (15.49)	- (-)	- (-)	- (-)	116.79 (15.49)
2	Sugar Sale	- (-)	- (-)	- (-)	98.50 (-)	- (-)	98.50 (-)
3	Rent Paid	- (-)	- (-)	- (-)	96.85 (27.03)	- (-)	96.85 (27.03)
4	Advance Received	- (-)	- (-)	- (-)	65.00 (26.80)	- (-)	65.00 (26.80)
5	Advance given	- (-)	- (-)	- (-)	80.16 (25.79)	- (-)	80.16 (25.79)
6	Advance received back	- (-)	- (-)	- (-)	54.31 (136.39)	- (-)	54.31 (136.39)
7	Other balances repaid	- (-)	- (-)	- (-)	3.13 (-)	- (-)	3.13 (-)
8	Inter corporate loan given	285.00 (-)	- (-)	- (-)	- (-)	- (-)	285.00 (-)
9	Investment	0.73 (-)	- (-)	- (-)	- (-)	- (-)	0.73 (-)
10	Interest on loan receipt	3.28 (-)	- (-)	- (-)	- (-)	- (-)	3.28 (-)
11	Outstanding Balances as on 31.03.2015 on account of:						
	a) Receivables	287.95 (-)	- (-)	- (-)	- (54.31)	- (-)	287.95 (54.31)
	b) Payables	- (-)	199.91 (154.61)	- (-)	- (49.13) (12.21)	- (3.30)	249.04 (170.12)

- 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 of 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.

13. Segment Reporting: Information on the Segment Reporting of the company for the period ended 31.03.2015:

The company has identified three primary business segments viz. Sugar, Distillery and Co-generation. 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.

(Rs. in Lacs)

Particulars	Sugar		Distillery		Co-Generation		Others		Total	
	2015	2013	2015	2013	2015	2013	2015	2013	2015	2013
Revenue										
Gross sales	56605.50	26070.39	6392.83	2597.47	8531.13	3100.55	-	-	71529.46	31788.41
Less: Inter segment sales	10260.46	2809.39	-	-	4363.42	705.48	-	-	14623.88	3514.87
External sales	46345.04	23261.00	6392.83	2597.47	4167.71	2395.07	-	-	56905.58	28253.54
Less: Excise duty and cess	1263.90	710.12	596.84	284.62	-	-	-	-	1860.74	994.74
Net sales	45081.14	22550.88	5795.99	2312.85	4167.71	2395.07	-	-	55044.84	27258.80
Add: Other income	518.49	324.01	22.45	14.27	155.23	3.18	14.37	-	710.60	341.46
Total Revenue	45599.63	22874.89	5818.44	2327.12	4322.94	2398.25	14.37	-	55755.44	27600.26
Segment Results	1403.14	1115.82	(416.14)	448.61	1313.77	1005.65	14.25	(0.11)	2315.02	2569.97
Less: Finance costs	1135.43	833.00	10.30	19.44	267.93	437.90	-	-	1413.66	1290.34
Profit before tax	267.71	282.82	(426.44)	429.17	1045.84	567.75	14.25	(0.11)	901.36	1279.63
Tax										
Current tax									103.17	-
Deferred Tax									49.27	19.47
Profit after tax									748.92	1260.16
Other Information										
Segment Assets	25212.86	11003.40	3802.77	1280.69	3615.51	3000.33	14.28	18.04	32645.42	15302.46
Segment Liabilities	22683.22	7661.65	2183.21	698.33	110.31	209.39	7.96	7.96	24984.70	8577.33
Capital Expenditure*	1963.79	107.72	687.21	484.96	27.34	-	-	-	2678.34	592.68
Depreciation	748.34	431.55	133.23	45.01	544.79	424.51	0.12	0.11	1426.48	901.18

\*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. Common costs are apportioned on a reasonable basis.

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

14. Following are the relevant disclosures as required under the Micro, Small & Medium Enterprises Development Act, 2006

- a. Sundry creditors include a sum aggregating Rs.12.59 lacs (Rs.36.84 lacs) due to micro & small enterprises is on account of principal only.  
 b. The Amount of interest paid by the Company in terms of Section 16, along with the amount of payment made to the micro & small enterprises beyond the appointed date during the year Rs. Nil.



- 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 this Act. Rs. Nil.
- d. The amount of interest accrued and remaining unpaid Rs. Nil.
- e. The amount of further interest remaining due and payable even in succeeding year Rs. Nil.

The above mentioned outstanding are in normal course of business and the information regarding micro & small enterprises have been determined to the extent such parties have been identified on the basis of information available with the company.

### 15. Earning Per Share

In compliance of Accounting Standard (AS-20) on Earning per Share, the relevant information is provided here below:-

	Current period (Amount Rs. In lacs)	Previous year (Amount Rs. In lacs)
Net Profit/Loss after tax as per statement of Profit & Loss	748.92	1260.16
No. of Equity Shares of Rs. 2 each	92000170	92000170
Earning Per Equity Share in Rs. (Basic & diluted)	0.81	1.37

### 16. Directors' Remuneration:-

S. No.		Chairman	Managing Director and Joint Managing Director	Executive Director
a)	Salary (Previous Year)	41,50,000 (5,25,000)	44,00,000 (6,00,000)	22,00,000 (1,95,000)
b)	Contribution to Provident Fund (Previous Year)	4,41,000 (1,05,000)	4,68,000 (1,20,000)	19,620 (3,900)
c)	Perquisites:			
	(i) Residence			
	-Furnished (Previous Year)	-	-	-
	(ii) Residence			
	-Unfurnished (Previous Year)	-	-	1,65,000 (-)
	(iii) Medical Reimbursement (Previous Year)	16,023 (-)	71,395 (26,940)	28,835 (8,059)
	(iv) Other benefits	- (-)	- (-)	- (-)
	Total (Previous Year)	46,07,023 (6,30,000)	49,39,395 (7,46,940)	24,13,455 (2,06,959)

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

### 17. Statement of additional information:-

- a) Expenditure in Foreign Currency:  
Traveling Expenses Rs.44.33 lacs (P.Y.-Rs.10.16 lacs)  
Others Rs. 5.42 lacs (P.Y.- Rs.2.97 lacs)
- b) Receipt of interest in Foreign Currency of old dues: Rs. 113.94 lacs (P.Y.- Nil)

### c) Break up of Raw Materials and components consumed.

	Percentage	Current period Amount (in lacs)	Percentage	Previous year Amount (in lacs)
i. Raw material				
Indigenous	100%	50350.76	100%	26027.37
Imported	-	-	-	-
ii. Stores and packing material				
Indigenous	100%	1594.57	100%	550.94
Imported	-	-	-	-

### 18. Payments to Auditors:

- Audit Fee Rs.3,00,000/- (Previous Year: Rs.2,00,000/-)
- Tax Audit Fee Rs.2,00,000/- (Previous Year: Rs.1,00,000/-)

19. The borrowings from banks were restructured under Corporate Debt Restructuring Mechanism (CDR) vide letter of approval dated 27.03.2012 issued by CDR EG. This CDR package has since been implemented and necessary effect to the extent allowed by the banks has been considered in the financial statements. Accordingly, interest refunded by the lenders has been adjusted against the finance cost of the period.

20. The company would be able to realize a sum of Rs.365.79 lacs against a debtor for which provision has been made in past on account of doubtful nature of the same. As the amount is realizable, the excess provision has been reversed.

21. There is no liability for the period ended on 31st March, 2015 towards Corporate Social Responsibility based on the performance of last 3 years as there is net loss computed for last 3 years.

22. Pursuant to the provisions of Companies Act, 2013, the company is required to close its financial year only on 31st March and accordingly to align its financial year as per amended provisions, the current financial year of the company has been extended till 31.03.2015 covering the period from 01.10.2013 to 31.03.2015 i.e. for 18 months and necessary compliance has been made in this regard. As such, the figures of current period are not comparable with previous year's figures.

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

As per our report of even date attached hereto

**For MEHROTRA & MEHROTRA**

Chartered Accountants

F.R. No.0226C

**CA. Rajesh Jhalani**

Partner

M.No.74809

**S. C. Agarwal**

Executive Director

**L K Jhunjunwala**

Chairman

Place: Lucknow

Date: 28.05.2015

**A K Gupta**

Chief Financial Officer

**Rajeev Kumar**

Company Secretary



## Independent Auditor's Report

To  
The Members  
K.M. Sugar Mills Ltd.  
Kanpur

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of K.M Sugar Mills Ltd. (the "Company") and its subsidiary KM Energy (P) Ltd. (the Company and its subsidiary constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2015, Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the period then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As stated in Other Matters paragraph below, our opinion, in so far as it relates to the amounts and disclosure included in respect of subsidiary not audited by us, is based on the report of such other auditor.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the separate audit report on the financial statement/financial information of the subsidiary, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2015;
- in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the period ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the period ended on that date.

### Emphasis of Matters

We draw attention to the following matters in the Notes to the consolidated financial statements:

Note 2.29(10) to the consolidated financial statements which indicates that the company has accounted for an amount of Rs.782.45 lacs due from State Government as financial assistance as per announcement issued in this regard.

Our opinion is not modified in respect of these matters.

### Other Matters

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets (net) of Rs.(5.78) lacs as at 31 March, 2015, total revenues of Rs.3.83 lacs and net cash inflows amounting to Rs.380.52 lacs for the period ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs.6.78 lacs for the period ended 31 March, 2015. This financial statement has been audited by other auditor whose report has been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on report.

For Mehrotra & Mehrotra  
Chartered Accountants  
(FRN - 0226C)

CA. Rajesh Jhalani  
Partner  
(M.No. 074809)

Place : Lucknow  
Date : 28th May, 2015



# Balance Sheet as at 31st March, 2015

(Amount in Rs.)

PARTICULARS	Notes No.	Current Year				Previous Year			
		As at 31-March-2015				As at 30-September-2013			
		Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>I. EQUITY AND LIABILITIES</b>									
<b>1. Shareholders' Funds</b>									
(a) Share Capital	2.1	184,000,340.00				184,000,340.00			
(b) Reserves & Surplus	2.2	(8,680,709.20)		175,319,630.80		(83,349,063.99)		100,651,276.01	
<b>2. Non-current liabilities</b>									
(a) Long term borrowings	2.3	342,130,932.65				338,326,890.70			
(b) Deferred tax liabilities (Net)	2.4	37,762,292.00				32,835,473.00			
(c) Other Long term liabilities	2.5	2,246,321.85				2,246,321.85			
(d) Long term provisions	2.6	141,529,079.00		523,668,625.50		25,335,542.00		398,744,227.55	
<b>3. Current liabilities</b>									
(a) Short term borrowings	2.7	905,624,589.90				588,242,088.73			
(b) Trade payables	2.8	1,248,579,693.96				139,244,305.83			
(c) Other current liabilities	2.9	418,161,668.01				301,515,942.61			
(d) Short term provisions	2.10	2,755,873.00		2,575,121,824.87		1,847,688.00		1,030,850,025.17	
<b>Total</b>				3,274,110,081.17				1,530,245,528.73	
<b>II. ASSETS</b>									
<b>Non-current assets</b>									
<b>1. (a) Fixed Assets</b>	2.11								
(i) Tangible Assets		648,380,852.69				508,026,045.31			
(ii) Intangible assets		605,349.94				43,452.50			
(iii) Capital Work-in-Progress		4,857,358.00		653,843,560.63		44,394,553.75		552,464,051.56	
(b) Non current investments	2.12	1,021,300.00				1,021,300.00			
(c) Long term loans and advances	2.13	10,405,079.59				25,379,879.64			
(d) Other non current assets	2.14	1,788,543.82		13,214,923.41		1,879,215.82		28,280,395.46	
<b>2. Current Assets</b>									
(a) Inventories	2.15	1,918,644,389.93				766,366,880.96			
(b) Trade receivables	2.16	316,880,636.37				85,902,712.06			
(c) Cash and cash equivalents	2.17	78,599,989.82				28,082,749.29			
(d) Short term loans and advances	2.18	128,111,016.96				62,348,789.40			
(e) Other current assets	2.19	164,815,564.05		2,607,051,597.13		6,799,950.00		949,501,081.71	
<b>Total</b>				3,274,110,081.17				1,530,245,528.73	
Significant accounting policies	1								
Notes on financial statements	2								

As per our report of even date attached hereto

**For MEHROTRA & MEHROTRA**

Chartered Accountants

F.R. No.0226C

**CA. Rajesh Jhalani**

Partner

M.No.74809

**S. C. Agarwal**

Executive Director

For &amp; on behalf of Board of Directors

**L K Jhunjhunwala**

Chairman

Place: Lucknow

Date: 28.05.2015

**A K Gupta**

Chief Financial Officer

**Rajeev Kumar**

Company Secretary

Consolidated Balance Sheet




**Statement of Profit & Loss for the period ended on 31st March, 2015**

PARTICULARS	Notes No.	Current Year				Previous Year			
		18 months ended 31st March, 2015				Year ended 30th September, 2013			
		Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
I. Revenue from operations (Gross)	2.20	5,690,558,151.39				2,825,352,789.97			
Less: Excise duty and cess		186,073,938.00				99,473,654.08			
Revenue from operations (net)				5,504,484,213.39				2,725,879,135.89	
II. Other Income	2.21			71,115,094.42				25,442,152.33	
III. Total Revenue (I + II)				5,575,599,307.81				2,751,321,288.22	
IV. Expenses									
Cost of material consumed	2.22			5,035,076,427.22				2,602,737,488.06	
Purchase of Stock in trade	2.23			447,690,277.00				-	
Change in inventory of finished goods, work in progress and stock in trade	2.24			(1,098,228,982.00)				(505,455,945.50)	
Employee benefits expenses	2.25			145,409,327.37				83,433,912.29	
Finance costs	2.26			142,046,130.31				128,903,774.03	
Depreciation and amortization expense	2.27			142,648,682.91				90,118,028.44	
Other expenses	2.28			671,499,016.97				223,620,639.79	
Total expenses				5,486,140,879.78				2,623,357,897.11	
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)				89,458,428.03				127,963,391.11	
VI. Exceptional items				-				-	
VII. Profit/(Loss) before extraordinary items and tax (V-VI)				89,458,428.03				127,963,391.11	
VIII. Extraordinary item				-				-	
IX. Profit/(Loss) before tax (VII-VIII)				89,458,428.03				127,963,391.11	
X. Tax expense									
(1) Current Tax				10,317,324.00				-	
(2) Deferred Tax				4,926,819.00				1,947,121.00	
XI. Profit/(Loss) for the year before adjustment of Minority Interest (IX-X)				74,214,285.03				126,016,270.11	
XII. Share of (Profit) Transfer to minority interest				(182,919.33)				-	
XIII. Profit/Loss for the Year after adjustment of Minority Interest				74,397,204.36				-	
XIV. Earning per equity share (Nominal value of Rs.2 each)									
(1) Basic (Rs. Per share)					0.81				1.37
(2) Diluted (Rs. Per share)					0.81				1.37
Significant accounting policies	1								
Notes on financial statements	2								

As per our report of even date attached hereto

**For MEHROTRA & MEHROTRA**

Chartered Accountants

F.R. No.0226C

**CA. Rajesh Jhalani**

Partner

M.No.74809

**S. C. Agarwal**

Executive Director

**L K Jhunjunwala**

Chairman

Place: Lucknow

Date: 28.05.2015

**A K Gupta**

Chief Financial Officer

**Rajeev Kumar**

Company Secretary



# Cash Flow Statement for the 18 months ended 31st March, 2015

PARTICULARS	18 months ended 31st March, 15		Year ended 30th September, 13	
	Rs.	P.	Rs.	P.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) before tax and exceptional items		894.58		1279.63
Adjustment for :				
Depreciation and amortisation expense	1426.49		901.18	
Finance costs	1420.46		1289.04	
Transfer to storage fund for molasses	10.57		6.57	
Provision/reversal of doubtful debts	(271.46)		57.79	
Balances written off	0.61		13.40	
Interest income	(135.33)		(126.37)	
Profit on sale of fixed assets	(22.47)		(1.07)	
Unspent liabilities/balances written back	(0.25)		(1.60)	
Storage fund for molasses written back	-		(5.00)	
		2428.07		2133.94
Operating Profit before working capital changes		3322.65		3413.57
Adjustment for :				
(Increase)/Decrease in trade and other receivables	(4410.17)		(151.73)	
(Increase) / Decrease in inventories	(11522.77)		(5411.17)	
Increase / (Decrease) in trade payables & Others	13520.54		827.62	
Cash Generated from Operations		(2128.28)		(4735.28)
Direct Tax Paid		(103.17)		-
Net Cash From Operating Activities (A)		1091.20		(1321.71)
Cash Flow from investing activities				
Purchase of fixed assets	(2675.31)		(592.68)	
Proceeds from sale of fixed assets	251.18		1.34	
Interest income received	135.33		126.37	
		(2288.25)		(464.97)
<b>B. Net Cash From Investing Activities</b>				
Cash Flow From Financing activities				
Proceeds/(repayments) of long term borrowings	133.15		(1846.04)	
Proceeds/(repayments) of short term borrowings	3173.83		4587.42	
Finance cost paid	(1604.76)		(956.85)	
<b>C. Net Cash From Financing Activities</b>		1702.22		1784.53
Net increase in Cash & Cash Equivalents (A+B+C)		505.17		(2.15)
<b>D. Opening cash and cash equivalents</b>		280.83		282.98
<b>E. Closing cash and cash equivalents</b>		786.00		280.83
Increase in Cash & Cash Equivalents (D-E)		505.17		(2.15)

Consolidated Cash Flow Statement ...

Note: Cash and cash equivalents represent cash and bank balances.

As per our report of even date attached hereto  
For Mehrotra & Mehrotra  
Chartered Accountants  
F.R. No.0226C

For & on behalf of Board of Directors

**Rajesh Jhalani**  
Partner  
M.No.74809

**S. C. Agarwal**  
Executive Director

**L K Jhunjunwala**  
Chairman

Date : 28.05.2015  
Place : Lucknow

**A K Gupta**  
Chief Financial Officer

**Rajeev Kumar**  
Company Secretary



## Notes forming part of Financial Statement

### Note 1-A. Basis of consolidation :

The consolidated financial statements relate to K M Sugar Mills Limited ("The Company") and its Subsidiary namely K M Energy Pvt. Ltd. The Company and its Subsidiary constitute the Group.

#### 1.1 Basis of preparation of consolidated financial statements

- The financial statements of the Subsidiary used in the consolidation are drawn upto the same balance sheet date as of the Company i.e. 31st March, 2015.
- The preparation of the consolidated financial statements of the Group 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 / materialized.

These consolidated financial statements are based, in so far as they relate to amounts included in respect of the Subsidiary, on the audited financial statements prepared for consolidation in accordance with the requirements of Accounting Standard - 21 and Accounting Standard - 23 for each of the included entities.

Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

#### 1.2 Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses there on have been fully eliminated.
- The excess of cost to the Company of its Investments in the Subsidiary over its Share of Equity of the Subsidiary, at the date on which the investments are made, is recognised as "Goodwill" being an asset in the consolidated financial statements. The Goodwill so arising on consolidation of subsidiary is amortised in 5 years.
- The Minority Interest in the net assets of the Subsidiary on the date of Balance Sheet is Nil as the net worth of the Subsidiary has been fully eroded. Accordingly, the Minority Share in the loss up to the date of Investment in the Subsidiary has been adjusted with the Share of Majority and shown as Goodwill. Minority Share of losses subsequent to the date of Investment has also been adjusted with the Share of the Majority.

### iv. Company considered in Consolidated Financial Statements:

Name of the Company	Country of incorporation	Percentage of ownership interest as at		Financial year ends on
		31.03.2015	30.09.2013	
K M Energy Pvt. Ltd.	India	73.00%	Nil	31 <sup>st</sup> March

### Note 1-B Significant Accounting Policies

#### 1.1 Basis of Preparation of Financial Statements

These financial statements are prepared on the accrual basis of accounting, under the historical cost convention except for revaluation of certain Fixed Assets, in accordance with the Companies Act, 1956 and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India. 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 VI to the Companies Act, 1956. 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.

#### 1.2 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. Actual results might differ from the estimates. Difference between the actual results and estimates are recognized in the period in which results are known/materialized.

#### 1.3 Significant Accounting Policies

##### a) Fixed Assets

- Tangible Fixed Assets are stated at cost net of cenvat credit and/or at revalued price less accumulated depreciation. All costs including financing costs relating to borrowing till commencement of commercial production attributable to the fixed assets are capitalized.
- Depreciation on fixed assets is provided on written down value method at the rates and the manner prescribed in Schedule XIV of the Companies Act, 1956. The additional depreciation, on increase in cost on account of revaluation, is transferred to statement of Profit & Loss from Revaluation Reserve and is thus not charged to statement of Profit & Loss of the year.
- Tangible Fixed Assets costing up to Rs.5,000/- are being 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.
- 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.

##### b) Revenue Recognition and Expenses

- Revenue from the sale of products is recognized when the property in goods is transferred to the buyer for a consideration.



Revenue from service transaction is recognized as the service is performed.

- ii. Insurance claims have been accounted for on cash basis as per past practice.
- iii. Revenue from certified emission reductions (CERs) and renewable emission certificate (REC) is recognized on cash basis in the absence of reasonable assurance that future economic benefits will flow from the same to the company.
- iv. All the expenses are accounted for on accrual basis.

**c) Inventories are valued as under:**

- i. Raw Materials and Finished Goods (except molasses) are carried at lower of cost or net realizable value.
- ii. Stock of Molasses are carried at net realizable value.
- iii. Stores & Spares are carried at cost.
- iv. Goods in Process / WIP is carried at lower of cost or net realizable Value.
- v. Banked power with UPPCL is carried at lower of cost or net realizable value.

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 cost are not included in value of inventory.

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

**Manufacturing Units Basis**

Sugar		
- Raw Material	First in First Out	
- Stores & Spares and other components	Weighted monthly average	
- Trading Goods	First in First Out	
Distillery		
- Raw Material	First in First Out	
- Stores & Spares Other components	Weighted monthly average	
Co-generation		
- Raw Material	First in First Out	

**d) Investments**

Long term Investments are carried at cost. However, provision for diminution is made to recognize decline, other than temporary, in the value of investment, if any. Current Investment is carried at cost or market value, whichever is lower.

**e) 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 immediately in the statement of profit and loss.

**(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.

**f) 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.

**g) Government Grants**

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 capital reserve.



#### h) 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.

#### i) Foreign Currency Transactions

- 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.

#### j) Taxes on Income

- i. 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.
- ii. Deferred Tax is recognized on timing differences between accounting income and taxable income for the period, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- iii. Deferred Tax Assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Assets in respect to brought forward losses/unabsorbed depreciation is recognized only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

#### k) Impairment of Assets

Impairment of individual assets/cash generating unit (a group of assets that generates identified independent cash flows) are identified using external and internal sources of information and impairment loss if any, is determined and recognized in accordance with the Accounting Standard 28 issued in this regard by the Institute of Chartered Accountants of India.

#### l) 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.

#### m) 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. 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.
- iv. A contingent asset is not recognized in the financial statements.
- v. Provisions and contingent liabilities are reviewed at each balance sheet date.

#### n) Segment Reporting

##### Primary Segment

Based on the guiding principles given in the Accounting Standard-17 "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.

- o) 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.

##### p) 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.

##### q) 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.





## Note 2.1 - Share Capital

PARTICULARS	Current Year		Previous Year	
	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
<b>AUTHORISED</b>				
100,000,000 Equity Shares of Rs. 2/- each		<u>200,000,000.00</u>		<u>200,000,000.00</u>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		<b>184,000,340.00</b>		184,000,340.00
92,000,170 Equity Shares of Rs. 2/- each				
<b>TOTAL</b>		<b>184,000,340.00</b>		184,000,340.00
<b>a. Reconciliation of Number of Shares</b>				
Shares outstanding as at 1st October, 2013		No. of shares 92,000,170	Amount 184,000,340	
Shares outstanding as at 31st March, 2015		92,000,170	184,000,340	
<b>b. List of Shareholders holding more than 5% of the total number of shares issued by the company:</b>				
	As at 31-March-2015		As at 30-September-2013	
	No. of shares	% shareholding	No. of shares	% shareholding
<b>Name of the shareholder</b>				
L K Jhunjhunwala	5602600	6.09	5602600	6.09
P C Jhunjhunwala	9946600	10.81	9944100	10.81
L K Jhunjhunwala (HUF)	10065900	10.94	10065900	10.94
Marvel Business Pvt. Ltd.	12450951	13.53	12450951	13.53
The Company has issued only one class of equity shares having a par value of Rs.2 per share. Each holder of Equity Share is entitled to one vote per share. No dividend has been proposed.				

## Note 2.2 - Reserves and Surplus

PARTICULARS	Current Year		Previous Year	
	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
<b>a. General Reserve</b>				
Balance as per last account		122,019,139.87		122,019,139.87
<b>b. Capital Reserve</b>				
Balance as per last account		4,833,000.00		4,833,000.00
<b>c. Initial Depreciation Reserve</b>				
Balance as per last account		172,449.73		172,449.73
<b>d. Molasses Storage Fund</b>				
Balance as per last account	4,058,541.10		3,901,638.15	
Less: Withdrawal/reversal during the year	-		500,000.00	
Less: Transfer to Statement of Profit & Loss	4,400,000.00		-	
Add: Transferred from Statement of Profit & Loss	<u>1,057,480.00</u>	716,021.10	<u>656,902.95</u>	4,058,541.10
<b>e. Fixed Asset Revaluation Reserve</b>				
Balance as per last account	2,741,510.05		3,237,876.52	
Less: Utilised for set off against depreciation	<u>630,410.24</u>	2,111,099.81	<u>496,366.47</u>	2,741,510.05
<b>f. Sugar Price Equalisation Reserve</b>				
Balance as per last account		1,239,508.05		1,239,508.05
<b>g. Securities Premium Account</b>				
Balance as per last account		268,801,428.00		268,801,428.00
<b>h. Surplus/(Deficit) in Statement of Profit &amp; Loss</b>				
Balance as per last account	(487,214,640.79)		(613,230,910.90)	
Add: Transfer from Molasses Storage Fund	4,400,000.00		-	
Less : Minority share of interest in capital (Net of Share Capital of Rs. 27000/-)	(155,919.33)			
Add: Profit/(Loss) for the current year	<u>74,397,204.36</u>	(408,573,355.76)	<u>126,016,270.11</u>	(487,214,640.79)
<b>TOTAL</b>		<b>(8,680,709.20)</b>		<b>(83,349,063.99)</b>

\*Net Minority interest is negative

Molasses Storage Fund has been created to meet the cost of construction of molasses storage tank as required under Uttar Pradesh Sheera Niyantran (Sansodhan) Adesh, 1974 and the storage fund is represented by investment in the form of deposit in saving bank account with a bank amounting to Rs.19.93 lacs (Previous year Rs.8.91 lacs)

Notes forming part of financial statements...



## Note 2.3 - Long Term Borrowings

PARTICULARS	Current Year		Previous Year	
	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
	Current	Non current	Current	Non current
<b>Term loans</b>				
<b>From Banks</b>				
<b>Secured</b>				
a. State Bank of India - SEFASU Loan	-	95,940,822.00	-	-
b. Punjab National Bank - SEFASU Loan	2,053,000.00	71,847,000.00	-	-
c. Punjab National Bank - Cogen loan	-	-	-	69,638,611.16
d. Punjab National Bank	7,376,000.00	42,000,805.00	625,000.00	49,879,941.00
e. Allahabad Bank	20,450,000.00	116,942,305.65	1,750,000.00	139,156,743.00
f. Punjab National Bank - FITL Old	-	-	952,199.00	-
g. Punjab National Bank - FITL New	21,064,307.00	-	21,067,732.00	31,601,598.00
h. Allahabad Bank - FITL	10,765,168.42	-	13,459,002.00	16,149,997.54
<b>Total A</b>	<b>61,708,475.42</b>	<b>326,730,932.65</b>	<b>37,853,933.00</b>	<b>306,426,890.70</b>
<b>From other entities</b>				
<b>Secured</b>				
a. Sugar Development Fund (SDF) from Govt. of India	148,500,000.00	-	132,000,000.00	16,500,000.00
b. Sugar Development Fund (SDF) from Govt. of India (Modernisation)	-	-	5,843,400.00	-
c. Sugar Development Fund (SDF) from Govt. of India (Cane Development)	-	-	12,500,000.00	-
d. Sugar Development Fund (SDF) from Govt. of India (Modernisation)	-	-	12,500,000.00	-
<b>Total B</b>	<b>148,500,000.00</b>	<b>-</b>	<b>162,843,400.00</b>	<b>16,500,000.00</b>
<b>From related parties</b>				
Unsecured loan	-	15,400,000.00	-	15,400,000.00
<b>Total C</b>	<b>-</b>	<b>15,400,000.00</b>	<b>-</b>	<b>15,400,000.00</b>
<b>TOTAL (A+B+C)</b>	<b>210,208,475.42</b>	<b>342,130,932.65</b>	<b>200,697,333.00</b>	<b>338,326,890.70</b>

### a. Nature of Securities

- Rupee Term Loan of State Bank of India and Punjab National Bank (SEFASU) 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 under scheme for extending Financial Assistance to Sugar Undertakings 2014 (SEAFSU).
- Punjab National Bank cogen loan is secured by first charge on entire fixed assets of the company on pari passu basis with other term lenders, personal guarantee of two directors, pledge of shares and corporate guarantee of a company.
- Rupee Term Loan of Punjab National Bank and Allahabad Bank are secured by 4th charge on entire fixed assets of the company on pari passu basis with other term lenders, personal guarantee of two directors, pledge of shares and and corporate guarantee of a company.
- FITL of Punjab National Bank and Allahabad Bank are secured by first charge on entire fixed assets of the company on pari passu basis with other term lenders, personal guarantee of two directors, pledge of shares and corporate guarantee of a company.
- Rupee Term Loan from SDF are secured by second charge on Company's immovable and movable properties both present and future.
- Unsecured loan from related parties represent promoters contribution as per CDR approval.

### b. Terms of repayment

Name of the banks / entities	Interest Rate %	Amount Outstanding as on 31 March, 2015		1-2 years	2-3 years	3 years and above
		Current	Non Current			
		Rs.	Rs.			
State Bank of India SEFASU loan	0.75	-	95,940,822	26,640,822	32,040,000	37,260,000
Punjab National Bank SEFASU loan	0.00	2,053,000	71,847,000	24,636,000	24,636,000	22,575,000
Punjab National Bank	11.00	7,376,000	42,000,805	14,760,000	17,560,000	9,680,805
Allahabad Bank	11.50	20,450,000	116,942,306	40,850,000	48,600,000	27,492,306
Punjab National Bank -FITL New	10.50	21,064,307	-	-	-	-
Allahabad Bank - FITL	11.00	10,765,168	-	-	-	-
Sugar Development Fund (SDF) from Govt. of India	4.00	148,500,000	-	-	-	-
Unsecured loan	-	-	15,400,000	-	-	15,400,000
<b>Total</b>		<b>210,208,475</b>	<b>342,130,933</b>	<b>106,886,822</b>	<b>122,836,000</b>	<b>112,408,111</b>

a. 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.

b. 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. State Bank of India SEFASU Loan is at 12.75%.



Notes forming part of financial statements...




## Note 2.4 - Deferred tax liabilities

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>Deferred Tax Liabilities</b>								
Depreciation			78,485,177.00				98,250,928.00	
<b>Deferred Tax Assets</b>								
Carried forward losses	19,249,201.00				24,734,277.00			
Expenses allowable for tax purpose when paid	<u>21,473,684.00</u>		40,722,885.00		<u>40,681,178.00</u>		65,415,455.00	
<b>TOTAL</b>			37,762,292.00				32,835,473.00	

Refer note no. 2.29 (8)

## Note 2.5 - Other long term liabilities

PARTICULARS	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
Loan from UP Government *	1,450,000.00		1,450,000.00	
Others	796,321.85		796,321.85	
<b>Total</b>	2,246,321.85		2,246,321.85	

\*Refer note no. 2.29 (7)

## Note 2.6 - Long term provisions

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Provisions for employees benefit								
Unavailed leave	2,457,664.00				2,419,768.00			
Gratuity	<u>3,541,656.00</u>		5,999,320.00		<u>2,803,767.00</u>		5,223,535.00	
Other Provision including Excise duty			135,529,759.00				20,112,007.00	
<b>TOTAL</b>			141,529,079.00				25,335,542.00	



## Note 2.7 - Short term borrowings

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>Loan repayable on demand</b>								
<b>Working capital loans</b>								
<b>From banks</b>								
<b>Secured</b>								
a. State Bank of India	452,485,753.14				349,465,814.63			
b. Punjab National Bank	373,310,328.30				233,772,463.00			
c. The Federal Bank Ltd.	78,383,346.10				3,962,971.10			
d. Union Bank of India	404,322.36		904,583,749.90		-		587,201,248.73	
<b>Other Loans and advances</b>								
<b>Unsecured</b>								
From Others			1,040,840.00				1,040,840.00	
<b>TOTAL</b>			905,624,589.90				588,242,088.73	

### Summary of short term borrowings

#### Secured borrowings

#### Nature of Securities

- 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, third 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 a company.
- Working capital loan from Punjab National Bank is secured by pledge of stock of Crystal sugar, third 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 a company.
- 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, third 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 a company.
- Loan from Union Bank of India is secured against a fixed deposit of Rs. 5 Lacs pledged with the bank.

Notes forming part of financial statements...





## Note 2.8 - Trade Payables

PARTICULARS	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
Trade payable (Other than acceptance)*	1,248,579,693.96		139,244,305.83	
<b>Total</b>	<b>1,248,579,693.96</b>		<b>139,244,305.83</b>	

\* Includes Rs.12.59 lacs due to micro and small enterprises. [Refer note no.2.29 (14)]

## Note 2.9 - Other current liabilities

PARTICULARS	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
i. Current maturities of long term debt*	210,208,475.42		200,697,333.00	
ii. Payable to capital goods supplier	7,231,982.04		5,330,539.65	
iii. Statutory liabilities **	102,904,088.28		29,477,816.85	
iv. Advances from Customers	29,982,225.72		2,863,382.57	
v. Interest accrued but not due on borrowings	-		2,167,496.42	
vi. Interest accrued and due on borrowings	8,289,148.00		24,551,972.93	
vii. Security Deposits	30,789,828.32		15,602,729.52	
viii. Outstanding liability of related party	9,504,471.61		1,550,554.94	
ix. Salary and other payables to employees	9,972,711.52		9,593,725.06	
x. Others	9,273,737.10		9,680,391.67	
<b>TOTAL</b>	<b>418,161,668.01</b>		<b>301,515,942.61</b>	

\* Refer note no.2.3 (a), (b) & (c) for nature of securities and terms of repayment respectively.

\*\* Include Excise Duty and Cess on closing stock.

## Note 2.10 - Short term provisions

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Provision for employee benefit - Unavailed leave Gratuity	177,317.00 <u>2,578,556.00</u>		2,755,873.00		200,631.00 <u>1,647,057.00</u>		1,847,688.00	
For Income Tax			-				-	
<b>TOTAL</b>			<b>2,755,873.00</b>				<b>1,847,688.00</b>	



# Notes forming part of financial statements....

## Note 2.11- Fixed Assets

Particulars	Tangible assets								Intangible Assets	Capital work in progress	Grand Total
	Land (Lease hold)	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers			
Gross Block											
Balance as at 01.10.2013	2,010,875.67	-	37,406,580.11	1,836,674,744.85	9,075,016.44	17,510,958.32	5,395,399.62	8,655,818.58	1,564,632.00	44,394,553.75	1,962,688,579.34
Additions	-	5,972,794.00	21,431,879.74	246,632,543.77	17,641,100.21	12,126,763.00	887,749.25	1,725,471.00	649,500.00	156,950,898.69	464,018,699.66
Disposal/Deduction	363,100.00	-	-	24,116,856.00	-	2,379,940.00	-	-	-	196,488,094.44	223,347,990.44
Balance as at 31.03.2015	<b>1,647,775.67</b>	<b>5,972,794.00</b>	<b>58,838,459.85</b>	<b>2,059,190,432.62</b>	<b>26,716,116.65</b>	<b>27,257,781.32</b>	<b>6,283,148.87</b>	<b>10,381,289.58</b>	<b>2,214,132.00</b>	<b>4,857,358.00</b>	<b>2,203,359,288.56</b>
Depreciation											
Balance as at 01.10.2013	-	-	22,554,761.01	1,353,897,714.55	7,479,980.69	13,482,570.58	4,227,300.14	7,061,021.31	1,521,179.50	-	1,410,224,527.78
Depreciation for the year	-	-	2,307,263.65	131,869,747.99	2,107,746.73	5,026,529.30	405,205.17	1,474,997.76	87,602.56	-	143,279,093.15
Disposal/Deduction	-	-	-	1,792,847.00	-	2,195,046.00	-	-	-	-	3,987,893.00
Balance as at 31.03.2015	-	-	<b>24,862,024.66</b>	<b>1,483,974,615.54</b>	<b>9,587,727.42</b>	<b>16,314,053.88</b>	<b>4,632,505.31</b>	<b>8,536,019.07</b>	<b>1,608,782.06</b>	-	<b>1,549,515,727.93</b>
Net Block as 31.03.2015	<b>1,647,775.67</b>	<b>5,972,794.00</b>	<b>33,976,435.20</b>	<b>575,215,817.08</b>	<b>17,128,389.23</b>	<b>10,943,727.44</b>	<b>1,650,643.57</b>	<b>1,845,270.51</b>	<b>605,349.94</b>	<b>4,857,358.00</b>	<b>653,843,560.63</b>

Fixed Assets Previous year

Particulars	Tangible assets								Intangible Assets	Capital work in progress	Grand Total
	Land (Lease hold)	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers			
Gross Block											
Balance as at 01.10.2012	2,010,875.67	-	37,406,580.11	1,823,898,160.39	8,774,233.44	17,684,287.32	5,312,599.62	7,230,112.58	1,564,632.00	-	1,903,881,481.13
Additions	-	-	-	12,776,584.46	308,683.00	280,000.00	82,800.00	1,425,706.00	-	44,394,553.75	59,268,327.21
Disposal/Deduction	-	-	-	-	7,900.00	453,329.00	-	-	-	-	461,229.00
Balance as at 30.09.2013	<b>2,010,875.67</b>	-	<b>37,406,580.11</b>	<b>1,836,674,744.85</b>	<b>9,075,016.44</b>	<b>17,510,958.32</b>	<b>5,395,399.62</b>	<b>8,655,818.58</b>	<b>1,564,632.00</b>	<b>44,394,553.75</b>	<b>1,962,688,579.34</b>
Depreciation											
Balance as at 01.10.2012	-	-	21,111,003.30	1,267,430,190.68	7,114,407.42	12,551,058.23	4,028,426.09	6,347,137.86	1,462,412.50	-	1,320,044,636.08
Depreciation for the year	-	-	1,443,757.71	86,467,523.87	373,473.27	1,358,115.56	198,874.05	713,883.45	58,767.00	-	90,614,394.91
Disposal/Deduction	-	-	-	-	7,900.00	426,603.21	-	-	-	-	434,503.21
Balance as at 30.09.2013	-	-	<b>22,554,761.01</b>	<b>1,353,897,714.55</b>	<b>7,479,980.69</b>	<b>13,482,570.58</b>	<b>4,227,300.14</b>	<b>7,061,021.31</b>	<b>1,521,179.50</b>	-	<b>1,410,224,527.78</b>
Net Block as 30.09.2013	<b>2,010,875.67</b>	-	<b>14,851,819.10</b>	<b>482,777,030.30</b>	<b>1,595,035.75</b>	<b>4,028,387.74</b>	<b>1,168,099.48</b>	<b>1,594,797.27</b>	<b>43,452.50</b>	<b>44,394,553.75</b>	<b>552,464,051.56</b>

Note: Leasehold land includes land valuing Rs.16 lacs acquired through Official Liquidator. However, the said land is not registered in the name of the company.



## Note 2.12 - Non-current Investments

PARTICULARS	Face Value	As at 31st March, 2015		As at 30th September, 2013	
		No. of shares	Rs.	No. of shares	Rs.
<b>Non Trade Investments</b>					
<b>Unquoted (valued at cost)</b>					
<b>a. In equity shares of companies fully paid up</b>					
Chamoli Hydro Power (P) Ltd.	10	1,000	10,000.00	1,000	10,000.00
K M Shakar Karkhana Pvt Ltd	10	25,000	1,000,000.00	25,000	1,000,000.00
<b>Other Investments</b>					
<b>Quoted (valued at cost)</b>					
<b>b. In equity shares of companies fully paid up</b>					
Reliance Industries Ltd.	10	84	5,876.00	84	5,876.00
Reliance Communication Ltd.	5	42	4,373.00	42	4,373.00
Reliance Infrastructure Ltd.	10	3	825.00	3	825.00
Reliance Capital Ltd.	10	2	147.00	2	147.00
Reliance Power Ltd.	10	10	79.00	10	79.00
Aggregate amount of unquoted investments Rs.10,83,000/-					
Aggregate amount of quoted investments Rs.11,300/-					
Aggregate market value of listed and quoted investments Rs.74,478/- (Previous year Rs.76,461/-)					
<b>Total</b>			<b>1,021,300.00</b>		<b>1,021,300.00</b>

Note 2.13 Long-term loans and advances  
(unsecured, considered good unless stated otherwise)

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>Capital advances</b>			<b>158,000.00</b>				9,795,931.20	
<b>Security deposits</b>			<b>3,867,594.46</b>				4,129,994.46	
<b>Other loans and advances</b>								
Advance to suppliers and others								
Considered Good			-				5,216,800.00	
Considered doubtful			31,357,798.21				26,140,713.06	
Less: Allowance for doubtful advance			<u>31,357,449.72</u>				<u>26,140,649.72</u>	
			348.49				5,216,863.34	
Income Tax payments			5,637,906.64				5,526,599.64	
(Net of provision Rs.103.17 lacs previous year Rs.Nil)								
Duties and taxes paid under protest			741,230.00				710,491.00	
							11,453,953.98	
<b>Total</b>				<b>10,405,079.59</b>				<b>25,379,879.64</b>



## Note 2.14 Other non-current assets (unsecured, considered good unless stated otherwise)

PARTICULARS	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
Fixed deposits with banks (Non current portion with original maturity period of more than 12 months) For a loan held by District Magistrate, Faizabad*	1,450,000.00		1,450,000.00	
Interest accrued but not due	-		90,672.00	
Others	338,543.82		338,543.82	
<b>Total</b>	<b>1,788,543.82</b>		<b>1,879,215.82</b>	

Refer note no. 2.29 (7)

## Note 2.15 Inventories (valued at lower of cost and net realisable value, unless stated otherwise)

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Raw materials								
Molasses in Distillery Division			23,170,500.00				19,944,983.00	
Rectified Spirit			13,859,139.00				-	
Work-in-progress								
Biocompost	211,456.00		211,456.00				-	
Finished goods								
Sugar	1,654,485,719.00				667,971,292.00			
Molasses	119,911,050.00				24,019,329.00			
Industrial Alcohol	43,787,150.00				6,920,115.00			
Country liquor	1,031,722.00				-			
Bagasse	15,414,528.00				2,989,490.00			
Banked power	3,701,552.00				805,448.00			
Carbon credit	-				728,797.00			
Pressmud	64,616.00		1,838,396,337.00		-		703,434,471.00	
Stores and spares			43,006,957.93				42,987,426.96	
<b>Total</b>			<b>1,918,644,389.93</b>				<b>766,366,880.96</b>	

Refer note no. 1.3 significant accounting policies

## Note 2.16 Trade receivables (unsecured, considered good)

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Trade receivables outstanding for a period exceeding 6 months from due date								
a. Considered good	42,482,126.59				7,615,045.52			
b. Considered doubtful	3,626,938.07				35,990,054.00			
	46,109,064.66				43,605,099.52			
Less: Provision for doubtful debts	3,626,849.78		42,482,214.88		35,990,054.00		7,615,045.52	
Other trade receivables- considered good			274,398,421.49				78,287,666.54	
<b>Total</b>			<b>316,880,636.37</b>				<b>85,902,712.06</b>	

Notes forming part of financial statements...



## Note 2.17 Cash and cash equivalents

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Balances with banks								
In current accounts	20,908,553.96				21,123,998.06			
In EEFC account	3,255.00		20,911,808.96		150,790.00		21,274,788.06	
Cheques on hand			1,711,775.00				1,852,250.00	
Cash on hand			2,202,853.28				844,269.65	
Fixed deposit for Bank guarantee deposited with bank as margin money -Earmarked								
Original maturity period upto 12 months	3,219,973.00				1,500,000.00			
Original maturity period more than 12 months	48,561,000.00		51,780,973.00		1,719,973.00		3,219,973.00	
Molasses storage fund in S/B account (Earmarked)			1,992,579.58				891,468.58	
<b>Total</b>			<b>78,599,989.82</b>				<b>28,082,749.29</b>	

## Note 2.18 Short-term loans and advances (unsecured, considered good)

PARTICULARS	As at 31-March-2015				As at 30-September-2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>Loan and advances to related parties</b>								
Considered good			-				5,430,879.80	
<b>Security deposits</b>			5,889,756.85				5,912,856.85	
<b>Other loans and advances</b>								
Advance to suppliers and others	101,103,473.75				39,755,189.30			
Advance to employees	1,517,754.89				1,911,206.10			
Cenvat, Vat and other taxes/duties	14,310,111.50				8,094,360.85			
Prepaid expenses	5,003,988.00				1,073,692.50			
Others	285,931.97		122,221,260.11		170,604.00		51,005,052.75	
<b>Total</b>			<b>128,111,016.96</b>				<b>62,348,789.40</b>	

## Note 2.19 Other current assets (unsecured, considered good)

PARTICULARS	As at 31-March-2015		As at 30-September-2013	
	Rs.	P.	Rs.	P.
Interest accrued / receivable	1,569,725.89		342,965.00	
Cane Price and Commission receivable*	138,293,001.16		-	
Others	24,952,837.00		6,456,985.00	
<b>Total</b>	<b>164,815,564.05</b>		<b>6,799,950.00</b>	

Refer note no. 2.29 (10)





## Note 2.20 Revenue from operations

PARTICULARS	18 months ended 31st March, 2015		Year ended 30th September, 2013	
	Rs.	P.	Rs.	P.
<b>Sale of goods (Gross)</b>				
Sugar (Including trading Rs.4893.95 lacs Previous year Rs. Nil)	4,474,097,303.00		2,324,898,925.55	
Molasses	-		1,200,661.33	
Power	416,771,040.00		239,506,757.09	
Industrial alcohol	554,178,678.00		258,719,911.00	
Country liquor	83,349,749.14		-	
Bagasse sale	160,406,329.25		-	
Bio compost manure	1,755,052.00		1,026,535.00	
<b>Revenue from operations (Gross)</b>	<b>5,690,558,151.39</b>		<b>2,825,352,789.97</b>	
Less : Excise duty, cess and administrative charges on sale of goods	186,073,938.00		99,473,654.08	
<b>Revenue from operations (Net)</b>	<b>5,504,484,213.39</b>		<b>2,725,879,135.89</b>	

## Note 2.21 Other income

PARTICULARS	18 months ended 31st March, 2015		Year ended 30th September, 2013	
	Rs.	P.	Rs.	P.
<b>Interest income</b>				
Fixed deposits with banks	2,117,555.89		850,342.07	
Others	10,470,609.00		11,786,589.09	
<b>Other non-operating income</b>				
Net gain on foreign currency transactions and translations	581,648.50		5,803,076.00	
Insurance claims	1,318,219.00		144,437.00	
Profit on sale of fixed assets	2,247,045.00		106,608.21	
Unspent liabilities/balances written back	25,000.00		160,002.43	
Carbon credit/REC receipt	15,416,220.00		-	
Miscellaneous income	10,067,543.03		4,026,998.68	
Prior period income	-		2,564,098.85	
Provision for doubtful debts reversal	27,871,254.00		-	
<b>Total</b>	<b>71,115,094.42</b>		<b>25,442,152.33</b>	

## Note 2.22 Cost of materials consumed

PARTICULARS	18 months ended 31st March, 2015		Year ended 30th September, 2013	
	Rs.	P.	Rs.	P.
Sugar cane*	5,003,084,065.82		2,596,437,115.06	
Molasses	27,851,630.40		6,300,373.00	
Spirit	4,140,731.00		-	
<b>Total</b>	<b>5,035,076,427.22</b>		<b>2,602,737,488.06</b>	

\* Refer note no.2.29 (10)

## Note 2.23 Purchases of stock-in-trade

PARTICULARS	18 months ended 31st March, 2015		Year ended 30th September, 2013	
	Rs.	P.	Rs.	P.
Sugar	447,690,277.00		-	
<b>Total</b>	<b>447,690,277.00</b>		<b>-</b>	

Notes forming part of financial statements...



## Note 2.24 Changes in inventories of finished goods, by-products and work-in-progress

PARTICULARS	18 months ended 31st March, 2015				Year ended 30th September, 2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>Finished goods</b>								
<b>Opening stock</b>								
Sugar	667,971,292.00				177,171,452.00			
Molasses	32,414,403.00				5,958,261.50			
Bagasse	2,989,490.00				2,335,200.00			
Industrial alcohol	6,920,115.00				1,103,740.00			
Country liquor	-				-			
Banked Power	805,448.00				917,803.00			
Carbon credit	728,797.00				-			
Biocompost manure	-		711,829,545.00		-		187,486,456.50	
<b>Less : Closing stock</b>								
Sugar	1,654,485,719.00				667,971,292.00			
Molasses	143,081,550.00				32,414,403.00			
Bagasse	15,414,528.00				2,989,490.00			
Industrial alcohol	43,787,150.00				6,920,115.00			
Country liquor	1,031,722.00				-			
Banked Power	3,701,552.00				805,448.00			
Carbon credit	-				728,797.00			
Pressmud	64,616.00		1,861,566,837.00		-		711,829,545.00	
<b>Total (A)</b>			(1,149,737,292.00)				(524,343,088.50)	
<b>Work-in-progress</b>								
Opening stock			-				-	
Less : Closing stock			211,456.00				-	
<b>Total (B)</b>			(211,456.00)				-	
<b>Total (A+B)</b>			(1,149,948,748.00)				(524,343,088.50)	
Less: Difference of Excise Duty on opening and closing stock			51,719,766.00				18,887,143.00	
<b>Total</b>			(1,098,228,982.00)				(505,455,945.50)	

## Note 2.25 Employee benefits expense

PARTICULARS	18 months ended 31st March, 2015		Year ended 30th September, 2013	
	Rs.	P.	Rs.	P.
Salary, wages and bonus	128,239,103.37		75,082,963.69	
Contribution to Provident Fund and other Funds	10,604,186.00		5,097,287.00	
Workmen and Staff Welfare Expenses	2,347,388.00		1,259,306.60	
Gratuity	4,218,650.00		1,994,355.00	
<b>Total</b>	<b>145,409,327.37</b>		<b>83,433,912.29</b>	

## Note 2.26 Finance costs

PARTICULARS	18 months ended 31st March, 2015				Year ended 30th September, 2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>Interest expense</b>								
Cash Credit	68,112,130.00				49,758,108.00			
Term loan	68,131,648.39				73,802,845.32			
Others	1,039,525.00		137,283,303.39		90,550.43		123,651,503.75	
Documentation and other bank charges			4,762,826.92				5,252,270.28	
<b>Total</b>			<b>142,046,130.31</b>				<b>128,903,774.03</b>	



## Note 2.27 Depreciation and amortisation expense

PARTICULARS	18 months ended 31st March, 2015				Year ended 30th September, 2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Depreciation and amortisation on tangible assets	143,191,490.59				90,555,627.91			
Less: Transferred from revaluation reserve	630,410.24		142,561,080.35		496,366.47		90,059,261.44	
Amortisation on intangible assets			87,602.56				58,767.00	
<b>Total</b>			142,648,682.91				90,118,028.44	

## Note 2.28 Other expenses

PARTICULARS	18 months ended 31st March, 2015				Year ended 30th September, 2013			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Consumption of stores and spare parts			57,375,232.55				26,417,986.30	
Packing materials			102,081,946.52				28,675,849.25	
Power and fuel			36,836,886.51				20,466,520.29	
Rent			11,997,538.00				3,249,535.00	
Repairs								
Buildings	32,657,962.55				7,167,278.20			
Machinery	129,141,157.18				61,822,964.34			
Others	15,228,198.36		177,027,318.09		5,968,022.63		74,958,265.17	
Insurance			4,450,189.00				2,140,371.00	
Rates and taxes (excluding taxes on income)			5,177,655.12				1,946,354.62	
Selling Expenses :								
Commission to Selling Agents	8,696,010.00				4,235,439.00			
Other Selling Expenses	20,211,732.00				9,721,579.60			
Selling Expenses on Sugar Trading	37,935,469.00		66,843,211.00		-		13,957,018.60	
Payments to auditor								
Statutory audit fee	305,000.00				200,000.00			
Tax audit fee	200,000.00				100,000.00			
Reimbursement of expenses	59,145.00		564,145.00		37,982.00		337,982.00	
Charity and donation			159,553.00				17,753.00	
Printing and stationary			1,714,243.53				861,401.00	
Communication expenses			2,301,208.74				1,337,037.74	
Travelling Expenses			27,698,657.02				11,476,205.33	
Consultancy and legal expenses			13,367,817.62				6,415,899.00	
Director sitting fee			185,000.00				40,000.00	
Director remuneration			10,750,000.00				2,850,000.00	
Miscellaneous expenses			33,993,371.74				20,696,361.62	
Provision of Excise Duty demand			115,417,752.00				-	
Transfer to storage fund for molasses			1,057,480.00				656,902.95	
Provision for doubtful debts and advances			724,849.78				5,778,864.00	
Balances written off			60,636.75				1,340,332.92	
Prior period expenses			1,684,325.00				-	
<b>TOTAL</b>			671,499,016.97				223,620,639.79	

Notes forming part of financial statements...



## Note 2.29 Notes to the accounts

### 2.29 Other Disclosures:

#### 1. Contingent liabilities and commitments (to the extent not provided for and as certified by the management)

##### (a) Contingent liabilities

- (i) Claims against the Company not acknowledged as debts in respect of pending cases of employees under labour laws - Rs.150.14 lacs (Previous Year - Rs.128.72 lacs).
- (ii) Claims against the company not acknowledged as debts in respect of criminal and Civil Cases Rs.35.43 lacs (Previous Year -Rs.31.17 lacs).
- (iii) Bank guarantees given to the Central Government, Excise Department and Indian Oil Corporation Ltd., aggregating to Rs.373.76 lacs (Previous Year Rs.132.96 lacs).
- (iv) Company has given guarantee to the banks, which provided vehicle loans to the employees of the company, outstanding loan as on 31.03.2015 NIL (Previous Year Rs. 0.42 lacs).
- (v) Interest recompense payable to lenders under CDR scheme estimated amounting to Rs.676.43 lacs (Previous Year Rs.409.81 lacs). It is stipulated that minimum 75% of the recompense amount should be recovered by the lenders in terms of CDR circular.
- (vi) Disputed sales tax, income tax and excise duty cases under appeal - Rs.24603.80 lacs (Previous Year Rs.8935.20 lacs)

Description	Current Period Rs. In lacs	Previous year Rs. In lacs
Central Excise Act	1856.46	515.40
Sales Tax/Trade Tax/Entry Tax	0.04	39.63
Income Tax	22746.02	8378.89
Others	1.28	1.28
<b>Total</b>	<b>24603.80</b>	<b>8935.20</b>

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.

##### (b) Commitments :

- (i) Estimated amount of contracts remaining to be executed on capital account and not provided for-Nil (Previous Year - Rs.211.33 lacs).
- (ii) Advances paid against above- Nil (Previous Year -Rs.96.38 lacs).

### 2. Employee Benefits

As per Accounting Standard -15 'Employees Benefits' the disclosure of Employee Benefits as defined in the Accounting Standard are as follow :

#### a. Defined contribution plans

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:

	Current period	Previous year
Employers' contribution to provident fund	Rs.1,06,04,186/-	Rs. 50,97,287/-

#### b. 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.

In accordance with the Accounting Standard 15, actuarial valuation was done in respect of gratuity and leave encashment defined benefits plans and details of the same are given below:

	Gratuity Current period	Gratuity Previous Year	Leave Encashment Current period	Leave Encashment Previous Year
Discount rate (per annum)	8.00%	8.50%	8.00%	9.00%
Future salary increase	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	8.50%	8.50%	0%	0%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
<b>I. Expenses recognized in profit and loss account</b>				
Current service cost	17,97,812	13,05,309	4,96,520	3,59,713
Interest cost	22,93,678	15,42,339	3,14,161	2,51,017
Expected return on plan assets	(12,49,926)	(11,41,944)	-	-
Net actuarial loss/ (gain) recognized in the period	22,01,344	(3,21,638)	32,89,940	10,32,101
<b>Net expenses recognized</b>	<b>50,42,908</b>	<b>20,27,342</b>	<b>41,00,621</b>	<b>16,42,831</b>
<b>II. Net liability/(assets) recognized in the balance sheet as at 31st March, 2015</b>				
Present value of obligation at the end of period	2,33,50,108	1,91,31,458	26,34,981	26,20,399
Fair value of the plan asset at the end of period	1,55,42,518	1,38,67,514	-	-
Funded status [(surplus)/(deficit)]	(78,07,590)	(52,63,944)	(26,34,981)	(26,20,399)
<b>Net (asset)/liability as at 31st March, 2015</b>	<b>2,33,50,108</b>	<b>1,91,31,458</b>	<b>26,34,981</b>	<b>26,20,399</b>
<b>III. Change in present value of obligation during the year</b>				
Present value of obligation at the beginning of year				
Current service cost	1,91,31,458	1,71,37,103	26,20,399	27,89,079
Interest cost	17,97,812	13,05,309	4,96,520	3,59,713
Benefits paid	22,93,678	15,42,339	3,14,161	2,51,017
Actuarial loss/ (gain) on obligations	(27,43,754)	(11,01,806)	(40,86,039)	(18,11,511)
	28,70,914	2,48,513	32,89,940	10,32,101
<b>Present value of obligation at the year end</b>	<b>2,33,50,108</b>	<b>1,91,31,458</b>	<b>26,34,981</b>	<b>26,20,399</b>
<b>IV. Change in present value of fair value of plan assets</b>				
Fair value of plan assets as at the beginning of period				
Return on plan assets	1,38,67,514	1,30,01,768	-	-
Contributions	19,19,496	10,68,819	-	-
Benefits paid	24,99,262	8,98,733	-	-
Actuarial loss/ (gain)	(27,43,754)	(11,01,806)	-	-
			-	-
<b>Fair value of plan assets at the year end</b>	<b>1,55,42,518</b>	<b>1,38,67,514</b>	<b>-</b>	<b>-</b>
<b>Details of plan asset</b>	<b>Gratuity Trust</b>	<b>Gratuity Trust</b>	<b>N/A</b>	<b>N/A</b>



**Note:** The Company funded the gratuity liability through a separate Gratuity Fund. The fair value of the plan assets is based on the information certified by the management. However, the gratuity liability of Rs.23,60,274/- of Co-Gen Division is not funded.

3. Short term loans and advances shown under Notes 2.18 includes certain advances given to suppliers of raw material and revenue purchases, which are adjustable against the supply of goods/services but are running due in the books since long. 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.
4. Certain bank accounts shown in Notes 2.17 of Cash and Bank balances under sub-head 'Balance with Banks' are non-operating for last some period and are also subject to reconciliation and receipt of confirmation. As such, the balance of Rs.1.99 lacs shown in respect of those bank accounts in the financial statements is as per books of account only.
5. 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 lacs 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 lacs 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 lac was paid towards Excise Duty on the above. The company has further made a payment of Rs.35.81 lacs during the year 2005-06 to the Government of India against the bank guarantee furnished by it along with interest of Rs.118.25 lacs thereon. Still a sum of Rs.12.40 lacs is lying in the Sugar Price Equalization Reserve as on 31.03.15 shown under Note 2.2 of "Reserve & Surplus".
6. Certain balances in account of debtors, advances, deposit account, and creditors are subject to reconciliation and confirmation by the respective parties. In some of the cases, the amount is overdue for last some years and consequential revenue impact, if any, is not ascertainable. However, management has reviewed these advances from its realization point of view and based on the management's working, the required provisions in respect thereof has been considered in these financial statements, wherever necessary. As far as other balances are concerned, the management is of the opinion that these balances are recoverable/adjustable and accordingly, provision against the same has not been considered at this stage and these balances are disclosed in the financial statements as per books of account only. 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. Further, there is no system of charging interest as per market tradition on amount due from sundry debtors and the parties to whom advances extended in the ordinary course of business and which remains due for a substantial period.
7. Long term liabilities (Note No.2.5) includes a loan from U.P. Government amounting to Rs.14.50 lacs. 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 lacs has 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.
8. For the purpose of computing deferred tax liability, amount of brought forward losses as claimed in the income tax returns filed has been considered for recognizing deferred tax assets.

On the basis of future projections taken on record by the management after considering improved performance of Cogen and Distillery Divisions, the management is confident that there is a virtual certainty that sufficient taxable income will be available in the forthcoming financial years against which, the deferred tax assets can be realized in the normal course of business of the company.

9. The Commissioner, Central Excise and Service Tax, Lucknow has passed the orders on 31.03.2015 in consequence to show cause notices issued earlier and raised a demand of Rs.13,55,29,759 on account of exemption of excise duty claimed on molasses consumed in house for distillery operations and also cenvat credit availed during the period from July, 2007 to March, 2013. Accordingly a provision of Rs.1154.18 lacs after adjusting brought forward provision has been made in the Statement of Profit & Loss.
10. Cost of material consumed for the 18 months period ended 31st March, 2015 is net of financial assistance of Rs.6/- per qtl. of cane purchased during sugar season 2013-14 amounting to Rs.555.19 lacs extended by the State Government. Further for the sugar season 2014-15, the Government of Uttar Pradesh has announced certain financial assistance including Rs.8.60 per qtl of cane linked to average selling price of sugar and its by products during the period 01.10.14 to 31.05.15 which is to be recommended by the Committee constituted by the Government of Uttar Pradesh as the average selling price of sugar is significantly lower than the threshold specified in the above announcement. Accordingly, the company has accounted for the above financial assistance of Rs.782.45 lacs for sugar season 2014-15 lacs and adjusted the same against the cost of material.
11. Since, the sugar industry is a seasonal industry; the cost of production of sugar is worked out on annualized basis.

## 12. Related Party Disclosures:-

Pursuant to compliance of Accounting Standard (AS 18) on related party disclosure, the relevant information is provided here below:-

### 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 Persons (Group A)

?	Shri L. K. Jhunjunwala	-Chairman
?	Shri Aditya Jhunjunwala	-Managing Director
?	Shri Sanjay Jhunjunwala	-Joint Managing Director
?	Shri S. C. Agarwal	-Executive Director

#### ii. Key Management Persons' relatives (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)
?	Smt. Reena Agarwal (Wife of Shri S. C. Agarwal)
?	Shri Ayush Agarwal (Son of Shri S. C. Agarwal)
?	Shri Payoush Agarwal (Son of Shri S. C. Agarwal)





## iii. Associates (Group C)

- ? K. M. Vyapar (P) Ltd.
- ? K.M. Plantations (P) Ltd.
- ? Marvel Business (P) Limited
- ? Francoise Commerce (P) Limited
- ? Nidhi Financial Services (P) Limited
- ? Shree Shakti Credits Limited
- ? Prakash Properties Limited
- ? Promissing Logistics (P) Ltd.
- ? Shailja Properties (P) Ltd.
- ? Zar International (P) Ltd.

## iv. Companies/ Parties in which Key management person or his relatives have substantial interest/ significant influence (Group D)

- ? Shivam Trust
- ? Vatsal Trust
- ? Palak Jhunjhunwala Trust
- ? Laxmi Public Charitable Trust
- ? Jhunjhunwala P G College

## c) Details of the related parties with whom transactions have taken place during the year:

I. Subsidiaries - KM Energy Pvt. Ltd.

## II. Related Parties

## Key Management Persons (Group A)

- ? Shri L. K. Jhunjhunwala -Chairman
- ? Shri Aditya Jhunjhunwala -Managing Director
- ? Shri Sanjay Jhunjhunwala -Joint Managing Director
- ? Shri S. C. Agarwal -Executive Director

## Associates (Group C)

- ? K. M. Vyapar (P) Ltd.
- ? Shree Shakti Credits Limited
- ? Zar International (P) Ltd.

## Associates (Group D)

- ? Laxmi Public Charitable Trust
- ? Jhunjhunwala P G College

d) Details of transactions with the related parties during the year  
(Rs. In Lacs)

S.No	Nature of Transaction	Related parties group				Total Current period (Previous year)
		A C.P. (P.Y.)	B C.P. (P.Y.)	C C.P. (P.Y.)	D C.P. (P.Y.)	
1	Remuneration including contribution to Provident Fund	116.79 (15.49)	- (-)	- (-)	- (-)	116.79 (15.49)
2	Sugar Sale	- (-)	- (-)	98.50 (-)	- (-)	98.50 (-)
3	Rent Paid	- (-)	- (-)	96.85 (27.03)	- (-)	96.85 (27.03)
4	Advance Received	- (-)	- (-)	65.00 (26.80)	- (-)	65.00 (26.80)
5	Advance given	- (-)	- (-)	80.16 (25.79)	- (-)	80.16 (25.79)
6	Advance received back	- (-)	- (-)	54.31 (136.39)	- (-)	54.31 (136.39)
7	Other balances repaid				3.13 (-)	3.13 (-)
8	Outstanding Balances as on 31.03.2015 on account of:					
	a) Receivables	- (-)	- (-)	- (54.31)	- (-)	(54.31)
	b) Payables	199.91 (154.61)	- (-)	49.13 (12.21)	- (3.30)	249.04 (170.12)

- 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 of 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.

## 13. Segment Reporting: Information on the Segment Reporting of the company for the period ended 31.03.2015:

The company has identified three primary business segments viz. Sugar, Distillery and Co-generation. 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.

(Rs. in Lacs)

Particulars	Sugar		Distillery		Co-Generation		Others		Total	
	2015	2013	2015	2013	2015	2013	2015	2013	2015	2013
Revenue										
Gross sales	56605.50	26070.39	6392.83	2597.47	8531.13	3100.55	-	-	71529.46	31788.41
Less: Inter segment sales	10260.46	2809.39	-	-	4363.42	705.48	-	-	14623.88	3514.87
External sales	46345.04	23261.00	6392.83	2597.47	4167.71	2395.07	-	-	56905.58	28253.54
Less: Excise duty and cess	1263.90	710.12	596.84	284.62	-	-	-	-	1860.74	994.74
Net sales	45081.14	22550.88	5795.99	2312.85	4167.71	2395.07	-	-	55044.84	27258.80
Add: Other income	518.49	324.01	22.45	14.27	155.23	3.18	14.37	-	710.60	341.46
Total Revenue	45599.63	22874.89	5818.44	2327.12	4322.94	2398.25	14.37	-	55755.44	27600.26
Segment Results	1403.14	1115.82	(416.14)	448.61	1313.77	1005.65	14.25	(0.11)	2315.02	2569.97
Less: Finance costs	1135.43	833.00	10.30	19.44	267.93	437.90	-	-	1413.66	1290.34
Profit before tax	267.71	282.82	(426.44)	429.17	1045.84	567.75	14.25	(0.11)	901.36	1279.63
Tax										
Current tax									103.17	-
Deferred Tax									49.27	19.47
Profit after tax									748.92	1260.16
Other Information										
Segment Assets	25212.86	11003.40	3802.77	1280.69	3615.51	3000.33	14.28	18.04	32645.42	15302.46
Segment Liabilities	22683.22	7661.65	2183.21	698.33	110.31	208.39	7.96	7.96	24984.70	8577.33
Capital Expenditure*	1963.79	107.72	687.21	484.96	27.34	-	-	-	2678.34	592.68
Depreciation	748.34	431.55	133.23	45.01	544.79	424.51	0.12	0.11	1426.48	901.18

\*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. Common costs are apportioned on a reasonable basis.

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

## 14. Following are the relevant disclosures as required under the Micro, Small &amp; Medium Enterprises Development Act, 2006

- a. Sundry creditors include a sum aggregating Rs.12.59 lacs (Rs.36.84 lacs) due to micro & small enterprises is on account of principal only.
- b. The Amount of interest paid by the Company in terms of Section 16, along with the amount of payment made to the micro & small enterprises beyond the appointed date during the year Rs. Nil.



- 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 this Act. Rs. Nil.
- d. The amount of interest accrued and remaining unpaid Rs. Nil.
- e. The amount of further interest remaining due and payable even in succeeding year Rs. Nil.

The above mentioned outstanding are in normal course of business and the information regarding micro & small enterprises have been determined to the extent such parties have been identified on the basis of information available with the company.

### 15. Earning Per Share

In compliance of Accounting Standard (AS-20) on Earning per Share, the relevant information is provided here below:-

	Current period (Amount Rs. In lacs)	Previous year (Amount Rs. In lacs)
Net Profit/Loss after tax as per statement of Profit & Loss	748.92	1260.16
No. of Equity Shares of Rs. 2 each	92000170	92000170
Earning Per Equity Share in Rs. (Basic & diluted)	0.81	1.37

### 16. Directors' Remuneration:-

S. No.		Chairman	Managing Director and Joint Managing Director	Executive Director
a)	Salary (Previous Year)	41,50,000 (5,25,000)	44,00,000 (6,00,000)	22,00,000 (1,95,000)
b)	Contribution to Provident Fund (Previous Year)	4,41,000 (1,05,000)	4,68,000 (1,20,000)	19,620 (3,900)
c)	Perquisites:			
	(i) Residence			
	-Furnished (Previous Year)	-	-	-
	(ii) Residence			
	-Unfurnished (Previous Year)	-	-	1,65,000 (-)
	(iii) Medical Reimbursement (Previous Year)	16,023 (-)	71,395 (26,940)	28,835 (8,059)
	(iv) Other benefits	- (-)	- (-)	- (-)
	Total (Previous Year)	46,07,023 (6,30,000)	49,39,395 (7,46,940)	24,13,455 (2,06,959)

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

### 17. Statement of additional information:-

- a) Expenditure in Foreign Currency:
- |                    |                                    |
|--------------------|------------------------------------|
| Traveling Expenses | Rs.44.33 lacs (P.Y.-Rs.10.16 lacs) |
| Others             | Rs. 5.42 lacs (P.Y.- Rs.2.97 lacs) |

- b) Receipt of interest in Foreign Currency of old dues: Rs. 113.94 lacs (P.Y.- Nil)

### c) Break up of Raw Materials and components consumed.

	Percentage	Current period Amount (in lacs)	Percentage	Previous year Amount (in lacs)
i. Raw material				
Indigenous	100%	50350.76	100%	26027.37
Imported	-	-	-	-
ii. Stores and packing material				
Indigenous	100%	1594.57	100%	550.94
Imported	-	-	-	-

### 18. Payments to Auditors:

- |                 |  |
|-----------------|--|
| - Audit Fee     | Rs.3,00,000/- (Previous Year: Rs.2,00,000/-) |
| - Tax Audit Fee | Rs.2,00,000/- (Previous Year: Rs.1,00,000/-) |

19. The borrowings from banks were restructured under Corporate Debt Restructuring Mechanism (CDR) vide letter of approval dated 27.03.2012 issued by CDR EG. This CDR package has since been implemented and necessary effect to the extent allowed by the banks has been considered in the financial statements. Accordingly, interest refunded by the lenders has been adjusted against the finance cost of the period.

20. The company would be able to realize a sum of Rs.365.79 lacs against a debtor for which provision has been made in past on account of doubtful nature of the same. As the amount is realizable, the excess provision has been reversed.

21. There is no liability for the period ended on 31st March, 2015 towards Corporate Social Responsibility based on the performance of last 3 years as there is net loss computed for last 3 years.

22. Pursuant to the provisions of Companies Act, 2013, the company is required to close its financial year only on 31st March and accordingly to align its financial year as per amended provisions, the current financial year of the company has been extended till 31.03.2015 covering the period from 01.10.2013 to 31.03.2015 i.e. for 18 months and necessary compliance has been made in this regard. As such, the figures of current period are not comparable with previous year's figures.

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

As per our report of even date attached hereto

**For MEHROTRA & MEHROTRA**

Chartered Accountants

F.R. No.0226C

**CA. Rajesh Jhalani**

Partner

M.No.74809

Place: Lucknow

Date: 28.05.2015

**S. C. Agarwal**

Executive Director

**A K Gupta**

Chief Financial Officer

For & on behalf of Board of Directors

**L K Jhunjhunwala**

Chairman

**Rajeev Kumar**

Company Secretary

## K M SUGAR MILLS LIMITED

Regd. Office: 11 MOTI BHAWAN, COLLECTOR GANJ, KANPUR, Uttar Pradesh - 208001

CIN: L15421UP1971PLC003492; Website: www.kmsugar.com

E-mail: kmsugar@gmail.com Phone: 0512-2310762; 0522-4079561

### Notice To Shareholders

Notice is hereby given that the 42nd 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 Saturday the 19th day of September, 2015 at 11:00 AM to transact the following business:

#### ORDINARY BUSINESSES:

1. To receive, consider and adopt the audited standalone financial statements of the Company including the balance sheet as at March 31, 2015, profit and loss account, the cash flow statement for the year ended on that date, report of Board of Directors and auditors thereon and the audited consolidated financial statements of the Company including auditor's report.
2. To appoint a director in place of Shri L.K. Jhunjunwala, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Shri Aditya Jhunjunwala, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Mehrotra & Mehrotra, Chartered Accountants, New Delhi, retiring Auditors at this Annual General Meeting and are eligible for re- appointment for the year 2015-16 and fix their remuneration.

"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), M/s. Mehrotra & Mehrotra, Chartered Accountants (Firm Registration No 00226C), who have confirmed their eligibility to be appointed as Auditors in terms of the provisions of Section 141 of the Act and the relevant Rules and have offered themselves for re-appointment, be and is hereby re-appointed as statutory Auditors of the Company till the conclusion of 44th Annual general meeting of the Company, on such remuneration plus 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 authorised 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 appointment of Shri L.K. Jhunjunwala (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 the 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, (including any statutory modification or re-enactment thereof, for the time being in force) and

the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the consent of the Company be and is hereby accorded to the re-appointment of Shri L K Jhunjunwala, ( DIN -01854647 ) as Whole time Director, designated as Chairman of the Company, who has attained the age of 70 years, w.e.f. 01.03.2015 for a further period of 5 (five) years at payment of existing remuneration with a liberty 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. Jhunjunwala."

"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 appointment of Shri Aditya Jhunjunwala ( DIN : 01686189) 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 the 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, (including any statutory modification or re-enactment thereof, for the time being in force) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the consent of the Company be and is hereby accorded to the re-appointment of Shri Aditya Jhunjunwala, ( DIN -01686189 ) as Managing Director of the Company, w.e.f. 01.03.2015 for a further period of 5 (five) years at payment of existing remuneration with a liberty 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."

"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 appointment of Shri Sanjay Jhunjunwala ( DIN : 01777954) as 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 the 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, (including any statutory modification or re-enactment thereof, for the time being in force) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the

consent of the Company be and is hereby accorded to the re-appointment of Shri Sanjay Jhunjhunwala, (DIN - 01777954) as Joint Managing Director of the Company, w.e.f. 01.03.2015 for a further period of 5 (five) years at payment of existing remuneration with a liberty 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 Jhunjhunwala."

"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 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 the 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, (including any statutory modification or re-enactment thereof, for the time being in force) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the consent of the Company be and is hereby accorded to the re-appointment of Shri Subhash Chandra Agarwal, (DIN - 02461954 ) as Executive Director of the Company, w.e.f. 01.03.2015 for a further period of 5 (five) years at payment of existing remuneration with a liberty 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."

"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. APPOINTMENT OF MR. H.P. SINGHANIA ( DIN 00141096) AS AN INDEPENDENT DIRECTOR

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary 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 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement,

Mr. H.P. Singhania (DIN: 00141096), who was appointed as an Independent Director, subject to approval of shareholders in the general meeting and is not liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five years from date of his appointment."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

10. APPOINTMENT OF MR. S.K. GUPTA ( DIN 01995658) AS AN INDEPENDENT DIRECTOR

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary 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 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. S.K. Gupta (DIN: 01995658), who was appointed as an Independent Director, subject to approval of shareholders in the general meeting and is not liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five years from date of his appointment."

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

11. APPOINTMENT OF Dr. KIRTI SINGH ( DIN 02482624) AS AN INDEPENDENT DIRECTOR

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary 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 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Kirti Singh (DIN: 02482624), who was appointed as an Independent Director, subject to approval of shareholders in the general meeting and is not liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five years from date of his appointment."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

12. APPOINTMENT OF MR. R.S. SHUKLA ( DIN 0260428) AS AN INDEPENDENT DIRECTOR

To consider and, if thought fit, to pass with or without



modification(s), the following resolution as an Ordinary 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 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. R.S. Shukla (DIN: 0260428), who was appointed as an Independent Director, subject to approval of shareholders in the general meeting and is not liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five years from date of his appointment."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised 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 consider and if thought fit to pass with or without modification/(s), the following resolution as an Ordinary 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 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Madhu Mathur (DIN no. 07196895), who was appointed as a Women Independent Director, subject to approval of shareholders in the general meeting and is not liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an women Independent Director of the Company to hold office for five years from date of her appointment."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

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

" RESOLOVED THAT pursuant to the provisions of section 149, 161 and other applicable provisions, if any, of the Companies Act, 2013 and also terms and conditions of Corporate Debt Restructuring (CDR) Agreement with the Banks, Mr. Anil Kumar Misra (DIN :- 07213630) who was appointed as Nominee Director by the Board of Directors of the Company, be and is hereby regularized as Nominee Director.

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

" RESOLVED THAT pursuant to 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 as approved by the Board on the recommendation of the Audit Committee be paid to M/s. Aman Malviya & Associates, Cost Accountants, Lucknow for conducting cost audit of the Company for the financial year 2015-16 be and is hereby approved."

16. To adopt new Articles of Association of the company containing regulations in conformity with the Companies Act, 2013 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 Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution and to the total exclusion of the regulations contained in the existing Articles of Association of the Company;

"RESOLVED FURTHER that the Board of Directors of the company (which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this resolution) be and are hereby authorized to take all such actions or steps as may be necessary, desirable or expedient and do all such necessary acts, deeds and things that may be incidental or relevant to give effect to this resolution."

17. To approve Borrowing limits of the Company and to consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that in supersession of the resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the Annual General Meeting of the Company held on 8th March, 2010 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of Rs. 700.00 crores."

"RESOLVED FURTHER that the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required."

18. To creation of Charges on the assets of the Company and to consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that in supersession of the resolution passed under Section 293(1)(a) of the Companies Act, 1956, at the Extra Ordinary General Meeting of the Company held on June 20, 2011 and pursuant to Section 180(1)(a) and other applicable



provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the creation by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) of such mortgages, charges and hypothecations as may be necessary on such of the assets of the Company, both present and future, in such manner as the Board / Committee of the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts, other bodies corporate (hereinafter referred to as the "Lending Agencies") and Trustees for the holders of debentures/ bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans, debentures, bonds and other instruments of an outstanding aggregate value not exceeding Rs. 700.00 crores together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their respective Agreements / Loan Agreements / Debenture Trust Deeds entered / to be entered into by the Company in respect of the said borrowings."

"RESOLVED FURTHER that the Board be and is hereby authorized to finalize with the Lending Agencies / Trustees, the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to this Resolution."

By order of the Board  
For K. M. Sugar Mills Ltd.

Rajeev Kumar  
Company Secretary

Place: Lucknow  
Dated: 11.08.2015

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. 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 Sept., 2015 to 19th September, 2015 (both days inclusive).
5. Shareholders are requested to intimate to the Company or to the Share Transfer Agent of the Company, M/s. Link Intime (India) Pvt. Ltd. (Formerly known as In Time Spectrum Registry Ltd), change if any, in their registered addresses.
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](http://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. 12.
13. Voting through electronic means
  - I. 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 Clause 35B of the Equity Listing Agreement, 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 42nd 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 15th September, 2015 (9:00 am) and ends on 18th September, 2015 (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 12th September, 2015, 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](http://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](http://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 ie. 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. 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](http://www.evotingindia.com) and register themselves as Corporates.
  - ☐ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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.
- xviii. 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.
- xix. 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- xx. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- xxi. 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.
- xxii. 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.
- xxiii. 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 "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- xxiv. 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.

The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.kmsugar.com](http://www.kmsugar.com) and on the website of CDSL [www.evotingindia.com](http://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. BSE Limited and National Stock Exchange of India Limited.

By the Order of the Board  
For K. M. Sugar Mills Ltd.

Rajeev Kumar  
Company Secretary

Place: Lucknow

Dated: 11-08-2015

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND CLAUSE 49 OF THE LISTING AGREEMENT

Item no. 5,6,7,8

Shri L.K. Jhunjunwala- Chairman cum- Whole Time Director,

Shri Aditya Jhunjunwala- Managing Director, Shri Sanjay Jhunjunwala- Joint Managing Director, and Shri S.C. Agarwal Executive Director cum C.E.O. were appointed in the Board Meeting of the Company held on 14-02-2015.

In view of their rich and vast experience in the Sugar Industry and their involvement in the overall operation of the Company, it would be in the interest of the Company to continue them as Whole Time Directors in employment. Shri L.K. Jhunjunwala has attained the age of 70 years. The continuation of their employment as WholeTime-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.

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-se as stipulated under Clause 49 of Listing Agreement with Stock Exchnage(s) are provided in the Corporate Governance Report forming part of the Annual Report.

On the recommendation of the Nomination and Remuneration Committee, the Board, at its meeting held on 14.02.2015 approved the remuneration and perquisites payable to them, subject to the approval of the shareholders.

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 APPROVED BY THE BOARD :-

Name	Shri L.K. Jhunjunwala	Shri Aditya Jhunjunwala	Shri Sanjay Jhunjunwala	Shri S.C. Agrawal
Basic Salary	Rs. 3,00,000/-	Rs. 1,50,000/-	Rs. 1,50,000/-	Rs. 1,50,000/-
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 Reiumb.	Actual- India/ Abroad	Actual- India/ Abroad	Actual- India/ Abroad	One month salary in a year or three months salary in a block of 3 years
Leave Travel Concession	Travelling, lodging, Boarding, convey., others - self & family - in India or Abroad	Travelling, lodging, Boarding, convey., others - self & family -in India or Abroad	Travelling, lodging, Boarding, convey., others - self & fa mily- in India or Abroad	Once in two years for self & family as per Company's rules
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 club in India, Abroad - admission and lifetime	Membership of club in India, Abroad - admission and lifetime	Membership of club 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 ½ month salary on each completed years	As per company's rules but not exceed ½ month salary on each completed years	As per company's rules but not exceed ½ month salary on each completed years	As per company's rules but not exceed ½ month 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 11months of salary	Enca shment of one full month pay for every 11months of salary	Encashment of one full month pay for every 11months of salary	Encashment of one full month pay for every 11months 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

Except they themselves, 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.

The Board recommends resolution set out in item no. 5,6,7 and 8, of the notice for approval and ratification to 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 40 years with its date of incorporation being 19 <sup>th</sup> December,1971			
Financial performance based on given indicators	The details of financial performance of the Company for the years 2012-13 and 18 months ended 31-03-2015 being provided in the Annual Report of 2015.			
Foreign investments or collaborations, if any	-NA -			
II. Information about the appointees				
Background details	1. Shri L.K. Jhunhunwala is Chairman-cum-Whole Time Director ; 2. Shri Aditya Jhunhunwala is Managing Director ; 3. Shri Sanjay Jhunhunwala is Jt. Managing Director ; 4. Shri S.C. Agarwal is Executive Director –cum C.E.O. ;			
Past remuneration	Details of past remuneration are as follows: (Rs. In lakhs)			
	Year	Remuneration		
		LKJhunhunwala	Aditya Jhunhunwala	Sanjay Jhunhunwala
	2011-12	23.52	13.44	13.44
	2012-13	6.30	3.73	3.73
	2013-15*	46.07	24.70	24.70
	* for 18 months			24.13
Recognition or awards	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. Jhunhunwala has experience in Sugar Industry for more than 46 years. Mr. Aditya Jhunhunwala is a dynamic and young Management expert of Sugar Industry having experience for more than 21 years. Mr. Sanjay Jhunhunwala is also young Management visionary and having experience for more than 17 years. Mr. S.C. Agarwal is well known for his pioneering in Sugar Technology, having experience for more than 37 years.			
Job profile and his suitability	Mr.L.K. Jhunhunwala is a B.A. ; having vast experience of Sugar Industry. Mr. Aditya Jhunhunwala is B.Com. ; having experience of Sugar Industry; Mr. Sanjay Jhunhunwala 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.			
Remuneration proposed	As decided by the Board from time to time within 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 Jhunhunwala and Mr. Sanjay Jhunhunwala are sons of Mr. L.K. Jhunhunwala. Besides the remuneration, Mr. L.K.jhunhunwala holds 56,02,400 nos. Equity shares (6.09 %), Mr. Aditya Jhunhunwala holds 37,04,200 nos. Equity shares (4.03%) and Mr. Sanjay Jhunhunwala 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 does not hold any share of the Company.			
III. Other Information				
Reasons of loss or inadequate profits	2009-10 (Rs.1893 Lacs); 2010-11 (Rs.1126 lacs); 2011-12 (Rs.624 lacs) The losses were due to increase in inputs cost.			
	However in 2012-13 and during 18 months ended 31-03-2015, there were profit Rs.1260 lacs and Rs.798 lacs respectively inspite of steep decline in the price of sugar during last two years.			
Steps taken or proposed to be taken for improvement	With the improvements in technology and processes that the Company has introduced and it expects 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 profitability of the Company.			
Expected increase in productivity and profits in measurable terms	Since the rate of sugar has tremendously decline during last two years, the recovery will depend upon the Government policy and market requirement of the Sugar.			
IV. Disclosures: As required, the information is provided under Corporate Governance Section of Annual Report 2014.				



Register pursuant to section 190 of the Companies Act, 2013 is open for inspection to any member without payment of any fee at the office hours at the registered office of the Company.

Mr. L.K. Jhunjhunwala, Mr. Aditya Jhunjhunwala, Mr. Sanjay Jhunjhunwala and Mr. S.C. Agarwal are interested and concerned in the said resolution. No other directors or Key Managerial Personnel or their respective relatives are in any way concerned or interested in said resolution.

In compliance with the requirement of section 196 and 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the approval of the members is sought for terms of appointment and remuneration of Mr. L.K. Jhunjhunwala, Mr. Aditya Jhunjhunwala, Mr. Sanjay Jhunjhunwala and Mr. S.C. Agarwal as set out above.

Where in any financial year, the company has no profits or its profits are inadequate, the remuneration shall be paid as per Section II of Part II of Schedule V of the Companies Act, 2013.

The Resolution regarding the terms of appointment and remuneration of Mr. L.K. Jhunjhunwala, Mr. Aditya Jhunjhunwala, Mr. Sanjay Jhunjhunwala and Mr. S.C. Agarwal at Item No. 5, 6, 7 and 8 is recommended for approval by the Members as special resolution.

#### Profile: Shri L.K. Jhunjhunwala

Shri L.K. Jhunjhunwala, aged 73 years is an Arts Graduate and has about 54 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 45 years is the eldest son of Mr. L.K. Jhunjhunwala and elder brother of Shri Sanjay Jhunjhunwala. He is Commerce graduate and has about 22 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. He was the president of East U.P. Sugar Mills Association, chairman of Eastern Zone ( Northern Region) of CII and also ex-president of Indian Small Hydro Power Association.

#### Profile: Shri Sanjay Jhunjhunwala

Shri Sanjay Jhunjhunwala, aged 40 years is the younger son of Mr. L.K. Jhunjhunwala and younger brother of Shri Aditya Jhunjhunwala. He is Commerce graduate, MBA from University of Wales, U.K. and has about 18 years of business experience mainly in Sugar Industry and successfully 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 55 years and is Executive Director ( Non-related) of the Company. He is Science graduate from NSI and has about 38 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.

### INFORMATION PURSUANT TO CLAUSE 49 IV (G) OF THE LISTING AGREEMENT REGARDING APPOINTMENT OF A NEW DIRECTOR OR RE-APPOINTMENT OF A DIRECTOR.

Sr. No.	Name of the Director	Date of Birth	Date of Appointment	Specialized	Qualification	Director Ship of Other Companies
1.	Mr. Lakshmi Kant Jhunjhunwala	24.08.1942	14.02.2015	Sugar Industry	B.A.	Nidhi Fin. Serv. Pvt. Ltd., Satyam Trade Centre Pvt.Ltd., Jhunjhunwala Securities Pvt. Ltd., Shailja Prop. Pvt. Ltd., Marvel Business Pvt. Ltd.,
2.	Mr. Aditya Jhunjhunwala	20.01.1971	14.02.2015	Sugar Industry	B.A.	Shailja Prop. Pvt. Ltd., Marvel Business Pvt. Ltd., Shri Shakti Credits Ltd., Francoise Commerce Pvt. Ltd., Promising Logistic Pvt. Ltd., Mercury Properties Pvt. Ltd., Thermocraft (India) Pvt. Ltd., Prakash Properties Pvt. Ltd., Benaras Inorganics Pvt. Ltd., Zar Intl. Pvt. Ltd., K.M. Vyapar Pvt. Ltd., K.M. Plantation Pvt. Ltd., Awantika Trade Links Pvt. Ltd., Brilliant Barter Pvt.Ltd.,
2.	Mr. Sanjay Jhunjhunwala	07/06/1975	14.02.2015	Sugar Industry	B.Com., M.B.A. from U.K.	Shri Shakti Credits Ltd., Progressive Dealer Pvt. Ltd., K.M. Vyapar Pvt. Ltd., Promising Logistic Pvt. Ltd., Jhunjhunwala Securities Pvt. Ltd., Mercury Properties Pvt. Ltd., Thermocraft (India) Pvt. Ltd., Prakash Properties Pvt. Ltd., Brahma Prop. Pvt. Ltd.,
4.	Mr. S.C. Agrawal	12/12/1960	14.02.2015	Sugar Industry	B.Sc. from the National Sugar Institute	
5.	Sh. H.P. Singhanian	15.12.1930	11.08.2015	Cotton, Sugar, Paper	Graduate	Sir Shadilal Distillery Limited
6.	Sh. S.K. Gupta	02.09.1947	11.08.2015	Sugar Technologist	M.Sc. in Sugar Technology	-
7.	Shri R.S. Shukla	14.05.1934	11.08.2015	Sugar Technologist	B.Sc., FCE, FSTA	-
8.	Dr.Kirti Singh	26.05.1934	11.08.2015	Agricultural Technologist	M.Sc., Ph.D.	-
9.	Mrs. Madhu Mathur	14.10.1944	28.05.2015	Social Science	B.A.	-
10.	Sh. A.K. Mishra	30.06.1959	28.05.2015	Banking		-



Item no. 9,10,11,12, 13

Mrs. Madhu Mathur, was appointed as an Independent Directors of the Company by the Board in their meetings held on 28-05-2015 and Mr. H.P. Singhania, Mr. S.K. Gupta, Dr. Kirti Singh and Mr. R.S. Shukla were appointed as an Independent Directors of the Company by the Board in their meetings held on 11-08-2015 respectively, subject to approval of the shareholders of the Company.

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 Clause 49 of the Listing Agreement, it is proposed that the above Directors be appointed as Independent Directors for a term of five consecutive years from the original date of appointment. Further the appointment of Independent director is also required to be approved by shareholders in general meeting.

In terms of the aforesaid provisions, the Independent Directors shall not be liable to retire by rotation. The Company has received notices under Section 160 of the Companies Act, 2013 from members proposing, appointment of the above referred directors along with the prescribed deposit of Rs. 100,000/- for each director.

Aforementioned Independent Directors have confirmed that they are not disqualified in terms of Section 164 of the Companies Act, 2013 and each such directors has given his / her consent to act as Director of the Company.

In the opinion of the Board, the Independent Directors proposed to be appointed, fulfill all the conditions specified in the Companies Act, 2013 and the rules made thereunder and are independent of the management.

Copies of the draft letters for appointment of the Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services.

Except the Directors themselves, 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. The Board recommends resolution set out in item no. 9,10,11,12 and 13 of the notice for approval and ratification to the members as an Ordinary Resolution.

In compliance of Clause 49 of the listing Agreement, brief profiles of the said Independent Directors are set out hereunder and detailed profile are available on company's website [www.kmsugar.com](http://www.kmsugar.com).

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: Dr. Kirti Singh

Dr. Kirti Singh is M.Sc. and Doctorate in Horticulture from University of Florida, USA. He has vast experience in Agriculture Sector and was Vice-Chancellor of Narendra Dev University of Agriculture and Technology, Faizabad and Director of PUSA Institute New Delhi. Presently, he is on the Board of the Company and provides critical suggestions on technical matters. He holds nil (0.00%) equity shares in the Company.

Profile: Mr. R.S. Shukla

Mr. R.S. Shukla is B.Sc. in Engg. and also a Fellow Chartered Engineer from the Institute of Engineering. He is also Fellow of Sugar Technologies of India. Being a Technocrat, he has been involved in Sugar Industry since 1980 and acting as Technical Advisor of many sugar industries / projects at Trinidad, Tobago, West Indies. 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. 14

Profile : Mr. A. K. Mishra

Mr. A. K. Mishra was appointed as the Nominee Director of the Company in the meeting of the Board of Directors of the Company held on 28-05-2015, pursuant to Clause 41 of Annexure 1 of CDR letter of approval dated 27-03-2012 in place of Mr. P.N. Mathur. Mr. A. K. . Mishra is Circle Head, Punjab National Bank, Lucknow Circle and has a vast experience in Banking services. His guidance and suggestions shall be in the interest of the Company. If his appointment as Director is confirmed by the Shareholders in the General Meeting, it would be beneficial to the Company. The Company has received notices under Section 160 of the Companies Act, 2013 from members proposing, appointment of the above referred directors along with the prescribed deposit of Rs. 100,000/- for each director.

Except Mr. A.K. Mishra, 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.

The Board recommends resolution set out in item no. 14 of the notice for approval and ratification to the members as an Ordinary Resolution.

Item no. 15

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 2015-16 in the meeting held on 28-05-2015 at the remuneration to be decided by the Board on the recommendation of the Audit Committee. Pursuant to the provision of section 148 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 payable to the Cost Auditors has to be ratified by the members of the Company.

The Board recommends resolution set out in item no. 15 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.

#### Item No.16 Articles of Association

The Articles of Association of the Company as currently in force were adopted at Extra-ordinary general meeting of the Company held on 31.03.2005. The present articles are based on the provisions of the Companies Act, 1956 (as amended from time to time).

Considering that substantive sections of the Companies Act, 2013 which deal with the general working of the companies stand notified, it is proposed to amend the existing Articles of Association to align it with the provisions of Companies Act, 2013 including the Rules framed thereunder and adoption of specific sections from Table "F" to Schedule I to the Companies Act, 2013 which sets out the model articles of association for a company limited by shares.

While some of the Articles of the existing Articles of Association of the Company require alteration or deletions, material changes that are proposed in the new draft Articles of Association are given below for ease of reference to shareholders.

Sr. No.	Chapter Reference as per new draft Articles of Association	Article reference as per new draft Articles of Association	Summary of change
1.	Chapter I	Table F	<b>Table F made in applicable except to the extent included in these articles.</b>
2.	Chapter II	Interpretation	Definitions are appropriately modified to align with the provisions of the Companies Act, 2013.
3.	Chapter III (4-10)	Share Capital – Article 4	Article 4 is amended to state that the Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time, be provided in Clause V of Memorandum of Association.
4.	Chapter IV (11-25)	Shares & Shareholders	Issue and allotment process aligned with the Act.
5.	Chapter V (26-31)	Certificate	No major change, except to align with the Act.
6.	Chapter VI (32-40)	Calls on Shares	No major change, except to align with the Act.
7.	Chapter VII (41-56)	Forfeiture & Lien	No major change, except to align with the Act.
8.	Chapter VIII (57-71)	Transfer & Transmission	Transfer/transmission process aligned with act
9.	Chapter IX (72-78)	Further issue of capital – Article 74	To include offer of shares under employee stock option plan subject to applicable laws and regulations from time to time and; To enable the Company with a right to issue further shares which shall include a right to the Company to issue any instrument including shares resulting in Depository Receipt.
10.	Chapter X (79-80)	Reduction of Share Capital	Procedural changes to align with act
11.	Chapter XI (81)	Modification of Rights	No major change, except to align with the Act.
12.	Chapter XII (82)	Joint holders	Article 82 is amended to enable the Company to restrict the transfer of shares to more than three persons as joint holders.
13.	Chapter XIII (83-91)	General Meetings : Article 87	Amendments are proposed to align with the provisions of the Companies Act, 2013 regarding length of the notice calling the general meeting, requirement of to whom the notice for the general meeting needs to be given, material facts to be set out in the explanatory statements, business to be transacted at the general meetings and other general meeting matters.
14.	Chapter XIV (92-105)	Proceedings At General Meetings And Adjournment Thereof	Provision of Quorum – Linked with Act & Rules
15.	Chapter XV (106-120)	Voting rights : Article 111	To include voting through electronic means.
16.	Chapter XVI (121-138)	Capitalization : Article 137	To remove redundant provisions and to align new provisions regarding application of funds from reserve accounts when amounts in reserve accounts are to be capitalized.
17.	Chapter – XVII (139-147)	Accounts	To update the provision of accounts preparation, signing, consolidation etc. in line with the Act/rules.
18.	Chapter – XVIII (148-156)	Board Of Directors, Their Qualification And Remuneration	Max no of directors increased from 12 to 15. Other provisions viz., nominee director, remuneration aligned with act.
19.	Chapter – XIX (157-167)	Appointment And Rotation Of Directors	Appointment of Independent Director, rotation, alternate directors provision revised as per act

20.	Chapter – XX (168-168)	Resignation by Director	Aligned with act
21.	Chapter XXI (169-183)	Proceedings of Board of Directors :	Article 170 to 174: Meetings of Board of Directors, quorum for the meeting, notice calling the meeting, etc including the operational parts are amended to align with the provisions of the Companies Act, 2013.
22.	Chapter XXII (184)	Appointment of Key Managerial Personnel : Article 184	Article 184 is introduced to align new provisions relating to appointment of Key Managerial Personnel (KMP) including Chief Executive Officer, Chief Financial Officer, in addition to Manager and Company Secretary.
23.	Chapter XXIII (185 -188)	Borrowing powers	Amended in line with section 185
24.	Chapter XXIV	Powers of Directors : Article 190(v)	Specific powers of Directors are amended to include carrying out CSR activities that are specified in Schedule VII of the Companies Act, 2013.
25.	Chapter XXIV	Powers of Directors : Article 190 (38)	New Article is introduced to authorise the issue of securities (including depository receipts).
26.	Chapter XXV (191-194)	Managing Director	No major change, except to align with the Act.
27.	Chapter XXVI (195)	Secretary	No major change, except to align with the Act.
28.	Chapter XXVII (196-198)	Indemnity and Insurance to Directors and Officers	Amended to provide for indemnification to Directors and Officers.
29.	Chapter XXIII (199)	Notices and Service of Documents : Article 200	Amended to align with the provisions of the Companies Act, 2013
30.	Chapter XXIX (200-206)	Notices And Service Of Documents	Electronic mode included
31.	Chapter XXX (207-2011)	Secrecy	No Virtual change
32.	Chapter XXXI (208-211)	Winding Up	As per act
33.	Chapter XXXII (212)	General Powers	The statutory provisions of the Act which permit a company to do some acts "if so authorized by its Articles" or provisions which require a company to do acts in a prescribed manner "unless the Articles otherwise provide" have been specifically included.

The proposed new draft Articles of Association is being uploaded shortly on the Company's website at [www.kmsugar.com](http://www.kmsugar.com) for perusal by the shareholders.

No Director or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in this item of business.

The Board commends the Special Resolution set out in Item No. 16 of the Notice for approval by the shareholders.

Item Nos. 17 & 18:

At the Annual General Meeting of the Company held on 8th March, 2010, the Members had, by way of Ordinary Resolutions and in pursuance of the provisions of Section 293(1)(a) and (d) of the Companies Act, 1956, approved of: (i) borrowing monies on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of Rs. 700.00 crore at any point of time; and (ii) creation of a mortgage or charge for the said borrowings, as security by way of mortgage / hypothecation on the Company's assets in favour of lending agencies and trustees for the amounts borrowed i.e. upto Rs. 700.00 crore, including interest, charges, etc. payable thereon, as the documents for the said purpose could contain the power to take over the management of the Company, in

certain events. Under Section 180 of the Act, the above powers of the Board are required to be exercised only with the consent of the company by a Special Resolution. The Ministry of Corporate Affairs ("MCA") has vide its General Circular No 4/2014 dated March 25, 2014 clarified that the Ordinary Resolutions passed under Sections 293(1)(a) and 293(1)(d) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act until September 11, 2014. The approval of the Members for the said borrowings and creation of a mortgage or charge for the said borrowing is therefore now being sought, by way of a Special Resolutions, pursuant to Section 180(1)(c) and 180(1)(a) of the Act respectively. The Directors commend the Resolutions at Item Nos. 17 and 18 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item Nos. 17 and 18.

By the Order of the Board  
For K. M. Sugar Mills Ltd.

Rajeev Kumar  
Company Secretary

Place: Lucknow  
Dated: 11.08.2015

**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 42<sup>nd</sup> ANNUAL GENERAL MEETING of the Company held on Saturday,  
19<sup>th</sup> day of September, 2015 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.

**FormNo. MGT-11****Proxy form**

[Pursuant to section105(6)of theCompanies Act, 2013andrule 19(3) of theCompanies(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 Saturday, 19<sup>th</sup> day of September, 2015 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 receive, consider and adopt the Directors' Report and Audited Profit & Loss Account for 18 months the year ended 31 <sup>st</sup> March, 2015 and the Balance Sheet as at that date together with the Auditors thereon.			
2	To appoint a director in place of Shri L.K. Jhunjunwala,			
3.	To appoint a director in place of Mr. Shri Aditya Jhunjunwala			
4.	To appoint M/s. Mehrotra & Mehrotra, Chartered Accountants, New Delhi, Auditors of the Company			
5.	To appoint of Shri L.K. Jhunjunwala as a Whole –Time- Director designated as Chairman			
6.	To appoint of Shri Aditya Jhunjunwala as Managing Director			
7.	To appoint of Shri Sanjay Jhunjunwala as Joint Managing Director			
8.	To appoint of Shri Subhash Chandra Agarwal as Executive Director			
9.	To appoint Shri H.P. Singhania as Independent Director			
10.	To appoint Shri S.K. Gupta as Independent Director			
11.	To appoint Dr. Kriti Singh as Independent Director			
12.	To appoint Shri R.S. Shukla as Independent Director			
13.	To appoint Shri A.K. Mishra as Nominee Director			
14.	To appoint Mrs. Madhu Mathur as Independent Director			
15.	Approval of the remuneration of the Cost Auditors			
16.	To approve changes in Articles of Association			
17.	To approve borrowing power u/s180(1)(c)			
18.	To approve creation of charge on the assets u/s180(1)(a)			

Signed this..... day of..... 2015

\_\_\_\_\_  
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 joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.





World Class Sugar



Power Generation



Ethanol





**Registered Office :**

11, Moti Bawan, Colaborganj, 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](mailto:cs@kmsugar.com) Website: [www.kmsugar.com](http://www.kmsugar.com)