



K.M.SUGAR MILLS LIMITED



44th Annual Report

2016-17



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Stand Alone

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Consolidated

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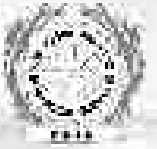
Forward Looking Statement

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

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

Request to Share holders

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



Company Information

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, DEFENCE COLONY,
NEW DELHI - 110024

Bankers

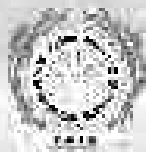
STATE BANK OF INDIA
PUNJAB NATIONAL BANK
FEDERAL BANK LTD.
ALLAHABAD BANK

Registered Office

11, Moti Bhawan, Collectorganj,
Kanpur - 208001 U. P.

Corporate Office & Works

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



Directors' Report ...

Directors' Report ...

To,
The Members,
Your Directors have pleasure in placing the 44th Director's Report along with the Audited Statement of Accounts for the year ended on 31st March, 2017. Financial Performance
The Financial performance of the Company during the year ended 31st March 2017 as under :
(Rupees in Lacs)

	For the year ended as at 31 st March, 2017 (Rs.)	For year ended as at 31 st March, 2016 (Rs.)
Profit before interest, depreciation & tax	5443	3550
Less: Interest	(665)	(1624)
Depreciation	(943)	(930)
Profit before tax	3835	996
Provision for taxation (including FBT)	(661)	(50)
Provision for taxation (deferred)	64	223
Net Profit before extraordinary Items	3238	1169
Add: Extra ordinary item	(0)	(0)
Net Profit	3238	1169
Earning Per Share of Rs 2/- each	3.52	1.27

Overall Performance

For the year ended on 31st March, 2017, sales stood at Rs.33618.53 Lacs (net of excise duty) against the Rs. 35286.67 Lacs (net of excise duty) of previous financial year ended as at 31-03-2016). During the financial year under review, the company had done trading of sugar for Rs.1127.57 lacs whereas during the preceding financial year sugar trading was Rs. 1726.35 lacs). Profit after interest and depreciation stood at Rs. 3835.00 Lacs as against the profit of Rs. 996.00 Lacs in the previous year. Profit after tax for the year ended March 31, 2017 was Rs.3238.00 Lacs compared to profit of Rs. 1169.00 Lacs in the previous year.

Dividend

Your directors have not recommended any dividend for the financial year ended 31st March 2017 as the Company was under Corporate Debt Restructured (CDR).

Transfer to reserves:

The entire surplus of Rs. 3238.18 lacs has been transferred to Reserve and Surplus.

Performance of Divisions:-

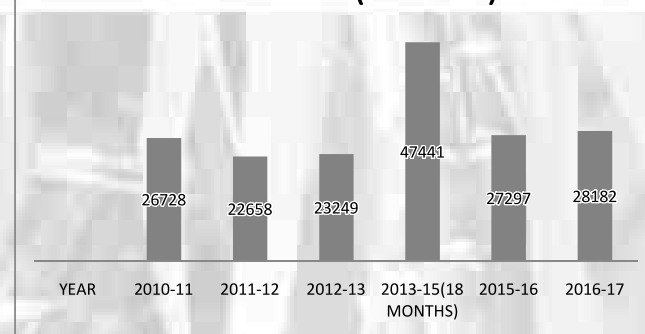
Sugar Division

Crushing season till 31st March, 2017 consisted of

sugar seasons of 2016. The company has crushed 88.32 Lacs qtls. of cane and the season ran for 121 days. Sugar sale was Rs.28182 lacs during the year under review as against Rs.27297 lacs during the previous financial year. The other details are as under:

	Year 31-03-2017	Year 31-03-2016
Gross Working days	121	105
Total Cane Crushed (qtls.)	8832402	7468723
White sugar Produced (qtls)	859577	769838
Average Recovery	9.76%	10.30%

SUGAR SALES(IN LAKHS)



Co-Generation:

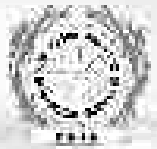
During the crushing season under report, the company produced 6,77,20,130 KWH power and exported 3,81,98,272 KWH to UPPCL. Power sale was Rs.1749 lacs as against Rs. 1968 lacs.

POWER SALES (in lakhs)

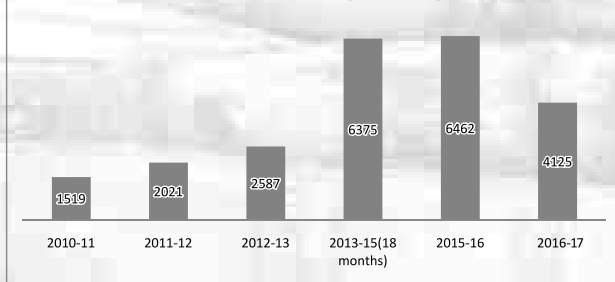


Distillery

During the year ended as at 31-03-2017, Company Produced 103.45 Lacs BL of Rectified Spirit with a recovery of 22.41 % , which is better in comparison of preceding year production of 100.50 Lacs BL. with a recovery of 20.55%. Sale of RS was Rs.4125 Lacs as against Rs. 3823 Lacs, while the sale of Country liquor was nil as against Rs.2639 lacs during the preceding year due to prohibition in the State of Bihar.



ALCOHOL SALE(in lakhs)



Economy and Market :

The Year has marked by two major domestic policy developments, the passage of constitutional amendment, paving the way of implementing the transformational Goods and Service Tax (GST) and the action to Demonetize the highest denomination notes. GST will create a common Indian market improve Tax compliance and the governance, and boost investment and growth; it is also a bold new experiment in the governance of India's cooperative federalism. Demonetization has short-term cost but holds the potential for long term benefit.

Reference to BIFR - Under Section 15 and Other Applicable provisions of the Chapter III of the Sick Industrial Companies (Special Provisos) Act , 1985 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 Company has been absolved from SICA as the SICA is repelled.

Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules,2014, the term of appointment of M/s. Mehrotra & Mehrotra, Chartered Accountants, New Delhi is expiring from the date of ensuing Annual General Meeting of the Company. Hence, it becomes necessary to appointment some other Statutory Auditors at their place. The Company received a letter from M/s. Agiwal & Co, Chartered Accountants, New Delhi getting them appointed as the Statutory Auditors of the Company. After having been reviewed and recommended by the Audit Committee, the Board recommended the appointment of M/s. Agiwal & Co, Chartered

Accountants, New Delhi as the Statutory Auditors of the Company for a term of 5 years. The Company has also received a confirmation from the said Auditors that they are not disqualified to act as the Auditors and are eligible to hold the office as Auditors of the Company. Necessary resolution for appointment of the said Auditors is included in the Notice of AGM for seeking approval of members.

However, their appointment as Statutory Auditors of the Company shall also be required to be ratified by the Members at every 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 2016-17 as required under Section 204 of the Companies Act, 2013 and Rules made there under. The Secretarial Audit report for FY 2016-17 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.

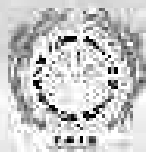
The Board appointed Ms. PRAGATI GUPTA, Practicing Company Secretaries (Membership no. ACS- 19302) , as Secretarial Auditor of the Company for the financial year 2017-18 in place of M/s Amit Gupta & Associates, Practicing Company Secretaries, who expressed their inability to continue as Secretarial Auditors of the Company .

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 year 31st March 2017, report of which was placed before the Board. The Board approved their appointment for the year 2017-18 and their remuneration is subject to approval by the Company in the forthcoming Annual General Meeting.

Directors

At the ensuing Annual General Meeting Shri Aditya Kumar Jhunjunwala and Shri L.K Jhunjunwala, Directors of your Company, retire by rotation u/s 152 of the Companies Act, 2013 and being eligible, offered



themselves for re-appointment at the ensuing Annual General Meeting.

Public Deposits

During the financial year ended 31-03-2017, the company has not accepted any public deposits.

Corporate Debt Restructuring-(CDR)

The Company has successfully exit from CDR vide CDR EG letter dated 26-07-2017 and remitted the full payment against RoR.

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 2017-18 had been duly paid.

Directors' Responsibility Statement

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

- (i) that in the preparation of the annual accounts for year ended on March 31, 2017 the applicable accounting standard have been followed by the Company.
- (ii) that the directors of the company have selected such accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on that date.
- (iii) that the directors of the Company have taken proper and sufficient care for the maintenance of adequate accounting in accordance with provisions of the Companies Act, 2013, for safeguarding the assets of the company and for detecting fraud and other irregularities; and
- (iv) that the directors of the Company have prepared the annual accounts on a going concern basis.
- (v) that the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (vi) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SIGNIFICANT AND MATERIAL ORDERS

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

AUDIT COMMITTEE AND VIGIL MECHANISM

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

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

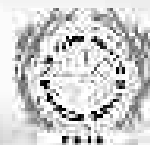
The Policy on vigil mechanism and whistle blower policy has been uploaded on the Company's website at the link: <http://www.kmsugar.com>.

EXTRACT OF ANNUAL RETURN

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

INTERNAL FINANCIAL CONTROLS

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



RISK MANAGEMENT

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

The Company constituted a Corporate Social Responsibility (CSR) Committee (for details please refer Corporate Governance Report) pursuant to the requirement of Section 135(1) of Companies Act, 2013. The CSR policy of the Company, inter alia, list the activities that can undertaken or supported by the Company for CSR, composition and meetings of CSR committee, annual allocation for CSR activities, area of CSR projects, criteria for selection of CSR, modalities of execution / implementation of CSR activities and the monitoring mechanism of CSR activities / projections. During the year under report the Company spent Rs.21.18 lacs towards CSR. The details of CSR activities undertaken by the company are mentioned in the prescribed format in the Annexure -4 to this report.

Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

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

Research and Development

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

Particulars of Employees

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

Corporate Governance

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

Management Discussion and Analysis Report

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

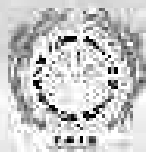
Industrial Relation

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

Subsidiary Company

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. Power Project was completed and successfully commissioned in Oct., 2016. It started commercial operation from Oct 14, 2016. However, this company had occurred loss of Rs. 413.71 lacs for the year ended 31-03-2017 as it had Deferred Tax Liabilities(Net) for Rs. 384.57 lacs. 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.6.

In accordance with section 129 (3) of the Act and regulation 34 of the SEBI (LOADR) Regu. 2015, the



consolidated financial statements of the Company include financial information of its subsidiary prepared in compliance with applicable Accounting Standards and form the part of Annual Report. 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. The Company will make available the annual report of subsidiary Company upon request by any shareholder of the Company interested in obtaining the same.

NUMBER OF MEETINGS OF THE BOARD

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company seeks to maintain an appropriate mix of executive and independent directors in order to maintain the independence of the Board and segregate the functions of governance and management. As at year end, the Board consists of 10 members, one of whom is Managing Director, three of whom are Whole-time directors, five are Independent directors and one is a Nominee director. The Company has five independent directors and all are qualified personnel with requisite qualifications, experience, positive attributes and satisfy all the criteria as set out under Schedule IV of Companies Act, 2013. These Independent Directors are only eligible for sitting fees for attending Board meetings and Committee meetings and other out of pocket expenses duly made for attending meetings of the Board or any committee of the Board thereof. Remuneration proposed for whole time directors is in accordance with the Remuneration Policy approved by Nomination and Remuneration Committee of the Board.

Your Company, in compliance with section 178 (1) of the Companies Act, 2013 read with The Companies

(Meeting of Board and its Powers) Rules, 2014, has duly constituted a Nomination and Remuneration Committee. This committee is chaired by an independent director and formulates the criteria for determining qualifications, positive attributes, independence of a director and other matters.

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

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

DECLARATION BY INDEPENDENT DIRECTORS

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

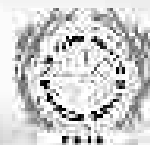
BOARD EVALUATION

Pursuant to the requirement of the Companies Act, 2013, 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 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:



Directors Report ...

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

Particulars of Loans, Guarantee or Investments

As per the requirement of section 186(4) of Companies Act, 2013, particulars of loans given, investments made, guarantees given or securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the 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 Note to Accounts no.2.29-(9-C) also in Form AOC-2 as Annexure-7.

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.

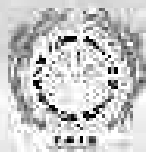
Acknowledgement

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: 10.08.2017
Place: Lucknow



Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

PARTICULARS	STEPS TAKEN BY THE COMPANY
(i) The steps taken or impact on conservation of energy The company has taken various steps towards energy conservation. The company continues to give high priority to the conservation of energy on an ongoing basis. Some of the significant measures taken are:	a) Installation of moisture reduction devices, an innovative technology, at mills for more juice extraction and moisture reduction of Bagasse about 1% to 2% thus resulting increase in juice extraction. b) Installation of 2500 KW new H.T. Motor for Shredder Drive in place of conventional direct coupled Turbine. c) Installation of Equipment called CIGAR for extraction of flash vapour from hot condensate which was going to waste, installed in boiling house, which ultimately saved the steam by 1% to 1.4% on cane and ultimately saved the bagasse. d) Systemisation for use of the waste heat of Non condensable gases and chemical boiling vapour to save steam by 0.6% on cane. e) Installation of, an innovative technology, Bagasse Drier at boiler for reduction of bagasse moisture from 48% to 40% resulting in efficiency of boilers and saving of bagasse. f) DCS controlled operation at various stations to achieve maximum efficiency.
(ii) The steps taken by the company for utilizing alternate sources of energy.	Company has bagasse based generation power plant which is used for captive consumption and surplus power is being sold to U P Power Corporation Limited
(iii) The capital investment on energy conservation equipments during the year 2016-17 was	Rs.1000 Lacs Apart from this, The company makes investment wherever required for conservation of energy. The company has continuous process to monitor and explore ways and means for conservation of energy.

Form B

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

Technology absorption, adaptation and innovation:

(i) The company carried on following sugarcane development activities during the financial year 2016-17:

- ◆ Distribution of new improved varieties of seed.
- ◆ Moist heat therapy to eradicate seed born diseases.
- ◆ Inter cropping of sugar cane for multi crops to growers.

- ◆ Distribution of fertilizers and manures for improving the soil health and growth of sugarcane.
- ◆ Ratoon crop management and gap filling helping increase yield and recovery.

(ii) Due to above efforts it is expected that higher yield and disease free cane will be available to the company and the cane growers. Multi-cropping also helps farmers to get more returns.

(iii) The company has not imported any technology.
Expenditure incurred on Research & Development : Nil



II. Foreign Exchange earnings & Outgo

		Year 2016-17	Year 2015-16
i)	Foreign exchange earned in terms of actual inflows	NIL	Rs.365.79 lacs
ii)	Foreign Exchange outgo in terms of actual outflows	Rs.41.99 lacs	Rs.35.12 lacs

Annexure 2

Information pursuant to section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and forming part of the Director's Report for the year ended 31st March 2017.

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
1	L.K. Jhunhunwala	75	Chairman	B.A.	46	1971	111.57	-
2	Aditya Jhunhunwala	46	Mg. Director	B.A.	24	1993	97.25	-
3	Sanjay Jhunhunwala	42	Jt. Mg. Director	B.Com., MBA from UK	20	1997	97.48	-

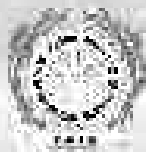
B. Employed for part of the financial year and were in receipt of monthly Remuneration of not less than Rs. 5,00,000.

Sl	Name	Age Yrs.	designation	Qualification	Experience In yrs.	Date of Commence Ment of employment	Remuneration Rs. In Lacs	Previous Employment
				NIL				

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

Date: 10.08.2017
Place: Lucknow

L. K. Jhunhunwala
Chairman



Annexure 3

Report on Corporate Governance

Pursuant to Regulation 34(3) read with schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company formulated the policies, procedures and processes on Corporate Governance for the best practices and institutionalizing the code of corporate governance. This Report is furnished in terms of Regulation 34(3) read with schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Auditors' certificate on Corporate Governance as prescribed is also attached. Further, this Report also discloses relevant information in terms of Section 134(3) of the Companies Act, 2013 and forms an integral part of the Board's Report to shareholders. Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are:

1. COMPANY 'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

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

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

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

2. Board of Directors

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

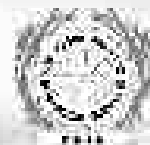
Pursuant to the provisions of Regulation 17(5) of SEBI (LOARD) Regulation 2015 of the Listing Agreement, the Board has laid down a Code of Conduct for all Board members and Senior Management of the Company and the same uploaded on the website of the Company (www.kmsugar.com). All the Board Members and Senior Management Personnel have affirmed compliance with the Code.

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board of the Company. As at year ended on 31st March, 2017, the board consists of ten directors; out of which four are executive directors and five are non- Executive Directors and one Nominee Director. Executive directors consist of Chairman, Managing Director, Joint Managing Director, and Executive Directors. The present mix of the Board of the Company is as under:

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

The composition of the Board of Directors, as on 31st March, 2017, 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 directorships (Public Limited Company)	No. of Board Meeting Attends	Attendance at last AGM
1-Sh. L. K. Jhunjhunwala	Promoter, Executive	1	4	Yes
2-Sh. Aditya Jhunjhunwala	Promoter, Executive	1	1	Yes
3-Sh. Sanjay Jhunjhunwala	Promoter, Executive	2	4	Yes
4-Sh. S. C. Agarwal	Independent, Executive	-	2	No
5-Sh. H. P. Singhania	Independent, Non-executive	1	2	No
6. Dr. Kirti Singh	Independent, Non-executive	-	-	No
7. Sh. R. S. Shukla	Independent, Non-executive	-	4	No
8. Sh. S. K. Gupta	Independent, Non-executive	-	4	No
9. Shri A.K. Mishra	Nominee-Non-Executive	-	-	No
10. Mrs. Madhu Mathur	Independent – Non-Executive	-	3	No



Independent Directors

- a) 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 Regulation 34(3) read with schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.
- e) 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 inter-alia others. The intimation of the Board Meeting is given to the members of the Board at least five 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 required, under SEBI (LOADR) Regulations, 2015, is regularly made available to the members of the Board in due time.

The members of the Board are informed at every meeting about the overall performance of the company during the quarter under review, 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 after reviewed and recommended by the Committee.

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 re-appointment, the Notice for the Annual General Meeting contains all the relevant information.

During the year ended on 31st March, 2017, four Board meetings were held on 30.05.2016, 12.08.2016, 10-11-2016 and 02.02.2017. The details are as follows:-

Date of Board Meeting	Board Strength	Directors Present
30.05.2016	10	5
12.08.2016	10	6
10.11.2016	10	6
02.02.2017	10	7

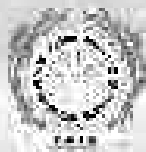
1. Board Committees

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

The quorum for the meetings is either two or one-third of the members of the committees, whichever is higher.

Audit Committee

The Audit Committee comprises of four directors out of which three are Non-Executive Independent Directors and one is Promoter - Executive Director. Mr. H. P.



Singhania acts as the chairman to the Committee. The Company Secretary acts as the Secretary of the committee. The Chief Financial Officer, the External and Internal Auditors are the regular invitees. The Composition of the Audit Committee meets the requirement of the Regulation 18 of SEBI (LOADR) Regulations, 2015 and the provisions of the Companies Act 2013.

The Composition of the Audit Committee :-

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

Terms of Reference and Powers:

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

- Recommends the appointment and removal of external auditor, fixing audit fees and also approval for payment for any other services.
- Reviews the quarterly, half yearly annual financial statements with the management before submission to the Board.
- Reviews the external and internal auditors, and adequacy of internal control system with the management.
- Reviews the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- Reviews the findings of any internal investigation by the Internal Auditors into matters where there is suspected fraud.
- Discussion with External Auditors before the commencement of Audit about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Review of company's financial risk management policies also to look into the reasons for substantial defaults in payments to depositors, shareholders and creditors.

Meetings and Attendance:-

During the year ended on 31st March, 2017, four committee meetings were held on 30.05.2016, 12.08.2016, 10.11.2016 and 02.02.2017

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

Nomination and Remuneration Committee

The Remuneration Committee comprises of three directors, and all the three directors are non executive independent directors. Mr. H. P. Singhania acts as the chairman of the committee. During the year ended on 31st March 2017, four committee meetings were held on 30.05.2016, 12.08.2016, 10.11.2016 and 02.02.2017. The details are as follows:

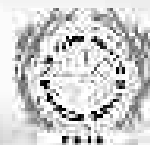
Sl no.	Name of the Member	Position	Number of meetings held	Number of meetings attended
1.	Mr. H. P. Singhania	Chairman	4	2
2.	Mr. R. S. Shukla	Member	4	4
3.	Mr. S. K. Gupta	Member	4	4

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 Committee meeting attended by them.

Executive Directors

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

The remuneration paid to the directors during the year ending on 31st March, 2017 is given in form no. MGT-9 as Annexure-9.

Stake Holders' Relationship Committee

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

The Stake Holders' Relationship Committee looks after the cordial investor relations and oversees the 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 Agent and are placed at the Board Meeting from time to time.

Besides, it monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015.

During the year ended on 31st March, 2017 four committee meetings were held on 30.05.2016, 12.08.2016, 10.11.2016 and 02.02.2017. The details are as follows :

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

Corporate Social Responsibility Committee:

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

During the year ended on 31st March, 2017, four committee meetings were held on 30.05.2016, 12.08.2016, 10.11.2016 and 02.02.2017. 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	4

Circular Resolution:

The Company did not pass any resolution by circulation during the year under review.

General Body Meeting

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

Day & Date : Thursday, the 28th September, 2017

Time : 11.00 AM

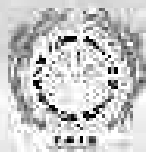
Venue : 11-Moti Bhawan, Collector Ganj, Kanpur-208001

Dates of Book Closure:

From 23rd September to 28th September, 2017, both days inclusive

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

Financial Year	Day & Date	Location	Time
2012-2013	22.03.2014	Regd. Office - 11-Moti Bhawan, Collector Ganj, Kanpur-208001	11.00 a.m.
2013-15	19.09.2015	Regd. Office - 11-Moti Bhawan, Collector Ganj, Kanpur-208001	11.00 a.m.
2015-16	28.09.2016	Regd. Office - 11-Moti Bhawan, Collector Ganj, Kanpur-208001	11.00 a.m.



Postal Ballot

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

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 (11) 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 formulated a Whistle Blower policy wherein the employees are free to report violations of law, rules, regulations, unethical conduct, misuse of authority, financial irregularities etc. by way of e-mail directly to the Chairman of Stakeholder Relationship Committee. The whistle blowers may also have direct access to the Chairman of Audit Committee.

The Whistle blower policy aims at:

- Encouraging the directors and employees to feel confident in raising serious concerns.

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

The Directors and Management personnel maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discrimination.

No employee was denied access to the Chairman of Audit Committee.

Compliance

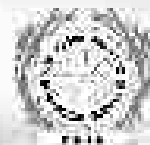
The Board has complied with all the Compliance related under Regulation 34 of SEBI (LOADR) Regulations, 2015.

Compliance with Corporate Governance Norms

The Company has complied with Mandatory requirements of the Code of Corporate Governance as Stipulated under Regulation 34 of SEBI (LOADR) Regulations, 2015. The Company has submitted its Compliance Report in the prescribed format to the Stock Exchange for the quarters ended 30-06-2016, 30-09-2016, 31-12-2016 and 31-03-2017 on 13.07.2016, 08.10.2016, 13.01.2017 and 11.04.2017. The Statutory Auditors have certified that the company has complied with the Corporate Governance norms as stipulated by the Stock Exchanges under SEBI (LOADR) Regulations, 2015.

Reconciliation of the Share Capital Audit

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



Code of Conduct

The Board of Directors has laid down a Code of conduct for the Members of the Board members as well as the employees in the senior Management of the Company, The 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 communicated to the stock exchanges, immediately after approval of the Board. The Company has its website www.kmsugar.com, which provides the Comprehensive details of the operations of the Company. The management discussion and analysis report forms a part of the annual report.

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 there under 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.

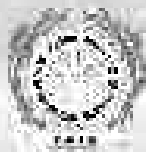
Listing on Stock Exchanges

Equity Shares	Equity Shares
Bombay Stock Exchange Limited, 25th Floor, PhirozeJeejeebhoy Towers, Dalal Street, Mumbai. Tel: 91-22-22728527/ 8307 Fax: 91-22-22721072 Website: www.bseindia.com	National Stock Exchange of India Limited, Exchange Plaza, C-1, Block - 'G', BandraKurla Complex, Bandra(E), Mumbai-00051 Tel: 91-22-26598100 Fax: 91-22-26598237/38 Website: www.nseindia.com

Listing fees up-to the financial year ended 31-03-2017 has been paid to all the concerned stock exchanges by the Company.

Depositories:

1. National Securities Depository Ltd., Trade Worlds, 4 th floor, Kamala mills Compound, SenapatiBapat Marg, Lower Parel, Mumbai – 400013	2. Central Depository Services (India) Ltd., PhirozeJeejeebhoy Towers, 17 th floor, Mumbai 400023
Compliance officer 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-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 Tel No : +91 22 49186270 Fax: +91 22 49186060 E-mail id : rnt.helpdesk@linkintime.co.in Website : www.linkintime.co.in

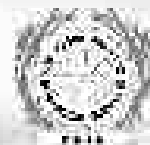


Stock Market Data

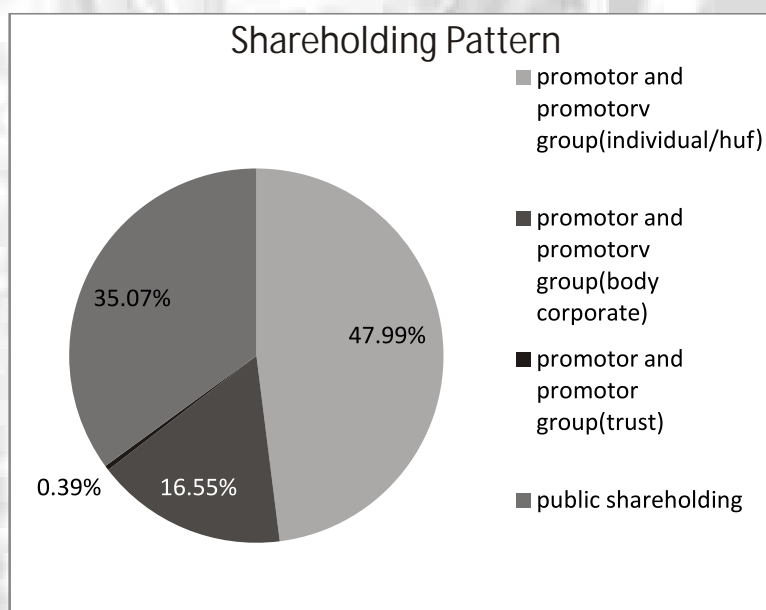
Month	Quotation at BSE			Quotation at NSE		
	High	Low	Closing	High	Low	Closing
April ,16	7.7	5.75	6.42	7.7	5.7	6.2
May,16	8.28	6.12	7.04	8.2	6.5	7.05
June, 16	10.37	6.9	10.34	10.35	6.8	10.3
July, 16	14.34	9.55	13.66	14.4	9.35	13.66
August, 16	14.29	10.66	13.15	14.29	11.7	13.15
September, 16	14.4	12	12.94	14.45	11.7	12.9
October, 16	30.49	12.8	26.4	30.25	12.8	26.6
November, 16	29.02	16.85	21.6	29.2	16.15	20.35
December,16	29.55	20.45	29.3	29.5	20.25	29.4
January, 17	33.5	29.15	32.8	33.7	29.1	32.65
February, 17	37.5	27.5	28	37.5	27.5	28.15
March, 17	31.3	25	26.85	31.4	25.5	26.8

Shareholding Pattern as at 31st March ,2017

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group				
(1) Indian				
Individuals / Hindu Undivided Family	14	44158923	44158923	47.99
Bodies Corporate	4	15225622	15225622	16.93
Any Other (Specify) Promoter Trust	3	359050	359050	0.39
Sub Total (A)(1)	21	59743595	59743595	64.93
(2) Foreign	0	0	0	0
Total shareholding of Promoter and Promoter Group(A)= (A)(1)+(A)(2)	21	59743595	59743595	64.93
(B) Public Shareholding				
(1) Institutions				
(a) Central Government / State Government(s)	1	1140	1140	0.00
(b) Financial Institutions/Banks	1	500	500	0.00
(c) Any Other (Specify) Foreign Portfolio Investors	4	746150	746150	0.81
Sub Total (b)(1)	6	747790	747790	0.81
(2) Non-Institutions				
(a) Body Corporate	196	4862122	4862117	5.28



(b)Individual				
(i)Individual shareholders holding nominal share capital up to Rs. 2 lakh	13224	17287990	17286865	18.79
(ii)Individual shareholders holding nominal share capital in excess of Rs. 2lakh	14	6240236	6240236	6.78
(iii)Any Other (Specify)				
Clearing Member	176	1527857	1527857	1.66
Non Resident Indians (Repat)	158	515657	515657	0.56
Non Resident Indians (Non Repat)	51	217195	217195	0.02
Hindu Undivided Family	312	857428	857428	0.93
Trusts	1	300	300	0.00
Sub Total (B)(2)	14132	31508785	31507655	34.25
Total Public shareholding (B) =(B)(1)+(B)(2)	14138	32256575	32255445	35.06
Total (A)+(B)	14159	92000170	91999040	100
(C) Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0
(1) Promoter and Promoter Group	0	0	0	0
(2) Public	0	0	0	0
Sub Total	0	0	0	0
Total (A)+(B)+(C)	14159	92000170	91999040	100

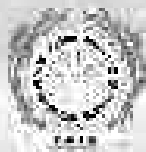
**Notes:****Demat of Shares**

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
1-1000	11042	77.98	4291152	4.67
1,001-2000	1280	9.05	2052245	2.23
2001-5,000	1127	7.96	3919600	4.27
5,001- 10,000	353	2.49	2694738	2.92
10,001 & Above	357	2.52	79042435	85.91
TOTAL	14159	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, 2015. This code was applicable to all directors and designated employees. It is hereby affirmed that all directors and designated employees have complied with this code during FY 2016-17 and a confirmation to this effect has been obtained from them.

In terms of these Regulations, the Board formulated the:

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

This has been uploaded in the Company's website. The trading window shall remain closed during the period when designated persons in terms of the Regulations can reasonably be expected to have possession of unpublished price sensitive information. In any event, the trading window shall remain closed between the seven trading day prior to the last day when 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 the year ended 31-03-2017 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 2.29 (11) 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.

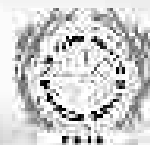
None of the directors has any pecuniary relationships or transactions other than the remuneration duly disclosed vis-à-vis the Company.

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

Anti-Sexual Harassment Policy

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

Other Compliances

i) Management Discussion and Analysis

Management Discussion and Analysis Report is made in conformity with SEBI (LOADR) Regulations, 2015 and is attached to the Board's Report forming part of the Annual Report of the Company.

ii) Quarterly Financial Results

Pursuant SEBI (LOADR) Regulations, 2015, Quarterly Financial Results are approved by the Board on the recommendations of the Audit Committee.

These are communicated to Stock Exchanges by email after the conclusion of the Board Meeting and published in leading daily newspapers, as required, within the stipulated time. These are also immediately posted on the Company's website.

(iii) Quarterly Compliance Report

The Company has submitted the Compliance Report on Corporate Governance to Stock Exchanges in the prescribed format within 15 days for four quarters during 1st April, 2016 to 31st March, 17 from the close of each quarter.

(iv) Online filing

NEAPS - Quarterly reports to National Stock Exchange have been filed through NSE Electronic Application Processing System (NEAPS).

BSE :- Quarterly reports to Bombay Stock Exchange have been filed through BSE Listing Centre.

SCORES - SEBI requires all listed Companies to process investor complaints in a centralized web based complaint system called 'SEBI Complaints Redress System (SCORES)'. All complaints received from shareholders of listed Companies are posted in this system. Listed Companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES.

During the year, there were 1 complaint on our Company posted at SCORES site, which was resolved.

(v) Reconciliation of Share Capital Audit

The Company submits quarterly Reconciliation of Share Capital Audit to Stock Exchanges on reconciliation of the total admitted capital with NSDL / CDSL and the total issued & listed capital submitted for quarter ended 30.06.2016, 30.09.2016, 31.12.2016 and 31.03.2017 on 26.07.2016, 27.10.2016, 21.01.2017 and 18.04.2017 respectively.

(vi) Accounting treatment

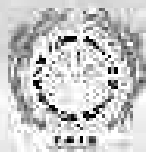
The Consolidated and Standalone financial statements have been prepared in compliance with applicable provisions of the Companies Act, 2013 read with rules issued thereunder, applicable Accounting Standard and the provision of SEBI (LOARD) Regulations, 2015 have been followed.

(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 year ended as at 31-03-2017. Their remuneration was approved by the Board.

- Audit Qualification in Report --- Nil

(viii) Secretarial Standards & Secretarial Audit - Pursuant to Section 118 (10) of the Act, every Company shall observe Secretarial Standards with respect to General and Board meetings specified by the Institute of Company Secretaries of India. The Ministry of



Corporate Governance Report...

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 year ended as at 31-03-2017. The Secretarial Audit Report was placed before the Board on 10.08.2017 as per Annexure-10. There are no qualifications in the Secretarial Audit Report.

(ix) Internal Auditor

Pursuant to Section 138(1) of the Act the Company has appointed M/s. VAA & Associates, Chartered Accountants, to conduct internal audit of the functions and activities of the Company for year ended as at 31-03-2017. The internal auditor reports directly to the Audit Committee.

(x) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for year ended 31st March 2017 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xi) Peer Review of Auditors

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

Compliance with non-mandatory requirements

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

(ii) Shareholders' Rights

Audited Results on the Company's financial performance are sent to shareholders. These are posted on the Company's Website and soft copy of same emailed to shareholders whose email ids are available with the Company. Shareholders who have not furnished their email ids' are advised to furnish same to cs@kmsugar.com or [rnt.helpdesk @ linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

(iii) Section 136 (1) of the Act and SEBI (LOADR) Regulations, 2015 permits circulation of abridged Accounts in lieu of full-fledged Annual Report. The Company has however not exercised this option and continues to send Annual Report in full form to all shareholders.

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

(iv) Audit Qualifications

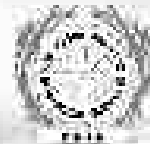
The Company since inception has ensured to remain in the regime of unqualified financial statements. SEBI vide its circular dt.13th August 2012, has evolved a system to monitor audit qualification covered in Auditor's Report. Accordingly, listed companies while submitting Annual Report under Regulation 33(3)(d) of SEBI (LOADR) Regulations, 2015 are required to furnish a declaration to that effect to the Stock Exchange(s). Our Company has complied with this SEBI Circular while furnishing the Annual Reports for the financial year ended 31st March 2017 under a declaration with the unmodified opinion.

Disclosures

(i) 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.

(ii) 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 except those reported disputed matters in the Note no.2.29 (1)(a) (vi) under Other Disclosures.

(iii) 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.

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 30.06.2016 (Un-audited)	04.08.2016	12.08.2016	13.08.2016	Financial Express ; Rashtriya Sahara
Quarter ended 30.09.2016 (Un-audited)	05.11.2016	10.11.2016	11.11.2016	Financial Express ; Rashtriya Sahara
Quarter ended 31.12.2016 (Un-audited)	26.01.2017	02.02.2017	03.02.2017	Financial Express ; Rashtriya Sahara
Quarter and Year ended 31.03.2017 (Audited)	14.05.2017	22.05.2017	23.05.2017	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 that contains relevant information updated in time and complies with SEBI (LOADR) Regulations, 2015.

General Shareholder Information

Business Responsibility Report

SEBI has mandated by its circular dt.13.08.2012 the inclusion of Business Responsibility Reports (BR Reports) as part of the Annual Reports for listed entities. Regulation 34(2)(f) SEBI (LOADR) Regulations, 2015 has been inserted in the Equity Listing Agreement for this purpose. Initially this has

been made applicable for top 500 listed entities and our Company is not presently covered by this.

Company commitment

Our Company keeps constant track of prevalent practices among bellwether corporate towards formulating and fine tuning its responses to the emerging areas on Corporate Governance and responsible business. It continues to take affirmative steps for substantive compliance commensurate with its size, nature of business and governing structure. Our Company enjoys considerable goodwill of the residents in its neighborhood for its transparency in dealings and fair practices in place. It would be relentless in its pursuit and strengthen its focus for doing responsible business.

Declaration under Schedule V (D) of the SEBI (LOADR) Regulations, 2015

I, L.K. Jhunjunwala, Chairman of M/s. K.M. Sugar Mills Limited, hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed complied with the Code of conduct of Directors and Senior Management Personnel of the Company during the financial year 2016-17 and a confirmation to this effect has been obtained from them individually for the period under review.

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

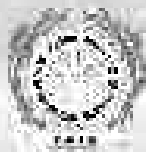
L. K. Jhunjunwala
Chairman

Date: 10.08.2017

Place: Lucknow

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

I, S.C. Agarwal, executive director and chief Executive officer of the company, hereby declare that the statutory auditors of the company-M/s. Mehrotra & Mehrotra, Chartered Accountants, New Delhi having firms registration number (FRN-0226C) have issued an Audit report with the unmodified opinion on



standalone and consolidated financial results for the quarter and year ended 31st March, 2017

K. M. Sugar Mills Ltd.

Sd/-

S.C. Agarwal

Executive Director –cum-CEO

Date: 22.05.2017

Place: Lucknow

Annexure-4 Report on CSR

The Company constituted the CSR Committee, which consists :

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

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

Shri Sanjay Jhunjunwala – Member (Joint Managing Director)

1. Further, the Company spent on CSR activities on the basis of average net profit of the Company for last three financial years: Rs. 1048.97 lacs ;
2. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs.21.00 lacs
3. Details of CSR spent for the financial year:
 - a. Total amount spent for the financial year : Rs. 21.18 lacs
 - b. Amount unspent, if any: Nil
 - c. Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) State & district where project or programs was undertaken	Amount outlay (budget) project or programs wise - Rs. in Lacs	Amount spent on the projects or programs Sub-heads: Rs. in Lacs
1.	Promoting education among children, women, elderly and differently abled and livelihood projects	Under Sechedule VII of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014 - ii. Promoting education among children , women, elderly and differently abled and livelihood projects	U.P. - Sanskriti Society for Education Research & Development for children education	21.00	21.18

6. Responsibility statement of the CSR Committee : CSR Committee confirmed that the

implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Annexure 5

Management Discussion and Analysis Report

Industry Facts :-

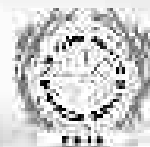
- ❖ Sugar is one of world's major agro- based industries and is also one of the most actively traded soft commodities on the exchange
- ❖ More than 80 % of Sugar produced is from sugarcane while balance is from sugar beet.
- ❖ Top 5 sugar producers in the world, namely, Brazil, India, EU, China &Thailand , account for over 60 % of the total production .
- ❖ The sugar prices have been seen high level of volatility and now it is at a comfortable level.
- ❖ India is the second largest producer of sugar in the world and its production in 2016-17 was 20 Million tonnes.
- ❖ Around 5 million hectares of land under sugarcane.
- ❖ 50 million cane farmers and their dependents.
- ❖ Around 700 sugar mills installed and 530 operational.
- ❖ India is World' s largest consumer of sugar and usually consume all sugar produced domestically about 62-65% of sugar consumed directly by bulk users.

Global Sugar Industry

In an era where there is a need for inclusive growth, the sugar industry is amongst the few industries that have successfully contributed to the rural economy. It has done so by commercially utilizing the rural resources to meet the large domestic demand for sugar and by generating surplus energy to meet the increasing energy alcohol industry. The sector supports over 50 million farmers and their families, and delivers value addition at the farm side . In general, sugarcane price accounts for approximately 70 percent of the ex-mill sugar price.

The sector also has a significant standing in the global sugar space. The Indian domestic sugar market is one of the largest markets in the world, in volume terms. India is also the second largest sugar producing geography. India remains a key growth driver for world sugar, growing above the Asian and world consumption growth average.

Globally, in most of the key geographies like Brazil and Thailand, regulations have a significant influence on the



sugar sector. Perishable nature of cane, small farm landholdings and the need to influence domestic prices; all have been the drivers for regulations. In India, too, sugar is highly regulated. Since 1993, the regulatory environment has considerably eased, but sugar still continues to be an essential commodity under the Essential Commodity Act. There are regulations across the entire value chain land demarcation, sugarcane price, sugarcane procurement, sugar production and sale of sugar by mills in domestic and international markets.

Indian Sugar Industry

During 2016-17, sugar production was 20.00 MMT, down by almost 23.87% percent below last year's production. As a result, total sugar supplies are limited to 32.6 MMT, which is just enough to meet the out-year consumption and stock requirements. For the third time in recent years, Indian sugar production dropped below consumption (25.6 MMT). Maharashtra and UP will contribute 22 percent and 43 percent respectively, of total production.

Uttar Pradesh (UP) will once again be the largest producer of sugar in India, followed by Maharashtra. Both states now contribute upwards of 73 percent of India's total sugar production, a notable uptick from their earlier cumulative average of 60 percent. Production gains in both states will compensate for combined losses in Karnataka, Tamil Nadu, Andhra Pradesh, and Telangana.

Farmers in UP and Maharashtra are expected to bring additional area under cane cultivation due to better returns as compared to competing crops. Normal monsoon rains in 2016 helped water levels recover in major reservoirs in Maharashtra. Farmers who shifted away from cane planting due to drought in past have returned to cane for harvest in year 2017-18, as they feel cane is a more sturdy and reliable crop. Sugar prices have rallied by more than 58 percent since July 2015 and should remain stable, given tight supplies in the current year and the possibility of even tighter beginning stocks in October 2017, which marks the beginning of the Indian festive season. Regional disparities in supply also underpin domestic prices in last six months due to the demonetization cash crunch. Currently, Indian wholesale sugar price is trading at \$ 600 per MT.

India may import an estimated 0.5 MMT of sugar (mostly raw) during 2017-18. A 20-percent drop in

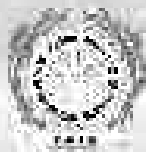
total supplies over the last three years will encourage imports only to augment local supplies while consumption will recover marginally to 26 MMT. The preceding statement assumes duty-free imports for commercial viability while export in forecast year is estimated to be negligible except for some sugar re-exported under the under the Advance License Scheme (ALS).

Government Policies

The Ministry of Commerce and Industry's Director General of Foreign Trade vide notification (No. 01/2015-2020) dated April 5, 2017, will allow 500,000 MT of raw sugar imports (subject to the tariff rate quota) to be imported through June 12, 2017. The decision was taken to address regional production gaps and control sugar prices. After June 12, 2017, import duties levied against imported sugar will be 40 percent, unless otherwise notified. It has been requested to increase the import duty from 40% to 60% to maintain the price of sugar in the Indian market. Sugar can be exported under the open general license, but sugar exports remain subject to the 20-percent export duty per the June, 16 2016, Customs Notification No. 37/2016. However, refined sugar derived from raw sugar imported under the ALS shall be exempted from the 20-percent export duty, as clarified by the July 6, 2016 Customs Notification No. 41/2016.

Policy: Sugarcane Production and Pricing Policy

The GOI supports research, development, training of farmers, transfer of new varieties, and improved production technologies (seed, implements, pest management) to sugarcane growers as to raise yields and recovery rates. To increase the area of cultivation and production in the country, the GOI has implemented the "Sustainable Development Fund of Sugarcane Based Cropping System Area under Macro Management Mode of Agriculture" program in various sugarcane growing states. Additionally, under the Rashtriya Krishi Vikas Yojana (National Agriculture Development Program), state governments have the flexibility to choose priorities for crop development projects, including sugarcane. The Union Budget 2017-18 allocated about \$76 million under the Sugar Development Fund to provide assistance in the form of interest to sugar mills towards working capital loans of about \$980 million. The GOI projects a sugar tax collection of about \$460 million. At the current



exchange rate, the GOI collects \$3.58 per MT of sugar produced by mills in support of the Sugarcane Development Fund (SDF), which is used to support research, extension, and technological improvement in the sugar sector. The SDF is also used to support sugar buffer-stock operations, provide a transport subsidy for sugar exports, and provide an interest subsidy on loans for the installation of power generation and ethanol production plants. The GOI enacted the SDF (Amendment) Bill, 2008, enabling the government to include the use of SDF funds for debt restructuring and soft loans to sugar mills. The GOI establishes a minimum support price (MSP) for sugarcane based on recommendations from the Commission for Agricultural Costs and Prices, consultations with state governments, and sugar industry and cane growers' associations. In the year 2009-10, the GOI announced a new fair and remunerative price (FRP) system that links cane prices with miller's incomes. Several state governments augment the MSP/FRP, typically by 30-35 percent, due to political populism rather than market pricing. Sugar mills are required to pay the "state advised price" (SAP) to sugarcane farmers irrespective of market prices. A smaller cane crop normally encourages millers to pay higher cane prices, resulting in prices which exceed the MSP/FRP in most of the growing states. The Uttar Pradesh Government retained the State Advised Cane Price (SAP) 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 2016-17.

Sugar Marketing Policy –

As of April 1, 2017, the GOI will stop providing the INR 18.50/kilogram subsidy on sugar to states for selling it via public distribution system (PDS) at ration shops. A sum of about \$3 billion was allocated in the Union Budget 2017-18 for clearing past claims by state governments. Earlier, the GOI continued to subsidize sugar for consumers by allowing state governments to procure sugar from the market through open tenders. The gap between open market prices and PDS sale prices/retail issue price was covered by the GOI. Following two years of deregulation of sale of sugar, the GOI in 2015 reviewed the 'decontrol of sugar marketing' and allowed states/Union Territories to either absorb the additional cost, if any, on account of handling, transportation and dealer's commission or pass it on

to consumers by including it in the retail issue price (INR 13.50 per kg). The new system was adopted by 30 states/Union Territories (UTs). Industry sources expect that the sugar industry will continue to be subject to production controls by state governments, including sugar industry licensing, specified cane procurement areas for sugar mills, and cane pricing.

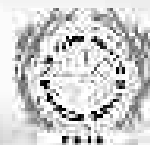
Ethanol Sector

India's ethanol production in MY 2016-17 is likely at 1.65 billion liters, 20 percent below last year and the lowest in the last five years. This will possibly lead to demand rationing for potable use, industrial use and for blending with gasoline. Theoretically, the ethanol available is sufficient to meet the 5% blend target, but it will be hard to achieve even last year's blend rate of 1.85 percent. Last year, on October 13, 2016, the Cabinet Committee on Economic Affairs revised ethanol prices for supply to public sector Oil Marketing Companies (OMCs) to carry out the ethanol blended gasoline Program (EBP) in the following manner-

- ◆ Administered prices of ethanol for the EBP will be INR 39/liter from December 1, 2016 to November 30, 2017.
- ◆ Charges will be paid to the ethanol suppliers as per actuals in case of the excise duty and VAT/GST, and transportation charges as decided by OMCs.
- ◆ If the need arises to increase/reduce the retail prices of gasoline by public sector OMCs, then such increase/reduction would proportionately factor in the requirement of maintaining the fixed cost of purchase of ethanol during the ethanol supply year.
- ◆ Ethanol prices will be reviewed and revised by the GOI at any time depending upon the prevailing economic situation and other relevant factors. In December 2014, the GOI had announced a price-fixing scheme for parastatal OMCs to procure ethanol. The program fixed landed-ethanol prices at OMC depots from INR 48.50 to INR 49.50/liter.
- ◆ India's ethanol program is based on sugar molasses, a by-product of the sugar industry, and not directly from sugarcane or corn as in other countries. For more on India's ethanol program, please refer India's Biofuel.

Power Sector

Meeting electricity demand in sustainable manner is one of the major challenges that India is facing. As per Integrated Energy Policy of GOI, electricity generation capacity must be increased to nearly 800000 MW from current generation capacity of 2, 25,793 MW by 2032.



This huge capacity addition is big challenge for the country. Till last 4-5 years, electricity generation in India is dominated by the coal which is a major source of carbon emission. Further, depletion of fossil fuel and increased import of energy resources is a matter of concern in India. In view of this, country has launched a programme to enhance proportion of renewable energy in the electricity mix. MNRE has adopted strategic plan for new and renewable energy sector. Further, 15600 MW of renewable energy capacity was added during 11th plan (2007-12) against a target of 12280 MW.

India is one of the largest consumers and producers of sugar in the world and is the world's second largest producer next to Brazil of the sugarcane.

Sugar production is an energy intensive industry and requires both steam as well as electricity. Bagasse is the leftover of the sugarcane after crushing and is burnt as a fuel in the boiler of sugar mill. Bagasse cogeneration has been practiced in sugar mills since long to meet sugar mills own energy needs. However, supplying excess electricity to the grid has gained momentum worldwide in last one decade. It offers several advantages such as near – zero fuel cost, increased viability of sugar mills, energy security, fuel diversity, reduced transmission and distribution losses and carbon emission reduction. In view of this, GOI has launched a programme to enhance surplus electricity generation from bagasse cogeneration.

Bagasse cogeneration is renewable energy and comes under Ministry for New and Renewable Sources of Energy of Govt of India. Bagasse-based cogeneration potential in sugar mills is estimated to be 5000MW . Further, this potential will be approximately 9700 MW by 2017. It is estimated that four million units of electricity per megawatt of capacity of the cogeneration plant is generated per year.

SWOT ANALYSIS:

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

Strengths and Opportunities

- i) The promoters are in this line for over 5 decades and are having good experience of the line.
- ii) Company has integrated Sugar Plant, alongwith distillery and Co -Generation situated in the sugarcane-rich Indian State of U.P.

- iii) Company has integrated facilities to produce sugar and also has ability to Process Raw Sugar.
- iv) Company Produces Ethanol, Power which enhances the Revenue of the Company.

Weaknesses and Threats

- i) Though de-licensed, sugar industry remains a highly regulated industry with the acts and orders through which government regulates the sugar Industry.
- ii) Sugarcane being an agricultural commodity, its availability is dependent on vagaries of monsoon.
- iii) Non availability of sugar cane may adversely affect the sugar mills as well as alcohol production and cogeneration power plants.
- iv) Sugar Industry has political intervention.
- v) Steep decline in sugar price may adversely affect the sugar mills.

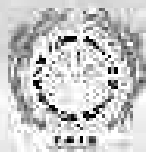
CAUTIONARY STATEMENT

The Management Discussion and Analysis Report contains your Company's objectives, projections, estimates and expectation may constitute certain statements, which are forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statement. Your Company's operation may inter-alia be affected by the supply and demand situations, input price and the availability, changes in the government regulations, tax laws and other factors. The Company cannot guarantee the accuracy of the assumptions and perceived performance of the Company in future.

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

To,
The Members,
K M SUGAR MILLS LIMITED,
(CIN - L15421UP1971PLC003492)
11, Moti Bhawan, Collectorganj, Kanpur - 208 001

1. We have examined the compliance of conditions of Corporate Governance by K M Sugar Mills Limited ("the Company"), for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations.



Directors Report

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2017.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Amit Gupta & Associates
Company Secretaries

Amit Gupta
Proprietor
Membership No. : F5478
C.P. No. 4682

Date: 10.08.2017
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 year at 31st March, 2017, 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:-
- (i) significant changes in internal control during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Sd/-
SC Agarwal
Date: 22-05-2017
Place: Lucknow

Sd/-
AK Gupta

Annexure 6 "Board's Report"
FORM NO. AOC-1

Statement containing salient features of the Financial Statement of subsidiary
(Pursuant to first proviso to sub-section (3) of section



129 of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014)

Annexure 7 –Board's Report
FORM NO. AOC-2

Part 'A'

Sl. No.	Particulars	Detailed Information	
		As at 31 st March 2017	As at 31 st March 2016
1	Name of the subsidiary	M/s. K.M. Energy Pvt. Limited	M/s. K.M. Energy Pvt. Limited
2	Reporting period of the subsidiary	Not applicable	Not applicable
3	Reporting currency	Indian Rupees in lacs	Indian Rupees in lacs
4	Share Capital	10,70,60,150	9,17,68,000
5	Reserve & Surplus	(4,18,57,987.15)	(4,86,648.64)
6	Total Assets	34,71,05,453.35	10,42,07,601.36
7	Total Liabilities	28,19,03,290.50	1,29,26,250
8	Investments	-	-
9	Turnover	3,78,56,550	-
10	Profit before tax	(29,13,676.51)	1,90,830.72
11	Provision for tax	3,84,57,662	-
12	Profit after tax	(4,13,71,338.52)	1,90,830.72
13	Proposed Dividend	Nil	Nil
14	% of shareholding	73%	99.63%

* There is /was no other subsidiary of the company in the current/previous year.

Notes:

(i)	Name of the subsidiary which is yet to commence operation	Not Applicable	Not Applicable
(ii)	Name of the subsidiary which is which is liquidated or sold during the year	Not Applicable	Not Applicable

Part "B": Associates and Joint Ventures

The company does not have an associates or a joint venture, hence, the requirement under this Part is not applicable to the company and no information is required to be disclosed.

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

For and on behalf of the Board of Directors

CA. Rajesh Jhalani
Partner
M.No.074809

S. C. Agarwal
Executive Director
DIN-02461954

Aditya Jhunjhunwala
Managing Director
DIN-01686189

Place: Lucknow
Date: 22.05.2017

A K Gupta
Chief Financial Officer

Rajeev Kumar
Company Secretary

(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

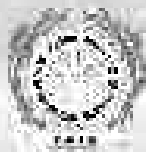
- Name(s) of the related party and nature of relationship
- Nature of contracts/arrangements/transactions
- Duration of the contracts / arrangements / transactions
- Salient terms of the contracts or arrangements or transactions including the value, if any
- Justification for entering into such contracts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

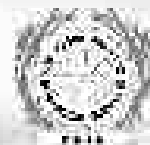
As details given in Note no.2.29(9)(c)
(Rs. in Lacs)

- Name(s) of the related party and nature of relationship :-
- Nature of contracts/arrangements/ transactions :-
- Duration of the contracts / arrangements / transactions: 01-04-2016 to 31-03-2017.

Directors Report ...



Sl no.	Nature of transaction/ Name of the related party	Subsidiary	Key Managerial Personnel (KMP)	Enterprises over which KMP and their relatives have substantial interest/ significant influence	Total Current Year (Previous Year)
i.	Investment made				
	K M Energy Pvt. Ltd.	126.19 (285.00)	- (-)	- (-)	126.19 (285.00)
ii.	Interest receipt on loan				
	K M Energy Pvt. Ltd.	- (28.50)	- (-)	- (-)	- (28.50)
iii.	Corporate Guarantee for a term loan given to a bank				
	K M Energy Pvt. Ltd.	2433.00 (-)	- (-)	- (-)	2433.00 (-)
iv.	Remuneration including PF				
	Shri L K Jhunjunwala	- (-)	111.57 (40.32)	- (-)	111.57 (40.32)
	Shri Aditya Jhunjunwala	- (-)	97.25 (20.45)	- (-)	97.25 (20.45)
	Shri Sanjay Jhunjunwala	- (-)	97.48 (20.29)	- (-)	97.48 (20.29)
	Shri S. C. Agarwal	- (-)	28.40 (18.37)	- (-)	28.40 (18.37)
	Shri Rajeev Kumar	- (-)	10.29 (9.50)	- (-)	10.29 (9.50)
	Shri Arvind Kumar Gupta	- (-)	13.23 (12.30)	- (-)	13.23 (12.30)
v.	Sugar sold				
	Sri Shakti Credits Ltd.	- (-)	- (-)	- (4557.00)	- (4557.00)
vi.	Rent paid				
	Sri Shakti Credits Ltd.	- (-)	- (-)	5.40 (5.40)	5.40 (5.40)
	Zar International Pvt. Ltd.	- (-)	- (-)	1.14 (1.14)	1.14 (1.14)
	Marvel Business Pvt. Ltd.	- (-)	- (-)	7.20 (-)	7.20 (-)
vii.	Advance given / Repaid				
	K M Energy Pvt. Ltd.	52.07 (-)	- (-)	- (-)	52.07 (-)
	Arvind Kumar Gupta	- (-)	- (5.00)	- (-)	- (5.00)
	Shailja Properties Pvt. Ltd.	- (-)	- (-)	- (0.21)	- (0.21)
viii.	Advance received back				
	Sri Shakti Credits Ltd.	- (-)	- (-)	369.24 (-)	369.24 (-)
	K M Energy Pvt. Ltd.	49.48 (-)	- (-)	- (-)	49.48 (-)
ix.	Security amount paid				
	Marvel Business Pvt. Ltd.	- (-)	- (-)	9.00 (-)	9.00 (-)
x.	Security amount received back				
	Marvel Business Pvt. Ltd.	- (-)	- (-)	9.00 (-)	9.00 (-)
xi.	Corporate Guarantee given to Bank for loan				
	K M Energy Pvt. Ltd.	2433.00 (-)	- (-)	- (-)	2433.00 (-)
xii.	Balance outstanding				
	a. Interest receivable				
	K M Energy Pvt. Ltd.	- (28.60)	- (-)	- (-)	- (28.60)
	b. Amount receivable				
	Sri Shakti Credits Ltd.	- (-)	- (-)	- (365.18)	- (365.18)
	c. Loans payable				
	Shri L K Jhunjunwala	- (-)	31.00 (31.00)	- (-)	31.00 (31.00)
	Shri Aditya Jhunjunwala	- (-)	61.50 (61.50)	- (-)	61.50 (61.50)
	Shri Sanjay Jhunjunwala	- (-)	61.50 (61.50)	- (-)	61.50 (61.50)
	d. Amount payable				
	Shri L K Jhunjunwala	- (-)	48.10 (13.28)	- (-)	48.10 (13.28)
	Shri Aditya Jhunjunwala	- (-)	67.28 (20.60)	- (-)	67.28 (20.60)
	Shri Sanjay Jhunjunwala	- (-)	69.15 (23.72)	- (-)	69.15 (23.72)
	Shri S. C. Agarwal	- (-)	0.75 (1.49)	- (-)	0.75 (1.49)
	e. Loan amount outstanding for Corporate Guarantee given to a bank				
	K M Energy Pvt. Ltd.	2290.16 (-)	- (-)	- (-)	2290.16 (-)



(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

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

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: 10.08.2017

Place: Lucknow

Annexure 8 –Board's Report
Form No. MGT-9
EXTRACT OF ANNUAL RETURN

(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*

as on the financial year ended on 31st March 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	L15421UP1971PLC003492
ii) Registration Date	17.12.1971
iii) Name of the Company	M/s. K.M. Sugar Mills Limited
iv) Category / Sub-Category of the Company	Public Limited Company- Limited by Shares
v) Address of the Registered office and contact details	Regd. Office : 11- 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-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 Tel No : +91 22 49186270 Fax: +91 22 49186060 E-mail id : rnt.helpdesk@linkintime.co.in Website : www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

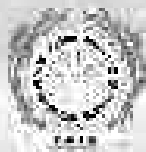
All the business activities contributing 10 % or more of the total turnover of the company shall be stated: -

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Sugar	10721	83%
2	Rectified Spirit /Ethanol	11019	12%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

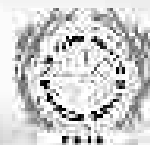
S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ASSOCIATE	% of shares held	Applicable Section
1	K.M. Energy Private Limited	U40300U P2004PTC 067293	Subsidiary	73	2(46)

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



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

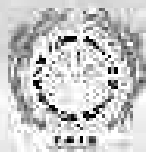
Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2016				Shareholding at the end of the year - 2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	45205712	0	45205712	'49.1366	44158923	0	44158923	'47.9987	'- 1.1379
(b)	Central Government / State Government(s)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(c)	Financial Institutions / Banks	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(d)	Any Other (Specify)									
	Promoter Trust	359050	0	359050	'0.3903	359050	0	359050	'0.3903	'0.0000
	Bodies Corporate	15679315	0	15679315	'17.0427	15225622	0	15225622	'16.5496	'- 0.4931
	Sub Total (A)(1)	61244077	0	61244077	'66.5695	59743595	0	59743595	'64.9386	'- 1.6309
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(b)	Government	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(c)	Institutions	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(d)	Foreign Portfolio Investor	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(e)	Any Other (Specify)									
	Sub Total (A)(2)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	61244077	0	61244077	'66.5695	59743595	0	59743595	'64.9386	'- 1.6309
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(b)	Venture Capital Funds	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(c)	Alternate Investment Funds	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(d)	Foreign Venture Capital Investors	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(e)	Foreign Portfolio Investor	0	0	0	'0.0000	746150	0	746150	'0.8110	'0.8110
(f)	Financial Institutions / Banks	0	0	0	'0.0000	500	0	500	'0.0005	'0.0005
(g)	Insurance Companies	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(h)	Provident Funds/ Pension Funds	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(i)	Any Other (Specify)									
	Sub Total (B)(1)	0	0	0	'0.0000	746650	0	746650	'0.8116	'0.8116
[2]	Central Government/ State Government(s)/ President of India									
	Central Government / State Government(s)	1140	0	1140	'0.0012	1140	0	1140	'0.0012	'0.0000
	Sub Total (B)(2)	1140	0	1140	'0.0012	1140	0	1140	'0.0012	'0.0000
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 2 lakh.	16544825	1125	16545950	'17.98	17286865	1125	17287990	'18.79	'0.81
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	3300338	0	3300338	'3.59	6240236	0	6240236	'6.78	'3.19
(b)	NBFCs registered with RBI	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(c)	Employee Trusts	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
	Central Government / State Government(s)	1140	0	1140	'0.0012	1140	0	1140	'0.0012	'0.0000
	Sub Total (B)(2)	1140	0	1140	'0.0012	1140	0	1140	'0.0012	'0.0000
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 2 lakh.	16544825	1125	16545950	'17.98	17286865	1125	17287990	'18.79	'0.81
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	3300338	0	3300338	'3.59	6240236	0	6240236	'6.78	'3.19
(b)	NBFCs registered with RBI	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(c)	Employee Trusts	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(e)	Any Other (Specify)									
	Trusts	300	0	300	'0.0003	300	0	300	'0.0003	'0.0000



	Hindu Undivided Family	2840118	0	2840118	'3.0871	857428	0	857428	'0.9320	2.1551
	Non Resident Indians (Non Repat)	61078	0	61078	'0.0664	217195	0	217195	'0.2361	'0.1697
	Non Resident Indians (Repat)	137164	0	137164	'0.1491	515657	0	515657	'0.5605	'0.4114
	Clearing Member	1086586	0	1086586	'1.1811	1527857	0	1527857	'1.6607	'0.4796
	Bodies Corporate	6783414	5	6783419	'7.3733	4862117	5	4862122	'5.2849	2.0884
	Sub Total (B)(3)	30753823	1130	30754953	'33.4292	31507655	1130	31508785	'34.2486	'0.8194
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	30754963	1130	30756093	'33.4305	32255445	1130	32256575	'35.0614	'1.6309
	Total (A)+(B)	91999040	1130	92000170	'100.0000	91999040	1130	92000170	'100.0000	'0.0000
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
	Total (A)+(B)+(C)	91999040	1130	92000170	'100.0000	91999040	1130	92000170	'100.0000	

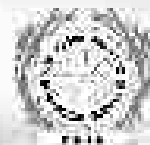
ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 31-03-2016			Share holding at the end of the year- 31-03-2017			
		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	% change in share holding during the year
1	Marvel Business Private Limited AABCM7231K	12450951	13.53		12022258	13.07		(0.46)
2	Laxmi Kant Dwarka Das AAAHL9403N	10065900	10.94		10065900	10.94		0
3	Prakash Chandra Jhunjunwala AAKPJ4437C	9946600	10.81		9956100	10.82		0.01
4	LaxmikantJhunjunwala AEJPJ8858H	5602600	6.09	6.09	5602600	6.09	6.09	0
5	UmadeviJhunjunwala ABQPJ7823H	4433300	4.82		3433819	3.73		(1.09)
6	Naina Devi Jhunjunwala AANPJ0921A	4168955	4.53	4.53	4184448	4.55	4.53	0.02
7	Praksash Chandra Jhunjunwal(HUF)	3825900	4.16		3815900	4.15		(0.01)
8	Aditya Jhunjunwala AANPJ0923C	3704200	4.03	4.03	3704200	4.03	4.03	0
9	KM Vyapar Private Limited AAACK5991M	2283364	2.48		2283364	2.48		0
10	Sanjay Jhunjunwala AANPJ9747L	2494600	2.71	2.71	2494600	2.71	2.71	0
11	Jhunjunwala securities private Limited	500000	0.54		500000	0.54		0
12	VatsalJhunjunwala AGHPJ6163E	450000	0.49		450000	0.49		0
13	VridhiJhunjunwala AMWJP0962E	450000	0.49		450000	0.49		0
14	KM Plantations Private Limited AAACK5695A	25000	0.03		0	0.00		(0.03)
15	Francoise commerce Private Limited	420000	0.46		420000	0.46		0
16	Vridhi Trust	188780	0.21		188780	0.21		0
17	Shivam Trust	120549	0.13		120549	0.13		0
18	Madhu Prakash Jhunjunwala	61657	0.07		1356	0.00		(0.07)
19	Vatsal Trust	49721	0.05		49721	0.05		0
	Total	61244077	66.57	17.36	59743595	64.94	17.36	-1.63



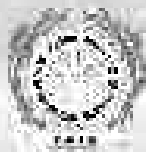
iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. NO	Name of the shareholder	Shareholding		Date of transfer	Nos. of shars	Cumulative Shareholding during the year	
		Nos. of shares	% of total share of the Company			Nos. of shares	% of total share of the Company
1	MARVEL BUSINESS PRIVATE LTD	12450951	13.5336			12450951	13.5336
	Transfer			17 Jun 2016	(30000)	12420951	13.5010
	Transfer			24 Jun 2016	(86200)	12334751	13.4073
	Transfer			01 Jul 2016	(200000)	12134751	13.1899
	Transfer			08 Jul 2016	(112493)	12022258	13.0676
	AT THE END OF THE YEAR					12022258	13.0676
2	PRAKASHCHANDRA DWARKADAS JHUNJHUNWALA	9946600	10.8115			9946600	10.8115
	Transfer			28 Oct 2016	(500)	9946100	10.8110
	Transfer			17 Feb 2017	10000	9956100	10.8218
	AT THE END OF THE YEAR					9956100	10.8218
3	LAKSHMI KANT JHUNJHUNWALA	5602600	6.0898			5602600	6.0898
	AT THE END OF THE YEAR					5602600	6.0898
4	NAINA JHUNJHUNWALA	4168955	4.5315			4168955	4.5315
	Transfer			22 Jul 2016	5000	4173955	4.5369
	Transfer			26 Aug 2016	15000	4188955	4.5532
	Transfer			07 Oct 2016	(10000)	4178955	4.5423
	Transfer			14 Oct 2016	(5000)	4173955	4.5369
	Transfer			21 Oct 2016	(3000)	4170955	4.5336
	Transfer			04 Nov 2016	5000	4175955	4.5391
	Transfer			02 Dec 2016	3000	4178955	4.5423
	Transfer			16 Dec 2016	5000	4183955	4.5478
	Transfer			06 Jan 2017	(2507)	4181448	4.5450
	Transfer			13 Jan 2017	(9000)	4172448	4.5353
	Transfer			27 Jan 2017	5000	4177448	4.5407
	Transfer			17 Feb 2017	7000	4184448	4.5483
	AT THE END OF THE YEAR					4184448	4.5483
5	PRAKASHCHANDRA DWARKADAS JHUNJHUNWALA	3825900	4.1586			3825900	4.1586
	Transfer			17 Feb 2017	(10000)	3815900	4.1477
	AT THE END OF THE YEAR					3815900	4.1477
6	UMADEVI JHUNJHUNWALA	4433300	4.8188			4433300	4.8188
	Transfer			01 Apr 2016	1282	4434582	4.8202
	Transfer			06 May 2016	(2651)	4431931	4.8173
	Transfer			13 May 2016	(1000)	4430931	4.8162
	Transfer			27 May 2016	(1601)	4429330	4.8145
	Transfer			03 Jun 2016	(5000)	4424330	4.8090
	Transfer			10 Jun 2016	(6000)	4418330	4.8025
	Transfer			17 Jun 2016	(6000)	4412330	4.7960
	Transfer			24 Jun 2016	(2000)	4410330	4.7938



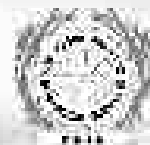
Directors Report ...

	Transfer			30 Jun 2016	(2000)	4408330	4.7917
	Transfer			08 Jul 2016	(289000)	4119330	4.4775
	Transfer			15 Jul 2016	(74401)	4044929	4.3967
	Transfer			26 Aug 2016	(500000)	3544929	3.8532
	Transfer			02 Sep 2016	(2000)	3542929	3.8510
	Transfer			09 Sep 2016	2000	3544929	3.8532
	Transfer			23 Sep 2016	(1000)	3543929	3.8521
	Transfer			07 Oct 2016	(7800)	3536129	3.8436
	Transfer			14 Oct 2016	(13000)	3523129	3.8295
	Transfer			21 Oct 2016	(28000)	3495129	3.7990
	Transfer			28 Oct 2016	(8000)	3487129	3.7904
	Transfer			04 Nov 2016	1000	3488129	3.7914
	Transfer			11 Nov 2016	500	3488629	3.7920
	Transfer			25 Nov 2016	(4000)	3484629	3.7876
	Transfer			02 Dec 2016	(4000)	3480629	3.7833
	Transfer			09 Dec 2016	(2600)	3478029	3.7805
	Transfer			23 Dec 2016	(8000)	3470029	3.7718
	Transfer			30 Dec 2016	(12167)	3457862	3.7585
	Transfer			06 Jan 2017	2000	3459862	3.7607
	Transfer			13 Jan 2017	(17000)	3442862	3.7422
	Transfer			20 Jan 2017	(1543)	3441319	3.7406
	Transfer			27 Jan 2017	(4000)	3437319	3.7362
	Transfer			03 Feb 2017	(4000)	3433319	3.7319
	Transfer			17 Feb 2017	500	3433819	3.7324
	AT THE END OF THE YEAR					3433819	3.7324
7	MADHU PRAKASH JHUNJHUNWALA	61657	0.0670			61657	0.0670
	Transfer			29 Apr 2016	1000	62657	0.0681
	Transfer			27 May 2016	(2000)	60657	0.0659
	Transfer			03 Jun 2016	(7000)	53657	0.0583
	Transfer			10 Jun 2016	(10000)	43657	0.0475
	Transfer			08 Jul 2016	(2100)	41557	0.0452
	Transfer			15 Jul 2016	(14000)	27557	0.0300
	Transfer			29 Jul 2016	(3000)	24557	0.0267
	Transfer			26 Aug 2016	(8764)	15793	0.0172
	Transfer			14 Oct 2016	(437)	15356	0.0167
	Transfer			21 Oct 2016	(5000)	10356	0.0113
	Transfer			28 Oct 2016	(10000)	356	0.0004
	Transfer			09 Dec 2016	1000	1356	0.0015
	AT THE END OF THE YEAR					1356	0.0015
8	K.M PLANTATION PRIVATE LTD	25000	0.03			25000	0.03
	Transfer			08 Jun 2016	(25000)	0	0.00
	AT THE END OF THE YEAR					0	0.00



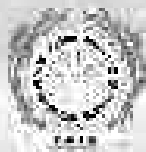
(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No	Name & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year – 2017	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	SUBHASH P RATHOD	0	0			0	0
	Transfer			23 Sep 2016	321170	321170	0.3491
	Transfer			21 Oct 2016	7460	328630	0.3572
	Transfer			28 Oct 2016	185430	514060	0.5588
	Transfer			04 Nov 2016	98165	612225	0.6655
	Transfer			25 Nov 2016	245039	857264	0.9318
	Transfer			23 Dec 2016	143382	1000646	1.0877
	Transfer			30 Dec 2016	211742	1212388	1.3178
	Transfer			06 Jan 2017	198630	1411018	1.5337
	Transfer			13 Jan 2017	6995	1418013	1.5413
	Transfer			03 Feb 2017	566	1418579	1.5419
	Transfer			10 Feb 2017	1234538	2653117	2.8838
	Transfer			17 Feb 2017	653	2653770	2.8845
	Transfer			24 Feb 2017	(26125)	2627645	2.8561
	Transfer			03 Mar 2017	8044	2635689	2.8649
	Transfer			24 Mar 2017	2733	2638422	2.8678
	AT THE END OF THE YEAR					2638422	2.8678
2	KARVY STOCK BROKING LTD(BSE)	66275	0.0720			66275	0.0720
	Transfer			08 Apr 2016	2905	69180	0.0752
	Transfer			15 Apr 2016	(1250)	67930	0.0738
	Transfer			22 Apr 2016	(1201)	66729	0.0725
	Transfer			29 Apr 2016	15000	81729	0.0888
	Transfer			06 May 2016	(14849)	66880	0.0727
	Transfer			13 May 2016	(4300)	62580	0.0680
	Transfer			20 May 2016	1300	63880	0.0694
	Transfer			27 May 2016	(500)	63380	0.0689
	Transfer			03 Jun 2016	(5000)	58380	0.0635
	Transfer			10 Jun 2016	52660	111040	0.1207
	Transfer			17 Jun 2016	60276	171316	0.1862
	Transfer			24 Jun 2016	(3971)	167345	0.1819
	Transfer			30 Jun 2016	16391	183736	0.1997
	Transfer			01 Jul 2016	(31718)	152018	0.1652
	Transfer			08 Jul 2016	5934	157952	0.1717
	Transfer			15 Jul 2016	255854	413806	0.4498
	Transfer			22 Jul 2016	(293813)	119993	0.1304
	Transfer			29 Jul 2016	165178	285171	0.3100
	Transfer			05 Aug 2016	301626	586797	0.6378
	Transfer			12 Aug 2016	256399	843196	0.9165
	Transfer			19 Aug 2016	222463	1065659	1.1583
	Transfer			26 Aug 2016	594944	1660603	1.8050
	Transfer			02 Sep 2016	189089	1849692	2.0105
	Transfer			09 Sep 2016	2444	1852136	2.0132
	Transfer			16 Sep 2016	1640	1853776	2.0150
	Transfer			23 Sep 2016	(3078)	1850698	2.0116



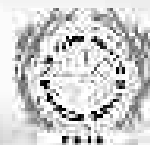
Directors Report ...

	Transfer			30 Sep 2016	1520146	3370844	3.6640
	Transfer			07 Oct 2016	482587	3853431	4.1885
	Transfer			14 Oct 2016	201081	4054512	4.4071
	Transfer			21 Oct 2016	(62819)	3991693	4.3388
	Transfer			28 Oct 2016	81912	4073605	4.4278
	Transfer			04 Nov 2016	276454	4350059	4.7283
	Transfer			11 Nov 2016	60566	4410625	4.7941
	Transfer			18 Nov 2016	19741	4430366	4.8156
	Transfer			25 Nov 2016	351076	4781442	5.1972
	Transfer			02 Dec 2016	(127217)	4654225	5.0589
	Transfer			09 Dec 2016	(116115)	4538110	4.9327
	Transfer			16 Dec 2016	58604	4596714	4.9964
	Transfer			23 Dec 2016	(280803)	4315911	4.6912
	Transfer			30 Dec 2016	(31514)	4284397	4.6569
	Transfer			06 Jan 2017	(49037)	4235360	4.6036
	Transfer			13 Jan 2017	56875	4292235	4.6655
	Transfer			20 Jan 2017	(1350)	4290885	4.6640
	Transfer			27 Jan 2017	36895	4327780	4.7041
	Transfer			03 Feb 2017	77604	4405384	4.7885
	Transfer			10 Feb 2017	(697538)	3707846	4.0303
	Transfer			17 Feb 2017	(493525)	3214321	3.4938
	Transfer			24 Feb 2017	(255515)	2958806	3.2161
	Transfer			03 Mar 2017	(214686)	2744120	2.9827
	Transfer			10 Mar 2017	(722688)	2021432	2.1972
	Transfer			17 Mar 2017	(236547)	1784885	1.9401
	Transfer			24 Mar 2017	(291699)	1493186	1.6230
	Transfer			31 Mar 2017	(103388)	1389798	1.5106
	AT THE END OF THE YEAR					1389798	1.5106
3	MANGLA SUBHASH RATHOD	0	0			0	0
	Transfer			25 Nov 2016	191000	191000	0.2076
	Transfer			02 Dec 2016	1000	192000	0.2087
	Transfer			09 Dec 2016	56000	248000	0.2696
	Transfer			23 Dec 2016	153072	401072	0.4359
	Transfer			30 Dec 2016	201725	602797	0.6552
	Transfer			06 Jan 2017	338288	941085	1.0229
	Transfer			13 Jan 2017	(25475)	915610	0.9952
	Transfer			20 Jan 2017	7000	922610	1.0028
	Transfer			27 Jan 2017	34747	957357	1.0406
	Transfer			03 Feb 2017	(39000)	918357	0.9982
	AT THE END OF THE YEAR					918357	0.9982
4.	PADMINI VINIYOG PRIVATE LIMITED	0	0			0	0
	Transfer			26 Aug 2016	200000	200000	0.2174
	Transfer			23 Sep 2016	252000	452000	0.4913
	Transfer			14 Oct 2016	185000	637000	0.6924
	Transfer			21 Oct 2016	188876	825876	0.8977
	Transfer			09 Dec 2016	60536	886412	0.9635
	Transfer			23 Dec 2016	(63108)	823304	0.8949



Directors Report ...

	Transfer			13 Jan 2017	96742	920046	1.0000
	Transfer			03 Mar 2017	(5146)	914900	0.9945
	Transfer			17 Mar 2017	(88062)	826838	0.8987
	Transfer			24 Mar 2017	(43074)	783764	0.8519
	Transfer			31 Mar 2017	(6188)	777576	0.8452
	AT THE END OF THE YEAR					777576	0.8452
5	MANISH PATODIA	0	0			0	0
	Transfer			28 Oct 2016	800000	800000	0.8696
	Transfer			17 Feb 2017	(50000)	750000	0.8152
	Transfer			24 Feb 2017	(20000)	730000	0.7935
	AT THE END OF THE YEAR					730000	0.7935
6.	MARVEL BUSINESS PVT LTD(MBPL)	164490	.178			164490	.178
	Transfer				275000	439490	.477
	Transfer				171270	610760	.66
	AT THE END OF THE YEAR					610760	.66
7	FAIRWEALTH SECURITIES LIMITED	600	0.0007			600	0.0007
	Transfer			27 May 2016	3000	3600	0.0039
	Transfer			10 Jun 2016	200	3800	0.0041
	Transfer			17 Jun 2016	(3200)	600	0.0007
	Transfer			15 Jul 2016	18500	19100	0.0208
	Transfer			22 Jul 2016	(50)	19050	0.0207
	Transfer			29 Jul 2016	1000	20050	0.0218
	Transfer			05 Aug 2016	(1000)	19050	0.0207
	Transfer			12 Aug 2016	(233)	18817	0.0205
	Transfer			26 Aug 2016	52840	71657	0.0779
	Transfer			02 Sep 2016	(60400)	11257	0.0122
	Transfer			09 Sep 2016	(7890)	3367	0.0037
	Transfer			07 Oct 2016	251500	254867	0.2770
	Transfer			14 Oct 2016	(6792)	248075	0.2696
	Transfer			21 Oct 2016	(9554)	238521	0.2593
	Transfer			28 Oct 2016	81938	320459	0.3483
	Transfer			04 Nov 2016	100	320559	0.3484
	Transfer			18 Nov 2016	100	320659	0.3485
	Transfer			02 Dec 2016	28200	348859	0.3792
	Transfer			09 Dec 2016	9950	358809	0.3900
	Transfer			06 Jan 2017	100000	458809	0.4987
	Transfer			20 Jan 2017	4000	462809	0.5031
	Transfer			03 Feb 2017	(4400)	458409	0.4983
	Transfer			10 Feb 2017	900	459309	0.4992
	Transfer			17 Feb 2017	(7570)	451739	0.4910
	Transfer			24 Feb 2017	(37089)	414650	0.4507
	Transfer			10 Mar 2017	1900	416550	0.4528
	Transfer			17 Mar 2017	900	417450	0.4537
	Transfer			24 Mar 2017	410	417860	0.4542
	Transfer			31 Mar 2017	350	418210	0.4546
	AT THE END OF THE YEAR					418210	0.4546

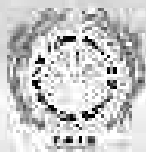


Directors Report ...

8	MORGAN STANLEY MAURITIUS COMPANY LIMITED	0	0			0	0
	Transfer			17 Feb 2017	146701	146701	0.1595
	Transfer			24 Feb 2017	75319	222020	0.2413
	Transfer			03 Mar 2017	66235	288255	0.3133
	Transfer			10 Mar 2017	70781	359036	0.3903
	Transfer			17 Mar 2017	13138	372174	0.4045
	AT THE END OF THE YEAR					372174	0.4045
9	MOTILAL OSWAL FINANCIAL SERVICES LIMITED	0	0			0	0
	Transfer			09 Dec 2016	139464	139464	0.1516
	Transfer			23 Dec 2016	213108	352572	0.3832
	Transfer			30 Dec 2016	250	352822	0.3835
	Transfer			13 Jan 2017	(250)	352572	0.3832
	Transfer			27 Jan 2017	154	352726	0.3834
	Transfer			03 Feb 2017	(154)	352572	0.3832
	Transfer			03 Mar 2017	5146	357718	0.3888
	Transfer			17 Mar 2017	1115	358833	0.3900
	Transfer			31 Mar 2017	6188	365021	0.3968
	AT THE END OF THE YEAR					365021	0.3968
10	V.I.P. GROWTH FUND PVT.LTD	1312632	1.4268			1312632	1.4268
	Transfer			03 Jun 2016	(10000)	1302632	1.4159
	Transfer			10 Jun 2016	(145200)	1157432	1.2581
	Transfer			17 Jun 2016	(60000)	1097432	1.1929
	Transfer			08 Jul 2016	(160000)	937432	1.0189
	Transfer			15 Jul 2016	(31950)	905482	0.9842
	Transfer			22 Jul 2016	(20000)	885482	0.9625
	Transfer			07 Oct 2016	(10000)	875482	0.9516
	Transfer			14 Oct 2016	(5000)	870482	0.9462
	Transfer			21 Oct 2016	(40000)	830482	0.9027
	Transfer			28 Oct 2016	(80000)	750482	0.8157
	Transfer			11 Nov 2016	10000	760482	0.8266
	Transfer			02 Dec 2016	3450	763932	0.8304
	Transfer			09 Dec 2016	(3450)	760482	0.8266
	Transfer			30 Dec 2016	(60000)	700482	0.7614
	Transfer			06 Jan 2017	(179504)	520978	0.5663
	Transfer			13 Jan 2017	(40000)	480978	0.5228
	Transfer			20 Jan 2017	(107284)	373694	0.4062
	Transfer			27 Jan 2017	(91800)	281894	0.3064
	Transfer			03 Feb 2017	(120000)	161894	0.1760
	Transfer			10 Feb 2017	(20000)	141894	0.1542
	Transfer			17 Feb 2017	10000	151894	0.1651
	AT THE END OF THE YEAR					151894	0.1651

(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. Jhunjunwala				
	At the beginning of the year as at 01-10-2013	5602600	6.09	5602600	6.09
	At the End of the year	5602600	6.09	5602600	6.09
2	Sh. Aditya Jhunjunwala				
	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 Jhunjunwala				
	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



V. INDEBTEDNESS

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

(Rs. in lacs)

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9307.63	164.41	-	9472.04
ii) Interest due but not paid	272.48	-	-	272.48
iii) Interest accrued but not due	642.42	-	-	642.42
Total (i+ii+iii)	10222.53	164.41	-	10386.94
Change in Indebtedness during the financial year				
(+)Addition	5921.16	-	-	5921.16
(-)Reduction	(1382.31)	-	-	(1382.31)
Net Change	4538.85			4538.85
Indebtedness at the end of the financial year				
i) Principal Amount	14165.08	164.41	-	14329.49
ii) Interest accrued and due	8.80	-	-	8.80
iii) Interest accrued but not due	587.50	-	-	587.50
Total (i+ii+iii)	14761.38	164.41	-	14925.79

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

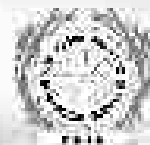
A. Remuneration to Managing Director, Whole-time Directors and /or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Sh. L K 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	3600000	2400000	2400000	2400000	10800000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	125100	79200	101700	307196	613196
	(c) Profits in lieu of salary under section 7(3) Income tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit	7000000	7000000	7000000	-	21000000
5.	Others, please specify-P.F.	432000	246000	246000	132600	1056600
	Total (A)	11157100	9725200	9747700	2839796	33469796
	Ceiling as per the Act					35806000

** 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- Rs.
		H. P Singhania	R S Shukla	S K Gupta	Smt. Madhu Mathur	
1.	Independent Directors					
	· Fee for attending board / committee meetings	22000	44000	52000	15000	133000
	· Commission					
	· Others, please specify					
	Total (1)	22000	44000	52000	15000	133000
2.	Other Non-Executive Directors					
	Fee for attending board /committee meetings	0				
	Commission					
	Others, please specify	0				0



Total (2)	0	0	0	0	0
Total(B)=(1+2)	22000	44000	52000	15000	133000
Total Managerial Remuneration	22000	44000	52000	15000	133000
Overall Ceiling as per the Act	0	0	0	0	3581000

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO *	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	1028758	1322511	2351269
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	1028758	1322511	2351269
	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) alongwith remuneration to Managing Director, Whole-time Directors and /or Manager.

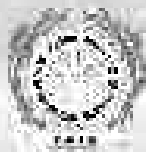
VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Date: 10.08.2017
Place: Lucknow

L.K. Jhunjunwala
(Chairman)



Annexure - 9 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 year ended 31-03-2017 (In Rs.)	Remuneration year ended 31-03-2016 (In Rs.)	% increase in remuneration *	Ratio of remuneration to median remuneration of employees	Ratio of the remuneration to Net Profit year ended 31-03-2017
Shri L.K. Jhunjunwala	Whole Time Director	111.57	40.32	177%	55.86:1.00	0.03:1.00
Shri Aditya Jhunjunwala	Mg. Director	97.25	20.45	375%	48.69:1.00	0.03:1.00
Shri Sanjay Jhunjunwala	Jt. Mg. Director	97.48	20.29	380%	48.80:1.00	0.03:1.00
Shri S.C. Agarwal	Exe. Director-cum- CEO	28.40	19.95	42.36 %	14.21:1.00	0.008:1.00

(Amt. In Lakhs)

Name(s) of Independent Directors	Remuneration Year ended 31-03-2017 (In Rs.)	Remuneration in year ended 31-03-2016 (In Rs.)	% increase in remuneration
Sh. H.P. Singhania	0.22	0.33	-.33%
Sh. R.S. Shukla	0.44	0.33	.33%
Sh. S.K. Gupta	0.52	0.52	0
Dr. Kirti Singh	0.00	0.00	-
Mrs. Madhu Mathur	0.15	0.20	-.25%

No increase in sitting fee during the year under review.

(Amt. In Lakhs)

Name of Non-Executive Director	Remuneration - (In Rs.)*	Remuneration in year ended 31-03-2016 (In Rs.)	% increase in remuneration
Sh. A.K. Mishra	0.00	0.05	-

No increase in sitting fee during the year under review.

(Amt. In Lakhs)

Name of KMP	Remuneration Year ended 31-03-2016 (In Rs.)*	Remuneration year ended 31-03-2016 (In Rs.)	% increase in remuneration	Ratio of the remuneration to Net Profit for the year ended 31-03-2017
Sh. Arvind Gupta	13.22	12.30	7.47%	0.004:1.00
Sh. Rajeev Kumar	10.29	9.50	8.31%	0.003:1.00

* The figures are comparable

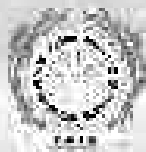
A) Statement of particulars of remuneration as per Rule 5(1)

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. Jhunjunwala Shri Aditya Jhunjunwala Shri Sanjay Jhunjunwala Shri S.C. Agarwal	55.86:1.00 48.69:1.00 48.80:1.00 14.21:1.00	Note-1
2	The percentage increase in remuneration of each director, or, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Chairman-cum-Director Managing Director Joint Managing Director Executive Director -cum-CEO CFO CS	177% 375% 380% 42.36 % 7.47% 8.31%	Note-4



Directors Report ...

3	The percentage increase in the median remuneration of employees in the financial year	11.95 %																																															
4	The number of permanent employees on the rolls of company	194																																															
5	The explanation on the relationship between average increase in remuneration and company performance	The performance of the Company during the year in terms of revenue and profitability is one of the important parameters considered while deciding the increase in the remuneration of the employees. The revision in remuneration of employees is based on the following fundamental principles, which directly impact the Company's performance : a-Demand –supply relationship of the job skill/ expertise; b-Company's need to retain and attract Human Resources and talent; c- Employee's social aspiration for enhancing standard of living; d- Increase in cost of living;					Note-2																																										
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	<table><tr><th colspan="3">Total Remuneration Rs. In lacs</th></tr><tr><th colspan="2">Financial Year</th><th>Increase in %</th></tr><tr><td>2015-16</td><td>2016-17</td><td></td></tr><tr><td>122.82</td><td>358.21</td><td>191.65%</td></tr><tr><th colspan="3">Revenue of the Company Rs. In lacs</th></tr><tr><th>Financial Year</th><th>Financial Year</th><th>Increase in %</th></tr><tr><td>2015-16</td><td>2016-17</td><td></td></tr><tr><td>35893.75</td><td>34485.20</td><td>(-) 3.92%</td></tr><tr><th colspan="3">Profit before Tax and exceptional items Rs. In lacs</th></tr><tr><th>Financial Year</th><th>Financial Year</th><th>Increase in %</th></tr><tr><td>2015-16</td><td>2016-17</td><td></td></tr><tr><td>996.20</td><td>3835.46</td><td>285.00%</td></tr></table>					Total Remuneration Rs. In lacs			Financial Year		Increase in %	2015-16	2016-17		122.82	358.21	191.65%	Revenue of the Company Rs. In lacs			Financial Year	Financial Year	Increase in %	2015-16	2016-17		35893.75	34485.20	(-) 3.92%	Profit before Tax and exceptional items Rs. In lacs			Financial Year	Financial Year	Increase in %	2015-16	2016-17		996.20	3835.46	285.00%	Note-3						
Total Remuneration Rs. In lacs																																																	
Financial Year		Increase in %																																															
2015-16	2016-17																																																
122.82	358.21	191.65%																																															
Revenue of the Company Rs. In lacs																																																	
Financial Year	Financial Year	Increase in %																																															
2015-16	2016-17																																																
35893.75	34485.20	(-) 3.92%																																															
Profit before Tax and exceptional items Rs. In lacs																																																	
Financial Year	Financial Year	Increase in %																																															
2015-16	2016-17																																																
996.20	3835.46	285.00%																																															
7	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year	<table><tr><th>Particulars</th><th>Unit</th><th>As at 31-03-2017</th><th>As at 31-03-2016</th><th>Variation</th></tr><tr><td>Closing rate at NSE</td><td>Rs.</td><td>26.80</td><td>7.00</td><td>+282.85%</td></tr><tr><td>EPS Consolidated</td><td>Rs.</td><td>3.52</td><td>1.27</td><td>+177.16%</td></tr><tr><td>Market Capitalization</td><td>Rs./ lacs</td><td>24656</td><td>6440</td><td>+282.85%</td></tr><tr><td>Price Earnings Ratio</td><td>Ratio</td><td>7.61</td><td>5.51</td><td>+38.11%</td></tr></table>	Particulars	Unit	As at 31-03-2017	As at 31-03-2016	Variation	Closing rate at NSE	Rs.	26.80	7.00	+282.85%	EPS Consolidated	Rs.	3.52	1.27	+177.16%	Market Capitalization	Rs./ lacs	24656	6440	+282.85%	Price Earnings Ratio	Ratio	7.61	5.51	+38.11%	Increase in %																					
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Price Earnings Ratio	Ratio	7.61	5.51	+38.11%																																													
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	a. Average percentile increase in the salary of employees other than managerial persons 19.96% b. Percentage increase in the remuneration of Whole Time Working Directors 231.32% Directors' Remuneration is in line with the industry practice and within the limit specified under section 197 of the Companies Act, 2013 read with schedule V					2016-17																																										
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	<table><tr><th colspan="4">Remuneration of KMPs (Rs. In Lacs)</th></tr><tr><th rowspan="2">Name & Designation</th><th colspan="2">Financial Year</th><th rowspan="2">Increase %</th></tr><tr><th>2015-16</th><th>2016-17</th></tr><tr><td>LKJ, Ch.</td><td>40.32</td><td>111.57</td><td>176.71</td></tr><tr><td>AJ, MD</td><td>20.45</td><td>97.25</td><td>375.55</td></tr><tr><td>SJ, JMD</td><td>20.29</td><td>97.48</td><td>380.43</td></tr><tr><td>SCA, ED-CEO</td><td>19.95</td><td>28.40</td><td>42.35</td></tr><tr><td>CFO</td><td>12.30</td><td>13.22</td><td>7.47</td></tr><tr><td>CS</td><td>9.50</td><td>10.29</td><td>8.31</td></tr><tr><td colspan="2">Increase in the revenue of the Company (%)</td><td colspan="2">Increase in Profit before tax and exceptional items(%)</td></tr><tr><td colspan="2">(-) 3.92%</td><td colspan="2">285.00%</td></tr></table>					Remuneration of KMPs (Rs. In Lacs)				Name & Designation	Financial Year		Increase %	2015-16	2016-17	LKJ, Ch.	40.32	111.57	176.71	AJ, MD	20.45	97.25	375.55	SJ, JMD	20.29	97.48	380.43	SCA, ED-CEO	19.95	28.40	42.35	CFO	12.30	13.22	7.47	CS	9.50	10.29	8.31	Increase in the revenue of the Company (%)		Increase in Profit before tax and exceptional items(%)		(-) 3.92%		285.00%		358.21
Remuneration of KMPs (Rs. In Lacs)																																																	
Name & Designation	Financial Year		Increase %																																														
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Increase in the revenue of the Company (%)		Increase in Profit before tax and exceptional items(%)																																															
(-) 3.92%		285.00%																																															



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 - Commission upto 2% of net profit ii) In the event of loss or inadequacy of profits in any financial year, incentive shall be restricted to of annual salary as mentioned in section 197 read with Schedule V. iii) Non executive directors Commission NIL	
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	No Such Case	
12	Affirmation that the remuneration is as per the	Yes.	

Notes:

1. All other directors (Independent and Nominee) were paid only sitting fee for attending the meetings of the Board and Committees thereof.
2. The remuneration levels and periodic increases have no direct correlation to the company's performance but are determined in the normal course of business and in line with industry norms.
3. The company did not come out with Public Offer.

Annexure-10
FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016
[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,

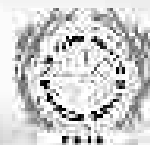
We hereby report that in our opinion

- The company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also;
- That the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to

the provisions of:

- The Companies Act, 2013 (the Act) and the rules made there under;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- 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;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (w.e.f. 15.05.2015);
 - 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;
 - 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
 - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - not applicable as the Company has not issued any listed debt securities during the period under review;
 - 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;



Directors Report ...

- 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:
- Sugar Cess Act, 1982
 - Levy Sugar Price Equalisation Fund Act, 1976
 - Food Safety And Standards Act, 2006
 - Essential Commodities Act, 1955
 - Sugar Development Fund Act, 1982
 - Agricultural and Processed Food Products Export Act, 1986
 - The Boilers Act, 1923
 - The Legal Metrology Act, 2009
 - The Environment Protection Act, 1986
 - The Water (Prevention and Control Pollution) Act, 1974
 - The Air (Prevention and Control Pollution) Act, 1981

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

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

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

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

We further report that:

- * The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- * Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, however we have noted delay in sending agenda papers in few cases, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- * Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

We further report that during the audit period the company has no material reportable event.

For Amit Gupta & Associates
Company Secretaries

Amit Gupta
Proprietor
Membership No. : F5478
C.P. No. 4682

Date: 10.08.2017

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.

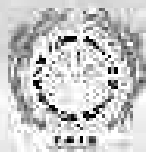
- Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness 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.
- We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
- 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.
- 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: 10.08.2017

Place: Lucknow



Independent Auditor's Report

Independent Auditors' Report

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of K.M. Sugar Mills Ltd. (the "Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 standalone financial statements based on our audit.

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

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

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

or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

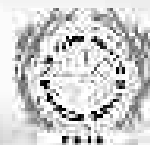
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the 'the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), we give in the Annexure 'A' a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on



- financial position in its financial statements - Refer Para 1 of Note 2.29;
- ii. Provision has been made in the financial statements, as required under the applicable law or accounting standards for material foreseeable losses on long-term contracts including derivative contracts;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The company has provided requisite disclosures in the standalone financial statement as to holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dt. 8th November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedure performed and the representation provided to us by the management, we report that the disclosure are in accordance with the books of account maintained by the Company as produced to us by the management. (Refer Note 2.29 (17) of the standalone financial statements.)

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

Rajesh Jhalani
Partner
(M. No. 074809)

Place: Lucknow
Date: 22nd May, 2017

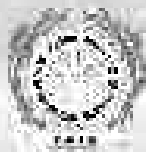
ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT
The Annexure 'A' referred to in our Independent Auditors' Report to the members of the Company on the financial statements of K.M. Sugar Mills Ltd. for the year ended 31st March, 2017, we report that:

- (i) In respect of its fixed assets:
 - (a) *The Company has generally maintained records to show particulars, including quantitative details and situation of fixed assets but its updation is in progress;*
 - (b) The fixed assets covering significant value were physically verified during the year by the management at such intervals which in our opinion, provides for the physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification;
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of company.
- (ii) According to the information and explanations given to us, the inventories have been physically verified by the management to the extent practicable at reasonable intervals during the year and as explained, there was no material discrepancies noticed on such verification.

- (iii) According to the information and explanations given to us, the Company has not granted secured or unsecured loan to companies, firms, LLP or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company is in compliance with the provisions of section 185 and 186 of Companies Act, 2013 as on 31.03.2017 with respect to the loans, investments, guarantees and security.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. Hence, the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there-under are not applicable to the Company.
- (vi) In our opinion and according to the information and explanations given to us, specified accounts and records as prescribed by the Central Government in terms of sub-section (1) of section 148 of the Companies Act, 2013 have been prima facie made and maintained by the company. However, we have not, nor we are required, carried out any detailed examination of such accounts and records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues to the appropriate authorities to the extent these are applicable. According to the information and explanations given to us, no undisputed dues were in arrears as at 31st March, 2017 for a period of more than six months from the date they become payable.
(b) According to the information and explanations given to us, the following dues of income tax, sales tax, duty of excise, service tax and value added tax have not been deposited by the Company on account of disputes :

Name of the statute	Nature of dues	Amount (Rs. in lacs)*	Period to which pertain	Forum where dispute is pending
Entry Tax Act	Entry Tax	57.27	2013-14	Revision before Joint Commissioner, Faizabad
Value Added Tax Act	VAT	15.36	2013-14	Revision before Joint Commissioner, Faizabad
		0.54	2016-17	Addl. Commissioner (Appeal), Faizabad
Central Sales Tax Act	CST	10.00	2013-14	Revision before Joint Commissioner, Faizabad
Income Tax Act	Income Tax	27217.19	2013-14	Commissioner of Income (Appeals), Kanpur
Central Excise Act	Service Tax	11.46	2005-06	Joint Commissioner, Lucknow
	Cenvat Credit	463.01	2006-07	CESTAT, Allahabad
	Excise Duty	14.09	2007-08	CESTAT, Allahabad
	Cenvat credit	26.89	2008-10	Commissioner (Appeal), Lucknow
	Cenvat credit	2.69	2009-10	Commissioner (Appeal), Lucknow
	Cenvat Credit	5.20	2011-12	CESTAT, Allahabad
	Cenvat Credit	1.21	2011-16	Commissioner (Appeal), Lucknow
	Cenvat Credit	7.95	2014-16	CESTAT, Allahabad
	Excise Duty	2212.55	2007-12	CESTAT, Allahabad
	Excise Duty	455.68	2012-13	CESTAT, Allahabad
Total		30501.09		

*Net of amounts paid in protest



- (viii) Based on our audit procedure and according to the information and explanations given to us, we are of the opinion that there was continuing default for repayment of principal amount and overdue interest on Sugar Development Loan (Central Govt. of India) but the proposal of the company has been considered for revision in repayment schedule and accordingly, the entire overdue interest has been paid during the year and no default is there at the end of year towards principal loan amount and interest as per revised schedule.
- (ix) According to the information and explanations given to us, the Company has not raised money by way of term loans during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to our information and explanations given to us and based on our examination of the records of the Company, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statement as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him.
- (xvi) As per our information, the company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934.

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

CA Rajesh Jhalani
Partner
(M.No. 074809)

Place: Lucknow
Date: 22nd May, 2017

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of K.M. Sugar Mills Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

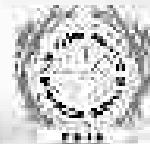
Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the



Independent Auditors' Report

auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or

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

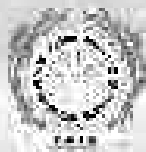
Opinion

In our opinion, to the best of our information and according to the explanation given to us, the Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

CA Rajesh Jhalani
Partner
(M.No. 074809)

Place: Lucknow
Date: 22nd May, 2017



Balance Sheet as at 31st March, 2017

(Amount in Rs.)

PARTICULARS	Notes No.	Current Year				Previous Year			
		As at 31-March-2017				As at 31-March-2016			
		Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
I. EQUITY AND LIABILITIES									
1. Shareholders' Funds									
(a) Share Capital	2.1	184,000,340.00				184,000,340.00			
(b) Reserves & Surplus	2.2	428,324,390.15		612,324,730.15		104,559,552.08		288,559,892.08	
2. Non-current liabilities									
(a) Long term borrowings	2.3	290,438,999.65				330,082,858.65			
(b) Deferred tax liabilities (Net)	2.4	9,077,668.00				15,415,568.00			
(c) Other Long term liabilities	2.5	2,246,321.85				2,246,321.85			
(d) Long term provisions	2.6	211,387,038.00		513,150,027.50		207,826,080.00		555,570,828.50	
3. Current liabilities									
(a) Short term borrowings	2.7	956,521,020.70				364,404,875.31			
(b) Trade payables	2.8	924,874,123.27				949,895,700.95			
(c) Other current liabilities	2.9	706,602,561.66				538,744,422.06			
(d) Short term provisions	2.10	4,173,322.00		2,592,171,027.63		2,231,595.00		1,855,276,593.32	
Total				3,717,645,785.28				2,699,407,313.90	
II. ASSETS									
Non-current assets									
1. (a) Fixed Assets	2.11								
(i) Tangible Assets		955,075,005.95				614,161,202.64			
(ii) Intangible assets		82,118.31				220,649.82			
(iii) Capital Work-in-Progress		-		955,157,124.26		1,666,085.15		616,047,937.61	
(b) Non current investments	2.12	80,713,450.00				29,594,300.00			
(c) Long term loans and advances	2.13	57,504,716.10				57,695,429.10			
(d) Other non current assets	2.14	1,788,543.82		140,006,709.92		1,788,543.82		89,078,272.92	
2. Current Assets									
(a) Inventories	2.15	2,262,395,417.16				1,551,559,467.74			
(b) Trade receivables	2.16	165,418,873.71				266,657,853.63			
(c) Cash and cash equivalents	2.17	109,978,653.75				84,872,885.88			
(d) Short term loans and advances	2.18	80,825,754.59				59,330,100.32			
(e) Other current assets	2.19	3,863,251.89		2,622,481,951.10		31,860,795.80		1,994,281,103.37	
Total				3,717,645,785.28				2,699,407,313.90	

As per our report of even date attached hereto

FORMEHROTRA & MEHROTRA

Chartered Accountants

F.R.No.0226C

For and on behalf of the Board of Directors

CA. Rajesh Jhalani

Partner

M.No.074809

S.C. Agarwal

Executive Director

DIN-02461954

Aditya Jhunjunwala

Managing Director

DIN-01686189

Place: Lucknow

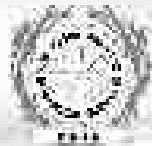
Date: 22.05.2017

AK Gupta

Chief Financial Officer

Rajeev Kumar

Company Secretary



Statement of Profit & Loss for the year ended on 31st March, 2017

PARTICULARS	Notes No.	Current Year				Previous Year			
		Year ended 31st March, 2017				Year ended 31st March, 2016			
		Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
I. Revenue from operations (Gross)	2.20	3,530,287,431.50				3,648,717,880.59			
Less: Excise duty and cess		<u>168,433,987.00</u>				<u>120,050,759.00</u>			
Revenue from operations (net)				3,361,853,444.50				3,528,667,121.59	
II. Other Income	2.21			<u>86,666,242.35</u>				<u>60,707,626.02</u>	
III. Total Revenue (I + II)				3,448,519,686.85				3,589,374,747.61	
IV. Expenses									
Cost of material consumed	2.22			2,952,990,457.34				2,038,052,811.80	
Purchase of Stock in trade	2.23			122,768,100.00				188,891,250.00	
Change in inventory of finished goods, work in progress and stock in trade	2.24			(684,486,743.00)				377,252,961.00	
Employee benefits expenses	2.25			122,133,856.76				93,340,689.44	
Finance costs	2.26			70,712,753.18				168,456,813.53	
Depreciation and amortization expense	2.27			94,293,606.59				93,002,456.67	
Other expenses	2.28			386,561,429.53				530,757,658.98	
Total expenses				<u>3,064,973,460.40</u>				<u>3,489,754,641.42</u>	
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)				383,546,226.45				99,620,106.19	
VI. Exceptional items				-				-	
VII. Profit/(Loss) before extraordinary items and tax (V-VI)				383,546,226.45				99,620,106.19	
VIII. Extraordinary item				-				-	
IX. Profit/(Loss) before tax (VII-VIII)				383,546,226.45				99,620,106.19	
X. Tax expense									
(1) Current Tax				66,066,000.00				5,064,547.00	
(2) Deferred Tax				<u>(6,337,900.00)</u>				<u>(22,346,724.00)</u>	
XI. Profit/(Loss) for the year (IX-X)				323,818,126.45				116,902,283.19	
XII. Earning per equity share (Nominal value of Rs.2 each)									
(1) Basic (Rs. Per share)					3.52				1.27
(2) Diluted (Rs. Per share)					3.52				1.27
Significant accounting policies	1								
Notes on financial statements	2								

As per our report of even date attached hereto

FORMEHROTRA & MEHROTRA

Chartered Accountants

F.R.No.0226C

For and on behalf of the Board of Directors

CA. Rajesh Jhalani

Partner

M.No.074809

S.C. Agarwal

Executive Director

DIN-02461954

Aditya Jhunhunwala

Managing Director

DIN-01686189

Place: Lucknow

Date: 22.05.2017

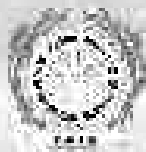
AK Gupta

Chief Financial Officer

Rajeev Kumar

Company Secretary

Profit & Loss Account...



Cash Flow Statement for the 18 months ended 31st March, 2017

PARTICULARS	Year ended 31st March, 17		Year ended 31st March, 16	
	Rs.	P.	Rs.	P.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax and exceptional items		3835.46		996.20
Adjustment for :				
Depreciation and amortisation expense	942.94		930.02	
Finance costs	707.13		1684.57	
Transfer to storage fund for molasses	2.21		2.13	
Provision for doubtful debts & advances	8.77		0.80	
Balances written off	128.28		-	
Interest income	(17.92)		(57.23)	
Profit on sale of fixed assets	(1.58)		(6.76)	
Loss on sale/discard of fixed asset	1.90			
Unspent liabilities/balances written back	(134.19)		(10.92)	
		1637.54		2542.61
Operating Profit before working capital changes		5473.00		3538.81
Adjustment for :				
Increase/(Decrease) in trade payables	(116.03)		(2975.92)	
Increase/(Decrease) in other current liabilities	2664.46		46.86	
Increase/(Decrease) in other liabilities & provision	55.03		657.73	
(Increase)/Decrease in inventories	(7108.36)		3670.85	
(Increase)/Decrease in trade receivables	1012.39		502.23	
(Increase)/Decrease in long-term and short term loans & advances	(260.82)		453.72	
(Increase)/Decrease in other non-current and other current assets	292.64		1337.75	
Cash Generated from Operations		(3460.69)		3693.22
Direct Tax Paid		(749.94)		(5.64)
Net Cash From Operating Activities (A)		1262.37		7226.39
B. Cash Flow from investing activities				
Additions to fixed assets	(4339.94)		(597.54)	
Sale of fixed assets	2.86		6.98	
Purchase of shares	(511.19)		(285.00)	
(Increase)/Decrease in deposits with banks	(76.21)		(31.03)	
Interest income received	5.25		48.53	
Net Cash From Investing Activities		(4919.23)		(858.06)
C. Cash Flow From Financing activities				
Proceeds of long term borrowings	-		923.00	
Repayments of long term borrowings	(1063.71)		(618.40)	
Proceeds/(repayments) of short term borrowings	5921.16		(5408.15)	
Finance cost paid	(1025.74)		(852.56)	
Net Cash From Financing Activities		3831.71		(5956.11)
Net increase in Cash & Cash Equivalents (A+B+C)		174.86		412.22
D. Opening cash and cash equivalents		659.96		247.75
E. Closing cash and cash equivalents		834.82		659.96
Increase in Cash & Cash Equivalents (D-E)		174.86		412.22

Notes:

1) The above Cash flow statement has been prepared under the indirect method set out in Accounting Standard-3, Cash Flow Statement prescribed in the Companies (Accounting Standard) Rules, 2006.

2) Cash and cash equivalents at year end comprises:

Cash on hand	2.85	12.79
Cheque on hand	26.45	401.52
Balances with banks on current accounts	805.53	245.66
	<u>834.82</u>	<u>659.96</u>

As per our report of even date attached hereto

For Mehrotra & Mehrotra
Chartered Accountants
F.R. No.0226C

CA. Rajesh Jhalani
Partner
M.No.074809

Date : 22.05.2017

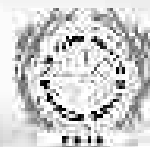
For & on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

Aditya Jhunjunwala
Managing Director
DIN-01686189

A K Gupta

Rajeev Kumar



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, 2013 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 III to the Companies Act, 2013. Based on the nature of operations and time between procurement of raw material and realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

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 tangible fixed assets is provided on written down value method as prescribed under Part C of Schedule II to the Companies Act, 2013. The additional depreciation, on increase in cost on account of revaluation, is transferred to 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 Average
	Trading Goods	First in First Out
Distillery	Raw Material	First in First Out
	Stores & Spares	Weighted Average
	Other components	
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.

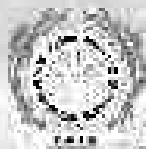
Defined benefit plan : The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that 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 of 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.

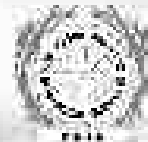
o) Excise duty in respect of finished goods held in stock has been accounted for at the end of the year and is included in the value of closing stock.

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

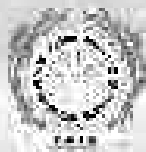
PARTICULARS	Current Year		Previous Year	
	As at 31-Mar-2017 Rs.	P.	As at 31-Mar-2016 Rs.	P.
AUTHORISED				
100,000,000 Equity Shares of Rs. 2/- each	200,000,000.00		200,000,000.00	
ISSUED, SUBSCRIBED AND FULLY PAID UP	184,000,340.00		184,000,340.00	
92,000,170 Equity Shares of Rs. 2/- each				
TOTAL	184,000,340.00		184,000,340.00	
a. Reconciliation of Number of Shares	No. of shares		Amount	
Shares outstanding as at 1st April, 2016	92,000,170		184,000,340	
Shares outstanding as at 31st March, 2017	92,000,170		184,000,340	
b. List of Shareholders holding more than 5% of the total number of shares issued by the company:	As at 31-Mar-2017		As at 31-Mar-2016	
Name of the shareholder	No. of shares	% shareholding	No. of shares	% shareholding
L K Jhunjunwala	5602600	6.09	5602600	6.09
P C Jhunjunwala	9956100	10.82	9946600	10.81
L K Jhunjunwala (HUF)	10065900	10.94	10065900	10.94
Marvel Business Pvt. Ltd.	12022258	13.07	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-Mar-2017 Rs.	P.	As at 31-Mar-2016 Rs.	P.
a. General Reserve				
Balance as per last account	117,817,538.20		122019139.87	
Less: Deduction on account of depreciation	-	117,817,538.20	4,201,601.67	117,817,538.20
b. Capital Reserve				
Balance as per last account		4,833,000.00		4,833,000.00
c. Initial Depreciation Reserve				
Balance as per last account		172,449.73		172,449.73
d. Molasses Storage Fund				
Balance as per last account	928,753.10		716,021.10	
Less: Withdrawal/reversal during the year	-		-	
Add: Transferred from Statement of Profit & Loss	220,730.50	1,149,483.60	212,732.00	928,753.10
e. Fixed Asset Revaluation Reserve				
Balance as per last account	1,787,468.21		2,111,099.81	
Less: Utilised for set off against depreciation	274,018.88	1,513,449.33	323,631.60	1,787,468.21
f. Sugar Price Equalisation Reserve				
Balance as per last account		1,239,508.05		1,239,508.05
g. Securities Premium Account				
Balance as per last account		268,801,428.00		268,801,428.00
h. Surplus/(Deficit) in Statement of Profit & Loss				
Balance as per last account	(291,020,593.21)		(407,922,876.40)	
Add: Profit/(Loss) for the current year	323,818,126.45	32,797,533.24	116,902,283.19	(291,020,593.21)
TOTAL		428,324,390.15		104,559,552.08

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.21.26 lacs (Previous year Rs.23.02 lacs)

Notes forming part of financial statements...



Note 2.3 - Long Term Borrowings

PARTICULARS	Current Year		Previous Year	
	As at 31-Mar-2017		As at 31-Mar-2016	
	Rs.	P.	Rs.	P.
Term loans				
From Banks				
Secured				
a. State Bank of India - SEFASU Loan	32,040,000.00	39,930,000.00	23,970,822.00	71,970,000.00
b. Punjab National Bank - SEFASU Loan	24,636,000.00	22,575,000.00	24,636,000.00	47,211,000.00
c. Punjab National Bank - Soft Loan	23,076,000.00	68,949,335.00	-	92,300,000.00
d. Punjab National Bank	17,560,000.00	9,632,364.00	14,760,000.00	27,127,167.00
e. Allahabad Bank	48,600,000.00	27,452,300.65	40,850,000.00	76,074,691.65
Total A	145,912,000.00	168,538,999.65	104,216,822.00	314,682,858.65
From other entities				
Secured				
a. Sugar Development Fund (SDF) from Govt. of India	40,077,367.00	106,500,000.00	148,500,000.00	-
Total B	40,077,367.00	106,500,000.00	148,500,000.00	-
From related parties				
Unsecured loan	-	15,400,000.00	-	15,400,000.00
Total C	-	15,400,000.00	-	15,400,000.00
TOTAL (A+B+C)	185,989,367.00	290,438,999.65	252,716,822.00	330,082,858.65

a. Nature of Securities

- Rupee Term Loan of State Bank of India (SEFASU), Punjab National Bank (SEFASU) and Punjab National Bank (Soft Loan) are secured by residual charge on entire fixed assets and current assets of the company, present and future, on pari passu basis with other term lenders.
- 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.
- 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, 2017		1-2 years	2-3 years	3 years and above
		Current Rs.	Non Current P.			
State Bank of India SEFASU loan	0.75	32,040,000	39,930,000	32,040,000	7,890,000	
Punjab National Bank SEFASU loan	0.00	24,636,000	22,575,000	22,575,000		
PNB Soft loan	12.60	23,076,000	68,949,335	30,768,000	30,768,000	7,413,335
Punjab National Bank	13.75	17,560,000	9,632,364	9,632,364		
Allahabad Bank	11.50	48,600,000	27,452,301	27,452,301		
Sugar Development Fund (SDF) from Govt. of India	10.00	40,077,367	106,500,000	50,500,000	56,000,000	
Unsecured loan	-	-	15,400,000	-	-	15,400,000
Total		185,989,367	290,439,000	172,967,665	94,658,000	22,813,335

- Rate of interest has been disclosed for loans which are outstanding on balance sheet date and in case of default, penal interest are charged as per sanction.
- Interest sub-vention to the extent of 12% on SEFASU loan from State Bank of India and Punjab National Bank is to be funded by Central Government.
State Bank of India SEFASU Loan is at 12.75%.

c. The company has defaulted in repayment of loans and interest in respect of the following

PARTICULARS	As at 31-March-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
Term loans				
From other entities				
(i) Sugar Development Fund (SDF) from Govt. of India.				
			05.03.2011 (61)	16,500,000
			05.09.2011 (55)	16,500,000
			05.03.2012 (49)	16,500,000
			05.09.2012 (43)	16,500,000
			05.03.2013 (37)	16,500,000
			05.09.2013 (31)	16,500,000
			05.03.2014 (25)	16,500,000
			05.09.2014 (19)	16,500,000
			05.03.2015 (13)	16,500,000
Total				148,500,000
Interest				
			05.03.2015 (13)	8,228,310
			05.09.2016 (7)	6,683,052
			05.03.2016 (1)	9,417,254
Total				24,328,616

Note: IFCL Ltd. vide its letter dated 09.03.2017 has considered company's request for repayment of entire SDF loan of Rs.14.85 crore by 31.12.2019.

The first instalment shall start from 30.06.2017. The company has already paid entire overdue amount of interest for the period upto 30.03.2017.

Hence, there is no default as on 31.03.2017.



Note 2.4 - Deferred tax liabilities

PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Deferred Tax Liabilities								
Depreciation			106,401,865.00				65,869,236.00	
Deferred Tax Assets								
Carried forward losses		-			18,724,223.00			
Expenses allowable for tax purpose when paid	97,324,197.00		97,324,197.00		31,729,445.00		50,453,668.00	
TOTAL			9,077,668.00				15,415,568.00	

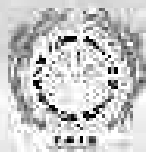
Note 2.5 - Other long term liabilities

PARTICULARS	As at 31-March-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
Loan from UP Government *	1,450,000.00		1,450,000.00	
Others	796,321.85		796,321.85	
Total	2,246,321.85		2,246,321.85	

Note 2.6 - Long term provisions

PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Provisions for employees benefit								
Unavailed leave	4,308,078.00				3,264,504.00			
Gratuity	2,819,284.00		7,127,362.00		301,900.00		3,566,404.00	
For Income Tax				-				
Other Provision including Excise duty			204,259,676.00				204,259,676.00	
TOTAL			211,387,038.00				207,826,080.00	

Notes forming part of financial statements...



Note 2.7 - Short term borrowings

PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Loan repayable on demand								
Working capital loans								
From banks								
Secured								
a. State Bank of India	474,758,671.10				128,319,104.63			
b. Punjab National Bank	400,752,836.50				234,559,113.58			
c. The Federal Bank Ltd.	79,968,673.10		955,480,180.70		485,817.10		363,364,035.31	
Other Loans and advances								
Unsecured								
From Others			1,040,840.00				1,040,840.00	
TOTAL			956,521,020.70				364,404,875.31	

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.

Note 2.8 - Trade Payables

PARTICULARS	As at 31-March-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
Trade payable (Other than acceptance)*	924,874,123.27		949,895,700.95	
Total	924,874,123.27		949,895,700.95	

* Includes Rs.2.00 lacs due to micro and small enterprises. [Refer note no.2.29 (11)]



Note 2.9 - Other current liabilities

PARTICULARS	As at 31-March-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
i. Current maturities of long term debt*	185,989,367.00		252,716,822.00	
ii. Payable to capital goods supplier	47,349,408.58		4,840,931.04	
iii. Statutory liabilities **	158,507,505.78		109,958,510.00	
iv. Advances from Customers	32,163,566.38		2,772,707.27	
v. Interest accrued but not due on borrowings	58,750,091.00		64,242,389.00	
vi. Interest accrued and due on borrowings	879,715.00		27,248,112.00	
vii. Security Deposits	22,931,153.38		18,956,807.38	
viii. Outstanding liability of related party	18,750,564.64		6,470,096.13	
ix. Salary and other payables to employees	18,304,421.93		10,125,475.64	
x. Others	162,976,767.97		41,412,571.60	
TOTAL	706,602,561.66		538,744,422.06	

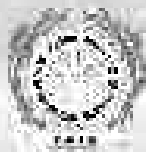
* Refer note no.2.3 (a), (b) & (c) for nature of securities and terms of repayment respectively.

** Include Excise Duty and Cess on closing stock.

Note 2.10 - Short term provisions

PARTICULARS	As at 31-March-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
Provision for employee benefit - Unavailed leave	562,673.00		237,829.00	
Gratuity	<u>3,610,649.00</u>	4,173,322.00	<u>1,993,766.00</u>	2,231,595.00
TOTAL		4,173,322.00		2,231,595.00

Notes forming part of financial statements...



Notes forming part of financial statements...

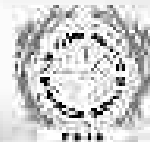
Note 2.11- Fixed Assets

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	Computer software	
Gross Block										
Balance as at 01.04.2016	1,647,775.67	5,972,794.00	61,196,360.85	2,093,286,287.78	37,538,551.92	37,647,230.32	8,749,081.87	11,255,293.58	2,214,132.00	2,261,173,593.14
Additions	-	-	7,722,461.34	386,917,930.45	5,377,199.00	51,816,152.60	2,819,591.00	1,006,596.00	-	550,558,890.62
Disposal/Deduction	-	-	-	2,627,743.58	2,165,896.13	1,319,137.19	2,070,085.72	1,305,452.78	-	126,053,360.78
Balance as at 31.03.2017	1,647,775.67	5,972,794.00	68,918,822.19	2,457,576,474.65	40,749,854.79	88,144,245.73	9,498,587.15	10,956,436.80	2,214,132.00	2,685,679,122.98
Depreciation										
Balance as at 01.04.2016	-	-	31,585,966.46	1,557,599,705.69	16,266,558.45	21,599,147.52	5,908,642.54	10,172,152.69	1,993,482.18	1,645,125,655.53
Depreciation for the year	-	-	4,687,436.66	59,489,689.28	4,748,008.65	16,842,111.67	1,666,423.12	877,843.15	138,531.50	88,450,044.03
Depreciation due to obsolescence	-	-	1,218,649.32	4,861,004.57	15,087.91	9,150.00	13,689.64	-	-	6,117,581.44
Disposal/Deduction	-	-	-	2,496,356.39	2,153,459.77	1,191,773.11	2,024,240.23	1,305,452.78	-	9,171,282.28
Balance as at 31.03.2017	-	-	37,492,052.44	1,619,454,043.15	18,876,195.24	37,258,636.08	5,564,515.07	9,744,543.06	2,132,013.68	1,730,521,998.72
Net Block as 31.03.2017	1,647,775.67	5,972,794.00	31,426,769.75	838,122,431.50	21,873,659.55	50,885,609.65	3,934,072.08	1,211,893.74	82,118.32	955,157,124.26

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	Computer software	
Gross Block										
Balance as at 01.04.2015	1,647,775.67	5,972,794.00	58,838,459.85	2,059,190,432.62	26,716,116.65	27,257,781.32	6,283,148.87	10,381,289.58	2,214,132.00	2,203,359,288.56
Additions	-	-	2,357,901.00	36,010,427.16	10,822,435.27	10,389,449.00	2,490,555.00	874,004.00	-	84,823,053.41
Disposal/Deduction	-	-	-	1,914,572.00	-	-	24,622.00	-	-	27,008,748.83
Balance as at 31.03.2016	1,647,775.67	5,972,794.00	61,196,360.85	2,093,286,287.78	37,538,551.92	37,647,230.32	8,749,081.87	11,255,293.58	2,214,132.00	2,261,173,593.14
Depreciation										
Balance as at 01.04.2015	-	-	24,862,024.65	1,483,974,615.50	9,587,727.46	16,314,053.87	4,632,505.34	8,536,019.05	1,608,782.06	1,549,515,727.93
Depreciation for the year	-	-	6,042,740.79	72,526,303.67	6,658,598.02	5,241,389.13	930,253.08	1,544,634.11	382,169.47	93,326,088.27
Disposal/Deduction	-	-	-	1,914,572.00	-	-	3,190.34	-	-	1,917,762.34
Balance as at 31.03.2016	-	-	30,904,765.44	1,554,586,347.17	16,246,325.48	21,555,443.00	5,559,568.08	10,080,653.16	1,990,951.53	1,640,924,053.86
Transfer to retained earning	-	-	681,201.02	3,013,358.52	20,232.97	43,704.52	349,074.46	91,499.53	2,530.65	4,201,601.67
Net Block as 31.03.2016	1,647,775.67	5,972,794.00	29,610,394.39	535,686,582.09	21,271,993.47	16,048,082.80	2,840,439.33	1,083,140.89	220,649.82	616,047,937.61



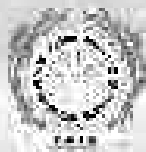
Note 2.12 - Non-current Investments

PARTICULARS	Face Value	As at 31st March, 2017		As at 31st March, 2016	
		No. of shares	Rs.	No. of shares	Rs.
Non Trade Investments					
Unquoted (valued at cost)					
a. In equity shares of companies fully paid up					
Subsidiary company:					
K M Energy Pvt. Ltd.	10	730,000	7,300,000.00	730,000	7,300,000.00
Others:					
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. In 9% Non-cumulative redeemable preference shares fully paid up					
Subsidiary company:					
K M Energy Pvt. Ltd.	10	3,389,215	33,892,150.00	2,127,300	21,273,000
Others:					
Brahma Properties Pvt. Ltd.	10	3,850,000	38,500,000.00	-	-
Other Investments					
Quoted (valued at cost)					
c. In equity shares of companies fully paid up					
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.8,07,02,150/-					
Aggregate amount of quoted investments Rs.11,300/-					
Aggregate market value of listed and quoted investments Rs.1,15,837/- (Previous year Rs.92,732/-)					
Total			80,713,450.00		29,594,300.00

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

PARTICULARS	As at 31-March-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
Capital advances				
Security deposits				
Other loans and advances				
Advance to suppliers and others				
Considered Good	-		-	
Considered doubtful	28,823,627.33		30,901,018.01	
Less: Allowance for doubtful advance	28,823,627.33		30,901,018.01	
	-		-	
Income Tax payments	10,185,796.64		1,258,284.64	
(Net of provision Rs.660.66 lacs previous year Rs.50.65 lacs)				
Duties and taxes paid under protest	785,508.00	10,971,304.64	787,150.00	2,045,434.64
Total		57,504,716.10		57,695,429.10

Notes forming part of financial statements...



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

PARTICULARS	As at 31-March-2017		As at 31-March-2016	
	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	-		-	
Others	338,543.82		338,543.82	
Total	1,788,543.82		1,788,543.82	

Refer note no. 2.29 (6)

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

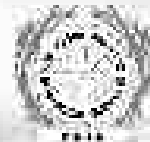
PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Raw materials								
Molasses in Distillery Division			23,544,450.00				14,725,800.00	
Rectified Spirit			-				1,946,177.00	
Work-in-progress								
Sugar		-				-		
Molasses		-				-		
Biocompost	224,458.00		224,458.00		54,193.00		54,193.00	
Finished goods								
Sugar	2,025,526,226.00				1,343,348,274.00			
Molasses	89,565,000.00				81,459,525.00			
Industrial Alcohol	74,537,869.00				60,760,180.00			
Bagasse	10,314,378.00				5,913,584.00			
Banked power	3,682,457.00				6,310,339.00			
Biocompost Manure	-				-			
Pressmud	257,049.00		2,203,882,979.00		164,798.00		1,497,956,700.00	
Stores and spares			34,743,530.16				36,876,597.74	
Total			2,262,395,417.16				1,551,559,467.74	

Refer note no. 1.3 significant accounting policies

Note 2.16 Trade receivables (unsecured, considered good)

PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Trade receivables outstanding for a period exceeding 6 months from due date								
a. Considered good	142,498.00				2,679,933.45			
b. Considered doubtful	5,517,516.58				3,438,199.46			
	5,660,014.58				6,118,132.91			
Less: Provision for doubtful debts	5,517,516.58		142,498.00		3,438,199.46		2,679,933.45	
Other trade receivables- considered good*			165,276,375.71				263,977,920.18	
Total			165,418,873.71				266,657,853.63	

* Including Rs. Nil (P.Y. Rs.369.24 lacs) from related parties



Note 2.17 Cash and cash equivalents

PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Balances with banks								
In current accounts	80,552,378.32				24,566,221.95			
In EEFC account	324.00		80,552,702.32		333.00		24,566,554.95	
Cheques on hand			2,644,503.00				40,151,896.00	
Cash on hand			284,679.85				1,278,686.35	
Fixed deposit for Bank guarantee deposited with bank as margin money -Earmarked								
Maturity period upto 12 months	1,500,000.00				2,376,813.00			
Maturity period more than 12 months	22,871,164.00		24,371,164.00		14,196,900.00		16,573,713.00	
Molasses storage fund in S/B account (Earmarked)			2,125,604.58				2,302,035.58	
Total			109,978,653.75				84,872,885.88	

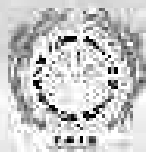
Note 2.18 Short-term loans and advances (unsecured, considered good)

PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Loan and advances to related parties								
Considered good				-				-
Security deposits				-				
Considered good	2,344,644.85				4,811,756.85			
Considered doubtful	1,600,000.00				-			
	3,944,644.85				4,811,756.85			
Less: provision for doubtful	1,600,000.00		2,344,644.85		-		4,811,756.85	
Other loans and advances								
Advance to suppliers and others	51,236,005.51				41,786,147.24			
Advance to employees	1,011,072.38				1,277,295.23			
Cenvat, Vat and other taxes/duties	21,128,882.85				6,534,405.50			
Prepaid expenses	4,740,732.00				4,648,307.50			
Others	364,417.00		78,481,109.74		272,188.00		54,518,343.47	
Total			80,825,754.59				59,330,100.32	

Note 2.19 Other current assets (unsecured, considered good)

PARTICULARS	As at 31-March-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
Interest accrued / receivable	3,361,838.89		2,095,114.89	
Cane Commission / subsidy receivable	-		22,407,502.91	
Others	501,413.00		7,358,178.00	
Total	3,863,251.89		31,860,795.80	

Notes forming part of financial statements...



Note 2.20 Revenue from operations

PARTICULARS	Year ended 31st March, 2017		Year ended 31st March, 2016	
	Rs.	P.	Rs.	P.
Sale of goods (Gross)				
Sugar (Including trading Rs.1127.57 lacs Previous year Rs.1726.35 lacs)	2,818,249,189.00		2,729,712,850.00	
Molasses	-		-	
Power	174,948,083.00		196,789,014.00	
Industrial alcohol	412,468,055.00		382,257,001.00	
Country liquor	-		263,910,605.24	
Bagasse sale	123,006,199.50		74,748,971.35	
Bio compost manure	1,615,905.00		1,299,439.00	
Revenue from operations (Gross)	3,530,287,431.50		3,648,717,880.59	
Less : Excise duty, cess and administrative charges on sale of goods	168,433,987.00		120,050,759.00	
Revenue from operations (Net)	3,361,853,444.50		3,528,667,121.59	

Note 2.21 Other income

PARTICULARS	Year ended 31st March, 2017		Year ended 31st March, 2016	
	Rs.	P.	Rs.	P.
Interest income				
Fixed deposits with banks	1,689,970.00		2,791,233.00	
Others	102,160.00		2,932,054.00	
Other non-operating income				
Net gain on foreign currency transactions and translations	-		56.00	
Insurance claims	522,974.00		161,796.00	
Profit on sale of fixed assets	158,349.92		676,210.00	
Unspent liabilities/balances written back	13,419,135.09		1,092,458.13	
Carbon credit/REC receipt	24,286,587.00		18,437,272.00	
Miscellaneous income	7,196,713.34		6,229,137.00	
Cane commission refund	-		28,387,409.89	
Production subsidy receipt	30,722,563.00		-	
Purchase Tax refund	8,567,790.00		-	
Prior period income	-		-	
Provision for doubtful debts reversal	-		-	
Total	86,666,242.35		60,707,626.02	

Note 2.22 Cost of materials consumed

PARTICULARS	Year ended 31st March, 2017		Year ended 31st March, 2016	
	Rs.	P.	Rs.	P.
Sugar cane*	2,809,303,666.34		1,905,996,836.18	
Molasses	22,334,267.00		21,645,831.00	
Spirit	-		110,410,144.62	
Interest on delayed cane payment	121,352,524.00		-	
Total	2,952,990,457.34		2,038,052,811.80	

* Refer note no.2.29 (7)



Note 2.23 Purchases of stock-in-trade

PARTICULARS	Year ended 31st March, 2017		Year ended 31st March, 2016	
	Rs.	P.	Rs.	P.
Sugar	122,768,100.00		188,891,250.00	
Total	122,768,100.00		188,891,250.00	

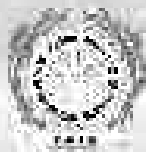
Note 2.24 Changes in inventories of finished goods, by-products and work-in-progress

PARTICULARS	Year ended 31st March, 2017				Year ended 31st March, 2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Finished goods								
Opening stock								
Sugar	1,343,348,274.00				1,654,485,719.00			
Molasses	96,185,325.00				143,081,550.00			
Bagasse	5,913,584.00				15,414,528.00			
Industrial alcohol	60,760,180.00				43,787,150.00			
Country liquor	-				1,031,722.00			
Banked Power	6,310,339.00				3,701,552.00			
Pressmud	164,798.00				64,616.00			
Biocompost manure	-		1,512,682,500.00		-		1,861,566,837.00	
Less : Closing stock								
Sugar	2,025,526,226.00				1,343,348,274.00			
Molasses	113,109,450.00				96,185,325.00			
Bagasse	10,314,378.00				5,913,584.00			
Industrial alcohol	74,537,869.00				60,760,180.00			
Banked Power	3,682,457.00				6,310,339.00			
Biocompost manure	-							
Pressmud	257,049.00		2,227,427,429.00		164,798.00		1,512,682,500.00	
Total (A)				(714,744,929.00)				348,884,337.00
Work-in-progress								
Opening stock			54,193.00				211,456.00	
Less : Closing stock			224,458.00				54,193.00	
Total (B)				(170,265.00)				157,263.00
Total (A+B)				(714,915,194.00)				349,041,600.00
Less: Difference of Excise Duty on opening and closing stock			30,428,451.00				28,211,361.00	
Total				(684,486,743.00)				377,252,961.00

Note 2.25 Employee benefits expense

PARTICULARS	Year ended 31st March, 2017		Year ended 31st March, 2016	
	Rs.	P.	Rs.	P.
Salary, wages and bonus	103,002,961.80		81,669,318.44	
Contribution to Provident Fund and other Funds	10,020,302.00		8,007,659.00	
Workmen and Staff Welfare Expenses	2,680,639.96		1,368,046.00	
Gratuity	6,429,953.00		2,295,666.00	
Total	122,133,856.76		93,340,689.44	

Notes forming part of financial statements...



Note 2.26 Finance costs

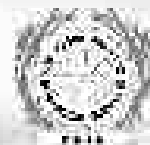
PARTICULARS	Year ended 31st March, 2017				Year ended 31st March, 2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Interest expense								
Cash Credit	24,777,804.00				116,840,422.00			
Term loan	40,979,530.00				45,426,675.40			
Others	777,520.03		66,534,854.03		96,402.49		162,363,499.89	
Documentation and other bank charges			4,177,899.15				6,093,313.64	
Total			70,712,753.18				168,456,813.53	

Note 2.27 Depreciation and amortisation expense

PARTICULARS	Year ended 31st March, 2017				Year ended 31st March, 2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Depreciation and amortisation on tangible assets	88,311,512.52				92,943,918.80			
Less: Transferred from revaluation reserve	274,018.88		88,037,493.64		323,631.60		92,620,287.20	
Amortisation on intangible assets			138,531.51				382,169.47	
Depreciation due to obsolescence			6,117,581.44				-	
Total			94,293,606.59				93,002,456.67	

Note 2.28 Other expenses

PARTICULARS	Year ended 31st March, 2017				Year ended 31st March, 2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Consumption of stores and spare parts			34,006,534.99				27,160,676.04	
Packing materials			26,586,867.07				118,236,760.30	
Power and fuel			24,808,319.70				34,153,102.71	
Rent			18,941,102.00				17,643,382.00	
Repairs								
Buildings	15,225,518.59				13,741,848.17			
Machinery	105,429,128.59				94,988,194.39			
Others	10,643,154.55		131,297,801.73		11,204,686.47		119,934,729.03	
Insurance			3,967,482.00				3,188,060.00	
Rates and taxes (excluding taxes on income)			6,238,320.08				11,943,681.58	
Selling Expenses :								
Commission to Selling Agents	8,159,685.00				5,611,785.00			
Other Selling Expenses	15,410,380.00				10,542,306.00			
Selling Expenses on Sugar Trading	-		23,570,065.00		-		16,154,091.00	
Payments to auditor								
Statutory audit fee	400,000.00				400,000.00			
Tax audit fee	100,000.00				100,000.00			
For other services	-				300,000.00			
Reimbursement of expenses	33,147.00		533,147.00		16,500.00		816,500.00	
Charity and donation			74,375.00				44,352.00	
Net loss on foreign currency transactions and translations			9.00				-	
Printing and stationary			1,421,449.26				1,244,051.00	
Communication expenses			1,929,710.54				1,431,166.37	
Travelling Expenses			25,742,546.51				19,314,899.27	
Consultancy and legal expenses			10,079,780.23				7,928,811.76	
Director sitting fee			133,000.00				143,000.00	
Director remuneration			31,800,000.00				9,000,000.00	
Miscellaneous expenses			27,076,014.08				29,406,096.79	
CSR Expenditure			2,110,000.00				2,052,783.00	
Loss of destroyed raw material			-				495,153.38	
MGQ charges			-				36,981,397.00	
State Excise Duty, VAT and fee			-				72,966,777.00	
Loss on sale/discard of fixed assets			189,669.04				-	
Transfer to storage fund for molasses			220,730.50				212,732.00	
Provision for doubtful debts and advances			877,076.66				79,767.75	
Balances written off			12,827,896.74				-	
Prior period expenses			2,129,532.40				225,689.00	
TOTAL			386,561,429.53				530,757,658.98	



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.157.72 lacs (Previous Year - Rs.161.60 lacs).

(ii) Claims against the company not acknowledged as debts in respect of criminal and Civil Cases – Rs.34.54 lacs (Previous Year -Rs.33.71 lacs).

(iii) Bank guarantees given to the Central Government, Excise Department, Commissioner Excise & Commercial Tax Department of Bihar and Oil Manufacturing companies, aggregating to Rs.570.88 lacs (Previous Year – Rs.587.11 lacs).

(iv) The company has given corporate guarantee to Punjab National Bank for securing of term loan of Rs.2433.00 lacs given to K M Energy Pvt. Ltd. (A subsidiary of the company) subject to approval of lenders. The term loan amount outstanding is Rs.2290.16 lacs as on 31.03.2017.

(v) As per the amended provision of the Bonus Act, differential amount of bonus liability of Rs.16.93 lacs (Previous Year Rs.16.93 lacs) for F.Y. 2014-2015.

(vi) Disputed sales tax, income tax and excise duty cases under appeal - Rs.31982.03 lacs (Previous Year Rs.33181.82 lacs)

Description	Current Year Rs. in lacs	Previous Year Rs. in lacs
Central Excise Act	3827.93	1879.14
VAT/Entry Tax/CST	120.39	1.34
Income Tax	28033.71	31301.34
	-----	-----
Total	31982.03	33181.82
	-----	-----

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-Rs.452.77 lacs (Previous Year - Nil).

(ii) Advances paid against above- Rs.34.63 lacs (Previous Year - Nil).

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 year Rs.1,00,20,302/-	Previous year Rs.80,07,659/-
Employers' contribution to provident fund		

b. Defined benefits plans

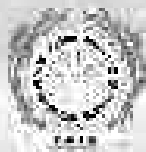
Long term employee benefits in the form of gratuity and leave encashment are considered as defined benefit plan. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the balance sheet date. The amount of defined benefits recognized in the 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:

(Amount in Rs.)

	Gratuity Current Year	Gratuity Previous Year	Leave Encashment Current Year	Leave Encashment Previous Year
Discount rate (per annum)	7.50%	8.00%	7.50%	8.00%
Future salary increase	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	7.50%	8.50%	0%	0%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
I. Expenses recognized in profit and loss account				
Current service cost	22,42,420	19,14,487	7,49,732	6,26,537
Interest cost	18,05,318	18,68,009	2,62,675	2,10,798
Expected return on plan assets	(15,06,590)	(14,25,215)	-	-
Net actuarial loss/ (gain) recognized in the period	22,01,447	(61,615)	15,76,860	11,54,169
Net expenses recognized	47,42,594	22,95,666	25,89,267	19,91,504
II. Net liability/(assets) recognized in the balance sheet as at 31st March, 2017				
Present value of obligation at the end of period	2,71,81,321	2,40,70,913	48,70,751	35,02,333
Fair value of the plan asset at the end of period	2,07,51,368	2,00,87,869	-	-
Funded status [(surplus)/(deficit)]	(64,29,953)	(39,83,044)	(48,70,751)	(35,02,333)
Net (asset)/liability as at 31st March, 2017	2,71,81,321	2,40,70,913	48,70,751	35,02,333
III. Change in present value of obligation during the year				
Present value of obligation at the beginning of year	2,40,70,913	2,33,50,108	35,02,333	26,34,981
Current service cost	22,42,420	19,14,487	7,49,732	6,26,537
Interest cost	18,05,318	18,68,009	2,62,675	2,10,798
Benefits paid	(35,97,511)	(24,46,147)	(12,20,849)	(11,24,152)
Actuarial loss/ (gain) on obligations	26,60,181	(6,15,544)	15,76,860	11,54,169
Present value of obligation at the year end	2,71,81,321	2,40,70,913	48,70,751	35,02,333
IV. Change in present value of fair value of plan assets				
Fair value of plan assets as at the beginning of period	2,00,87,869	1,55,42,518	-	-
Return on plan assets	19,65,324	8,71,286	-	-
Contributions	22,95,686	61,20,212	-	-
Benefits paid	(35,97,511)	(24,46,147)	-	-
Actuarial loss/ (gain)	-	-	-	-
Fair value of plan assets at the year end	2,07,51,368	2,00,87,869	-	-
Details of plan asset	Gratuity Trust	Gratuity Trust	N/A	N/A

Notes forming part of financial statements...



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.

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. 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. 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 31.03.17 shown under Note 2.2 of "Reserve & Surplus".
5. Certain balances in account of debtors, advances, deposit account, and creditors are subject to reconciliation and confirmation by the respective parties. The management carries out review of these advances from time to time from realization point of view and based on the same, the required provisions have been considered in the accounts. The management is of the view that the realization from these assets in the ordinary course of business would not be less than the amount at which they are stated in the books of account.
6. 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.
7. Cost of material consumed for the year ended 31st March, 2017 includes Rs.224.07 lacs of Cane Commission receivable from State Government as relief announced for the season 2015-16 has not been finally disbursed/released during the year, hence the same has been reversed by debiting the same to cane commission expenses of the year.
8. Since, the sugar industry is a seasonal industry; the cost of production of sugar is worked out on annualized basis.
9. 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 Personnel (Group A)

- Shri L. K. Jhunjunwala -Chairman
- Shri Aditya Jhunjunwala -Managing Director
- Shri Sanjay Jhunjunwala -Joint Managing Director
- Shri S. C. Agarwal -Executive Director
- Shri Rajeev Kumar -Company Secretary
- Shri Arvind Kumar Gupta -Chief Financial Officer

ii. Relatives of Key Management Personnel (Group B)

- Shri P. C. Jhunjunwala
- L. K. Jhunjunwala (HUF)
- A. K. Jhunjunwala (HUF)
- S. K. Jhunjunwala (HUF)
- Smt. Naina Jhunjunwala (Wife of Shri L.K. Jhunjunwala)
- Smt. Priti Jhunjunwala (Wife of Shri Aditya Jhunjunwala)
- Smt. Priti Jhunjunwala (Wife of Shri Sanjay Jhunjunwala)
- Shri Vatsal Jhunjunwala (Son of Shri A. K. Jhunjunwala)
- 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)

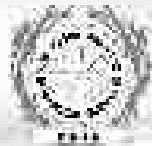
iii. Enterprises/ Parties over which Key management personnel or their relatives have substantial interest/ significant influence (Group C)

- K.M. Plantations (P) Ltd.
- Marvel Business (P) Limited
- Francoise Commerce (P) Limited
- Nidhi Financial Services (P) Limited
- Shree Shakti Credits Limited
- Prakash Properties Limited
- Promissing Logistics (P) Ltd.
- Shailja Properties (P) Ltd.
- Zar International (P) Ltd.
- Shivam Trust
- Vatsal Trust
- Palak Jhunjunwala Trust
- Shri Laxmi Public Charitable Trust

c) Transactions with the related parties:

(Rs. in Lacs)

Sl no.	Nature of transaction/ Name of the related party	Subsidiary	Key Managerial Personnel (KMP)	Enterprises over which KMP and their relatives have substantial interest/ significant influence	Total Current Year (Previous Year)
i.	Investment made				
	K M Energy Pvt. Ltd.	126.19 (285.00)	- (-)	- (-)	126.19 (285.00)
ii.	Interest receipt on loan				
	K M Energy Pvt. Ltd.	- (28.50)	- (-)	- (-)	- (28.50)
iii.	Corporate Guarantee for a term loan given to a bank				
	K M Energy Pvt. Ltd.	2433.00 (-)	- (-)	- (-)	2433.00 (-)
iv.	Remuneration including PF				
	Shri L. K. Jhunjunwala	- (-)	111.57 (40.32)	- (-)	111.57 (40.32)
	Shri Aditya Jhunjunwala	- (-)	97.25 (20.45)	- (-)	97.25 (20.45)
	Shri Sanjay Jhunjunwala	- (-)	97.48 (20.29)	- (-)	97.48 (20.29)
	Shri S. C. Agarwal	- (-)	28.40 (18.37)	- (-)	28.40 (18.37)
	Shri Rajeev Kumar	- (-)	10.29 (9.50)	- (-)	10.29 (9.50)
	Shri Arvind Kumar Gupta	- (-)	13.23 (12.30)	- (-)	13.23 (12.30)
v.	Sugar sold				
	Sri Shakti Credits Ltd.	- (-)	- (-)	- (4557.00)	- (4557.00)
vi.	Rent paid				
	Sri Shakti Credits Ltd.	- (-)	- (-)	5.40 (5.40)	5.40 (5.40)
	Zar International Pvt. Ltd.	- (-)	- (-)	1.14 (1.14)	1.14 (1.14)
	Marvel Business Pvt. Ltd.	- (-)	- (-)	7.20 (-)	7.20 (-)



vii.	Advance given / Repaid				
	K M Energy Pvt. Ltd.	52.07 (-)	- (-)	- (-)	52.07 (-)
	Arvind Kumar Gupta	- (-)	- (5.00)	- (-)	- (5.00)
	Shailja Properties Pvt. Ltd.	- (-)	- (-)	- (0.21)	- (0.21)
viii.	Advance received back				
	Sri Shakti Credits Ltd.	- (-)	- (-)	369.24 (-)	369.24 (-)
	K M Energy Pvt. Ltd.	49.48 (-)	- (-)	- (-)	49.48 (-)
ix.	Security amount paid				
	Marvel Business Pvt. Ltd.	- (-)	- (-)	9.00 (-)	9.00 (-)
x.	Security amount received back				
	Marvel Business Pvt. Ltd.	- (-)	- (-)	9.00 (-)	9.00 (-)
xii.	Corporate Guarantee given to Bank for loan				
	K M Energy Pvt. Ltd.	2433.00 (-)	- (-)	- (-)	2433.00 (-)
xii.	Balance outstanding				
	a. Interest receivable				
	K M Energy Pvt. Ltd.	- (28.60)	- (-)	- (-)	- (28.60)
	b. Amount receivable				
	Sri Shakti Credits Ltd.	- (-)	- (-)	- (365.18)	- (365.18)
	c. Loans payable				
	Shri L K Jhunjhunwala	- (-)	31.00 (31.00)	- (-)	31.00 (31.00)
	Shri Aditya Jhunjhunwala	- (-)	61.50 (61.50)	- (-)	61.50 (61.50)
	Shri Sanjay Jhunjhunwala	- (-)	61.50 (61.50)	- (-)	61.50 (61.50)
	d. Amount payable				
	Shri L K Jhunjhunwala	- (-)	48.10 (13.28)	- (-)	48.10 (13.28)
	Shri Aditya Jhunjhunwala	- (-)	67.28 (20.60)	- (-)	67.28 (20.60)
	Shri Sanjay Jhunjhunwala	- (-)	69.15 (23.72)	- (-)	69.15 (23.72)
	Shri S. C. Agarwal	- (-)	0.75 (1.49)	- (-)	0.75 (1.49)
	e. Loan amount outstanding for Corporate Guarantee given to a bank				
	K M Energy Pvt. Ltd.	2290.16 (-)	- (-)	- (-)	2290.16 (-)

- The transactions with related parties have been entered at an amount, which are not materially different from those on normal commercial terms.
- No amount has been written back/written off during the year in respect of due to/due from related parties.
- 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.

10. Segment Reporting: Information on the Segment Reporting for the year ended 31.03.2017:

The company has identified three primary business segments viz. Sugar, Distillery and Power. Segments have been identified and reported taking into account the nature of products, the differing risks and returns, the organizational structure and internal business restructuring system.

(Rs. in Lacs)

Particulars	Sugar		Distillery		Power		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue										
Gross sales	35174.64	32538.95	4140.84	6474.67	4683.90	3783.89	-	-	43999.38	42797.51
Less: Inter segment sales	5762.08	4494.33	-	-	2934.43	1816.00	-	-	8696.51	6310.33
External sales	29412.56	28044.62	4140.84	6474.67	1749.47	1967.89	-	-	35302.87	36487.18
Less: Excise duty and cess	1403.29	906.74	281.05	293.77	-	-	-	-	1684.34	1200.51
Net sales	28009.27	27137.88	3859.79	6180.90	1749.47	1967.89	-	-	33618.53	35286.67
Add: Other income	544.07	396.23	78.02	26.13	244.57	184.71	-	-	866.66	607.07
Total Revenue	28553.34	27534.11	3937.81	6207.03	1994.04	2152.60	-	-	34485.19	35893.74
Segment Results	3192.85	2022.07	795.88	(232.92)	553.86	893.92	(2.30)	-	4542.59	2680.77
Less: Finance costs	530.04	1446.39	13.58	29.80	163.51	208.38	-	-	707.13	1684.57
Profit before tax	2662.81	575.68	782.30	(262.72)	390.35	685.54	(2.30)	-	3835.46	996.20
Tax										
Current tax									660.66	50.65
Deferred tax									(63.38)	(223.47)
Profit after tax									3238.18	1169.02
Other Information										
Segment Assets	28202.78	20793.39	5385.06	2506.64	3576.63	3682.06	11.98	11.98	37176.45	26994.07
Segment Liabilities	22692.23	14825.98	3448.67	2992.01	49.29	300.37	7.96	7.96	26198.15	18126.32
Capital Expenditure*	1069.23	546.38	2494.57	51.16	792.80	-	-	-	4356.60	597.54
Depreciation	620.15	608.80	152.91	150.50	169.88	170.72	-	-	942.94	930.02

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

The transactions between segments are primarily for materials which are transferred at market determined prices. The inter division transfer of electricity was being done at agreed rates applicable for supply to UPPCL till now. The same has been accounted for at tariff rate applicable to the company for purchase of electricity from UPPCL during the year. Common costs are apportioned on a reasonable basis.

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

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

- Sundry creditors include a sum aggregating Rs.2.00 lacs (Rs. Nil) due to micro & small enterprises is on account of principal only.
- 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.
- 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.
- The amount of interest accrued and remaining unpaid Rs. Nil.
- 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.

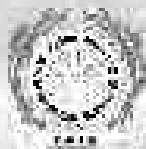
12. Earning Per Share

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

	Current year	Previous year
	(Amount Rs. In lacs)	
Net Profit/Loss after tax as per statement of Profit & Loss	3238.18	1169.02
No. of Equity Shares of Rs. 2 each	92000170	92000170
Earning Per Equity Share (Basic & diluted)	3.52	1.27

13. Directors' Remuneration :-

S. No	Chairman	Managing Director and Joint Managing Director	Executive Director
a) Salary (Previous Year)	36,00,000 (36,00,000)	48,00,000 (36,00,000)	24,00,000 (18,00,000)
b) Commission (Previous Year)	70,00,000 (-)	1,40,00,000 (-)	-
c) Contribution to Provident Fund (Previous Year)	4,32,000 (4,32,000)	4,92,000 (4,32,000)	1,32,600 (21,600)
d) Perquisites:			
(i) Residence			
-Furnished (Previous Year)	- (-)	- (-)	-
(ii) Residence			
-Unfurnished (Previous Year)	- (-)	- (-)	1,83,390 (1,59,000)
(iii) Medical Reimbursement (Previous Year)	7,500 (-)	22,500 (42,434)	60,206 (14,946)
(iv) Other benefits	1,17,600 (-)	1,58,400 (-)	63,600 (-)
Total (Previous Year)	1,11,57,100 (40,32,000)	1,94,72,900 (40,74,434)	28,39,796 (19,95,546)



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

14. Statement of additional information:-

a) Expenditure in Foreign Currency:

Travelling Expenses Rs.39.04 lacs (P.Y.-Rs.30.22 lacs)
Others Rs. 2.95 lacs (P.Y.-Rs.4.90 lacs)

b) Receipt from a debtor in Foreign Currency of old dues: Nil (P.Y.-Rs.365.79 lacs)

c) Break up of Raw Materials and components consumed.

	Current year		Previous year	
	%	Amount	%	Amount
i. Raw material				
Indigenous	100%	29529.90	100%	20380.53
Imported	-	-	-	-
ii. Stores and packing material				
Indigenous	100%	605.93	100%	1453.97
Imported	-	-	-	-

15. The borrowings from banks were restructured under Corporate Debt Restructuring Mechanism (CDR) vide letter of approval dated 27.03.2012 issued by CDR EG. The lenders have approved exit from CDR and finalized interest recompense amount Rs.587.50 lacs, which has been deposited in no lien account with Lead Bank in May, 2017. The necessary impact of the same has been duly considered in the accounts.

16. State Government had issued orders for waiver of interest on delayed cane payment to farmers for the sugar seasons 2012-13 to 2014-15. The Hon'ble High Court of Allahabad, Lucknow Bench vide order dated 09.03.2017 in PIL No.67617 of 2014 connecting with other PIL and cases has quashed the waiver of interest for these years and remanded to Commissioner for consideration of interest payment to farmers on account of delayed cane payment. In view of the court order, provision for interest amounting to Rs.1213.53 lacs on delayed cane payment as per demand raised by cane societies has been provided for the sugar seasons 2012-13 to 2016-17. The interest payable amount has been shown under current liability Note No.2.9 (x) 'Others'.

17. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the table below:

Particulars	Formula	Specified Bank Notes (SBN)*	Other denomination Notes **	Total
		P	Q	R=P+Q
Closing cash in hand as on 08.11.2016	A	16,20,000.00	1,82,021.25	18,02,021.25
(+) Permitted receipts	B			
a. Cash withdrawal from Banks		-	4,78,000.00	4,78,000.00
b. Other permitted receipts		-	23,90,314.00	23,90,314.00
(-) Permitted Payments	C	1,26,000.00	30,00,634.00	31,26,634.00
(-) Amount deposited in Banks	D	14,94,000.00	-	14,94,000.00
Closing Cash in H and as on 30.12.2016	E=A+B-C-D	-	49,701.25	49,701.25

* Specified Bank Notes (Old Currency Note of Rs.500 & Rs.1000)

** Other than Specified Bank Notes (Rs.100 /Rs.50/ Rs.20/Rs.10/ Rs.5/Rs.2/ Rs.1/coins & New Currency note of Rs.2000 and Rs.500).

18. As per Bihar State Government directions, the operation of country liquor bottling unit in Bihar remain discontinued during the year ended on 31.03.2017. Depreciation due to obsolescence has been provided on fixed assets amounting to Rs.61.17 lacs in current year. The carrying amount of assets amounting to Rs. 561.92 lacs and liabilities amounting to Rs.1175.05 lacs stand in the books as on 31.03.17 and further, revenue of Rs.19.19 lacs (Interest) earned during the year against which a sum of Rs.82.85 lacs expended during the year.

19. The company had set up a cogeneration power plant of 25 MW at factory premises in the financial year 2006-07 and is continuously operating since then. This power generation plant qualifies under Section 80IA of the Income Tax Act, 1961 for deduction of its entire profits from such business for 10 consecutive years out of 15 years. The company has availed the option to treat the financial year 2011-12 as the first year of deduction but it could not claim any deduction till now due to brought forwarded losses. Now, the company intends to claim deduction from this year onwards in view of set off of all brought forwarded losses.

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

As per our report of even date attached hereto

For Mehrotra & Mehrotra

Chartered Accountants

F.R. No.0226C

CA. Rajesh Jhalani

Partner

M. No. 074809

Place: Lucknow

Date: 22.05.2017

For and on behalf of the Board of Directors

S. C. Agarwal

Executive Director

DIN-02461954

A K Gupta

Chief Financial Officer

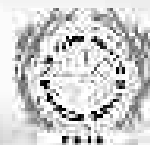
Aditya Jhunjunwala

Managing Director

DIN-01686189

Rajeev Kumar

Company Secretary



Independent Auditor's Report

Independent Auditors' Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of K.M. Sugar Mills Ltd. (hereinafter referred to as "the Holding Company") and its subsidiary (collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit

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

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated affairs of the Group as at March 31, 2017 and its profit and its cash flows for the year ended on that date.

Other Matters

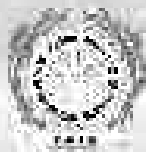
We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets (net) of Rs.6,52,02,162 as at 31st March, 2017, total revenues of Rs.4,06,67,693 and net cash outflows amounting to Rs.4,49,48,475 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditors.

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

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of



Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2017, taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company, none of the directors of the Group Companies is disqualified as on March 31, 2017, from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. (Refer Para 1 of Note 2.29 to the consolidated financial statements);
 - ii. Provisions has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts in respect of such items as it related to the Group;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.
 - iv. The Group has provided requisite disclosures in the consolidated financial statement as to holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dt. 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedure performed and the representation provided to us by the management, we report that the disclosure are in accordance with the books of account maintained by the Group. (Refer Note 2.29 (17) to the consolidated financial statements.)

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

Rajesh Jhalani
Partner
(M. No. 074809)

Place: Lucknow
Date: 22nd May, 2017

Annexure - A to the Auditors' Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of K.M. Sugar Mills Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, as of that date.

Management's Responsibility for Internal Financial Controls

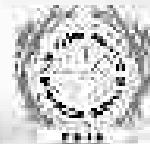
The respective Board of Directors of the Holding company and its subsidiary company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Independent Auditors' Report

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be

detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

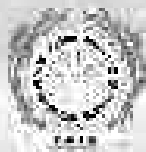
Opinion

In our opinion, to the best of our information and according to the explanation given to us, the Holding Company and its subsidiary company, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

CA Rajesh Jhalani
Partner
(M.No. 074809)

Place: Lucknow
Date: 22nd May, 2017



Consolidated Balance Sheet as at 31st March, 2017

(Amount in Rs.)

PARTICULARS	Notes No.	Current Year				Previous Year			
		As at 31-March-2017				As at 31-March-2016			
		Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
I. EQUITY AND LIABILITIES									
1. Shareholders' Funds									
(a) Share Capital	2.1	184,000,340.00				184,000,340.00			
(b) Reserves & Surplus	2.2	386,750,251.64				104,204,298.67			
2. (a) Minority Interest		65,713,753.29		636,464,344.93		63,193,206.70		351,397,845.37	
3. Non-current liabilities									
(a) Long term borrowings	2.3	492,500,388.65				327,412,858.65			
(b) Deferred tax liabilities (Net)	2.4	47,535,330.00				15,415,568.00			
(c) Other Long term liabilities	2.5	2,246,321.85				2,246,321.85			
(d) Long term provisions	2.6	211,387,038.00		753,669,078.50		207,826,080.00		552,900,828.50	
4. Current liabilities									
(a) Short term borrowings	2.7	956,521,020.70				364,404,875.31			
(b) Trade payables	2.8	924,874,123.27				949,895,700.95			
(c) Other current liabilities	2.9	747,986,801.16				551,480,522.06			
(d) Short term provisions	2.10	4,173,322.00		2,633,555,267.13		2,231,595.00		1,868,012,693.32	
Total				4,023,688,690.56				2,772,311,367.19	
II. ASSETS									
Non-current assets									
1. (a) Fixed Assets	2.11								
(i) Tangible Assets		1,250,091,281.62				632,303,018.64			
(ii) Intangible assets		82,118.31				220,649.82			
(iii) Capital Work-in-Progress		-		1,250,173,399.93		2,350,835.15		634,874,503.61	
(b) Goodwill on Consolidation		129,601.93				129,601.93			
(c) Non current investments	2.12	39,521,300.00				1,021,300.00			
(d) Long term loans and advances	2.13	59,859,277.10				57,695,429.10			
(e) Other non current assets	2.14	1,788,543.82		101,298,722.85		1,788,543.82		60,634,874.85	
2. Current Assets									
(a) Inventories	2.15	2,262,395,417.16				1,551,559,467.74			
(b) Trade receivables	2.16	177,697,408.71				266,657,853.63			
(c) Cash and cash equivalents	2.17	146,601,839.43				166,444,547.24			
(d) Short term loans and advances	2.18	80,987,197.59				59,772,758.32			
(e) Other current assets	2.19	4,534,704.89		2,672,216,567.78		32,367,361.80		2,076,801,988.73	
Total				4,023,688,690.56				2,772,311,367.19	
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 and on behalf of the Board of Directors

CA. Rajesh Jhalani

Partner

M.No.074809

Place: Lucknow

Date: 22.05.2017

S. C. Agarwal

Executive Director

DIN-02461954

A K Gupta

Chief Financial Officer

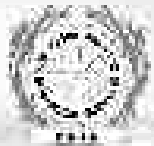
Aditya Jhunjunwala

Managing Director

DIN-01686189

Rajeev Kumar

Company Secretary



Consolidated Statement of Profit & Loss for the year ended on 31st March, 2017

Profit & Loss Account...

PARTICULARS	Notes No.	Current Year				Previous Year			
		Year ended 31st March, 2017				Year ended 31st March, 2016			
		Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
I. Revenue from operations (Gross)	2.20	3,568,143,981.50				3,648,717,880.59			
Less: Excise duty and cess		168,433,987.00				120,050,759.00			
Revenue from operations (net)				3,399,709,994.50				3,528,667,121.59	
II. Other Income	2.21			89,477,385.35				61,314,937.02	
III. Total Revenue (I + II)				3,489,187,379.85				3,589,982,058.61	
IV. Expenses									
Cost of material consumed	2.22			2,952,990,457.34				2,038,052,811.80	
Purchase of Stock in trade	2.23			122,768,100.00				188,891,250.00	
Change in inventory of finished goods, work in progress and stock in trade	2.24			(684,486,743.00)				377,252,961.00	
Employee benefits expenses	2.25			122,174,632.76				93,340,689.44	
Finance costs	2.26			84,159,777.88				168,496,697.81	
Depreciation and amortization expense	2.27			119,433,447.40				93,002,456.67	
Other expenses	2.28			391,515,157.53				531,134,254.98	
Total expenses				3,108,554,829.91				3,490,171,121.70	
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)				380,632,549.94				99,810,936.91	
VI. Exceptional items				-				-	
VII. Profit/(Loss) before extraordinary items and tax (V-VI)				380,632,549.94				99,810,936.91	
VIII. Extraordinary item				-				-	
IX. Profit/(Loss) before tax (VII-VIII)				380,632,549.94				99,810,936.91	
X. Tax expense									
(1) Current Tax				66,066,000.00				5,064,547.00	
(2) Deferred Tax				32,119,762.00				(22,346,724.00)	
XI. Profit/(Loss) for the year before adjustment of Minority Interest (IX-X)				282,446,787.94				117,093,113.91	
XII. Share of (Profit) Transferred to Minority Interest				(152,453.41)				181,126.03	
XIII. Pre-Acquisition Profit of K.M. Sugar Mills Ltd. Included in above calculation				-				(129,601.93)	
XIV. Profit/Loss for the year after adjustment of Minority Interest				282,599,241.35				117,041,589.81	
XV. Earning per equity share (Nominal value of Rs.2 each)									
(1) Basic (Rs. Per share)					3.07				1.27
(2) Diluted (Rs. Per share)					3.07				1.27
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 and on behalf of the Board of Directors

CA. Rajesh Jhalani

Partner

M.No.074809

Place: Lucknow

Date: 22.05.2017

S. C. Agarwal

Executive Director

DIN-02461954

A K Gupta

Chief Financial Officer

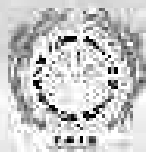
Aditya Jhunjunwala

Managing Director

DIN-01686189

Rajeev Kumar

Company Secretary



Consolidated Cash Flow Statement for the year ended 31st March, 2017

PARTICULARS	Year ended 31st March, 17		Year ended 31st March, 16	
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax and exceptional items		3806.33		998.11
Adjustment for :				
Depreciation and amortisation expense	1194.33		930.02	
Finance costs	841.60		1684.97	
Transfer to storage fund for molasses	2.21		2.13	
Provision for doubtful debts & advances	8.77		0.80	
Balances written off	128.28		0.00	
Interest income	(46.03)		(63.31)	
Profit on sale of fixed assets	(1.58)		(6.76)	
Loss on sale/discard of fixed asset	1.90			
Unspent liabilities/balances written back	(134.19)		(10.92)	
		1995.29		2536.93
Operating Profit before working capital changes		5801.62		3535.04
Adjustment for :				
Increase/(Decrease) in trade payables	(116.03)		(2975.92)	
Increase/(Decrease) in other current liabilities	2707.32		49.40	
Increase/(Decrease) in other liabilities & provision	55.03		657.73	
(Increase)/Decrease in inventories	(7108.36)		3670.85	
(Increase)/Decrease in trade receivables	889.60		502.23	
(Increase)/Decrease in long-term and short term loans & advances	(281.55)		164.67	
(Increase)/Decrease in other non-current and other current assets	264.04		1363.41	
Cash Generated from Operations		(3589.95)		3432.37
Direct Tax Paid		(749.94)		(5.64)
Net Cash From Operating Activities (A)		1461.73		6961.77
B. Cash Flow from investing activities				
Purchase of fixed assets	(7353.23)		(785.79)	
Proceeds from sale of fixed assets	2.86		6.98	
Purchase of shares	(385.00)		0.00	
(Increase)/Decrease in deposits with banks	373.53		(458.78)	
Interest income received	60.32		24.39	
Net Cash From Investing Activities		(7301.52)		(1213.20)
C. Cash Flow From Financing activities				
Proceeds from issuance of equity/preference shares	26.73		631.68	
Proceeds of long term borrowings	2401.45		923.00	
Repayments of long term borrowings	(1174.23)		(618.40)	
Proceeds/(repayments) of short term borrowings	5921.16		(5412.20)	
Finance cost paid	(1160.21)		(852.96)	
Net Cash From Financing Activities		6014.90		(5328.88)
Net increase in Cash & Cash Equivalents (A+B+C)		175.11		419.68
D. Opening cash and cash equivalents		667.94		248.26
E. Closing cash and cash equivalents		843.05		667.94
Increase in Cash & Cash Equivalents (D-E)		175.11		419.68

Notes:

- The above Cash flow statement has been prepared under the indirect method set out in Accounting Standard-3, Cash Flow Statement prescribed in the Companies (Accounting Standard) Rules, 2006.
- Cash and cash equivalents at year end comprises:

Cash on hand	2.85	12.79
Cheque on hand	26.45	401.52
Balances with banks on current accounts	813.76	253.64
	<u>843.05</u>	<u>667.94</u>

As per our report of even date attached hereto

For Mehrotra & Mehrotra
Chartered Accountants
F.R. No.0226C

CA. Rajesh Jhalani
Partner
M.No.074809

For & on behalf of Board of Directors

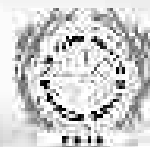
S. C. Agarwal
Executive Director
DIN-02461954

Aditya Jhunjunwala
Managing Director
DIN-01686189

A K Gupta
Chief Financial Officer

Rajeev Kumar
Company Secretary

Place: Lucknow
Date: 22.05.2017



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, 2017.
- 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.
- Minority Interest in the net assets of consolidated Subsidiary is identified and presented in the Consolidated Balance Sheet separately from liabilities and equity of the company's shareholders.

Minority interest in the net assets of consolidated subsidiaries consists of:

- The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and
 - The minority share of movements in equity since the date the parent subsidiary relationship came into existence.
- Minority's share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the Group.
 - Company considered in Consolidated Financial Statements:

Name of the Company	Country of incorporation	Percentage of ownership interest as at		Financial year ends on
		31.03.2017	31.03.2016	
K M Energy Pvt. Ltd.	India	73.00%	99.63%	31 st March, 2017

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, 2013 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 III to the Companies Act, 2013. Based on the nature of operations and time between procurement of raw material and realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

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

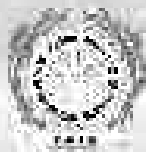
a) Fixed Assets

- 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 tangible fixed assets is provided on written down value method as prescribed under Part C of Schedule II to the Companies Act, 2013. The additional depreciation, on increase in cost on account of revaluation, is transferred to 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.
- 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 Average
	- Trading Goods	First in First Out
Distillery	- Raw Material	First in First Out
	- Stores & Spares Other components	Weighted Average
Co-generation	- Raw Material	First in First Out

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.

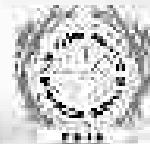
f) Borrowing Costs

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.

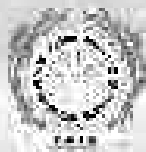
p) Earning Per Share

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

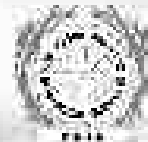
PARTICULARS	Current Year		Previous Year	
	As at 31-March-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
AUTHORISED				
100,000,000 Equity Shares of Rs. 2/- each		200,000,000.00		200,000,000.00
ISSUED, SUBSCRIBED AND FULLY PAID UP		184,000,340.00		184,000,340.00
92,000,170 Equity Shares of Rs. 2/- each				
TOTAL		184,000,340.00		184,000,340.00
a. Reconciliation of Number of Shares				
Shares outstanding as at 1st April, 2016		No. of shares 92,000,170		Amount 184,000,340
Shares outstanding as at 31st March, 2017		92,000,170		184,000,340
b. List of Shareholders holding more than 5% of the total number of shares issued by the company:				
	As at 31-March-2017		As at 31-March-2016	
	No. of shares	% shareholding	No. of shares	% shareholding
Name of the shareholder				
L K Jhunjhunwala	5602600	6.09	5602600	6.09
P C Jhunjhunwala	9956100	10.82	9944100	10.81
L K Jhunjhunwala (HUF)	10065900	10.94	10065900	10.94
Marvel Business Pvt. Ltd.	12022258	13.07	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-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
a. General Reserve				
Balance as per last account	117,817,538.20		122,019,139.87	
Less: Deduction on account of depreciation	-	117,817,538.20	4,201,601.67	117,817,538.20
b. Capital Reserve				
Balance as per last account	4,833,000.00	4,833,000.00	4,833,000.00	4,833,000.00
c. Initial Depreciation Reserve				
Balance as per last account		172,449.73		172,449.73
d. Molasses Storage Fund				
Balance as per last account	928,753.10		716,021.10	
Less: Withdrawal/reversal during the year	-		-	
Add: Transferred from Statement of Profit & Loss	220,730.50	1,149,483.60	212,732.00	928,753.10
e. Fixed Asset Revaluation Reserve				
Balance as per last account	1,787,468.21		2,111,099.81	
Less: Utilised for set off against depreciation	274,018.88	1,513,449.33	323,631.60	1,787,468.21
f. Sugar Price Equalisation Reserve				
Balance as per last account		1,239,508.05		1,239,508.05
g. Securities Premium Account				
Balance as per last account	268,801,428.00		268,801,428.00	
Add: Shares in subsidiary company	-	268,801,428.00		268,801,428.00
h. Surplus/(Deficit) in Statement of Profit & Loss				
Balance as per last account	(291,375,846.62)		(408,417,436.43)	
Add: Profit/(Loss) for the current year	282,599,241.35	(8,776,605.27)	117,041,589.81	(291,375,846.62)
TOTAL		386,750,251.64		104,204,298.67

*** 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.21.26 lacs (Previous year Rs.23.02 lacs)



Note 2.3 - Long Term Borrowings

PARTICULARS	Current Year		Previous Year	
	As at 31-March-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
Term loans				
From Banks				
Secured				
a. State Bank of India - SEFASU Loan	32,040,000.00	39,930,000.00	26,640,822.00	69,300,000.00
b. Punjab National Bank - SEFASU Loan	24,636,000.00	22,575,000.00	24,636,000.00	47,211,000.00
c. Punjab National Bank - Soft Loan	23,076,000.00	68,949,335.00	-	92,300,000.00
d. Punjab National Bank	17,560,000.00	9,632,364.00	14,760,000.00	27,127,167.00
e. Allahabad Bank	48,600,000.00	27,452,300.65	40,850,000.00	76,074,691.65
g. Punjab National Bank	27,032,000.00	202,061,389.00	-	-
Total A	172,944,000.00	370,600,388.65	106,886,822.00	312,012,858.65
From other entities				
Secured				
a. Sugar Development Fund (SDF) from Govt. of India	40,077,367.00	106,500,000.00	148,500,000.00	-
Total B	40,077,367.00	106,500,000.00	148,500,000.00	-
From related parties				
Unsecured loan	-	15,400,000.00	-	15,400,000.00
Total C	-	15,400,000.00	-	15,400,000.00
TOTAL (A+B+C)	213,021,367.00	492,500,388.65	255,386,822.00	327,412,858.65

a. Nature of Securities

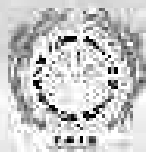
- Rupee Term Loan of State Bank of India (SEFASU), Punjab National Bank (SEFASU) and Punjab National Bank (Soft Loan) are secured by residual charge on entire fixed assets and current assets of the company, present and future, on pari passu basis with other term lenders.
- Rupee Term Loan of Punjab National 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 of Punjab National Bank for K M Energy Pvt. Ltd. is secured by Hypothecation/Mortgage of Land, Building & all assets inclusive of equipments, Furniture & Fixture and other assets created out of bank loan and promoter's contribution and corporate guarantee of K M Sugar Mills Ltd. and is also by Corporate guarantee of K.M.Vyapar Pvt. Ltd. to the extent of realizable value of Immovable property mortgaged to PNB.
- 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, 2017		1-2 years	2-3 years	3 years and above
		Current Rs.	Non Current P.			
State Bank of India SEFASU loan	0.75	32,040,000	39,930,000	32,040,000	7,890,000	-
Punjab National Bank SEFASU loan	0.00	24,636,000	22,575,000	22,575,000	-	-
PNB Soft loan	12.60	23,076,000	68,949,335	30,768,000	30,768,000	7,413,335
Punjab National Bank	13.75	17,560,000	9,632,364	9,632,364	-	-
Allahabad Bank	11.50	48,600,000	27,452,301	27,452,301	-	-
Sugar Development Fund (SDF) from Govt. of India	10.00	40,077,367	106,500,000	50,500,000	56,000,000	-
Punjab National Bank	13.00	27,032,000	202,061,389	27,032,000	27,032,000	147,997,389
Unsecured loan	-	-	15,400,000	-	-	15,400,000
Total		213,021,367	492,500,389	199,999,665	121,690,000	170,810,724

- Rate of interest has been disclosed for loans which are outstanding on balance sheet date and in case of default, penal interest are charged as per sanction.
- Interest sub-vention to the extent of 12% on SEFASU loan from State Bank of India and Punjab National Bank is to be funded by Central Government. State Bank of India SEFASU Loan is at 12.75%.

Notes forming part of financial statements...



c. The company has defaulted in repayment of loans and interest in respect of the following

PARTICULARS	As at 31-March-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
	Due date and (default months)		Due date and (default months)	
	Amount		Amount	
Term loans				
From other entities				
(i) Sugar Development Fund (SDF) from Govt. of India.				
Principal			05.03.2011 (61)	16,500,000
			05.09.2011 (55)	16,500,000
			05.03.2012 (49)	16,500,000
			05.09.2012 (43)	16,500,000
			05.03.2013 (37)	16,500,000
			05.09.2013 (31)	16,500,000
			05.03.2014 (25)	16,500,000
			05.09.2014 (19)	16,500,000
			05.03.2015 (13)	16,500,000
Total		-		148,500,000
Interest				
			05.03.2015 (13)	8,228,310
			05.09.2016 (7)	6,683,052
			05.03.2016 (1)	9,417,254
Total		-		24,328,616

Note: IFCL Ltd. vide its letter dated 09.03.2017 has considered company's request for repayment of entire SDF loan of Rs.14.85 crore by 31.12.2019. The first instalment shall start from 30.06.2017. The company has already paid entire overdue amount of interest for the period upto 30.03.2017. Hence, there is no default as on 31.03.2017.

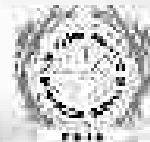
Note 2.4 - Deferred tax liabilities

PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Deferred Tax Liabilities								
Depreciation			144,859,527.00				65,869,236.00	
Deferred Tax Assets								
Carried forward losses		-			18,724,223.00			
Expenses allowable for tax purpose when paid	97,324,197.00		97,324,197.00		31,729,445.00		50,453,668.00	
TOTAL			47,535,330.00				15,415,568.00	

Note 2.5 - Other long term liabilities

PARTICULARS	As at 31-March-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
Loan from UP Government *	1,450,000.00		1,450,000.00	
Others	796,321.85		796,321.85	
Total	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-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Provisions for employees benefit								
Unavailed leave	4,308,078.00				3,264,504.00			
Gratuity	2,819,284.00		7,127,362.00		301,900.00		3,566,404.00	
Other Provision including Excise duty			204,259,676.00				204,259,676.00	
TOTAL			211,387,038.00				207,826,080.00	

Note 2.7 - Short term borrowings

PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Loan repayable on demand								
Working capital loans								
From banks								
Secured								
a. State Bank of India	474,758,671.10				128,319,104.63			
b. Punjab National Bank	400,752,836.50				234,559,113.58			
c. The Federal Bank Ltd.	79,968,673.10				485,817.10			
d. Union Bank of India	-		955,480,180.70		-		363,364,035.31	
Other Loans and advances								
Unsecured								
From Others			1,040,840.00				1,040,840.00	
TOTAL			956,521,020.70				364,404,875.31	

Summary of short term borrowings

Secured borrowings

Nature of Securities

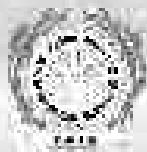
i. Working capital loans from State Bank of India is secured by way of hypothecation and first pari passu charge on stocks of sugar, molasses, consumable stores / spares, industrial alcohol, book debts and other current assets of the company, third pari passu charge with other working capital lenders 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.

ii. 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.

iii. 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.

iv. 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-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
Trade payable (Other than acceptance)*	924,874,123.27		949,895,700.95	
Total	924,874,123.27		949,895,700.95	

* Includes Rs.2 lacs due to micro and small enterprises. [Refer note no.2.29 (11)]

Note 2.9 - Other current liabilities

PARTICULARS	As at 31-March-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
i. Current maturities of long term debt*	213,021,367.00		255,386,822.00	
ii. Payable to capital goods supplier	61,582,870.58		4,840,931.04	
iii. Statutory liabilities **	158,512,873.78		110,243,510.00	
iv. Advances from Customers	32,163,566.38		12,547,707.27	
v. Interest accrued but not due on borrowings	58,750,091.00		64,242,389.00	
vi. Interest accrued and due on borrowings	879,715.00		27,248,112.00	
vii. Security Deposits	22,931,153.38		18,956,807.38	
viii. Outstanding liability of related party	18,750,564.64		6,470,096.13	
ix. Salary and other payables to employees	18,304,421.93		10,125,475.64	
x. Others	163,090,177.47		41,418,671.60	
TOTAL	747,986,801.16		551,480,522.06	

* 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-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Provision for employee benefit -								
Unavailed leave	562,673.00				237,829.00			
Gratuity	3,610,649.00		4,173,322.00		1,993,766.00		2,231,595.00	
For Income Tax								
TOTAL			4,173,322.00				2,231,595.00	



Note 2.11- Fixed Assets

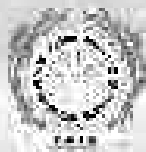
Particulars	Tangible assets								Intangible Assets	Capital work in progress	Grand Total
	Land (Lease hold)	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers			
Gross Block											
Balance as at 01.04.2016	1,647,775.67	24,114,610.00	61,196,360.85	2,093,286,287.78	37,538,551.92	37,647,230.32	8,749,081.87	11,255,293.58	2,214,132.00	2,350,835.15	2,280,000,159.14
Additions	-	-	11,669,212.05	664,985,480.22	5,377,199.00	51,816,152.60	2,819,591.00	1,006,596.00	-	114,898,960.23	852,573,191.10
Disposal/Deduction	-	-	-	2,627,743.58	2,165,896.13	1,319,137.19	2,070,085.72	1,305,452.78	-	117,249,795.38	126,738,110.78
Balance as at 31.03.2017	1,647,775.67	24,114,610.00	72,865,572.90	2,755,644,024.42	40,749,854.79	88,144,245.73	9,498,587.15	10,956,436.80	2,214,132.00	-	3,005,835,239.46
Depreciation											
Balance as at 01.04.2016	-	-	31,585,966.46	1,557,599,705.69	16,266,558.45	21,599,147.52	5,908,642.54	10,172,152.69	1,993,482.18	-	1,645,125,655.53
Depreciation for the year	-	-	4,842,577.61	84,474,389.14	4,748,008.65	16,842,111.67	1,666,423.12	877,843.15	138,531.50	-	113,589,884.84
Depreciation due to obsolescence	-	-	1,218,649.32	4,861,004.57	15,087.91	9,150.00	13,689.64	-	-	-	6,117,581.44
Disposal/Deduction	-	-	-	2,496,356.39	2,153,459.77	1,191,773.11	2,024,240.23	1,305,452.78	-	-	9,171,282.28
Balance as at 31.03.2017	-	-	37,647,193.39	1,644,438,743.01	18,876,195.24	37,258,636.08	5,564,515.07	9,744,543.06	2,132,013.68	-	1,755,661,839.53
Net Block as 31.03.2017	1,647,775.67	24,114,610.00	35,218,379.51	1,111,205,281.41	21,873,659.55	50,885,609.65	3,934,072.08	1,211,893.74	82,118.32	-	1,250,173,399.93

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 01.04.2015	1,647,775.67	5,972,794.00	58,838,459.85	2,059,190,432.62	26,716,116.65	27,257,781.32	6,283,148.87	10,381,289.58	2,214,132.00	4,857,358.00	2,203,359,288.56
Additions	-	18,141,816.00	2,357,901.00	36,010,427.16	10,822,435.27	10,389,449.00	2,490,555.00	874,004.00	-	22,563,031.98	103,649,619.41
Disposal/Deduction	-	-	-	1,914,572.00	-	-	24,622.00	-	-	25,069,554.83	27,008,748.83
Balance as at 31.03.2015	1,647,775.67	24,114,610.00	61,196,360.85	2,093,286,287.78	37,538,551.92	37,647,230.32	8,749,081.87	11,255,293.58	2,214,132.00	2,350,835.15	2,280,000,159.14
Depreciation											
Balance as at 01.04.2015	-	-	24,862,024.65	1,483,974,615.50	9,587,727.46	16,314,053.87	4,632,505.34	8,536,019.05	1,608,782.06	-	1,549,515,727.93
Depreciation for the year	-	-	6,042,740.79	72,526,303.67	6,658,598.02	5,241,389.13	930,253.08	1,544,634.11	382,169.47	-	93,326,088.27
Disposal/Deduction	-	-	-	1,914,572.00	-	-	3,190.34	-	-	-	1,917,762.34
Balance as at 31.03.2016	-	-	30,904,765.44	1,554,586,347.17	16,246,325.48	21,555,443.00	5,559,568.08	10,080,653.16	1,990,951.53	-	1,640,924,053.86
Transfer to retained earning	-	-	681,201.02	3,013,358.52	20,232.97	43,704.52	349,074.46	91,499.53	2,530.65	-	4,201,601.67
Net Block as 31.03.2016	1,647,775.67	24,114,610.00	29,610,394.39	535,686,582.09	21,271,993.47	16,048,082.80	2,840,439.33	1,083,140.89	220,649.82	2,350,835.15	634,874,503.61

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.

Notes forming part of financial statements...

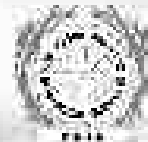


Note 2.12 - Non-current Investments

PARTICULARS	Face Value	As at 31st March, 2017		As at 31st March, 2016	
		No. of shares	Rs.	No. of shares	Rs.
Non Trade Investments Unquoted (valued at cost)					
a. In equity shares of companies fully paid up					
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. In 9% Non-cumulative redeemable preference shares fully paid up					
Others:					
Brahma Properties Pvt. Ltd.	10	3,800,000	38,500,000.00	-	-
Other Investments Quoted (valued at cost)					
c. In equity shares of companies fully paid up					
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.10,10,000/-					
Aggregate amount of quoted investments Rs.11,300/-					
Aggregate market value of listed and quoted investments Rs.74,478/- (Previous year Rs.76,461/-)					
Total			39,521,300.00		1,021,300.00

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

PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Capital advances			5,545,967.00				158,000.00	
Security deposits			43,062,444.46				55,491,994.46	
Other loans and advances								
Advance to suppliers and others								
Considered Good		-				-		
Considered doubtful	28,823,627.33				30,901,018.01			
Less: Allowance for doubtful advance	28,823,627.33				30,901,018.01			
		-				-		
Income Tax payments	10,465,357.64				1,258,284.64			
(Net of provision Rs.660.66 lacs previous year Rs.50.65 lacs)								
Duties and taxes paid under protest	785,508.00		11,250,865.64		787,150.00		2,045,434.64	
Total			59,859,277.10				57,695,429.10	



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

PARTICULARS	As at 31-March-2017		As at 31-March-2016	
	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	-	-	-	-
Others	338,543.82	-	338,543.82	-
Total each Fully paid up)	1,788,543.82	-	1,788,543.82	-

Refer note no. 2.29 (6)

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

PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Raw materials								
Molasses in Distillery Division			23,544,450.00				14,725,800.00	
Rectified Spirit			-				1,946,177.00	
Work-in-progress								
Biocompost	224,458.00		224,458.00		54,193.00		54,193.00	
Finished goods								
Sugar	2,025,526,226.00				1,343,348,274.00			
Molasses	89,565,000.00				81,459,525.00			
Industrial Alcohol	74,537,869.00				60,760,180.00			
Bagasse	10,314,378.00				5,913,584.00			
Banked power	3,682,457.00				6,310,339.00			
Pressmud	257,049.00		2,203,882,979.00		164,798.00		1,497,956,700.00	
Stores and spares			34,743,530.16				36,876,597.74	
Total			2,262,395,417.16				1,551,559,467.74	

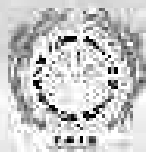
Refer note no. 1.3 significant accounting policies

Note 2.16 Trade receivables (unsecured, considered good)

PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Trade receivables outstanding for a period exceeding 6 months from due date								
a. Considered good	142,498.00				2,679,933.45			
b. Considered doubtful	5,517,516.58				4,163,049.24			
	5,660,014.58				6,842,982.69			
Less: Provision for doubtful debts	5,517,516.58		142,498.00		4,163,049.24		2,679,933.45	
Other trade receivables- considered good			177,554,910.71				263,977,920.18	
Total			177,697,408.71				266,657,853.63	

* Including Rs. Nil (P.Y. Rs.369.24 lacs) from related parties

Notes forming part of financial statements...



Note 2.17 Cash and cash equivalents

PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Balances with banks								
In current accounts	81,375,564.00		81,375,888.00		25,363,287.31		25,363,620.31	
In EEFC account	324.00				333.00			
Cheques on hand			2,644,503.00				40,151,896.00	
Cash on hand			284,679.85				1,278,686.35	
Fixed deposit for Bank guarantee deposited with bank as margin money -Earmarked								
Maturity period upto 12 months	37,300,000.00				45,651,409.00			
Maturity period more than 12 months	22,871,164.00		60,171,164.00		51,696,900.00		97,348,309.00	
Molasses storage fund in S/B account (Earmarked)			2,125,604.58				2,302,035.58	
Total			146,601,839.43				166,444,547.24	

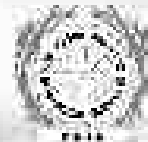
Note 2.18 Short-term loans and advances
(unsecured, considered good)

PARTICULARS	As at 31-March-2017				As at 31-March-2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Loan and advances to related parties								
Considered good			-				-	
Security deposits								
Considered good	2,344,644.85				4,811,756.85			
Considered doubtful	1,600,000.00				-			
	3,944,644.85				4,811,756.85			
Less: provision for doubtful	1,600,000.00		2,344,644.85		-		4,811,756.85	
Other loans and advances								
Advance to suppliers and others	51,236,005.51				41,786,147.24			
Advance to employees	1,011,072.38				1,277,295.23			
Cenvat, Vat and other taxes/duties	21,128,882.85				6,534,405.50			
Prepaid expenses	4,902,175.00				4,648,307.50			
Others	364,417.00		78,642,552.74		714,846.00		54,961,001.47	
Total			80,987,197.59				59,772,758.32	

Note 2.19 Other current assets (unsecured, considered good)

PARTICULARS	As at 31-March-2017		As at 31-March-2016	
	Rs.	P.	Rs.	P.
Interest accrued / receivable	4,033,291.89		5,461,830.89	
Cane Price and Commission receivable*		-	22,407,502.91	
Others	501,413.00		4,498,028.00	
Total	4,534,704.89		32,367,361.80	

Refer note no. 2.29 (10)



Note 2.20 Revenue from operations

PARTICULARS	Year ended 31st March, 2017		Year ended 31st March, 2016	
	Rs.	P.	Rs.	P.
Sale of goods (Gross)				
Sugar (Including trading Rs.1127.57 lacs Previous year Rs.1726.35 lacs)	2,818,249,189.00		2,729,712,850.00	
Molasses	-		-	
Power	212,804,633.00		196,789,014.00	
Industrial alcohol	412,468,055.00		382,257,001.00	
Country liquor	-		263,910,605.24	
Bagasse sale	123,006,199.50		74,748,971.35	
Bio compost manure	1,615,905.00		1,299,439.00	
Revenue from operations (Gross)	3,568,143,981.50		3,648,717,880.59	
Less : Excise duty, cess and administrative charges on sale of goods	168,433,987.00		120,050,759.00	
Revenue from operations (Net)	3,399,709,994.50		3,528,667,121.59	

Note 2.21 Other income

PARTICULARS	Year ended 31st March, 2017		Year ended 31st March, 2016	
	Rs.	P.	Rs.	P.
Interest income				
Fixed deposits with banks	4,485,564.00		6,246,633.00	
Others	117,709.00		83,965.00	
Other non-operating income				
Net gain on foreign currency transactions and translations	-		56.00	
Insurance claims	522,974.00		161,796.00	
Profit on sale of fixed assets	158,349.92		676,210.00	
Unspent liabilities/balances written back	13,419,135.09		1,092,458.13	
Carbon credit/REC receipt	24,286,587.00		18,437,272.00	
Miscellaneous income	7,196,713.34		6,229,137.00	
Cane commission refund	-		28,387,409.89	
Production subsidy receipt	30,722,563.00		-	
Purchase Tax refund	8,567,790.00		-	
Total	89,477,385.35		61,314,937.02	

Note 2.22 Cost of materials consumed

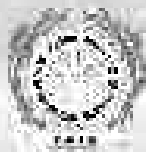
PARTICULARS	Year ended 31st March, 2017		Year ended 31st March, 2016	
	Rs.	P.	Rs.	P.
Sugar cane*	2,809,303,666.34		1,905,996,836.18	
Molasses	22,334,267.00		21,645,831.00	
Spirit	-		110,410,144.62	
Interest on delayed cane payment	121,352,524.00		-	
Total	2,952,990,457.34		2,038,052,811.80	

* Refer note no.2.29 (7)

Note 2.23 Purchases of stock-in-trade

PARTICULARS	Year ended 31st March, 2017		18 months ended 31st March, 2016	
	Rs.	P.	Rs.	P.
Sugar	122,768,100.00		188,891,250.00	
Total	122,768,100.00		188,891,250.00	

Notes forming part of financial statements...



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

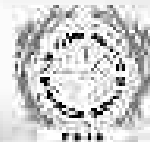
PARTICULARS	Year ended 31st March, 2017				Year ended 31st March, 2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Finished goods								
Opening stock								
Sugar	1,343,348,274.00				1,654,485,719.00			
Molasses	96,185,325.00				143,081,550.00			
Bagasse	5,913,584.00				15,414,528.00			
Industrial alcohol	60,760,180.00				43,787,150.00			
Country liquor					1,031,722.00			
Banked Power	6,310,339.00				3,701,552.00			
Pressmud	164,798.00				64,616.00			
Biocompost manure	-		1,512,682,500.00		-		1,861,566,837.00	
Less : Closing stock								
Sugar	2,025,526,226.00				1,343,348,274.00			
Molasses	113,109,450.00				96,185,325.00			
Bagasse	10,314,378.00				5,913,584.00			
Industrial alcohol	74,537,869.00				60,760,180.00			
Banked Power	3,682,457.00				6,310,339.00			
Pressmud	257,049.00		2,227,427,429.00		164,798.00		1,512,682,500.00	
Total (A)			(714,744,929.00)				348,884,337.00	
Work-in-progress								
Opening stock			54,193.00				211,456.00	
Less : Closing stock			224,458.00				54,193.00	
Total (B)			(170,265.00)				157,263.00	
Total (A+B)			(714,915,194.00)				349,041,600.00	
Less: Difference of Excise Duty on opening and closing stock			30,428,451.00				28,211,361.00	
Total			(684,486,743.00)				377,252,961.00	

Note 2.25 Employee benefits expense

PARTICULARS	Year ended 31st March, 2017		Year ended 31st March, 2016	
	Rs.	P.	Rs.	P.
Salary, wages and bonus	103,026,737.80		81,669,318.44	
Contribution to Provident Fund and other Funds	10,020,302.00		8,007,659.00	
Workmen and Staff Welfare Expenses	2,697,639.96		1,368,046.00	
Gratuity	6,429,953.00		2,295,666.00	
Total	122,174,632.76		93,340,689.44	

Note 2.26 Finance Costs

PARTICULARS	Year ended 31st March, 2017				Year ended 31st March, 2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Interest expense								
Cash Credit	24,777,804.00				116,840,422.00			
Term loan	54,300,720.77				45,426,675.40			
Others	820,582.03		79,899,106.80		112,540.49		162,379,637.89	
Documentation and other bank charges			4,260,671.08				6,117,059.92	
Total			84,159,777.88				168,496,697.81	



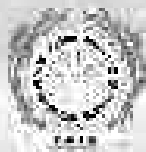
Note 2.27 Depreciation and amortisation expense

PARTICULARS	Year ended 31st March, 2017				Year ended 31st March, 2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Depreciation and amortisation on tangible assets	113,451,353.33				92,943,918.80			
Less: Transferred from revaluation reserve	274,018.88		113,177,334.45		323,631.60		92,620,287.20	
Amortisation on intangible assets			138,531.51				382,169.47	
Depreciation due to obsolescence			6,117,581.44				-	
Total			119,433,447.40				93,002,456.67	

Note 2.28 Other expenses

PARTICULARS	Year ended 31st March, 2017				Year ended 31st March, 2016			
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Consumption of stores and spare parts			34,006,534.99				27,160,676.04	
Packing materials			26,586,867.07				118,236,760.30	
Power and fuel			24,808,319.70				34,153,102.71	
Rent			18,955,102.00				17,643,382.00	
Repairs								
Buildings	15,225,518.59				13,741,848.17			
Machinery	107,127,869.59				94,988,194.39			
Others	10,643,154.55		132,996,542.73		11,204,686.47		119,934,729.03	
Insurance			3,991,343.00				3,188,060.00	
Rates and taxes (excluding taxes on income)			7,721,780.08				12,075,268.58	
Selling Expenses :								
Commission to Selling Agents	8,159,685.00				5,611,785.00			
Other Selling Expenses	15,648,314.00				10,542,306.00			
Selling Expenses on Sugar Trading	-		23,807,999.00		-		16,154,091.00	
Payments to auditor								
Statutory audit fee	420,000.00				403,500.00			
Tax audit fee	100,000.00				100,000.00			
For other services	-				302,200.00			
Reimbursement of expenses	33,147.00		553,147.00		16,500.00		822,200.00	
Charity and donation			74,375.00				44,352.00	
Net loss on foreign currency transactions and translations			9.00				-	
Printing and stationary			1,422,249.26				1,244,051.00	
Communication expenses			1,929,710.54				1,431,166.37	
Travelling Expenses			26,288,414.51				19,376,359.27	
Consultancy and legal expenses			10,549,901.23				8,102,961.76	
Director sitting fee			133,000.00				143,000.00	
Director remuneration			31,800,000.00				9,000,000.00	
Miscellaneous expenses			27,534,953.08				29,409,795.79	
CSR Expenditure			2,110,000.00				2,052,783.00	
Loss of destroyed raw material			-				495,153.38	
MGQ charges			-				36,981,397.00	
State Excise Duty, VAT and fee			-				72,966,777.00	
Loss on sale/discard of fixed assets			189,669.04				-	
Transfer to storage fund for molasses			220,730.50				212,732.00	
Provision for doubtful debts and advances			877,076.66				79,767.75	
Balances written off			12,827,900.74				-	
Prior period expenses			2,129,532.40				225,689.00	
TOTAL			391,515,157.53				531,134,254.98	

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.157.72 lacs (Previous Year - Rs.161.60 lacs).
- (ii) Claims against the company not acknowledged as debts in respect of criminal and Civil Cases – Rs.34.54 lacs (Previous Year -Rs.33.71 lacs).
- (iii) Bank guarantees given to the Central Government, Excise Department, Commissioner Excise & Commercial Tax Department of Bihar and Oil Manufacturing companies, aggregating to Rs.570.88 lacs (Previous Year – Rs.587.11 lacs).
- (iv) As per the amended provision of the Bonus Act, differential amount of bonus liability of Rs.16.93 lacs (Previous Year Rs.16.93 lacs) for F.Y. 2014-2015.
- (v) Disputed sales tax, income tax and excise duty cases under appeal - Rs. 31982.03 lacs (Previous Year Rs. 33181.82 lacs)

Description	Current Year Rs. in lacs	Previous Year Rs. in lacs
Central Excise Act VAT/Entry Tax/CST	3827.93 120.39	1879.14 1.34
Income Tax	28033.71	31301.34
Total	31982.03	33181.82

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- Rs.452.77 lacs (Previous Year - Nil).
- (ii) Advances paid against above- Rs.34.63 lacs (Previous Year -Nil).

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 year	Previous year
Employers' contribution to provident fund	Rs.1,00,20,302/-	Rs.80,07,659/-

b. Defined benefits plans

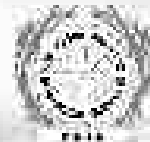
Long term employee benefits in the form of gratuity and leave encashment are considered as defined benefit plan. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the balance sheet date. The amount of defined benefits recognized in the 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:

(Amount in Rs.)

	Gratuity Current Year	Gratuity Previous Year	Leave Encashment Current Year	Leave Encashment Previous Year
Discount rate (per annum)	7.50%	8.00%	7.50%	8.00%
Future salary increase	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	7.50%	8.50%	0%	0%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
I. Expenses recognized in profit and loss account				
Current service cost	22,42,420	19,14,487	7,49,732	6,26,537
Interest cost	18,05,318	18,68,009	2,62,675	2,10,798
Expected return on plan assets	(15,06,590)	(14,25,215)	-	-
Net actuarial loss/ (gain) recognized in the period	22,01,447	(61,615)	15,76,860	11,54,169
Net expenses recognized	47,42,594	22,95,666	25,89,267	19,91,504
II. Net liability/(assets) recognized in the balance sheet as at 31st March, 2017				
Present value of obligation at the end of period	2,71,81,321	2,40,70,913	48,70,751	35,02,333
Fair value of the plan asset at the end of period	2,07,51,368	2,00,87,869	-	-
Funded status [(surplus)/(deficit)]	(64,29,953)	(39,83,044)	(48,70,751)	(35,02,333)
Net (asset)/liability as at 31st March, 2017	2,71,81,321	2,40,70,913	48,70,751	35,02,333
III. Change in present value of obligation during the year				
Present value of obligation at the beginning of year				
Current service cost	2,40,70,913	2,33,50,108	35,02,333	26,34,981
Interest cost	22,42,420	19,14,487	7,49,732	6,26,537
Benefits paid	18,05,318	18,68,009	2,62,675	2,10,798
Actuarial loss/ (gain) on obligations	(35,97,511)	(24,46,147)	(12,20,849)	(11,24,152)
	26,60,181	(6,15,544)	15,76,860	11,54,169
Present value of obligation at the year end	2,71,81,321	2,40,70,913	48,70,751	35,02,333
IV. Change in present value of fair value of plan assets				
Fair value of plan assets as at the beginning of period				
Return on plan assets				
Contributions	2,00,87,869	1,55,42,518	-	-
Benefits paid	19,65,324	8,71,286	-	-
Actuarial loss/ (gain)	22,95,686	61,20,212	-	-
	(35,97,511)	(24,46,147)	-	-
Fair value of plan assets at the year end	2,07,51,368	2,00,87,869	-	-
Details of plan asset	Gratuity Trust	Gratuity Trust	N/A	N/A

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.



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. 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. 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 31.03.17 shown under Note 2.2 of "Reserve & Surplus".
5. Certain balances in account of debtors, advances, deposit account, and creditors are subject to reconciliation and confirmation by the respective parties. The management carries out review of these advances from time to time from realization point of view and based on the same, the required provisions have been considered in the accounts. The management is of the view that the realization from these assets in the ordinary course of business would not be less than the amount at which they are stated in the books of account.
6. 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.
7. Cost of material consumed for the year ended 31st March, 2017 includes Rs.224.07 lacs of Cane Commission receivable from State Government as relief announced for the season 2015-16 has not been finally disbursed/released during the year, hence the same has been reversed by debiting the same to cane commission expenses of the year.
8. Since, the sugar industry is a seasonal industry; the cost of production of sugar is worked out on annualized basis.

9. 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. Jhunjhunwala -Chairman
- Shri Aditya Jhunjhunwala -Managing Director
- Shri Sanjay Jhunjhunwala -Joint Managing Director

b) Details of the related parties:

i. Key Management Personnel (Group A)

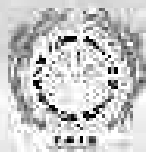
- Shri L. K. Jhunjhunwala -Chairman
- Shri Aditya Jhunjhunwala -Managing Director
- Shri Sanjay Jhunjhunwala -Joint Managing Director
- Shri S. C. Agarwal -Executive Director
- Shri Rajeev Kumar -Company Secretary
- Shri Arvind Kumar Gupta -Chief Financial Officer

ii. Relatives of Key Management Personnel (Group B)

- Shri P. C. Jhunjhunwala
- L. K. Jhunjhunwala (HUF)
- A. K. Jhunjhunwala (HUF)
- S. K. Jhunjhunwala (HUF)
- Smt. Naina Jhunjhunwala (Wife of Shri L.K. Jhunjhunwala)
- Smt. Priti Jhunjhunwala (Wife of Shri Aditya Jhunjhunwala)
- Smt. Priti Jhunjhunwala (Wife of Shri Sanjay Jhunjhunwala)
- Shri Vatsal Jhunjhunwala (Son of Shri A. K. Jhunjhunwala)
- 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. Enterprises/ Parties over which Key management personnel or their relatives have substantial interest/ significant influence (Group C)

- K.M. Plantations (P) Ltd.
- Marvel Business (P) Limited
- Francoise Commerce (P) Limited
- Nidhi Financial Services (P) Limited
- Shree Shakti Credits Limited
- Prakash Properties Limited
- Promissing Logistics (P) Ltd.
- Shailja Properties (P) Ltd.
- Zar International (P) Ltd.
- Shivam Trust
- Vatsal Trust
- Palak Jhunjhunwala Trust
- Shri Laxmi Public Charitable Trust



c) Transactions with the related parties:

(Rs. in Lacs)

(Rs. in Lacs)

Sl no.	Nature of transaction/ Name of the related party	Key Managerial Personnel (KMP)	Enterprises over which KMP and their relatives have substantial interest/ significant influence	Total Current Year (Previous Year)
i.	Remuneration including PF			
	Shri L K Jhunjunwala	111.57 (40.32)	- (-)	111.57 (40.32)
	Shri Aditya Jhunjunwala	97.25 (20.45)	- (-)	97.25 (20.45)
	Shri Sanjay Jhunjunwala	97.48 (20.29)	- (-)	97.48 (20.29)
	Shri S. C. Agarwal	28.40 (18.37)	- (-)	28.40 (18.37)
	Shri Rajeev Kumar	10.29 (9.50)	- (-)	10.29 (9.50)
	Shri Arvind Kumar Gupta	13.23 (12.30)	- (-)	13.23 (12.30)
ii.	Sugar sold			
	Sri Shakti Credits Ltd.	- (-)	- (4557.00)	- (4557.00)
iii.	Rent paid			
	Sri Shakti Credits Ltd.	- (-)	5.40 (5.40)	5.40 (5.40)
	Zar International Pvt. Ltd.	- (-)	1.14 (1.14)	1.14 (1.14)
	Marvel Business Pvt. Ltd.	- (-)	7.20 (-)	7.20 (-)
iv.	Advance given / Repaid			
	Arvind Kumar Gupta	- (5.00)	- (-)	- (5.00)
	Shailja Properties Pvt. Ltd.	- (-)	- (0.21)	- (0.21)
v.	Advance received back			
	Sri Shakti Credits Ltd.	- (-)	369.24 (-)	369.24 (-)
vi.	Security amount paid			
	Marvel Business Pvt. Ltd.	- (-)	9.00 (-)	9.00 (-)
vii.	Security amount received back			
	Marvel Business Pvt. Ltd.	- (-)	9.00 (-)	9.00 (-)
viii.	Balance outstanding			
	a. Amount receivable			
	Sri Shakti Credits Ltd.	- (-)	- (365.18)	- (365.18)
	b. Loans payable			
	Shri L K Jhunjunwala	31.00 (31.00)	- (-)	31.00 (31.00)
	Shri Aditya Jhunjunwala	61.50 (61.50)	- (-)	61.50 (61.50)
	Shri Sanjay Jhunjunwala	61.50 (61.50)	- (-)	61.50 (61.50)
	c. Amount payable			
	Shri L K Jhunjunwala	48.10 (13.28)	- (-)	48.10 (13.28)
	Shri Aditya Jhunjunwala	67.28 (20.60)	- (-)	67.28 (20.60)
	Shri Sanjay Jhunjunwala	69.15 (23.72)	- (-)	69.15 (23.72)
	Shri S. C. Agarwal	0.75 (1.49)	- (-)	0.75 (1.49)

- The transactions with related parties have been entered at an amount, which are not materially different from those on normal commercial terms.
- No amount has been written back/written off during the year in respect to due to/due from related parties.
- 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.

10. Segment Reporting: Information on the Segment Reporting for the year ended 31.03.2017:

The company has identified three primary business segments viz. Sugar, Distillery and Power. Segments have been identified and reported taking into account the nature of products, the differing risks and returns, the organizational structure and internal business reporting system.

Particulars	Sugar		Distillery		Co-Generation		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue										
Gross sales	35174.64	32538.95	4140.84	6474.67	5062.47	3783.89	-	-	44377.95	42797.51
Less: Inter segment sales	5762.08	4494.33	-	-	2934.43	1816.00	-	-	8696.51	6310.33
External sales	29412.56	28044.62	4140.84	6474.67	2128.04	1967.89	-	-	35681.44	36487.18
Less: Excise duty and cess	1403.29	906.74	281.05	293.77	-	-	-	-	1684.34	1200.51
Net sales	28009.27	27137.88	3859.79	6180.90	2128.04	1967.89	-	-	33997.10	35286.67
Add: Other income	544.07	367.73	78.02	26.13	272.68	219.29	-	-	894.77	613.15
Total Revenue	28553.34	27505.61	3937.81	6207.03	2400.72	2187.18	-	-	34891.87	35899.82
Segment Results	3192.85	2022.07	795.88	(232.92)	659.19	896.23	(2.30)		4647.92	2683.08
Less: Finance costs	530.04	1446.39	13.58	29.80	297.98	208.78	-	-	841.60	1684.97
Profit before tax	2662.81	575.68	782.30	(262.72)	361.21	687.45	(2.30)		3806.32	998.11
Tax										
Current tax									660.66	50.65
Deferred Tax									321.19	(223.47)
Profit after tax									2824.47	1170.93
Other Information										
Segment Assets	28202.78	20793.39	5385.06	2506.64	6637.06	4409.81	11.98	11.98	40236.88	27721.82
Segment Liabilities	22692.23	14825.98	3448.67	2992.01	192.81	401.03	7.96	7.96	26341.67	18226.98
Capital Expenditure*	1069.23	546.38	2494.57	51.16	3806.10	188.27	-	-	7369.90	785.81
Depreciation	620.15	608.80	152.91	150.50	421.27	170.72	-	-	1194.33	930.02

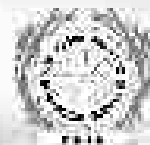
*Capital expenditure includes fixed assets capitalized during the year and net increase/decrease in capital work-in-progress.

The transactions between segments are primarily for materials which are transferred at market determined prices. The inter division transfer of electricity was being done at agreed rates applicable for supply to UPPCL till now. The same has been accounted for at tariff rate applicable to the company for purchase of electricity from UPPCL during the year. Common costs are apportioned on a reasonable basis.

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

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

- Sundry creditors include a sum aggregating Rs.2.00 lacs (Rs. Nil) due to micro & small enterprises is on account of principal only.
- 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.
- 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.
- The amount of interest accrued and remaining unpaid Rs. Nil.
- 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.

12. Earning Per Share

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

	Current year (Amount Rs. In lacs)	Previous year (Amount Rs. In lacs)
Net Profit/Loss after tax as per statement of Profit & Loss	2824.47	1170.93

No. of Equity Shares of Rs. 2 each	92000170	92000170
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Earning Per Equity Share (Basic & diluted)	3.07	1.27
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13. Directors' Remuneration:-

S. No.		Chairman	Managing Director and Joint Managing Director	Executive Director
a)	Salary (Previous Year)	36,00,000 (36,00,000)	48,00,000 (36,00,000)	24,00,000 (18,00,000)
b)	Commission (Previous Year)	70,00,000 (-)	1,40,00,000 (-)	-
c)	Contribution to Provident Fund (Previous Year)	4,32,000 (4,32,000)	4,92,000 (4,32,000)	1,32,600 (21,600)
d)	Perquisites:			
	(i) Residence			
	-Furnished (Previous Year)	- (-)	- (-)	-
	(ii) Residence			
	-Unfurnished (Previous Year)	- (-)	- (-)	1,83,390 (1,59,000)
	(iii) Medical Reimbursement (Previous Year)	7,500 (-)	22,500 (42,434)	60,206 (14,946)
	(iv) Other benefits	1,17,600 (-)	1,58,400 (-)	63,600 (-)
	Total (Previous Year)	1,11,57,100 (40,32,000)	1,94,72,900 (40,74,434)	28,39,796 (19,95,546)

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

14. Statement of additional information:-

a) Expenditure in Foreign Currency:

Travelling Expenses	Rs.39.04 lacs (P.Y.-Rs.30.22 lacs)
Others	Rs. 2.95 lacs (P.Y.-Rs.4.90 lacs)

b) Receipt from a debtor in Foreign Currency of old dues: Nil (P.Y.- Rs.365.79 lacs)

c) Break up of Raw Materials and components consumed.

		Current year %age Amount (in lacs)	Previous year %age Amount (in lacs)
i. Raw material			
Indigenous	100%	29529.90	100% 20380.53
Imported	-	-	-
ii. Stores and packing material			
Indigenous	100%	605.93	100% 1453.97
Imported	-	-	-

15. The borrowings from banks were restructured under Corporate Debt Restructuring Mechanism (CDR) vide letter of approval dated 27.03.2012 issued by CDR EG. The lenders have approved exit from CDR and finalized interest recompense amount Rs.587.50 lacs, which has been deposited in no lien account with Lead Bank in May, 2017. The necessary impact of the same has been duly considered in the accounts.

16. State Government had issued orders for waiver of interest on delayed cane payment to farmers for the sugar seasons 2012-13 to 2014-15. The Hon'ble High Court of Allahabad, Lucknow Bench vide order dated 09.03.2017 in PIL No.67617 of 2014 connecting with other PIL and cases has quashed the waiver of interest for these years and remanded to Commissioner for consideration of interest payment to farmers on account of delayed cane payment. In view of the court order, provision for interest amounting to Rs.1213.53 lacs on delayed cane payment as per demand raised by cane societies has been provided for the sugar seasons 2012-13 to 2016-17. The interest payable amount has been shown under current liability Note No.2.9 (x) 'Others'.

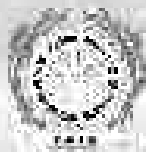
17. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the table below:

Particulars	Formula	Specified Bank Notes (SBN)*	Other denomination Notes **	Total
		P	Q	R=P+Q
Closing cash in hand as on 08.11.2016	A	16,20,000.00	1,82,021.25	18,02,021.25
(+) Permitted receipts	B			
a. Cash withdrawal from Banks		-	4,78,000.00	4,78,000.00
b. Other permitted receipts		-	23,90,314.00	23,90,314.00
(-) Permitted Payments	C	1,26,000.00	30,00,634.00	31,26,634.00
(-) Amount deposited in Banks	D	14,94,000.00	-	14,94,000.00
Closing Cash in Hand as on 30.12.2016	E=A+B-C-D	-	49,701.25	49,701.25

* Specified Bank Notes (Old Currency Note of Rs.500 & Rs.1000)

** Other than Specified Bank Notes (Rs.100 / Rs.50 / Rs.20 / Rs.10 / Rs.5 / Rs.2 / Rs.1 / coins & New Currency note of Rs.2000 and Rs.500).

18. As per Bihar State Government directions, the operation of country liquor bottling unit in Bihar remain discontinued during the year ended on 31.03.2017. Depreciation due to obsolescence has been provided on fixed assets amounting to Rs.61.17 lacs in current year. The carrying amount of assets amounting to Rs. 561.92 lacs and liabilities amounting



to Rs.1175.05 lacs stand in the books as on 31.03.17 and further, revenue of Rs.19.19 lacs (Interest) earned during the year against which a sum of Rs.82.85 lacs expended during the year.

19. The company had set up a cogeneration power plant of 25 MW at factory premises in the financial year 2006-07 and is continuously operating since then. This power generation plant qualifies under Section 80IA of the Income Tax Act, 1961 for deduction of its entire profits from such business for 10 consecutive years out of 15 years. The company has availed the option to treat the financial year 2011-12 as the first year of deduction but it could not claim any deduction till now due to brought forwarded losses. Now, the company intends to claim deduction from this year onwards in view of set off of all brought forwarded losses.

20. Additional Information, as required under Schedule III to the Companies Act, 2013:

As at 31st March, 2017

Name of the Entity	Net Assets (Total assets - total liabilities)		Share in Profit/(Loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent K M Sugar Mills Ltd.	90.38	61,23,24,730.15	114.65	32,38,18,126.45
Subsidiary - Indian K M Energy Pvt. Ltd.	9.62	6,52,02,162.85	(14.65)	(4,13,71,338.51)
Total	100.00	67,75,26,893.00	100.00	28,24,46,787.94
Minority interest in subsidiary		6,57,13,753.29		(1,52,453.41)
Adjustment arising on account of consolidation		(10,67,76,301.37)		1,52,453.40

As at 31st March, 2016

Name of the Entity	Net Assets (Total assets - total liabilities)		Share in Profit/(Loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent K M Sugar Mills Ltd.	75.97	28,85,59,892.08	99.84	11,69,02,283.19
Subsidiary - Indian K M Energy Pvt. Ltd.	24.03	9,12,81,351.36	0.16	1,90,830.72
Total	100.00	37,98,41,243.44	100.00	11,70,93,113.91
Minority interest in subsidiary		6,31,93,206.70		1,81,126.03
Adjustment arising on account of consolidation		(9,16,36,604.77)		(51,524.10)

21. The subsidiary of K M Sugar Mills Ltd., namely K M Energy Pvt. Ltd., has installed and commissioned solar power plant of 5 MW in the month October 2016 and supplying electricity to U P Power Corporation Ltd.

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

As per our report of even date attached

For Mehrotra & Mehrotra
Chartered Accountants
F.R. No.0226C

CA. Rajesh Jhalani
Partner
M.No.074809

Place: Lucknow
Date: 22.05.2017

For & on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

A K Gupta
Chief Financial Officer

Aditya Jhunjunwala
Managing Director
DIN-01686189

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 44th 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 Thursday, the 28th day of September, 2017 at 11:00 a.m. transact the following business:

ORDINARY BUSINESSES:

1. To consider and adopt (a) the audited financial statement of the Company for the financial year ended on March 31, 2017 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended on March 31, 2017 and the report of the Auditors thereon and, to consider and pass, with or without modification (s), the following resolutions as the Ordinary Resolutions:

- a. "Resolved that, the audited financial statement of the Company for the financial year ended on March 31, 2017 and the reports of the Board of Directors and Auditors thereon laid before the 44th Annual General Meeting of the members of the Company, be and are hereby received, considered and adopted."
- b. "Resolved that, the audited consolidated financial statement of the Company for the financial year ended on March 31, 2017 and the report of Auditors thereon laid before the 44th Annual General Meeting of the members of the Company, be and are hereby received, considered and adopted."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to do, perform and execute all such acts, deeds and things and to settle any question, difficulty or doubt, that may arise and to do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient and for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."

2. To appoint a director in place of Shri Aditya Jhunjunwala, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Shri L.K. Jhunjunwala, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Agiwal & Co, Chartered Accountants, New Delhi, Auditors at this Annual General Meeting 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. Agiwal & Co, Chartered Accountants (Firm Registration No 000181N), 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, be and is hereby appointed as statutory Auditors of the Company (in place of M/s Mehrotra & Mehrotra, Chartered Accountants, who retires as the Statutory Auditors at ensuing Annual General Meeting on completion of his tenure) from the conclusion of 44th Annual general meeting till the conclusion of 49th annual general meeting of the Company, on such remuneration plus G.S.T., 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 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 2017-18 be and is hereby approved."

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

Company Secretary
Rajeev Kumar

Place: Lucknow

Dated: 10.08.2017

Notes:

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote instead of him. The proxy need not be member of the company. Proxy to be valid shall be deposited with company not later than 48 hours before the time for holding the meeting.
2. A person can act as proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. As per the Listing Agreement with stock Exchanges, the brief resume, functional expertise of the

directors proposed for reappointment is annexed as Appendix-A.

3. The relevant Explanatory Statement pursuant to Section 102 of the companies Act, 2013, in respect of Special Business is annexed.
4. The register of Members and share transfer books of the Company will remain closed from 23th September, 2017 to 28th September, 2017 (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 and also to provide their mailing address for quick response.
6. Members are requested to bring their copies of the Report and Accounts to the meeting.
7. Members who require any information about the accounts to be explained in the meeting are requested to inform the Company about the intended query at least seven days in advance of the meeting.
8. The copy of annual report, notice of general meeting, notice of e-voting, etc. are being sent to the members through e-mail who have registered their email ids with their depository participant (DPs) / Company's Registrar and Transfer Agent (RTA).
9. Members are requested to update their preferred e-mail ids with the Company / DPs / RTA, which will be used for the purpose of future communications.
10. Members whose e-mail id is not registered with the Company will be sent physical copies of Annual Report, notice of e-voting etc. at their registered address through permitted mode.
11. Annual Reports will also be available at the Investor's Corner on the website of the Company at www.kmsugar.com.
12. Members are requested to opt for electronic mode of communication and support the Green initiatives of the Government. Pursuant to Section 108 of the Companies Act, 2013, the Company provides e-voting facility to the members to exercise their voting right. The process and manner of voting containing detailed instructions is given below in point no.13.
13. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time and Regulation 44(1) of SEBI (LORD) Regulations, 2015 the 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 44th 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 24th September, 2017 (10:00 am) and ends on 27th September, 2017 (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 21st September, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The instructions for Voting through electronic means are as under:

- i. The shareholders should log on to the e-voting website www.evotingindia.com.
- ii. Click on Shareholders.
- iii. Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv. Next enter the Image Verification as displayed and Click on Login.
- v. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vi. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN: Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is provided through separate letter attached with Annual report.

Dividend Bank Details OR Date of Birth (DOB) Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).
- vii. After entering these details appropriately, click on "SUBMIT" tab.
- viii. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- x. Click on the EVSN for the relevant Company Name i.e. K M Sugar Mills Limited on which you choose to vote.
- xi. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xviii. Note for Non – Individual Shareholders and Custodians
 - ☐ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - ☐ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - ☐ After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - ☐ The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - ☐ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xix. Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. may follow the same instructions as mentioned above for e-Voting.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com
- xxi. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- xxii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- xxiii. Mr. Amit Gupta, Practicing Company Secretary, Lucknow, (Membership No. FCS 5478 CP No. 4682) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- xxiv. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper" or "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.
- xxv. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- xxvi. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.kmsugar.com and on the website of CDSL www.evotingindia.com immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges viz. 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: 10-08-2017

ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013
AND SEBI(LORD) REGULATIONS, 2015

Item no. 4

As per the provisions of section 139(2)(b) of The Companies Act 2013, M/s Mehrotra & Mehrotra, Chartered Accountants, (Firm Registration No.000226C), Statutory Auditors of the company, who retires as the Statutory Auditors at ensuing Annual General Meeting on completion of his tenure.

The Company received a letter from M/s. Agiwal & Associates, Chartered Accountants, New Delhi (FRN no. 000181N) proposing their candidature for the office of Statutory Auditors of the Company in place of M/s Mehrotra & Mehrotra, Chartered Accountants, who retires as the Statutory Auditors at ensuing Annual General Meeting on completion of his tenure. M/s. Agiwal & Associates, Chartered Accountants also satisfied the criteria as laid down u/s 141 of The Companies Act 2013 in this regard.

The Board recommends the Ordinary Resolution set out at item No.4 of the notice for the approval by the shareholders.

Item no. 5

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 2017-18 in the meeting held on 22.05.2017 on such remuneration to be decided by the Board on the recommendation of the Audit Committee. Pursuant the provision of section 148 other applicable provisions if any of the Companies Act, 2013 and rule made thereunder (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. 5 of the notice for approval and ratification to the members as an Ordinary Resolution.

None of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in this resolution.

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

Date: 10-08-2017

Place: Lucknow

Rajeev Kumar
Company Secretary

Appendix -A

Sr. No.	Name of the Director	Qualification	Directorship of Other Companies	Committee position held in other companies	Professional / expertise	Nos. of shares held <hr/> Relationship between directors interse
1.	Mr. Aditya Jhunjunwala (DIN-01686189)	B.A	Shri Shakti Credits Ltd., Promising Logistic Pvt. Ltd., Thermocraft (India) Pvt. Ltd., Prakash Properties Pvt. Ltd., Francoise Commerce Properties Pvt. Ltd., Zar Internationals Pvt. Ltd., Avantika Tradeline Pvt. Ltd., Brilliant Barter Pvt. Ltd., Marvel Business Pvt. Ltd., K.M. Plantation Pvt. Ltd., Benaras Inorganics Pvt. Ltd., H.H Foundation.,	NIL	Has vast experience in Finance and Taxation and operational management of sugar industry	3704200 Nos. of Equity shares (Pledged with Bank) <hr/> Related with Shri L.K. Jhunjunwala and Shri Sanjay Jhunjunwala
2.	Mr. L.K. Jhunjunwala (DIN-01854647)	B.A	Nidhi Fin. Serv. Pvt. Ltd., Satyam Trade Centre Pvt.Ltd., Shailja Prop. Pvt. Ltd., Jhunjunwala Securities Pvt. Ltd., Marvel Business Pvt. Ltd., Sir Shadi Lal Enterprises Limited	1.FICCI-U.P. – Chairman 2.PHDChamber of Commerce-U.P. 3.ISMA-Member	Has vast experience of Sugar Technology and leadership skills in heading the Company	15668500 Nos. of Equity shares (5602600 no. of equity sharesPledged with Bank) <hr/> Related with Shri Sanjay. Jhunjunwala and Shri Aditya Jhunjunwala

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 44th ANNUAL GENERAL MEETING of the Company held on Thursday, 28th day of September, 2017 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.

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

CIN : L15421UP1971PLC003492
Name of the company : K M SUGAR MILLS LIMITED
Registered office : 11 – Moti Bhawan, 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 Thursday, 28th day of September, 2017 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	(a) To receive, consider and adopt the Directors' Report and Standalone Audited Profit & Loss Account for the year ended 31 st March, 2017 and the Balance Sheet as at that date together with the Auditors' Report thereon. (b) To receive, consider and adopt the Directors' Report and Consolidated Audited Profit & Loss Account for the year ended 31 st March, 2017 and the Balance Sheet as at that date together with the Auditors' Report thereon.			
2	To appoint a director in place of Shri Aditya Jhunjuwala,			
3.	To appoint a director in place of Shri L.K Jhunjuwala			
4.	To appoint M/s. Agiwal&associates , Chartered Accountants, New Delhi, Auditors of the Company in place of M/s Mehrotra & Mehrotra, Chartered Accountants, who retires as the Statutory Auditors at ensuing Annual General Meeting on completion of his tenure			
5.	Approval of the remuneration of the Cost Auditors			

Signed this..... day of.....2017

Signature of shareholder

Affix
revenue
stamp

Signature of first proxy holder (s)

Notes:

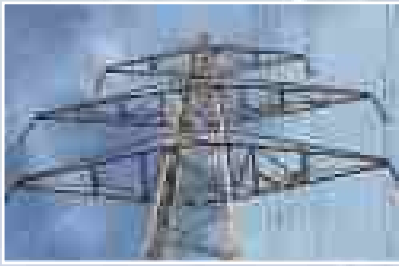
- (1) The proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding 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.

Route map of the registered office of K.M SUGAR MILLS LIMITED at
11 – MOTI BHAVAN, COLLECTOR GANJ, KANPUR-208001 (U.P.)





World Class Sugar



Power Generation



Ethanol



Registered Office :

11, Moti Bhawan, Collectorganj, Kanpur – 208 001 U.P. (INDIA)
Tel No: (0512) 2310762, Fax No: (0512) 2310762

Corporate Office and Works :

Post Office Moti Nagar, District Faizabad-224 201 U.P. (INDIA)
Tel No: (05278) 254 059, 254 173, Fax No: (05278) 254 031
Email: cs@kmsugar.com Website: www.kmsugar.com