



K. M. Sugar Mills Limited

47th
ANNUAL REPORT
2019-20



Contents

1.	Company Information	1
2.	Report of the Board of Directors	2-8, 24-41
3.	Corporate Governance Report	9-18
4.	Management Discussion & Analysis Report	19-23
<i>Stand Alone Financial Statement</i>		
5.	Auditors Report	42-47
6.	Balance Sheet	48
7.	Profit & Loss account	49
8.	Cash flow Statement	50
9.	Statement of Change in Equity	51
10.	Notes forming part of Financial Statement	52-80
<i>Consolidated Financial Statement</i>		
11.	Auditors Report	81-85
12.	Balance Sheet	86
13.	Profit & Loss account	87
14.	Cash flow Statement	88
15.	Statement of Change in Equity	89
16.	Notes forming part of Financial Statement	90-119

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

Shri S. K. Gupta

Smt. Madhu Mathur

Dr. Sushil Solomon

Company Secretary

Ms. Pooja Dua

Auditors

M/s. AGIWAL & ASSOCIATES

Chartered Accountants,

Lal Kothi, 2nd Floor, Pataudi House Road,

Above Bank of Baroda, Dariyaganj,

NEW DELHI - 110 002

Bankers

STATE BANK OF INDIA

PUNJAB NATIONAL BANK

Registered Office

11, Moti Bhawan, Collectorganj,

Kanpur - 208001 U. P.

Corporate Office & Works

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



DIRECTORS' REPORT

Directors' Report...

To,
The Members,
Your Directors have pleasure in placing the 47th Director's Report along with the Audited Statement of Accounts for the year ended on 31st March, 2020. Financial Performance
The Financial performance of the Company during the year ended 31st March 2020 as under :

(Rupees in Lakhs)

	Standalone		Consolidated	
	Year ended on 31 st March, 2020	Year ended on 31 st March, 2019	Year ended on 31 st March, 2020	Year ended on 31 st March, 2019
Profit before interest, depreciation & tax	5991	5047	5929	5038
Less: Interest	1699	603	1699	603
Less: Depreciation	1491	1240	1497	1240
Profit before tax	2801	3204	2733	3195
Provision for taxation :-				
Less: current tax	515	651	515	651
Less: Deferred tax	443	128	444	128
Net Profit before extraordinary Items	1843	2425	1775	2416
Add: Extra-ordinary item	0	0	0	0
Net Profit	1843	2425	1775	2416
Earnings Per Share of Rs. 2/- each	2.00	2.64	1.93	2.63

Results of Operations and the State of Company's Affairs
For the year ended on 31st March, 2020, sales stood at Rs.49284.79Lacs against the Rs. 39005.38 Lacs of previous financial year ended as at 31st March, 2019. During the financial year under review, the company has also done sugar export/trading amounting to Rs. 1598.97 Lacs, against Rs.2690.44 Lacs in the previous financial year ended as at 31st March, 2019. Profit after interest and depreciation stood at Rs.2801 Lacs as against the profit of Rs.3204 Lacs in the previous year.

Your company started the manufacturing and selling of Sanitizer in March,2020 to grab the business opportunity and meet out its requirement raised due to COVID-19 pandemic.

Dividend

Your directors have not recommended any dividend for the financial year ended 31st March 2020.

Adoption of Ind-As

As mandated by the Ministry of Corporate Affairs, the financial Statement for the year ended on March 31, 2020 has been prepared in accordance with the Indian Accounting Standard (IND AS) notified under Section 133 of the Companies Act, 2013 reads with Companies (Accounts) Rules, 2014. The estimates and judgment relating to the Financial Statement are made on a prudence basics, so as to reflect a true and fair manner, the form and substance of transaction and reasonably present the Company's state of Affairs, profits and cash flow for the year ended March 31, 2020. Accordingly, the figures for the previous year are comparable.

Performance of Divisions:-

Sugar Division

The company has crushed 11305289.06 Lacs quintals of cane and the Sugar sale was Rs. 41,332.04 lacs during the

year under review as against Rs. 29,657.79 lacs during the previous financial year. The other details are as under:

	Year 31-03-2020	Year 31-03-2019
Gross Working days	152	149
Total Cane Crushed (qtls.)	11305289.06	11160820.12
Sugar Produced (qtls)	1291085	1226300
Average Recovery	11.43%	11.01%



Co-Generation :

During the year under report, the company produced 87945550 KWH power and exported 51333371.08 KWH to UPPCL. The other details are as under:

	Year 31-03-2020	Year 31-03-2019
Gross Working days	158	187
Produced (in KWH)	87945550	95549145
Exported (in KWH)	51333371.08	59562853.84
Sales (in lacs)	1504.07	2972.19



Distillery

During the year under report, Company Produced 124.29 Lacs BL of Rectified Spirit and 114.67Lacs BL of ethanol. The other details are as under:

	Year 31-03-2020	Year 31-03-2019
Gross Working days	158	187
Produced (in lacs - BL)	124.29	105.62
Sales (Rs. in lacs)	4923.52	4620.67
Recovery Rate	20.97	22.63
Ethanol Sales (BL in lacs)	113.00	102.38





Auditors

At the 44th Annual General Meeting held on 28th September, 2017 the Members approved appointment of M/s. Agiwal & Co, Chartered Accountants, New Delhi as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that Annual General Meeting till the conclusion of the 49th Annual General Meeting, subject to ratification of their appointment by Members at every Annual General Meeting, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every Annual General Meeting has been done away by the Companies (Amendment) Act, 2017 with effect from 07th May, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 47th Annual General Meeting of the company.

Auditors' Report

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

Secretarial Auditors

Ms. Pragati Gupta, Practicing Company Secretary were appointed as Secretarial Auditors of the Company for the year 2019-20 as required under Section 204 of the Companies Act, 2013 and Rules made there under. The Secretarial Audit report for FY 2019-20 forms part of the Annual Report (Annexure to the Directors' Report in Form MR-3) as annexed as Annexure-10 to this report and carries no qualifications, reservations, adverse remarks or disclaimers and hence no explanation is required.

The Board appointed Ms. Pragati Gupta, Practicing Company Secretary (Membership no. ACS- 19302), as Secretarial Auditor of the Company for the financial year 2020-21.

Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and rules made there under, the Board on the recommendation of the Audit Committee has re-appointed M/s. Aman Malviya & Associates, Cost Accountant, as Cost Auditors to conduct cost audits relating to sugar and industrial alcohol for the year ended 31st March, 2020.

Cost Accountant has confirmed that their appointment is within the limits of Section 141(3)(g) of the Act and free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

The Cost Audit Report for the financial year 2019-2020 did not contain any qualification, reservation, adverse remark or disclaimer.

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. The Board consists of professionally qualified individuals from diverse backgrounds with wide experience in business, education, finance and public service. As at year end, the Board consists of eight directors, one of whom is executive Chairman, one is Managing Director, one is Joint Managing Director, one is Executive Director and four are Independent directors including one women director. 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. The Company affirms that there has been no change in this policy and that the remuneration paid to directors is as per the terms laid out in this policy.

Induction & Changes in Directors

Shri L.K. Jhunjhunwala, Shri Aditya Jhunjhunwala, Shri Sanjay Jhunjhunwala and Shri S.C. Agarwal are the whole time directors designated as Chairman, Managing Director and Joint Managing Director & Executive Director cum C.E.O.

Shri H.P. Singhania, Shri S.K. Gupta, Smt. Madhu Mathur and Dr. Sushil Solomon are the Independent Directors of the Company.

PNB has withdrawn Shri A.K Mishra, Nominee Director from the Board and the same was approved in the Board Meeting Held on 10th April, 2019.

Shri R. S. Shukla, Independent Director of the company resigned from the Board of the company in the Board Meeting Held on 29th May, 2019 w.e.f. the same date due to personal reasons. Further, it was confirmed by Shri. R.S. Shukla that there were no other material reason other than those specified above.

Shri S. B. Singh, Independent Director of the company resigned from the Board of the company in the Board Meeting Held w.e.f. 21st October, 2019 due to personal Reasons. Further, it was confirmed by Shri S. B. Singh that there were no other material reason than those specified above.

The Board placed its deep gratitude on record for their valuable guidance, advice and suggestions to the Company during their association with the Company.

In accordance with the provisions of Section 152 of the Act read with Article XIX of the Articles of Association of the Company, Shri Sanjay Jhunjhunwala and Shri S. C. Agarwal will retire by rotation at the ensuing AGM and being eligible, offer himself for reappointment. The Board has



recommended their reappointment.

Public Deposit

During the financial year ended 31-03-2020, the company has not accepted any public deposit.

Business Diversification

The Company has been exploring the possibilities of business diversification. Accordingly, the Board in the meeting held on 12th June, 2020 recommended necessary changes in the object clause of the Memorandum of Association (MOA), for approval of the members at ensuing Annual General Meeting of the Company, to enable diversification as well as alignment of MOA with the provisions of the Companies Act, 2013.

Global Pandemic - Covid-19

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for indefinite period. Measures were taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The world is in the mid of COVID-19 pandemic and it is yet unclear how it will unfold in near future. The governments across the world are deploying drastic measures, such as lockdowns, to contain this pandemic.

The economic impact of the 2020 corona virus pandemic in India has been largely disruptive. India's growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. The Chief Economic Adviser to the Government of India said that this drop is mainly due to the corona virus pandemic effect on the Indian economy. Notably India had also been witnessing a pre-pandemic slowdown, and according to the World Bank, the current pandemic has "magnified pre-existing risks to India's economic outlook".

This being an unprecedented crisis human kind is facing, the full assessment of the impact on the business will be possible only with the passage of time. In Sugar Industry/Our Company :-

- 1) Sugar being the essential product, the Government of India and the State of U.P allowed to run the industry
- 2) With the Support of the State Government industry kept on running.
- 3) The main impact of COVID-19 on our company was on demand/consumption of sugar.
- 4) The company has to incur cost for the various safety measures and the precautions provided to its employees.

Listing Fees

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

Directors' Responsibility Statement

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

- (i) That in the preparation of the annual accounts for year ended on March 31, 2020 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 have 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 have 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 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 case under this mechanism was reported in the company and any of its subsidiary / associates.

The Policy on vigil mechanism and whistle blower policy has been displaying 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 adequate internal financial controls with reference to financial activity. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

Risk Management

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

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

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

Corporate Social Responsibility

The Company constituted a Corporate Social Responsibility (CSR) Committee (for details please refer Corporate Governance Report) pursuant to the requirement of Section 135(1) of Companies Act, 2013. The CSR policy of the Company, inter alia, list the activities that can be undertaken or supported by the Company for CSR, composition and meetings of CSR committee, annual allocation for CSR activities, area of CSR projects, criteria for selection of CSR, modalities of execution / implementation of CSR activities and the monitoring mechanism of CSR activities / projections. During the year under report, the Company spent Rs.68.58 lacs towards CSR as against its obligation Rs. 65.00 lacs. The details of CSR activities undertaken by the company are mentioned in the prescribed format in the Annexure -4 to this report.

Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

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

Research and Development

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

Foreign currency risk and Commodity price risk

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

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

Particulars of Employees

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

Corporate Governance

As required under Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, a separate section on Corporate Governance forming part of the Directors' Report and the certificate from Practicing Company Secretary's Pragati Gupta, confirming the compliance of the conditions on Corporate Governance is attached as Annexure-3 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 company viz. M/s. KM Spirits and Allied Industries Limited incorporated on 23-02-2018 to manufacture of all types of spirits. Your Company had made



a total investment of Rs. 5.00 Lacs in the Company. In terms of proviso to section 139(3) of the Companies Act, 2013, the salient features of the financial statements of the subsidiary is set out in the prescribed form (AOC-1) under Rule-5 of the Companies (Accounts) Rules, 2014 as Annexure-6.

At the beginning of the Year 2019-20, the Company had another subsidiary Company – M/s. Sonar Casting Limited. It was ceased as subsidiary Company with effect from 26th December 2019 due to dilution of holding as the later Company allotted the shares to others under private placement.

Consolidated Financial Statement

In accordance with the provisions of the act and listing regulations read with Ind AS-110-consolidated financial statement, Ind AS-28-investments in associates and joint ventures and Ind AS-31-interests in joint ventures, the Company has prepared consolidated financial statement for the year ended at March 31, 2020.

Pursuant to the provisions of section 136 of the Act, the financial statements of the Company including the consolidated financial statements along with relevant documents and separate audited accounts in respect of 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 five 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) Regulations, 2015.

Policy on Directors' Appointment and Remuneration

The Company seeks to maintain an appropriate mix of Executive and Independent Directors in order to maintain the independence of the Board and segregate the functions of governance and management. At year end, the Board consists of members, one of whom is Managing Director, three of whom are Whole-time directors, four are Independent directors (including one Women independent Director). 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.

Attributes, Qualifications & Independence of Directors and their Appointment

The Nomination and Remuneration Committee, adopted the criteria for determining qualifications, positive attributes and independence of Directors, including Independent Directors, pursuant to the Act and the Rules thereunder. The Corporate Governance Policy, inter alia, requires that Non-Executive Directors be drawn from amongst eminent professionals, with experience in business/finance/law/public administration and enterprises. The Board Diversity Policy of your Company requires the Board to have balance of skills, experience and diversity of perspectives appropriate to the Company. The skills, expertise and competencies of the Directors as identified by the Board along with the names of directors who have such skills / expertise / competence, are provided in the Report on Corporate Governance forming part of the Report and Accounts. The Articles of Association of your Company provide that the strength of the Board shall not be less than three nor more than fifteen. Directors are appointed/re-appointed with the approval of the Members for a period of three to five years or a shorter duration, in accordance with retirement guidelines and as may be determined by the Board from time to time. All Directors, other than Independent Directors are liable to retire by rotation, unless otherwise approved by the Members. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

Details of the Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees is provided in the Report on Corporate Governance forming part of the Report and Accounts.

Declaration by Independent Directors

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



that (a) they meet the criteria of Independence as prescribed under Section 149 of the Act and Regulation 16 of the Listing Regulations 2015, (b) they are not aware of any circumstance or situation, which could impair or impact their ability to discharge duties with an objective independent judgement and without any external influence and (c) they have registered their names in the Independent Directors' Databank. Further, in the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the Listing Regulations 2015 and are independent of the management of the Company. The Independent Directors met once that is on 29th May, 2019. The Meeting was conducted without the presence of the Chairman, Executive Directors and any other Managerial Personnel.

Board Evaluation

The Nomination and Remuneration Committee, as reported in earlier years, formulated the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation, and also specified that such evaluation will be done by the Board, pursuant to the Act and the Rules thereunder and the Listing Regulations 2015. In keeping with Company's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed against the role and responsibilities of the Board as provided in the Act and the Listing Regulations 2015 read with the Company's Governance Policy. The Nomination and Remuneration Committee has devised a criteria for evaluation of the performance of the Directors including the Independent Directors. The said criteria provides certain parameters like attendance, acquaintance with business, communication inter se between board members, effective participation, domain knowledge, compliance with code of conduct, vision and strategy, etc., which is in compliance with applicable laws, regulations and guidelines. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairman with the Chairman of the Nomination and Remuneration Committee, who in turn shared the consolidated report with Chairman of the Board for his review and giving feedback to each Director. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals. While the Board evaluated its performance against the parameters laid down by the Nomination and Remuneration Committee, the evaluation of individual Directors was carried out against the laid down parameters, anonymously in order to ensure objectivity. Reports on functioning of Committees were placed before

the Board by the Committee Chairmen. The Independent Directors Committee of the Board also reviewed the performance of the non-Independent Directors and the Board, pursuant to Schedule IV to the Act and Regulation 25 of the Listing Regulations 2015.

Committees of the Board

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

Name of the committee	Composition of the committee	Highlights of duties, responsibilities and activities
Audit committee	Shri H.P. Singhania - Chairman Shri Sanjay Jhunjunwala - Member Shri S.K. Gupta - Member Smt. Madhu Mathur - Member	<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	Shri H.P. Singhania - Chairman Shri S.K. Gupta - Member Smt. Madhu Mathur - Member	<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	Shri H.P. Singhania - Chairman Shri Aditya Jhunjunwala - Member Shri S.K. Gupta - Member Smt. Madhu Mathur - Member	<ul style="list-style-type: none"> The Committee reviews and ensures redresses of investor grievances. The committee noted that the grievances of the investors reported during the year, if any.
Corporate social responsibility committee	Shri L. K. Jhunjunwala - Chairman Shri Sanjay Jhunjunwala - Member Shri S.K. Gupta - Member	<ul style="list-style-type: none"> The Board as laid down the Company's policy on Corporate Social Responsibility (CSR). The CSR policy is uploaded on Company website, www.kmsugar.com

Particulars of Loans, Guarantee or Investments
As per the requirement of section 186(4) of Companies Act,



2013, particulars of loans given, investments made, guarantees given or securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the note number 36.17(c) to the 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.

The Company seeks to increase the limits under section 186 of Companies Act, 2013 read with rule 11 of the Companies (Meeting of Board and its Powers) Rules, 2014, (i) to the extent of Rs. 400.00 Cr or (ii) 60% of the aggregate of the paid-up share capital and free reserves and securities premium account or (iii) 100% of its free reserves and securities premium account, whichever is higher and accordingly special Resolution is proposed to be passed in the ensuing Annual General Meeting of the Company.

Particulars of contracts or arrangements with Related Party

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions or which is required to be reported in Form No. AOC-2 at Annexure – 7, in terms of Section 134(3)(h) read with Section 188 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions as approved by the Board is put up on the Company's website and can be accessed at <https://www.kmsugar.com>. There were no materially significant related party transactions which could have potential conflict with interest of the Company at large.

The disclosures as required under Part A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in accordance with Ind AS 24 in the note number 36.17(c) to standalone and consolidated financial statements.

Key Financial Ratios

Key Financial Ratios for the financial year ended 31st March, 2020 along with details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, and the detailed explanations, are provided in the Annexure-5 forming part of this report.

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.

Date: 12.06.2020

Place: Lucknow

Sd/-

L. K. Jhunjhunwala
Chairman

Annexure- 1

Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

PARTICULARS	STEPS TAKEN BY THE COMPANY 2019 -2020
(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, including the modification in 50 tons boiler furnace by introducing new over fire air system to increase steam fuel ratio to save Bagasse to generate more electricity in same quantity of fuel.
(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 requirements during the year 2019-2020 was	Rs. 49.00 Lakhs approx. During 2019-2020 Apart from this, the company made 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 2019-20:

Distribution of new improved and high sugar varieties of cane seed.

Inter cropping with sugar cane for additional income of cane growers.

Distribution of fertilizers, pesticides and bio fertilizers for improving the soil health and growth of sugarcane.

Ratoon crop management and gap filling for helping increase ratoon yield.

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



- (iii) The company has not imported any technology.
2. (i) Expenditure incurred on Research & Development : Nil
- (ii) Foreign Exchange earnings & Outgo

		Year 2019-20	Year 2018-19
i)	Foreign exchange earned in terms of actual inflows	Rs.1598.78	Rs.1552.66 Lakhs
ii)	Foreign Exchange outgo in terms of actual outflows	Rs.163.10	Rs.126.17 Lakhs

Annexure -2

Information pursuant to section 197(12) of the Companies Act, 2013 read with Rule 5 Companies (Appointment and Qualification of Directors) Rules, 2014 and forming part of the Director's Report for the year ended March 31, 2020.

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

Sl	Name	Age Yrs	Designation	Qualification	experience (in years)	Date of commencement of employment	Remuneration Rs. In Lacs	Previous employment
1	Shri L.K Jhunjunwala	78	Chairman	BA	47	19.09.2015	308.25	-
2	Shri Aditya Jhunjunwala	50	Managing Director	B.COM	26	19.09.2015	308.13	-
3	Shri Sanjay Jhunjunwala	45	Joint Managing Director	MBA	22	19.09.2015	107.59	-

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

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

Annexure- 3

Report on Corporate Governance

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

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

Corporate Governance is an integral part of values, ethics

and the best business practices followed by the Company. The core values of the Company are :

1. COMPANY 'S PHILOSOPHY ON CODE OF GOVERNANCE :

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

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

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

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

2. Board of Directors

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

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

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board of the Company. As at year ended on 31st March, 2020, the board consists of eight directors; out of which four are executive directors and four are non-executive directors. Executive directors consist of Chairman, Managing Director, Joint Managing Director, and independent executive director. The present mix of the Board of the Company is as under:

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

The composition of the Board of Directors, as on 31st March, 2020, the number of other board of directors or



Board committees of which they are member or chairperson and the attendance of each director at these board meetings and the last Annual General Meeting are as under:

Name of Director	Category	No. of other director ships (Public Limited Company)	Names of the listed entities where the person is a director and the category of directorship	No. of Board Meeting Attends	Attendance at lastAGM
1- Shri L.K. Jhunjhunwala	Promoter, Executive	-	-	4	No
2- Shri Aditya Jhunjhunwala	Promoter, Executive	3	-	5	Yes
3- Shri Sanjay Jhunjhunwala	Promoter, Executive	3	-	4	Yes
4- Shri S. C. Agarwal	Independent, Executive	1	-	2	No
5- Shri H. P. Singhania	Independent, Non-executive	2	1 Sir ShadiLal Enterprises Ltd. (Non-Executive Independent Director)	4	Yes
6. Shri S. K. Gupta	Independent, Non-executive	-	-	5	No
7.Smt. Madhu Mathur	Independent -Non-Executive	-	-	4	No
8.Dr. Sushil Solomon	Independent -Non-Executive	-	-	2	No

Independent Directors

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

A statement, in connection with fulfilling the criteria of Independence and directorships as per the requirement of the provisions of the Act and Regulation 25 of Listing Regulations received from each of Independent Directors, is disclosed in the Board's Report. Terms and Conditions for appointment of Independent Directors are available on the website of the Company at www.kmsugar.com.

Confirmation by the Board for the independent Directors:- All the Independent Directors furnished their declaration pursuant to Section 149(7) of the Companies Act, 2013 affirming that they met the criteria of independence as provided in sub- section (6). The independent directors fulfill the conditions specified in the listing regulations and are independent of the management. Shri R.S. Shukla and Shri S.B. Singh has resigned from Board of Directors of the

company before the expiry of the tenure due to personal reasons and gave a confirmation that there is no other material reasons than those specified above.

During the year ended on 31st March, 2020, five Board meetings were held on 10.04.2019, 29.05.2019, 06.08.2019, 07.11.2019 and 14.02.2020. The details are as follows :-

Date of Board Meeting	Board Strength	Directors Present
10.04.2019	10	6
29.05.2019	8	4
06.08.2019	8	6
07.11.2019	8	7
14.02.2020	8	8

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

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

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

The three-tier governance structure ensures that:

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

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

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

The Governance Document that sets out the structure, policies and practices of governance within the Organization will be available on the Company's website at www.kmsugar.com.

Roles of Various Entities:-

Board of Directors (Board): The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision of the company, their wholly owned subsidiaries. As trustees, the Board ensures that the Company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfillment. The Board also



provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfill stakeholder's aspirations and societal expectations. The Board, as part and parcel of its functioning, annually reviews its role and also evaluates the performance of the Directors and the Board Committees.

Chairman-cum-Whole Time Director : The primary role of the Chairman of the Company is to provide leadership to the Board. As the Chairman of the Board, he presides over its meetings and leads and assists the Board in setting and realizing the Company's strategic vision and related short and long term goals. He is responsible, inter alia, for the Working of the Board, for its balance of membership (subject to Board and Shareholder approvals) and for Ensuring that all Directors are enabled and encouraged to play a full part in the activities of the Board. The Chairman ensures that relevant issues are on the Board agenda and the Board is kept informed on all matters of importance.

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

Managing Director and Jt. Managing Director : The Managing Director and Jt. Managing Director carries total responsibility for the strategic management of the Company and provides leadership to Executive management for realizing Company goals in accordance with the charter approved by the Board. They are responsible, inter alia, for the working of the Company, for ensuring that all relevant issues are on the agenda and discussed appropriately.

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

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

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

Company Secretary :- The company secretary is the key advisor to the Board of Directors on matters of corporate laws and the duties as a director. It also includes dealing with managing the interests of the shareholders and other stakeholders.

Board Committees

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

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

Audit Committee

The Audit Committee comprises of four directors out of which three are Non-Executive Independent Directors and one is Promoter - Executive Director. Shri H. P. Singhanian acts as the chairman to the Committee. Smt. Madhu Mathur was appointed as the member of the committee in the Board Meeting of the company held on 06th August, 2019. The Company Secretary acts as the Secretary of the committee. The Chief Financial Officer, the External and Internal Auditors are the regular invitees. The Composition of the Audit Committee meets the requirement of the Regulation 18 of SEBI (LODR) Regulations, 2015 and the provisions of the Companies Act 2013.

The Composition of the Audit Committee :-

Sl no.	Name of the Member	Position	Category
1	Shri H. P. Singhanian	Chairman	Non-Executive Independent Director
2	Shri Sanjay Jhunjhunwala	Member	Promoter Executive Director
3	Shri S. K. Gupta	Member	Non-Executive Independent Director
4	Smt. Madhu Mathur	Member	Non-Executive Independent Director

Terms of Reference and Powers:

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

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



department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

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

Meetings and Attendance:-

During the year ended on 31st March, 2020, four committee meetings were held on 29.05.2019, 06.08.2019, 07.11.2019 and 14.02.2020

Sl no.	Name of the Member	Position	Number of meetings held	Number of Meetings Attended
1	Shri H. P. Singhania	Chairman	4	4
2	Shri Sanjay Jhunjhunwala	Member	4	3
3	Shri S. K. Gupta	Member	4	4
4	Smt. Madhu Mathur	Member	4	3

Nomination and Remuneration Committee

The Remuneration Committee comprises of three directors, and all the three directors are non-executive independent directors. Shri H. P. Singhania acts as the chairman of the committee. Smt. Madhu Mathur was appointed as the member of the committee in the Board Meeting of the company held on 06th August, 2019. During the year ended on 31st March 2020, four committee meetings were held 29.05.2019, 06.08.2019, 07.11.2019 and 14.02.2020. The details are as follows:

Sl No.	Name of the Member	Position	Number of meetings held	Number of meetings attended
1.	Shri H. P. Singhania	Chairman	4	4
2.	Shri S. K. Gupta	Member	4	4
3.	Smt. Madhu Mathur	Member	4	3

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. Earlier, the sitting fees payable to the Non-Executive Directors was Rs. 10,000/- for each Board meeting and Rs.2,000/- for each Committee meeting, which has been increased to Rs. 20,000/- for each Board meeting and Rs.5,000/- for each Committee meeting in the meeting Board Meeting held on 14-02-2020 w.e.f. next Board Meetings. There is no pecuniary relationship or transactions between the non-executive directors and the listed entity. The criteria of making payments to non-executive directors

disseminated on the www.kmsugar.com.

Executive Directors

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

On the recommendation of the Nomination and Remuneration Committee, the Board, at its meeting held on April 29, 2020 has approved the change in terms including remuneration and perquisites payable to them for the financial year ended at 31st March 2020 as well as for remaining term of appointment. In terms of the provisions of section 196, 197 read with schedule V of the Companies Act, 2013, the approval of the members is required for making such variation.

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

The remuneration paid to the directors during the year ending on 31st March, 2020 is given in form no. MGT-9 as Annexure -8.

Performance Evaluation

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

Service Contract, Severance Fee and Notice Period

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

Employee Stock Option Schemes

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

Stake Holders' Relationship Committee

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



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

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

During the year ended on 31st March, 2020 Smt. Madhu Mathur was appointed as the member of the committee in the Board Meeting of the company held on 06th August, 2019. Four committee meetings were held 29.05.2019, 06.08.2019, 07.11.2019 and 14.02.2020. The details are as follows:

Sr no.	Name of the Member	Position	Number of meetings held	Number of meetings attended
1	Shri H. P. Singhania	Chairman	4	4
2	Smt. Madhu Mathur	Member	4	3
3	Shri S. K. Gupta	Member	4	4
4	Shri Aditya Jhunjhunwala	Member	4	4

Corporate Social Responsibility Committee:

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

During the year ended on 31st March, 2020, four committee meetings were held 29.05.2019, 06.08.2019, 07.11.2019 and 14.02.2020. The details are as follows:

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

Circular Resolution

The Company has passed resolution by circulation during the year under review on 04th April, 2019 which was again confirmed and adopted in the Board Meeting held on 10th April, 2019.

General Body Meeting

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

Day & Date: Thursday, 10th September, 2020

Time : 11.00 AM

Venue : Through video conferencing (VC) or other audio visual means (OAVM)

Dates of Book Closure:

From 04th September, 2020 to 10th September, 2020, both days inclusive.

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

Financial Year	Day & Date	Location	Time
2016-17	28.09.2017	Regd. Office - 11-Moti Bhavan, Collector Ganj, Kanpur-208001	11.00 a.m.
2017-18	28.09.2018	Regd. Office - 11-Moti Bhavan, Collector Ganj, Kanpur-208001	11.00 a.m.
2018-19	20.08.2019	Regd. Office - 11-Moti Bhavan, Collector Ganj, Kanpur-208001	11.00 a.m.

Postal Ballot

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

Means of Communication

The quarterly and annual results of the Company are published in prominent newspapers viz. The Financial Express and Rashtriya Sahara. The results are communicated to the stock exchanges, immediately after approval of the Board. The Company has its website www.kmsugar.com, which provides the Comprehensive details of the operations of the Company. The management discussion and analysis report forms a part of the annual report.

	Date of Publication of Notice of Board meeting	Financial Results		News paper
		Date of approval by Board	Date of Publication	
Quarter ended 30.06.2019 (Un-audited)	01.08.2019	06.08.2019	08.08.2019	Financial Express ; Rashtriya Sahara
Quarter ended 30.09.2019 (Un-audited)	01.11.2019	07.11.2019	08.11.2019	Financial Express ; Rashtriya Sahara
Quarter ended 31.12.2019 (Un-audited)	08.02.2020	14.02.2020	15.02.2020	Financial Express ; Rashtriya Sahara
Quarter and Year ended 31.03.2020 (Audited)	04.06.2020	12.06.2020 - Due to Covid-19	14.06.2020	Financial Express ; Rashtriya Sahara

* Publication arranged

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

Website

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

Whistle Blower Mechanism

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

The Whistle blower policy aims at:

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

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

No employee was denied access to the Audit Committee.

Compliance

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

Compliance with Corporate Governance Norms

The Company has complied with Mandatory requirements of the Code of Corporate Governance as Stipulated under Regulation 34 of SEBI (LODR) Regulations, 2015. The Company has submitted its Compliance Report in the prescribed format to the Stock Exchange for the quarter's ended 30-06-2019, 30-09-2019, 31-12-2019 and 31-03-2020 on 08.07.2019, 10.10.2019, 04.01.2020 and 04.05.2020 (Due to COVID-19 pandemic, dates extended by SEBI for Quarter ended 31st March, 2020 upto 31st May 2020). The Secretarial Auditors have certified that the company has complied with the Corporate Governance norms as stipulated by the Stock Exchanges under SEBI (LODR) Regulations, 2015 including the amendments thereof.

Code of Conduct

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

Green initiatives in Corporate Governance

Ministry of Corporate Affairs have taken a Green Initiative in

Corporate Governance by allowing paperless Compliance by the Companies after considering the relevant sections of the Information and Technology Act, 2000, for legal validity of Compliance under the Companies Act, through Electronic Mode.

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

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

Business Responsibility Report

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

Company commitment

The 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.

The 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.

General Shareholder Information:

Annual General Meeting for the financial year -2019-2020

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

Day & Date : Thursday, 10th September, 2020

Time : 11.00 AM

Venue : Through video conferencing (VC) or other audio visual means (OAVM)

Listing on Stock Exchanges

Equity Shares	Equity Shares
Stock Code:532673	Stock Code: KMSUGAR
Bombay Stock Exchange Limited, 25 th Floor, PhirozeJeejeebhoy Towers, Dalal Street, Mumbai. Tel: 91-22-22728527/ 8307	National Stock Exchange of India Limited, Exchange Plaza, C-1, Block - 'G', BandraKurla Complex, Bandra(E), Mumbai 00051
Fax:91-22-22721072	Tel: 91-22-26598100
Website: www.bseindia.com	Fax: 91-22-26598237/38
	Website: www.nseindia.com

Listing fees up-to the financial year ended 31-03-2020 has been paid to all the concerned stock exchanges by the Company.



Depositories:

1. National Securities Depository Ltd., Trade Worlds, 4 th floor, Kamala mills Compound, SenapatiBapat Marg, Lower Parel, Mumbai – 400013	2. Central Depository Services (India) Ltd., PhirozeJeejeebhoy Towers, 17 th floor, Mumbai 400023
Compliance officer Ms. Pooja Dua, Company Secretary, 76 - Eldeco Green, Gomti Nagar, Lucknow - 226010 is Compliance Officer of the Company. Mail: csiko@kmsugar.in M-7571000517	Registrar & Share Transfer Agent Link Intime India Pvt Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 Tel No : +91 22 49186270 Fax: +91 22 49186060 E-mail id : rnt_helpdesk@linkintime.co.in Website : www.linkintime.co.in

Stock Market Data(InRs.)

Month	Quotation at BSE			Quotation at NSE		
	High	Low	Closing	High	Low	Closing
Apr-19	10.00	7.70	8.62	9.85	7.65	8.75
May-19	10.05	7.30	8.73	9.85	7.30	8.75
Jun-19	8.80	7.00	7.64	8.90	7.00	7.60
Jul-19	8.95	6.36	6.54	9.00	6.40	6.50
Aug-19	7.50	6.10	7.00	7.35	6.10	7.05
Sep-19	8.20	6.75	7.07	8.25	6.80	7.05
Oct-19	7.14	5.43	6.06	7.25	5.40	6.05
Nov-19	7.30	5.82	6.13	7.20	5.40	6.15
Dec-19	7.70	5.70	7.51	7.75	5.70	7.50
Jan-20	10.45	7.38	8.56	10.45	7.40	8.60
Feb-20	8.95	6.65	6.69	9.40	6.65	6.70
Mar-20	8.10	4.44	6.36	7.35	4.80	6.30

Shareholding Pattern as at 31stMarch, 2020

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group				
(1) Indian				
Individuals / Hindu Undivided Family	11	44284404	44284404	48.14
Bodies Corporate	4	14924424	14924424	16.22
Any Other (Specify)	2	309329	309329	0.34
Promoter Trust				
Sub Total(A)(1)	17	59518157	59518157	64.69
(2) Foreign	0	0	0	0
Total shareholding of Promoter and Promoter Group(A)= (A)(1)+(A)(2)	17	59518157	59518157	64.69
(B) Public Shareholding				
(1) Institutions				
(a) Central Government / State Government(s)	1	1140	1140	0.00
(b) Financial Institutions/Banks	2	585	585	0.00
Sub Total(b)(1)	3	1725	1725	0.00
(2) Non-Institutions				
(a) Body Corporate	118	1295577	1295572	1.40
(b) Individual				
(i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	15001	24485975	24484850	26.63
(ii) Individual shareholders holding nominal share capital in excess of Rs. 2lakh	20	3947464	3947464	4.29
(iii) NBFCs registered with RBI	1	12500	12500	0.01
(iv) Any Other (Specify)				
Clearing Member	38	287585	287585	0.31
Non Resident Indians (Repat)	155	975104	975104	1.06
Non Resident Indians (Non Repat)	58	519155	519155	0.57
Hindu Undivided Family	357	956628	956628	1.04
Trusts	1	300	300	0.00
Sub Total(B)(2)	15749	32480288	32479158	35.31
Total Public shareholding (B)=(B)(1)+(B)(2)	15752	32482013	32480883	35.31
Total (A)+(B)	15769	92000170	91999040	100
(C) Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0
(1) Promoter and Promoter	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)	15769	92000170	91999040	100



Demat of Shares

The trading of the Company's equity shares falls under the category of compulsory delivery in dematerialized mode and are available for trading on both the depository system of India, National Securities Depository Ltd. and Central Depository Services (India) Ltd.

Share Transfer System

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

Distribution of Shareholding

Category	No. of Share Holders	% of Total	Shares	% of Total
1-1000	11996	74.6484	4537611	4.94
1,001-2000	1564	9.7324	2514685	2.73
2001-3,000	741	4.6111	1937596	2.11
3,001-4,000	346	2.1531	1273143	1.38
4,001-5000	385	2.3958	1849952	2.01
5,001-10000	553	3.4412	4130148	4.49
10001-above	485	3.018	75757035	82.34
TOTAL*	16070	100	92000170	100

* The Company disclosed 15769 nos. of shareholders while submitted Share Holding Pattern to Stock Exchange(s) for the quarter ended 31-03-2020 as PAN nos. of some to them were merged for the purpose of their holding. However, the total nos. of shareholders were 16070 as on 31-03-2020 as per distribution chart.

Plant Location

Sugar Unit - District Ayodhya, Uttar Pradesh,
Cogeneration Unit - District Ayodhya, Uttar Pradesh.
Distillery Unit - District Ayodhya, Uttar Pradesh.

Insider Trading

The Company has adopted new Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information with effect from 01st April, 2019, so as to bring it in line with amended SEBI (Prohibition of Insider Trading) Regulations, 2018 wherein some new requirements are brought in and the companies are required to revise its existing code of conduct on prohibition of Insiders Trading by a new set of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI). All Board of Directors, designated employees and connected persons have been informed about the new policy and has affirmed compliance with the code.

The Company Secretary is responsible for Implementation of the code. The Audit Committee monitors the adherence to various requirements as set out in the Code.



Related Party Transactions

The Board on the recommendation of the Audit Committee formulated a Policy on Related Party Transactions (RPTs) available on the company's website www.kmsugar.com in compliance with the applicable provisions of the Companies Act 2013, the rules thereunder and the Listing Regulations.

All Related Party Transactions entered during the financial year were in the ordinary course of business and at arm's length basis. There were no materially significant Related Party Transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company.

Transactions with related parties entered by the Company in the normal course of business during the year ended 31st March 2020 have been disclosed in reference to IND-AS 24 in Note 36.17 (c) of the financial statements and AOC-2 as Annexure-7.

Whistle Blower Policy

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

Anti-Sexual Harassment Policy

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

Credit ratings obtained by the entity

The credit ratings obtained by the company from Acuite Ratings & Research Limited during the relevant financial year, is ACUITE BBB.

Other Compliances

i) Management Discussion and Analysis Report

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

ii) Quarterly Financial Results

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

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

(iii) Quarterly Compliance Report

The Company has submitted the Compliance Report on Corporate Governance, Shareholding pattern, Investors Grievances to Stock Exchanges in the prescribed format within stipulated time for four quarters during 1st April, 2019 to 31st March, 2020 from the close of each quarter.

(iv) Online filing

Quarterly reports to National Stock Exchange have been filed through NSE Electronic Application Processing System (NEAPS) and are available on web-link- www.nseindia.com. Quarterly reports to Bombay Stock Exchange have been filed through BSE Listing Centre and are available on web-link- www.bseindia.com.

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 have been advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES. During the year under report, there was no complaint on our Company posted at SCORES.

(v) Reconciliation of 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 for quarter ended 30.06.2019, 30.09.2019, 31.12.2020 and 31.03.2020 on 22.07.2019, 14.10.2019, 29.01.2020 and 25.05.2020 (Due to COVID-19 pandemic dates extended by SEBI for Quarter ended 31st March, 2020 upto 31st may 2020) respectively and is also placed before the Board of Directors.

(vi) Accounting treatment

The Financial Statements have been prepared in compliance with applicable provisions of the Companies Act, 2013 read with rules issued thereunder, applicable Indian Accounting Standard and the provision of SEBI (LODR) Regulations, 2015 including the amendments thereof have been followed.

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



Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

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

(vii) Cost Audit

Pursuant to Section 148 read with the Companies (Cost Records and Audit) Rules, 2014, the Company appointed M/s. Aman Malviya & Associates, Cost Accountants, Lucknow to undertake cost audit of the Company for year ended as at 31-03-2020. Their remuneration was approved by the Board.

- Audit Qualification in Report - Nil

(viii) Secretarial Standards & Secretarial Audit - Pursuant to Section 118 (10) of the Act, every Company shall observe Secretarial Standards with respect to General and Board meetings specified by the Institute of Company Secretaries of India. The Ministry of Corporate Affairs has accorded approval for the Secretarial Standards on Meetings of Board of Directors (SS-1) and General Meetings (SS-2) that has come into force from 1st July 2015. The Company's practices and procedures mostly meet with all these prescriptions and residual requirements shall be taken care. Pursuant to Section 204(1) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Pragati Gupta, a Practicing Company Secretary- (C.P.No.7878) to undertake the Secretarial Audit of the Company for year ended as at 31-03-2020. The Secretarial Audit Report was placed before the Board 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 appointed M/s. VAA & Associates, Chartered Accountants, to conduct internal audit of the functions and activities of the Company for yearended as at 31st March 2020. 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 2020 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xi) Peer Review of Auditors

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

Compliance with non-mandatory requirements

(i) Chairman's office:- Shri L. K. Jhunjhunwala had been appointed as Whole Time Director designated as Executive Chairman, w.e.f. 19.05.2015.

ii) Separate posts of Chairman and CEO : Shri L. K. Jhunjhunwala is holding the position of Whole Time Director designated as Executive Chairman. Shri Aditya Jhunjhunwala is the Managing Director and Shri Sanjay Jhunjhunwala is the Joint Managing Director of the Company and Shri S.C Agarwal is the Executive Director-cum- Chief Executive officer. So there exists separate posts for Chairman & CEO of the Company. The Chairman is Executive Director and maintains an office at the Company's expense.

(iii) 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 cslko@kmsugar.in or rnt.helpdesk@linkintime.co.in.

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

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

(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 (LODR) Regulations,2015 are required to furnish a declaration to that effect to the Stock Exchange(s). The Company has complied with this SEBI Circular while furnishing the Annual Reports for the financial year ended 31st March, 2020 under a declaration with the unmodified opinion.

(v) Other Disclosures

(i) Details of non-compliances, penalties and structures by Stock Exchanges / SEBI / Statutory Authorities on any matter related to capital markets during the last three years: None

(ii) Inter-se relationships between Directors and Key Managerial Personnel of the Company: None

(iii) There were transactions with related parties i.e. promoters, directors, management, subsidiaries or relatives etc. which were not of material nature, not having potential conflict with the interest of the Company at large. Adequate disclosure has been made as per IND-AS -24 in Note no. 36.17 (c) of the Financial Statements.

(iv) Material financial and commercial transactions of senior



management, where they may have had personal interest, and which had potential conflict with the interests of the Company at large: None

- (v) Details of utilization of funds raised through preferential allotment or qualified institutions placement : Not Applicable
- (vi) None of the Directors of the Company has been debarred or disqualified from being appointed or continuing as a Director by SEBI / Ministry of Corporate Affairs / Statutory Authorities, which has also been confirmed by Ms. Pragati Gupta, Practicing Company Secretaries forming a part of Annexure-5.
- (vii) Confirmation by the Board with respect to the Independent Directors is provided in the Report on Corporate Governance under the headboard of Directors.
- (viii) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the Anti-Sexual Harassment Policy, forming part of the Report on Corporate Governance.
- (ix) The financial statements are prepared under the historical cost convention and have been prepared in accordance with the applicable mandatory Accounting Standards prescribed by The Institute of Chartered Accountants of India and relevant presentational requirements of the Act.
- (x) Business risk evaluation and management is an ongoing process within the Company, which is periodically reviewed by the Board of Directors for determining its effectiveness.
- (xi) Information with respect to Commodity Price Risk or Foreign Exchange Risk and Hedging Activities is provided in Management Discussion Analysis Report in Annexure-5.
- (xii) The board if has not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year: None
- (xiii) The total fees paid by the Company to M/s Agiwal & Associates, Statutory Auditors and its subsidiary to M/s. Saurabh Gupta & Co. Statutory Auditors of the Company, and all other entities forming part of the same network, aggregate of Rs.5,05,000/-.

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

I, L.K. Jhunjhunwala, Chairman of M/s. K.M. Sugar Mills Limited, hereby declare that all the Directors and Senior Managerial Personnel of the Company have affirmed compliance with the Code of conduct of Directors and Senior Managerial Personnel of the Company for the financial year 2019-2020 and a confirmation to this effect has been obtained from them individually for the period under review.

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

Date: 12.06.2020
Place: Lucknow

Sd/-
L. K. Jhunjhunwala
Chairman

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

I, S.C. Agarwal, Executive Director and Chief Executive officer of the company, hereby declare that the statutory auditors of the Company- M/s. Agiwal & Associates, Chartered Accountants, New Delhi having firms registration number (FRN-000181N) have issued an Audit report with the unmodified opinion on standalone and consolidated financial results for the quarter and year ended 31st March, 2020.

K. M. Sugar Mills Ltd.

Date: 12.06.2020
Place: Lucknow

Sd/-
S.C. Agarwal
Executive Director –cum-CEO

Annexure-4

Report on CSR

The Company constituted the CSR Committee, which consists:

- Shri L.K. Jhunjhunwala – Chairman (Whole – time Working Director)
- Shri S.K. Gupta – Member (Independent Director)
- Shri Sanjay Jhunjhunwala – Member (Joint Managing Director)

1. Further, the Company spent on CSR activities on the basis of 2% of average net profit of the Company for last three financial years: Rs. 3245.65 lacs;
2. Prescribed CSR Expenditure (two percent of the amount as in item 1 above): Rs. 65.00 lacs for FY 2019-2020.
3. Details of CSR spent for the financial year:
 - a. Total amount spent for the financial year : Rs. 68.58 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.	Financial assistance for construction of the hospital	Under Schedule VII of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014 - Promoting health care including preventive health care.	Shri Lakshmi Public Charitable Trust	65.00	65.00
2.	Financial assistance	Under Schedule VII of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014 - Slum area development	For Goshala For Woolen Sweaters to the poor and needy For Hand pump, Fogging Machine to village	-	2.50 1.00 0.08
	Total			65.00	68.58



4. 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 2019-20 was 26.56 Million tonnes.
- Around 5.25 million hectares of land for sugarcane crop.
- 50 million cane farmers and their dependents.
- Around 700 sugar mills installed and 530 operational.
- India is World's largest consumer of sugar and usually consume all sugar produced domestically about 62-65% of sugar consumed directly by bulk users.

Global Sugar Industry

- Global production is down 7.9 million tons to 166.2 million.
- Thailand is slashed 5.2 million tons to 8.3 million on lower yields due to drought.
- Iran is down sharply by 750,000 tons to 1.3 million as drought took a toll on production.
- Russia is raised 1.0 million tons to 7.8 million because of good sugar beet yields
- Global imports are little changed overall at 50.7 million tons.
- The United States is boosted 518,000 tons to 3.4 million as late planting and an early freeze lowered production.
- Kazakhstan is raised 305,000 tons to 440,000 on higher imports from Russia and Belarus.
- The European Union is up 300,000 tons to 2.3 million as a result of lower production.
- Venezuela was lowered 850,000 tons to 150,000 on revised Post data. Global exports are down 1.4 million tons to 56.4 million.
- Global exports are down 1.0 million tons to 54.1 million.
- Mexico is down 699,000 to 994,000 as drought took a toll on production.
- Algeria is lowered 505,000 tons to 166,000 with lower exports to Jordan and the EU.
- Brazil is up 680,000 to 19.3 million as higher production boosted available supplies.
- Global ending stocks are lowered 5.1 million tons to 44.5 million.
- Thailand tumbles 6.5 million tons to 3.5 million on a drop in production and lower beginning stocks.
- India is up 1.1 million tons to 16.0 million as a result of

higher beginning stocks.

- Russia is raised 815,000 tons to 1.4 million on higher production.

Global Sugar Overview 2020-2021

Impacts of COVID-19 have been taken into consideration in the global sugar forecast for trade and consumption. However, the impact of the pandemic on the global economy remains highly uncertain.

Brazil's production is forecast to rebound 9.6 million tons to 39.5 million as initial concerns about the August-October dry spell in 2019 were offset by steady January-March rainfall that improved the sugarcane harvest. Low gasoline prices are expected to drastically change the dynamics for the Brazilian sugar/ethanol industry, negatively affecting the ethanol industry and significantly increasing sugar production. Approximately 46 percent of the sugarcane crop is expected to be processed for sugar and 54 percent for ethanol, versus last year's 35 and 65 percent split. Consumption is expected to be unchanged and stocks are expected to be down while exports are forecast to increase with the higher available supplies.

India's production is forecast to rebound 17 percent to 33.7 million tons as above average water reservoir levels are expected to boost yields and to incentivize growers to harvest additional acreage. Consumption is forecast at a record due to a growing economy. Exports are forecast unchanged at 5.0 million tons. Stocks are up more than double minimum stock requirements of around 3 month's consumption.

Production in the European Union is forecast 2.5 percent higher to 17.7 million tons despite a 2- percent decrease in area. Consumption is unchanged while exports are projected to be up with higher supplies and stocks falling with lower beginning stocks. Imports are forecast unchanged at 1.5 million tons.

Thailand's production is forecast to recover 4.7 million tons to 12.9 million on favorable cane yields and sugar extraction rates. Consumption is expected to continue increasing due to demand for direct sugar consumption and food-processing. With favorable supplies and global demand, exports are forecast at a record 11.0 million tons and stocks are expected to be the lowest level in 8 years.

China's production is forecast to recover from the previous year's drought, up 500,000 tons to 10.7 million, primarily due to a rebound in cane sugar production in southern China. Consumption is unchanged, imports are up slightly, and stocks are expected to fall for a sixth consecutive year as government policies continue to discourage stockholding.

U.S. production is forecast up 889,000 tons to 8.2 million, due to greater sugar beet harvested area and higher sugarcane yields and recovery in Louisiana. Imports are 7 percent lower at 3.1 million tons based on projected quota programs and the calculation of U.S. Needs as defined in the amended Suspension Agreements. Consumption is forecast unchanged while stocks are up 15 percent due to increased available production.



Mexico's production is forecast to recover 19 percent to 6.5 million tons on a return to normal weather and growing conditions. Consumption is projected up only slightly as it faces many challenges, ranging from a weak economy affecting consumer purchasing power to new front-of-the-pack labeling for products that exceed critical thresholds of certain nutrients (e.g. fats, sugars, sodium, etc., that may lead to adverse health conditions). Exports, forecast 717,000 tons higher, are projected at the expected level of U.S. Needs, as defined in the amended Suspension Agreements, plus exports to other markets. Stocks are expected to be unchanged.

Pakistan's production is forecast up 6 percent to 5.9 million tons due to expected higher area. Consumption is expected to be up with the higher production and exports are forecast down to 400,000 tons. Stocks are expected to be the lowest in 5 years on lower beginning stocks.

Australia's production is forecast up 5 percent to 4.5 million tons due to favorable weather. Exports are up on greater supplies, and consumption is unchanged while exports are up with the rise in production. China, Indonesia, Japan, Korea, and New Zealand are Australia's top five export markets and account for most of any growth in exports.

Guatemala's production is forecast flat at 2.8 million tons on unchanged sugar cane area. Consumption is up slightly and continues to be around 30 percent of production. Exports are up as Canada, the United States, and Chile continue to be the three key markets and account for most growth in trade. Stocks are forecast down as a result of higher consumption and exports.

Indonesia's production is forecast down 8 percent to 2.1 million tons due to lower yields. Consumption is expected to be up slightly as imports rise to meet strong demand and drives Indonesia to return as the world's largest importer.

(Source USDA)

Indian Sugar Industry

India's sugar production declined by nearly 19 percent however, 63 mills are still in operation in the ongoing sugar season 2019-20 (October-September). Sugar mills across the country produced 264.65 lakh tons of sugar till May 2020, down by 61.54 lakh tonnes or 18.86 percent from 326.19 lakh tones produced during the same period last year. However, 63 sugar mills are still in operation as compared to 38 sugar mills which were crushing sugarcane on May, 2019.

Sugar mills in UP have produced 122.28 lakh tons of sugar as on May 2020, which is 5.48 lakh tones higher than the production of 116.80 lakh tones produced by them last year on the corresponding date. This production is the highest ever sugar production in the state, surpassing 120.45 lakh tones produced in 2017-18. Out of 119 mills operated this year, 73 mills have ended their crushing and 46 mills continue their operations, compared to 28 mills which were operating on May 15, 2019 last year.

In Maharashtra, sugar production till May, 2020 was 60.87 lakh tones, compared with 107.15 lakh tones produced in

2018-19 SS, almost 46.3 lakh tones less than last year. In the current 2019-20 SS, 145 mills have already closed their crushing operations in the state and only one sugar mill is operating, while last year on the corresponding date, crushing season had already concluded by April, 2019. All the operating sugar mills in Karnataka had closed their crushing operations by April 30, 2020 and have produced 33.82 lakh tons of sugar. However, a few mills might operate in the special season commencing July 2020. Last year during the special season, Karnataka mills had produced 1.05 lakh tons of sugar. As compared to the above, 43.25 lakh tones was produced in 2018-19 SS on the corresponding date. As on date, in Tamil Nadu, 9 mills are in operation, out of 24 sugar mills which operated this season. Till May 15, 2020, sugar production in the state was 5.65 lakh tones, compared with 7.16 lakh tones produced on the corresponding date last year. Of the 32 sugar mills, 30 mills had ended their operations and only 2 mills were in operation as on May, 2019, last year. Last year, during the special season, 2.13 lakh tones were produced by mills in Tamil Nadu. All the factories in Gujarat have closed their crushing operations for the current season and have produced 9.28 lakh tons of sugar as compared to 11.21 lakh tons of sugar produced in the 2018-19 SS.

(Source outlook)

Government Policies:

- The minimum selling price of sugar was retained at Rs. 3,100 per quintal. However, a higher MSP is warranted to prop the flapping fortunes of the sugar industry and increase their ability to clear sugarcane dues.
- Continuation of monthly release mechanism so as to regulate and moderate the availability of sugar in the Market
- Announcement of Maximum Admissible Export Quota (MAEQ) of 6 million tones and subsidy of C10, 448 per metric tons mills exporting sugar under the allotted quota. Quota of non-performing sugar mills was redistributed twice among sugar mills who had conveyed their expression of interest to export more.
- Buffer stock subsidy on stock of 4 million tones – valid till July 2020.
- Ethanol procurement prices remained at Rs. 43.75 per liter in case of ethanol made from C-Heavy molasses, Rs. 54.27 per liter in case of ethanol made from B-Heavy molasses and Rs. 59.48 in case of ethanol made directly from sugarcane juice

POLICY :

Sugarcane Production and Pricing Policy

According to industry sources, the sugar industry will continue to be subject to production controls by state governments, including sugar industry licensing, cane area reservation, minimum distance criteria, adoption of the cane price formula, specified cane procurement areas for sugar mills, and cane pricing. On a side note, the sugar procurement for public distribution system (PDS) operation is being made from the open market by the state/Union



Territories, and the Government is providing a fixed subsidy at INR 18.50 per kg for restricted coverage only to the Antyodaya Anna Yojana (AAY) families who will be provided 1 kg of sugar per family per month.

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

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

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

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

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

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

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

Ethanol

With surplus sugar production and falling market demand pulling down sugar prices and leading to an accumulation of farmers' arrears, the Centre has asked sugar mills to divert the excess cane and sugar for the production of fuel grade ethanol. In an advisory to the mills, the Union Ministry of Consumer Affairs, Food and Public Distribution underlined that surplus production was depressing the ex-mill price of sugar, thus adversely affecting sale realization and cash flow, which contributed to the accumulation of cane arrears. To improve the liquidity and clear farmers' dues, the Centre had taken several measures in the 2017-18, 2018-19 and the current 2019-20 sugar seasons. These

included assistance to mills to facilitate sugar export, extending buffer subsidy, extending assistance for defraying expenditure towards transport, freight, handling and other charges on export, extending soft loan to mills through banks, extending interest subvention to mills for augmentation of ethanol production capacity, etc.

To encourage mills to divert cane for ethanol production for blending in petrol, the government had allowed production of ethanol from B-heavy molasses, sugar juice, sugar syrup and sugar, and fixed remunerative ex-mill price of ethanol from B-heavy molasses at the rate of Rs. 43.75 per liter from B-heavy molasses at the rate of Rs. 54.27 per liter and Rs. 59.48 per liter for ethanol derived from sugarcane juice/sugar/sugar syrup for ethanol season 2019-20 (Dec-Nov).

This diversion will be clear once the tenders floated and bids are submitted by millers for ethanol supplies, which will be sometime in September. On ethanol, the industry body said against an annual supply contract of 170 crore liters for 2019-20 season (Dec-Nov), 88 crore liters have already been supplied till June 15, 2020.

Ethanol blending in petrol for the country as a whole has therefore reached at 4.97 per cent as up to June 15, 2020. This is despite the lower production of sugarcane and molasses due to drought in Maharashtra and Karnataka. The third tender was floated for more ethanol on June 1, 2020, at the same prices decided by government in July 2019, and the bids are expected to be opened soon, which will increase supplies.

Power Sector

Cogeneration of bagasse is one of the most attractive and successful energy projects that have already been demonstrated in many sugarcane producing countries such as Mauritius, Reunion Island, India and Brazil. Combined heat and power from sugarcane in the form of power generation offers renewable energy options that promote sustainable development, take advantage of domestic resources, increase profitability and competitiveness in the industry, and cost-effectively address climate mitigation and other environmental goals.

Uttar Pradesh Government reduced tariffs by 35% of bagasse-based power supplied to the state utility by sugar mills, the beleaguered millers are looking at taking a hit of almost Rs. 500 crore annually if the proposal sails through.

Against the prevailing tariffs of Rs. 6.19 to Rs. 6.75 per unit for the purchase of cogenerated power supplied by mills to UP Power Corporation Limited (UPPCL), the UP Electricity Regulatory Commission (UPERC) has fixed paring the rate by around Rs. 2.25 per unit, or by around 35%, for the next five years.

The new tariffs are determined under the Captive and Non-conventional Energy Generating Plants (CRE) Regulation, applicable on the generation of power based on bagasse, biomass, small hydro, small wind, etc, in the state. Since the annual billing of power supplied by UP sugar mills to UPPCL is upto the tune of Rs 1,500 crore, these entities would book



a prospective loss of about Rs. 500 crore if the tariff proposal is notified by UPERC, such reduction would affect their profitability and result in the closure of mills, which would ultimately harm farmers' interests.

The mills also opposed the UPERC proposal to pare bagasse rate from Rs. 2,100-2,200 per tons to Rs. 1,000 per tons although their prices were steeper in the open market. As such, it would be a loss making proposition for mills to generate power and sell at such a tariff, they underlined seeking revocation of the tariff proposal. UPPCL will save Rs. 500 crore of public money with the reduction in tariff applicable to sugar mills and would indirectly benefit consumers. Power at much cheaper rates is available in the open market and as such there is no justification for buying steeper power from mills. Recently, UPPCL has contracted for 1,500 megawatt (mw) wind power at tariffs of less than Rs.3 per unit.

Currently, UP sugar mills are burdened with cane arrears of more than Rs. 10,000 crore for the 2019 crushing season, which is likely to wind up in the coming days. The outstanding have been building up due to market glut, export market squeeze and stable retail sugar prices.

Sanitizer

Due to COVID-19 Pandemic the Indian market are driven by an increase in hygiene consciousness. Therefore the introduction of new products is anticipated to boost the growth of the sanitizer market. Hand sanitizer contains at least 60% to 80% of alcohol, which kills most kinds of bacteria, including antibiotic-resistant bacteria and tuberculosis bacteria. Hand sanitizers are recommended when in the absence of soap and water to wash hands. In addition, hand sanitizing is considered to be more effective in fighting against common cold than hand washing. Many such benefits coupled with growing awareness about the importance of hygiene has increased the demand for sanitizing products among consumers, which is fuelling the growth of the market.

Technology Options

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

Due to high pressure and temperature, as well as extraction and condensing modes of the turbine, higher quantum of power gets generated in the turbine-generator set, over and above the power required for sugar process, other by-products, and cogeneration plant auxiliaries. The excess power generated in the turbine generator set is then stepped up to extra high voltage of 66/110/220 kV, depending on the nearby substation configuration and fed

into the nearby utility grid. As the sugar industry operates seasonally, the boilers are normally designed for multi-fuel operations, so as to utilize mill bagasse, procured Bagasse/biomass, coal and fossil fuel, so as to ensure year round operation of the power plant for export to the grid.

Latest Trends

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

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

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

SWOT ANALYSIS:

KM Sugar Mills consists of manufacturing and trading facilities of sugar, alcohol, power and sanitizer. Each of its business segments has its own strengths and weaknesses and exposures to a variety of opportunities and threats.

The Company has the following SWOT attributes broadly:

Strengths and Opportunities

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

Weaknesses and Threats

- i) Though de-licensed, sugar industry remains a highly regulated industry with the acts and orders through which government regulates the sugar Industry.
- ii) Sugarcane being an agricultural commodity, its availability is dependent on vagaries of monsoon.
- iii) Non availability of sugar cane may adversely affect the



sugar mills as well as alcohol production and cogeneration power plants.

- iv) Sugar Industry has political intervention.
- v) Steep decline in sugar price may adversely affect the sugar mills.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

(Rs. in lakhs)

Particulars	Sugar		Distillery		Co-generation		Unallocable		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue										
Gross sales	53,161	38,110	4,926	4,621	4,738	6,815	-	-	62,825	49,546
Less: Inter segment sales	6,456	6,698	-	-	3,234	3,843			9,690	10,541
External sales	46,705	31,412	4,926	4,621	1,504	2,972	-	-	53,135	39,005
Add: Other income	1,007	1,334	48	79	4	3	-	-	1,059	1,416
Total revenue	47,712	32,746	4,974	4,700	1,508	2,975	-	-	54,194	40,421
Segment results	4,088	2,865	275	83	224	1,018	-	-	4,587	3,966
Less: Finance cost	1,764	693	22	13	-	56	-	-	1,786	762
Profit before tax	2,324	2,182	253	70	224	962	-	-	2,801	3,204
Current tax									515	651
Deferred tax									443	128
Profit after tax									1,843	2,425
Other information										
Segment assets	43,605	39,859	5,561	5,076	3,522	4,417	-	-	52,688	49,352
Segment liabilities	32,849	31,895	629	485	10	42	470	36	33,958	32,458
Capital Expenditure	593	1,006	1,643	745	33	3	-	-	2,269	1,754
Depreciation and amortization	868	637	436	399	186	204	-	-	1,490	1,240

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

RISKS AND CONCERNS.

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

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

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

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY.

The Company has in place adequate internal financial

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

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

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

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

(i) Debtors Turnover: It is reduced from 26 days (previous year) to 14 days during the year under review due to higher turnover and decrease in debtors as on 31-03-2020 as compared with 31-03-2019.

(ii) Inventory Turnover: It is increased from 1.47 times (previous year) to 1.99 times during the year under review due to higher turnover of the Company.

(iii) Interest Coverage Ratio: It is reduced from 6.31 times (previous year) to 2.64 times during the year under review due to lower Earnings before Interest and Tax (EBIT) and increased interest cost.

(iv) Current Ratio: Not changed by 25% or more as compared to the immediately previous financial year.

(v) Debt Equity Ratio: It is increased from 0.59 (previous year) to 0.79 during the year under review due to increase in the debt availed by the Company.

(vi) Operating Profit Margin (%): Changed more than 25% from 4.58% (previous year) to 3.27% during the year under review. Further the reduction in margin is due to lower sale of Alcohol and reduction in electricity rate supplied to UPPCL.

(vii) Net Profit Margin (%): It decreased by (-) 44.12% from 6.21% (previous year) to 3.47% during the year under review due to lower sale of Alcohol and reduction in electricity rate supplied to UPPCL during the year under review, which resulted reduction in Net Profit Margin.



DETAILS OF CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE PREVIOUS FINANCIAL YEAR: Return on Net Worth changed from 22.39 % (previous year) to 14.40 % during the year under review. The change is due to lower profitability during the year under review.

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

To,
The Members,
KMSUGARMILLSLIMITED,
(CIN - L15421UP1971PLC003492)
11, MotiBhawan, Collectoranj, 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, 2020, as stipulated in:
 - The Listing Agreements of the Company with stock exchanges for the period April 1, 2019 to March,31 2020
 - Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) for the period April 1, 2019 to March, 31 2020.
 - Regulations 17 to 27 (excluding regulation 23 (4)) and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the period April 1, 2019 to March,31 2020.
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 Clause 49 of the Listing Agreements and 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, 2020.

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 Pragati Gupta
Company Secretaries

Pragati Gupta
Proprietor
Membership No. : A19302
C.P. No. 7878
UDIN - A019302B000585692

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, 2020, and that based on our knowledge and belief :-
 - (i) these statements do not contain any materially untrue statements or omit to state any material fact or contain statements that might be misleading; and
 - (ii) these statements present a true and fair view of the listed entity's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.
- (C) We along with Company's other certifying officers accept responsibility for establishing and maintaining internal controls for financial reporting and that we have:-
 - (i) evaluated the effectiveness of the internal control systems of the listed entity pertaining to the financial Reporting; and
 - (ii) disclosed to the auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (D) We have indicated to the auditors and the Audit Committee of the Company, the following:-
 - (i) Significant changes in internal control over financial Reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the Financial Statements; and
 - (iii) instances of significant fraud of which they have



become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial Reporting.

Date: 12-06-2020 Sd/- Sd/-
Place: Lucknow SC Agarwal AK Gupta

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

To,
The Members,
KMSUGARMILLSLIMITED,
(CIN - L15421UP1971PLC003492)
11, MotiBhawan, Collectorganj, Kanpur - 208001

- We have examined the status of directors for the year ended on March 31, 2020, pursuant to the provisions of Clause 10(i) of Para C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations").
- It is neither an audit nor an expression of opinion regarding the legality of debarment or disqualification by the Securities and Exchange Board of India (SEBI)/Ministry of Corporate Affairs (MCA) or any such statutory authority.
- Our examination was limited to a review of the relevant records of the Company and website of MCA, stock exchange(s), SEBI and other relevant statutory authority (ies) (specify) as specified in Annexure to this certificate and it is solemnly the responsibility of Directors to submit relevant declarations and disclosures with complete and accurate information in compliance with the relevant provisions.
- In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the declarations and disclosures made by the Directors and the representation given by the Management, we certify that none of the directors on the board of K M Sugar Mills Limited, have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority during the year ended at March 31, 2020.

For Pragati Gupta
Company Secretaries
Sd/-
Pragati Gupta
Proprietor
Membership No. : A19302
UDIN - A019302B000585670

Annexure 6

FORM NO. AOC-1

Statement containing salient features of the Financial Statement of subsidiary
(Pursuant to first proviso to sub-section (3) of section 129 of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014)

Part 'A'

Sl. No.	Particulars	M/s. K.M. Spirits and Allied Industries Ltd
1	Reporting period of the subsidiary	01.04.2019 to 31.03.2020
2	Reporting currency	Indian Rupees
3	Share Capital	5,00,000/-
4	Reserve & Surplus	-33,131/-
5	Total Assets	4,66,869/-
6	Total Liabilities	4,66,869/-
7	Investments	0.00
8	Turnover	0.00
9	Profit before tax	2,751/-
10	Provision for tax	435/-
11	Profit after tax	2,316/-
12	Proposed Dividend	0.00%
13	% of shareholding	99.99%

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

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

Part 'B'

Associates and Joint Ventures

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

For and on behalf of the Board of Directors

L.K. Jhunjhunwala
Chairman

Date: 12.06.2020
Place: Lucknow

Annexure 7

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

- Details of contracts or arrangements or transactions not at arm's length basis - NIL
(a) Name(s) of the related party and nature of relationship

Directors' Report...



- (b) Nature of contracts / arrangements / transactions
- (c) Duration of the contracts / arrangements / transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) Date of approval by the Board
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangement or transactions at arm's length basis :-

- (a) Name(s) of the related party and nature of relationship :-
- (b) Nature of contracts/arrangements/transactions:-
- (c) Duration of the contracts / arrangements/ transactions: 01-04-2019 to 31-03-2020

As details given in Note no.36.17(c)
(Rs. in Lacs)

Sl no.	Nature of transaction/ Name of the related party	Subsidiary 2019-20 (2018-19)	Key Managerial Personnel (KMP) 2019-20 (2018-19)	Enterprises over which KMP and their relatives have substantial interest/significant influence 2019-20 (2018-19)	Total 2019-20 (2018-19)
i.	Investment made				
	Sonar Casting Ltd.*	1334.00 (775.00)	(-)	(-)	1334.00 (775.00)
	K M Spirits and Allied Industries Ltd.	(5.00)	(-)	(-)	(5.00)
ii.	Interest received Sonar Casting Ltd.	(0.06)	(-)	(-)	(0.06)
iii.	Remuneration including commission and PF#				
	Shri L K Jhunjunwala	(-)	308.26 (81.60)	(-)	308.26 (81.60)
	Shri Aditya Jhunjunwala	(-)	308.14 (68.51)	(-)	308.14 (68.51)
	Shri Sanjay Jhunjunwala	(-)	107.59 (67.67)	(-)	107.59 (67.67)
	Shri S. C. Agarwal	(-)	44.09 (29.73)	(-)	44.09 (29.73)
	Shri Rajeev Kumar**	(-)	(7.25)	(-)	(7.25)
	Shri Ritesh Srivastava**	(-)	(0.63)	(-)	(0.63)
	Shri Arvind Kumar Gupta	(-)	17.13 (15.35)	(-)	17.13 (15.35)
	Ms. Pooja Dua	(-)	3.60 (-)	(-)	3.60 (-)
iv.	Education fee paid				
	Shri Vatsal Jhunjunwala	(-)	(-)	67.52 (53.11)	67.52 (53.11)
v.	Sugar sold				
	Sri Shakti Credits Ltd.	(-)	(-)	(5598.99)	(5598.99)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	255.31 (1302.10)	255.31 (1302.10)
vi.	Rent paid				
	Sri Shakti Credits Ltd.	(-)	(-)	4.40 (5.40)	4.40 (5.40)
	Zar International Pvt. Ltd.	(-)	(-)	1.14 (1.14)	1.14 (1.14)
	Marvel Business Pvt. Ltd.	(-)	(-)	7.20 (7.20)	7.20 (7.20)
vii.	Rent received				
	Sri Shakti Credits Ltd.	(-)	(-)	(15.00)	(15.00)
viii.	Loans taken				
	Shri Aditya Jhunjunwala	(-)	(61.50)	(-)	(61.50)
ix.	Loans repaid				
	Shri L K Jhunjunwala	(-)	31.00 (-)	(-)	31.00 (-)
	Shri Sanjay Jhunjunwala	(-)	21.50 (40.00)	(-)	21.50 (40.00)
	Shri Aditya Jhunjunwala	(-)	61.50 (61.50)	(-)	61.50 (61.50)
x.	Advance paid				
	Marvel Business Pvt. Ltd.	(-)	(-)	(122.50)	(122.50)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	(1,000.00)	(1,000.00)
	Nidhi Financial Services P Ltd.	(-)	(-)	(17.50)	(17.50)
	Jhunjunwala Securities P Ltd.	(-)	(-)	(25.00)	(25.00)
xi.	Advance received back				
	Marvel Business Pvt. Ltd.	(-)	(-)	(122.50)	(122.50)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	(1,000.00)	(1,000.00)
	Nidhi Financial Services P Ltd.	(-)	(-)	(17.50)	(17.50)
	Jhunjunwala Securities P Ltd.	(-)	(-)	(25.00)	(25.00)

xii.	Sitting fees paid				
	Shri H P Singhania	(-)	0.64 (0.48)	(-)	0.64 (0.48)
	Smt Madhu Mathur	(-)	0.52 (0.30)	(-)	0.52 (0.30)
	Shri R S Shukla	(-)	0.10 (0.64)	(-)	0.10 (0.64)
	Shri S K Gupta	(-)	0.82 (0.18)	(-)	0.82 (0.18)
	Shri Surendra Bahadur Singh	(-)	(0.10)	(-)	(0.10)
	Shri Sushil Solomon	(-)	0.30 (-)	(-)	0.30 (-)
xiii.	Donation paid				
	Shri Laxmi Public Charitable Trust	(-)	(-)	50.00 (-)	50.00 (-)
xiv.	CSR paid				
	Shri Laxmi Public Charitable Trust	(-)	(-)	65.00 (-)	65.00 (-)
xv.	Balance outstanding				
	a. Loans payable				
	Shri L K Jhunjunwala	(-)	(31.00)	(-)	(31.00)
	Shri Aditya Jhunjunwala	(-)	(61.50)	(-)	(61.50)
	Shri Sanjay Jhunjunwala	(-)	(21.50)	(-)	(21.50)
	b. Amount payable				
	Shri L K Jhunjunwala	(-)	124.94 (30.35)	(-)	124.94 (30.35)
	Shri Aditya Jhunjunwala	(-)	121.70 (35.78)	(-)	121.70 (35.78)
	Shri Sanjay Jhunjunwala	(-)	52.02 (25.79)	(-)	52.02 (25.79)
	Shri S. C. Agarwal	(-)	2.60 (1.94)	(-)	2.60 (1.94)
	Shri Vatsal Jhunjunwala	(-)	0.12 (0.12)	(-)	0.12 (0.12)
	Sri Shakti Credits Ltd.	(-)	(-)	0.25 (2.86)	0.25 (2.86)
	Marvel Business Pvt. Ltd.	(-)	(-)	14.18 (12.70)	14.18 (12.70)
	Zar International Pvt. Ltd.	(-)	(-)	3.42 (2.28)	3.42 (2.28)
	c. Guarantee given for Bank loan taken by the company				
	KM Plantation Pvt Ltd.	(-)	(-)	13767.29 (6538.94)	13767.29 (6538.94)
	d. Corporate guarantee given by the company for loan sanctioned/availed by				
	Sonar Casting Ltd.*	7095.00 (-)	(-)	(-)	7095.00 (-)
	e. Investment Held				
	Equity share in Sonar Casting Limited	(-)	(-)	109.00 (100.00)	109.00 (100.00)
	Preference share in Sonar Casting Limited			2000.00 (675.00)	2000.00 (675.00)
	Preference share in K.M Energy Pvt. Limited	(-)	(-)	338.92 (338.92)	338.92 (338.92)
	Preference share in Brahma Properties Pvt. Limited	(-)	(-)	385.00 (385.00)	385.00 (385.00)

Related party transactions are shown at actual amount instead of fair value for the purpose of disclosure under related parties.

* Ceased to be subsidiary w.e.f. 26.12.2019

** Remain employed in part of the year.

- (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 of due to/due from related parties.
 - iii. The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.
- (e) Date(s) of approval by the Board, if any : This has been reviewed and recommended by the Audit Committee and also approved by the Board in their Meeting held on 12.06.2020.
- (f) Amount paid as advances, if any: As given above in the RPT details.

For and on behalf of the Board of Directors

-Sd/-

L.K. Jhunjunwala
Chairman

Date: 12.06.2020

Place: Lucknow



Annexure 8

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2020
(Pursuant to section 92(3) of the Companies Act, 2013
and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Sugar	10721	83.86%
2	Industrial Alcohol	11019	9.99%

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

*M/s Sonar Casting Limited ceased to be subsidiary w.e.f. 26.12.2019.

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

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2019				Shareholding at the end of the year - 2020				% 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	43436484	0	43436484	47.21%	44284404	0	44284404	48.14%	0.92%
(b)	Central Government / State Government(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
(c)	Financial Institutions / Banks	0	0	0	0.00%	0	0	0	0.00%	0.00%
(d)	Any Other (Specify)				0.00%				0.00%	0.00%
	Promoter Trust	309329	0	309329	0.34%	309329	0	309329	0.34%	0.00%
	Bodies Corporate	14376521	0	14376521	15.63%	14924424	0	14924424	16.22%	0.60%
	Sub Total (A)(1)	58122334	0	58122334	63.18%	59518157	0	59518157	64.69%	1.52%
[2]	Foreign				0.00%				0.00%	0.00%
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00%	0	0	0	0.00%	0.00%
(b)	Government	0	0	0	0.00%	0	0	0	0.00%	0.00%
(c)	Institutions	0	0	0	0.00%	0	0	0	0.00%	0.00%
(d)	Foreign Portfolio Investor	0	0	0	0.00%	0	0	0	0.00%	0.00%
(e)	Any Other (Specify)				0.00%				0.00%	0.00%
	Sub Total (A)(2)	0	0	0	0.00%	0	0	0	0.00%	0.00%
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	58122334	0	58122334	63.18%	59518157	0	59518157	64.69%	1.52%
(B)	Public Shareholding				0.00%				0.00%	0.00%
[1]	Institutions				0.00%				0.00%	0.00%
(a)	Mutual Funds / UTI	0	0	0	0.00%	0	0	0	0.00%	0.00%
(b)	Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
(c)	Alternate Investment Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
(d)	Foreign Venture Capital Investors	0	0	0	0.00%	0	0	0	0.00%	0.00%
(e)	Foreign Portfolio Investor	0	0	0	0.00%	0	0	0	0.00%	0.00%



(f)	Financial Institutions / Banks	15330	0	15330	0.02%	585	0	585	0.00%	-0.02%
(g)	Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
(h)	Provident Funds/ Pension Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
(i)	Any Other (Specify)				0.00%				0.00%	0.00%
	Sub Total (B)(1)	15330	0	15330	0.02%	585	0	585	0.00%	-0.02%
[2]	Central Government/ State Government(s)/ President of India				0.00%				0.00%	0.00%
	Central Government / State Government(s)	1140	0	1140	0.00%	1140	0	1140	0.00%	0.00%
	Sub Total (B)(2)	1140	0	1140	0.00%	1140	0	1140	0.00%	0.00%
[3]	Non-Institutions				0.00%				0.00%	0
(a)	Individuals				0.00%				0.00%	0
(i)	Individual shareholders holding nominal share capital upto Rs. 2 lakh.	25622320	1125	25623445	27.85%	24484850	1125	24485975	26.62%	-1.24%
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	3407839	0	3407839	3.70%	3947464	0	3947464	4.29%	0.59%
(b)	NBFCs registered with RBI	33500	0	33500	0.04%	12500	0	12500	0.01%	-0.02%
(c)	Employee Trusts	0	0	0	0.00%	0	0	0	0.00%	0.00%
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.00%	0	0	0	0.00%	0.00%
(e)	Any Other (Specify)				0.00%				0.00%	0.00%
	Trusts	300	0	300	0.00%	300	0	300	0.00%	0.00%
	Hindu Undivided Family	812495	0	812495	0.88%	956628	0	956628	1.04%	0.16%
	Non Resident Indians (Non Repat)	475162	0	475162	0.52%	519155	0	519155	0.56%	0.05%
	Non Resident Indians (Repat)	964371	0	964371	1.05%	975104	0	975104	1.06%	0.01%
	Clearing Member	503563	0	503563	0.55%	287585	0	287585	0.31%	-0.23%
	Bodies Corporate	2040686	5	2040691	2.22%	1295572	5	1295577	1.41%	-0.81%
	Sub Total (B)(3)	33860236	1130	33861366	36.81%	32479158	1130	32480288	35.30%	-1.50%
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	33876706	1130	33877836	36.82%	32480883	1130	32482013	35.31%	-1.52%
	Total (A)+(B)	91999040	1130	92000170	100.00%	91999040	1130	92000170	100.00%	0.00%
(C)	Non Promoter - Non Public									0.00%
[1]	Custodian/DR Holder	0	0	0	0.00%	0	0	0	0.00%	0.00%
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00%	0	0	0	0.00%	0.00%
	Total (A)+(B)+(C)	91999040	1130	92000170	100.00%	91999040	1130	92000170	100.00%	0.00%

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 31-03-2019			Shareholding at the end of the year-31-03-2020			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Laxmikant Jhunjhunwala AEJJP8858H	13802600	15.00	6.09	13802600	15.00	6.09	0%
1	Marvel Business Private Limited AABCM7231K	11593137	12.60		12141040	13.20		0.60%
2	Laxmi Kant Dwarka Das AAAHL9403N	10065900	10.94		10065900	10.94		0%
3	Prakash Chandra Jhunjhunwala AAKPJ4437C	1559732	1.70		1559732	1.70		0%



5	Umadevi Jhunjhunwala ABQPJ7823H	2593319	2.82		2552446	2.78		-0.04%
6	Naina Devi Jhunjhunwala AANPJ0921A	4183448	4.55	4.53	4203448	4.57	4.53	0.02%
7	Praksash Chandra Jhunjhunwal(HUF)	3808271	4.14		3798271	4.13		-0.01%
8	Aditya Jhunjhunwala AANPJ0923C	3972981	4.32	4.03	4839242	5.26	4.03	0.94%
9	KM Vyapar Private Limited AAACK5991M	2283364	2.48		2283364	2.48		0%
10	Sanjay Jhunjhunwala AANPJ9747L	2494600	2.71	2.71	2494600	2.71	2.71	0%
11	Jhunjhunwala securities private Limited	500000	0.54		500000	0.54		0%
12	Vatsal Jhunjhunwala AGHPJ6163E	499721	0.54		499721	0.54		0%
13	Vridhi Jhunjhunwala AMWPJ0962E	450000	0.49		450000	0.49		0%
14	Francoise commerce Private Limited	20	0.00		20	0.00		0%
15	Vridhi Trust	188780	0.20		188780	0.21		0%
16	Shivam Trust	120549	0.13		120549	0.13		0%
17	Madhu Prakash Jhunjhunwala	5912	0.00		18444	0.02		0.01%
	Total	58122334	63.18	17.36	59496157	64.70	17.36	(1.52)

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

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		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	LAKSHMI KANT JHUNJHUNWALA	13802600	15.0028			13802600	15.0028
	AT THE END OF THE YEAR					13802600	15.0028
2	MARVEL BUSINESS PRIVATE LTD	11593137	12.6012			11593137	12.6012
	Transfer			29 Jun 2019	69642	11662779	12.6769
	Transfer			16 Aug 2019	116553	11779332	12.8036
	Transfer			30 Aug 2019	179852	11959184	12.9991
	Transfer			06 Sep 2019	130965	12090149	13.1414
	Transfer			13 Sep 2019	23797	12113946	13.1673
	Transfer			04 Oct 2019	27094	12141040	13.1968
	AT THE END OF THE YEAR					12141040	13.1968
3	LAKSHMI KANT DWARKADAS	10065900	10.9412			10065900	10.9412
	AT THE END OF THE YEAR					10065900	10.9412
4	ADITYA JHUNJHUNWALA	3972981	4.3184			3972981	4.3184
	Transfer			13 Mar 2020	11458	3984439	4.3309
	Transfer			20 Mar 2020	299507	4283946	4.6565
	Transfer			27 Mar 2020	248942	4532888	4.9270
	Transfer			31 Mar 2020	306354	4839242	5.2600
	AT THE END OF THE YEAR					4839242	5.2600



5	NAINA JHUNJHUNWALA	4183448	4.5472			4183448	4.5472
	Transfer			29 Jun 2019	5000	4188448	4.5527
	Transfer			18 Oct 2019	10000	4198448	4.5635
	Transfer			10 Jan 2020	(5000)	4193448	4.5581
	Transfer			28 Feb 2020	2399	4195847	4.5607
	Transfer			06 Mar 2020	7601	4203448	4.5690
	AT THE END OF THE YEAR					4203448	4.5690
6	PRAKASHCHANDRA DWARKADAS JHUNJHUNWALA	3808271	4.1394			3808271	4.1394
	Transfer			06 Sep 2019	(10000)	3798271	4.1285
	AT THE END OF THE YEAR					3798271	4.1285
7	UMADEVI JHUNJHUNWALA	2593319	2.8188			2593319	2.8188
	Transfer			05 Apr 2019	(3000)	2590319	2.8156
	Transfer			12 Apr 2019	(1000)	2589319	2.8145
	Transfer			19 Apr 2019	(1000)	2588319	2.8134
	Transfer			26 Apr 2019	(3000)	2585319	2.8101
	Transfer			03 May 2019	(2000)	2583319	2.8080
	Transfer			17 May 2019	(2000)	2581319	2.8058
	Transfer			24 May 2019	(4855)	2576464	2.8005
	Transfer			07 Jun 2019	(5000)	2571464	2.7951
	Transfer			14 Jun 2019	(5127)	2566337	2.7895
	Transfer			21 Jun 2019	(4500)	2561837	2.7846
	Transfer			05 Jul 2019	(100)	2561737	2.7845
	Transfer			19 Jul 2019	(150)	2561587	2.7843
	Transfer			09 Aug 2019	(1357)	2560230	2.7829
	Transfer			16 Aug 2019	(900)	2559330	2.7819
	Transfer			11 Oct 2019	(684)	2558646	2.7811
	Transfer			29 Nov 2019	(1000)	2557646	2.7800
	Transfer			06 Dec 2019	(500)	2557146	2.7795
	Transfer			27 Dec 2019	(1000)	2556146	2.7784
	Transfer			17 Jan 2020	(1000)	2555146	2.7773
	Transfer			14 Feb 2020	(600)	2554546	2.7767
	Transfer			21 Feb 2020	(300)	2554246	2.7763
	Transfer			28 Feb 2020	(300)	2553946	2.7760
	Transfer			20 Mar 2020	(1500)	2552446	2.7744
	AT THE END OF THE YEAR					2552446	2.7744
8	SANJAY JHUNJHUNWALA	2494600	2.7115			2494600	2.7115
	AT THE END OF THE YEAR					2494600	2.7115
9	K M VYAPAR PRIVATE LTD	2283364	2.4819			2283364	2.4819
	AT THE END OF THE YEAR					2283364	2.4819
10	PRAKASHCHANDRA DWARKADAS JHUNJHUNWALA	1559732	1.70			1559732	1.70
	AT THE END OF THE YEAR					1559732	1.70
11	JHUNJHUNWALA SECURITIES PRIVATE LIMITED	500000	0.5435			500000	0.5435
	AT THE END OF THE YEAR					500000	0.5435
12	VATSAL JHUNJHUNWALA	499721	0.5432			499721	0.5432
	AT THE END OF THE YEAR					499721	0.5432
13	VRIDHI JHUNJHUNWALA	450000	0.4891			450000	0.4891
	AT THE END OF THE YEAR					450000	0.4891
14	VRIDHI TRUST	188780	0.2052			188780	0.2052
	AT THE END OF THE YEAR					188780	0.2052
15	SHIVAM TRUST	120549	0.1310			120549	0.1310
	AT THE END OF THE YEAR					120549	0.1310
16	MADHU PRAKASH JHUNJHUNWALA	5912	0.0064			5912	0.0064



	Transfer			12 Apr 2019	(286)	5626	0.0061
	Transfer			07 Jun 2019	11270	16896	0.0184
	Transfer			14 Jun 2019	(2500)	14396	0.0156
	Transfer			29 Jun 2019	(1000)	13396	0.0146
	Transfer			12 Jul 2019	(200)	13196	0.0143
	Transfer			19 Jul 2019	(150)	13046	0.0142
	Transfer			06 Sep 2019	10000	23046	0.0250
	Transfer			08 Nov 2019	(1502)	21544	0.0234
	Transfer			22 Nov 2019	(2000)	19544	0.0212
	Transfer			29 Nov 2019	(900)	18644	0.0203
	Transfer			13 Dec 2019	(200)	18444	0.0200
	AT THE END OF THE YEAR					18444	0.0200
17	FRANCOISE COMMERCE PRIVATE LIMITED	20	0.0000			20	0.0000
	AT THE END OF THE YEAR					20	0.0000

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

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	S N RAJAN	654356	0.7113			654356	0.7113
	Transfer			21 Jun 2019	20000	674356	0.7330
	Transfer			02 Aug 2019	10000	684356	0.7439
	Transfer			13 Dec 2019	10000	694356	0.7547
	Transfer			20 Dec 2019	4018	698374	0.7591
	Transfer			10 Jan 2020	(134537)	563837	0.6129
	Transfer			17 Jan 2020	1159	564996	0.6141
	Transfer			13 Mar 2020	6330	571326	0.6210
	AT THE END OF THE YEAR					571326	0.6210
2	RAMESH LAKSHMINARAYANAN	300000	0.3261			300000	0.3261
	Transfer			13 Mar 2020	30000	330000	0.3587
	Transfer			20 Mar 2020	31825	361825	0.3933
	AT THE END OF THE YEAR					361825	0.3933
3	MANJU RAKESH JAIN	330000	0.3587			330000	0.3587
	AT THE END OF THE YEAR					330000	0.3587
4	RAKESH KUMAR JAIN	327500	0.3560			327500	0.3560
	AT THE END OF THE YEAR					327500	0.3560
5	SNEHA MANOHAR	279646	0.3040			279646	0.3040
	AT THE END OF THE YEAR					279646	0.3040
6	AJAYKUMAR BHASKAR PATIL	0	0.0000			0	0.0000



	Transfer			10 Jan 2020	83775	83775	0.0911
	Transfer			17 Jan 2020	107225	191000	0.2076
	Transfer			24 Jan 2020	59000	250000	0.2717
	Transfer			07 Feb 2020	16206	266206	0.2894
	Transfer			14 Feb 2020	11794	278000	0.3022
	AT THE END OF THE YEAR					278000	0.3022
7	AJAY BANWARILAL KEJRIWAL	250000	0.2717			250000	0.2717
	AT THE END OF THE YEAR					250000	0.2717
8	PRASHANT KHANDELWAL	230000	0.2500			230000	0.2500
	AT THE END OF THE YEAR					230000	0.2500
9	AKSHAY KUMAR GURNANI	225000	0.2446			225000	0.2446
	AT THE END OF THE YEAR					225000	0.2446
10	JM FINANCIAL SERVICES LIMITED	236956	0.2576			236956	0.2576
	Transfer			05 Apr 2019	2031	238987	0.2598
	Transfer			12 Apr 2019	(2031)	236956	0.2576
	Transfer			26 Apr 2019	5100	242056	0.2631
	Transfer			03 May 2019	(100)	241956	0.2630
	Transfer			24 May 2019	3	241959	0.2630
	Transfer			31 May 2019	(3)	241956	0.2630
	Transfer			21 Jun 2019	8	241964	0.2630
	Transfer			29 Jun 2019	(8)	241956	0.2630
	Transfer			16 Aug 2019	1000	242956	0.2641
	Transfer			23 Aug 2019	(821)	242135	0.2632
	Transfer			30 Aug 2019	941	243076	0.2642
	Transfer			06 Sep 2019	(1120)	241956	0.2630
	Transfer			30 Sep 2019	(120187)	121769	0.1324
	Transfer			22 Nov 2019	(26164)	95605	0.1039
	Transfer			29 Nov 2019	500	96105	0.1045
	Transfer			06 Dec 2019	(500)	95605	0.1039
	Transfer			20 Dec 2019	25	95630	0.1039
	Transfer			27 Dec 2019	18275	113905	0.1238
	Transfer			31 Dec 2019	(3300)	110605	0.1202
	Transfer			10 Jan 2020	(15000)	95605	0.1039
	Transfer			17 Jan 2020	(15279)	80326	0.0873
	Transfer			24 Jan 2020	22	80348	0.0873
	Transfer			31 Jan 2020	(10022)	70326	0.0764
	Transfer			07 Feb 2020	(8836)	61490	0.0668
	Transfer			14 Feb 2020	362	61852	0.0672
	Transfer			21 Feb 2020	(362)	61490	0.0668
	Transfer			31 Mar 2020	95	61585	0.0669
	AT THE END OF THE YEAR					61585	0.0669



(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sh. L.K. Jhunjunwala				
	At the beginning of the year as at 01-04-2019	13802600	15.00	13802600	15.00
	At the End of the year	13802600	15.00	13802600	15.00
2	Sh. Aditya Jhunjunwala				
	At the beginning of the year as at 01-04-2019	3704200	4.03	4839242	5.26
	At the End of the year	4839242	5.26	4839242	5.26
3	Shri Sanjay Jhunjunwala				
	At the beginning of the year as at 01-04-2019	2494600	2.71	2494600	2.71
	At the End of the year	2494600	2.71	2494600	2.71

V. INDEBTEDNESS

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

(Rs. in lacs)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
i) Principal Amount	10717.99	136.29	-	10854.28
ii) Interest accrued and but not due on borrowings	80.47	-	-	80.47
iii)) Interest accrued and due on borrowings	0.80	-	-	0.80
Total (i+ii+iii)	10799.26	136.29	-	10935.55
Change in Indebtedness during the financial year				
i) Addition	8669.21	-	-	8669.21
ii) Reduction	-1987.86	-136.29	-	2124.15
Net Change	6681.35	-136.29		6545.06
Indebtedness at the end of the financial year				
i) Principal Amount	17407.74	-	-	17407.74
ii)) Interest accrued but not due on borrowings	72.87	-	-	72.87
iii)) Interest accrued and due on borrowings	0.00	-	-	0.00
Total (i+ii+iii)	17480.61	-	-	17480.61

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Sh. L. K. Jhunjunwala	Sh. Aditya Jhunjunwala	Sh. Sanjay Jhunjunwala	** Sh. S. C. Agarwal	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9600000	9600000	9600000	3600000	32400000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	133580	133532	79200	388548	734860
	(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** - Others, specify...	20000000	20000000	-	-	40000000
5.	Others, please specify-P.F.	1092000	1080000	1080000	420000	3672000
	Total (A)	30825520	30813532	10759200	4408548	76806860
	Ceiling as per the Act					26112230

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

** Subject to confirmation by the members in the forthcoming AGM of the company



B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors					Total
	H. P. Singhania	R. S. Shukla	S. K. Gupta	Madhu Mathur	Sushil Solomon	Amount- Rs.
1. Independent Directors · Fee for attending board / committee meetings · Commission · Others, please specify	64000	10000	82000	52000	30000	238000
Total (1)	64000	10000	82000	52000	30000	238000
2. Other Non-Executive Directors Fee for attending board /committee meetings Commission Others, please specify	0					0
Total (2)	0	0	0	0		0
Total(B)=(1+2)	64000	10000	82000	52000	30000	238000
Total Managerial Remuneration	64000	10000	82000	52000	30000	238000
Overall Ceiling as per the Act	0	0	0	0	0	26112230

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	-	360000	1600515	2621945
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission - as % of profit - Others, specify...	0	0	0	0
5.	Others, please specify(P.F)	0	0	112200	0
	Total	0	360000	1712715	2072715
	Ceiling as per the Act				26112230

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :

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

Date: 12.06.2020
Place: Lucknow

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



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

(Amt. In Lakhs)

Name(s) of Whole time Directors	Designation	Remuneration - year ended 31-03-2020 (In Rs.)	Remuneration - year ended 31-03-2019 (In Rs.)	% increase/ (Decrease) in remuneration *	Ratio of remuneration to median remuneration of employees	Ratio of the remuneration to Net Profit year ended 31-03-2020
Shri L.K. Jhunjhunwala	Whole Time Director	308.25	81.60	277.75%	130:1.00	0.167:1.00
Shri Aditya Jhunjhunwala	Mg. Director	308.13	68.51	349.75%	130:1.00	0.167:1.00
Shri Sanjay Jhunjhunwala	Jt. Mg. Director	107.59	67.67	58.99%	45:1.00	0.058:1.00
Shri S.C. Agarwal	Exe. Director-cum- CEO	44.08	29.73	48.26%	19:1.00	0.023:1.00

(Amt. In Lakhs)

Name(s) of Independent Directors	Remuneration- Year ended 31-03-2020 (In Rs.)	Remuneration in year ended 31-03-2019 (In Rs.)	% increase in remuneration
Sh. H. P. Singhania	0.64	0.48	33.33%
Sh. R. S. Shukla	0.10	0.64	-0.84%
Sh. S. K. Gupta	0.82	0.18	355%
Mrs. MadhuMathur	0.52	0.30	73 %
Dr. Sushil Solomon	0.30	0.00	100%

(Amt. In Lakhs)

Name of KMP	Remuneration – Year ended 31-03-2020 (In Rs.)*	Remuneration year ended 31-03-2019 (In Rs.)	% increase in remuneration	Ratio of the remuneration to Net Profit for the year ended 31-03-2020
Sh. Arvind Gupta	17.12	15.34	11.60%	0.009:1.00
Ms. Pooja Dua	3.60	7.89*	(54.37)%	0.002:1.00

* The figures are comparable

* Ms. Pooja Dua is Company Secretary, appointed at the beginning of the year. Sh. Rajeev Kumar and Sh. Ritesh Srivastava were in employment during the previous year 2018-19.

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

Sl No.	Description			
1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Shri L.K. Jhunjhunwala Shri Aditya Jhunjhunwala Shri Sanjay Jhunjhunwala Shri S.C. Agarwal	130:1.00 130:1.00 45:1.00 19:1.00	Note-1
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Chairman-cum-Director Managing Director Joint Managing Director Executive Director –cum-CEO CFO CS	277.75% 349.75% 58.99% 48.26% 11.60% (54.37)%	Note-4



3	The percentage increase in the median remuneration of employees in the financial year	9.0 %					
4	The number of permanent employees on the rolls of company	312 nos.					
5	The explanation on the relationship between average increase in remuneration and company performance	<p>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 :</p> <p>a- Demand –supply relationship of the job skill/ expertise;</p> <p>b- Company's need to retain and attract Human Resources and talent;</p> <p>c- Employee's social aspiration for enhancing standard of living;</p>					Note-2
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	Total Remuneration Rs. In lacs					Note-3
		Financial Year		Increase/(Decrease) in %			
		2018-19	2019-20				
		270.74	788.79	191.3%			
		Revenue of the Company Rs. In lacs					
		Financial Year	Financial Year	Increase in %			
		2018-19	2019-20				
		40420.68	54194.29	34.07%			
		Profit before Tax and exceptional items Rs. In lacs					
		Financial Year	Financial Year	Increase/Decrease in %			
2018-19	2019-20						
3204.56	2800.98	-12.59%					
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	Particulars	Unit	As at 31-03- 2020	As at 31-03- 2019	Variation	Increase/Decrease in %
		Closing rate at NSE	Rs.	6.30	9.10	-30.76%	
		EPS Consolidated	Rs.	2.00	2.65	-24.53%	
		Market Capitalization	Rs./ lacs	5796.01	8372.01	-30.76%	
		Price Earnings Ratio	Ratio	3.15:1	3.43:1	-8.16%	



	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																																								
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	<p>a. Average percentile increase in the salary of employees other than managerial persons 4.30 %</p> <p>b. Percentage increase in the remuneration of Whole Time Working Directors 210.31%</p> <ul style="list-style-type: none"> - Directors' Remuneration is in line with the industry practice and exceeds the limit specified under section 197 of the Companies Act, 2013 read with schedule V. - Commissions paid to the Whole Time Directors, except Joint Managing Director and Executive Director, during the year under review. 	2019-2020																																						
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	<p style="text-align: center;">Remuneration of KMPs (Rs. In Lacs)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Name & Designation</th> <th colspan="2">Financial Year</th> <th rowspan="2">Increase/Decrease %</th> </tr> <tr> <th>2018-19</th> <th>2019-20</th> </tr> </thead> <tbody> <tr> <td>LKJ, Ch.</td> <td style="text-align: right;">81.60</td> <td style="text-align: right;">308.25</td> <td style="text-align: right;">277.75%</td> </tr> <tr> <td>AJ, MD</td> <td style="text-align: right;">68.51</td> <td style="text-align: right;">308.13</td> <td style="text-align: right;">349.75%</td> </tr> <tr> <td>SJ,JMD</td> <td style="text-align: right;">67.67</td> <td style="text-align: right;">107.59</td> <td style="text-align: right;">58.99%</td> </tr> <tr> <td>SCA,ED-CEO</td> <td style="text-align: right;">29.73</td> <td style="text-align: right;">44.08</td> <td style="text-align: right;">48.26%</td> </tr> <tr> <td>CFO</td> <td style="text-align: right;">15.34</td> <td style="text-align: right;">17.12</td> <td style="text-align: right;">11.60%</td> </tr> <tr> <td>CS</td> <td style="text-align: right;">7.89</td> <td style="text-align: right;">3.60</td> <td style="text-align: right;">(54.37)%</td> </tr> <tr> <td colspan="2">Increase in the revenue of the Company (%)</td> <td colspan="2">Decrease/Increase in Profit before tax and exceptional items (%)</td> </tr> <tr> <td colspan="2" style="text-align: center;">34.07%</td> <td colspan="2" style="text-align: center;">-12.59%</td> </tr> </tbody> </table>	Name & Designation	Financial Year		Increase/Decrease %	2018-19	2019-20	LKJ, Ch.	81.60	308.25	277.75%	AJ, MD	68.51	308.13	349.75%	SJ,JMD	67.67	107.59	58.99%	SCA,ED-CEO	29.73	44.08	48.26%	CFO	15.34	17.12	11.60%	CS	7.89	3.60	(54.37)%	Increase in the revenue of the Company (%)		Decrease/Increase in Profit before tax and exceptional items (%)		34.07%		-12.59%		
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10	The key parameters for any variable component of remuneration availed by the directors	<p>Executive Directors-</p> <p>i) Incentive of annual salary and commission up to 5% of the profit as recommended by Board subject to the approval of the shareholders of the company at the ensuing AGM of the company.</p> <p>ii) In case the Company has, in any financial year, no profits or if its profits are inadequate anytime during the three years period starting from the date of appointment, the aforesaid remuneration shall be paid to respective directors as minimum remuneration in accordance with the provisions of Section II of Part II of Schedule V to the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof, as may, for the time being, be in force and as may be agreed to by and between the Board and the Director.</p> <p>iii) Non-executive directors Commission : NIL</p>																																							



Directors' Report...

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 remuneration policy of the company	Yes.	

Notes:

1. All other directors (Independent) were paid only sitting fee for attending the meetings of the Board and Committees thereof.
2. Commission was paid to the Whole Time Directors during the year under review, which exceeds the limit specified under section 197 of the Companies Act, 2013 read with schedule V is subject to the approval of the shareholders at the ensuing AGM of the company.
3. 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.
4. The company did not come out with Public Offer.



FORM NO. MR.3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s K M SUGAR MILLS LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

We hereby report that in our opinion

- I. The company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also;
- ii. That the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made there under;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - Not applicable as the Company has not made any such transaction during the financial year under review;
 - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (w.e.f. 15.05.2015);
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- not applicable as the Company has not made any public offer of securities during the period under review;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/Securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014) - Not applicable as the Company has not granted any options during the financial year under review
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - not applicable as the Company has not issued any listed debt securities during the period under review;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not applicable as the Company has not delisted/propose to delist its equity shares from any stock exchange during the financial year under review;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back/propose to buyback any of its securities during the financial year under review.
 - vi. The following other laws as may be applicable specifically to the company:
 - (a) Sugar Cess Act, 1982
 - (b) Levy Sugar Price Equalisation Fund Act, 1976
 - (c) Food Safety And Standards Act, 2006
 - (d) Essential Commodities Act, 1955

Directors' Report...



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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
 - (ii) Listing Agreements entered into by the Company with BSE Limited & National Stock Exchange Limited.
- During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:
- (i) The Company has filed with delay few forms/returns/documents etc. on payment of additional fee with the Registrar of Companies, Ministry of Corporate Affairs, Kanpur under the provisions of the Companies Act, 2013.

We further report that :

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, however we have noted delay in sending agenda papers in few cases, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

For Pragati Gupta
Company Secretaries

Pragati Gupta
Proprietor
Membership No. : A19302
C.P. No. 7878
UDIN - A019302B000585681

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

To,
The Members,
KMSUGARMILLSLIMITED,
11, MotiBhawan, Collectorganj, Kanpur - 208 001

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.



5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

or Pragati Gupta
Company Secretaries

Pragati Gupta
Proprietor
Membership No. : A19302
C.P. No. 7878
UDIN - A019302B000585681

Directors' Report...



INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report...

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

We have audited the accompanying Standalone financial statements of K M Sugar Mills Limited ("the Company") which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Sl. No.	Key Audit Matter	Auditor's Response
1	Valuation of inventory of sugar : As on March 31, 2020, the Company has inventory of sugar with a carrying value INR 24386.46 lakhs. The inventory of sugar is valued at the lower of cost and net realizable value. We considered the value of the inventory of sugar as a key audit matter given the relative value of inventory in the financial statements and significant judgement involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and related notifications of the Government in valuation of NRV.	Principal Audit Procedures We understood and tested the design and operating effectiveness of controls as established by the management in determination of cost of production and net realizable value of inventory of sugar. We considered various factors including the prevailing selling price during and subsequent to the year end, minimum selling price & monthly quota, and notifications of the Government of India, initiatives taken by the Government with respect to sugar industry as a whole. Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year-end and comparison with cost for valuation of inventory is considered to be reasonable.
2	Impact of government policies/ notifications on recognition of subsidy accruals/claims and their recoverability During the year the company has recognized assistance on sugar quota export subsidy claims amounting to Rs. 14.57 crores in terms of Schemes notified by the Central Government to offset the cane cost for sugar season 2018-19 and Rs. 4.38 crores for defraying expenditure towards internal transport, freight, handling and other charges on export. We considered this as a key audit matter because recognition of subsidy claim is subject to satisfaction of certain conditions mentioned in the related notification. Assessment of recoverability of the claims is subject to significant judgment of the management including certainty with respect to the satisfaction of conditions specified in the notifications /policies, collections thereof.	Principal Audit Procedures We understood and tested the design and operating effectiveness of controls as established by management in recognition and assessment of the recoverability of the claims. We evaluated the management's assessment regarding reasonable certainty for complying with the relevant conditions as specified in the notifications / policies and collections. We considered the relevant notifications/policies issued by various authorities to ascertain the appropriateness of the recognition of accruals / claims, adjustments to claims already recognized pursuant to changes in the rates and basis for determination of claims. Based on the above procedures performed, the management's estimates related to recognition of subsidy accruals /claim and there recoverability are considered to be reasonable.
3	Deferred tax asset relating to MAT Credit Entitlement: The company has recognised deferred tax asset relating to MAT credit entitlement. The recoverability of this deferred tax asset relating to MAT credit entitlement is dependent upon the generation of sufficient future taxable profit to utilise such entitlement within the stipulated period prescribed under the Income Tax Act, 1961. We identified this as a key audit matter because significant judgement is required in forecasting future taxable profits for recognition of deferred tax asset relating to MAT credit entitlement.	Principal Audit Procedures We have assessed the management's judgement relating to the forecasts of future revenue, taxable profits and evaluated the reasonableness of the considerations/ assumptions underlying the preparation of these forecasts. Based on the above procedures performed, the recognition and measurement of deferred tax asset relating to MAT credit entitlement are considered adequate and reasonable.
4	Contingent Liabilities : There are various litigations pending before various forums against the Company and management's judgement is required for estimating the amount to be disclosed as contingent liability. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias.	Principal Audit Procedures We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures: - understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases; - discussing with management any material developments and latest status of legal matters; - read various correspondences and related documents pertaining to litigation cases produced by the management and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities; - examining management's judgements and assessments whether provisions are required; - considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote; - reviewing the adequacy and completeness of disclosures; Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable.



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

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

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

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

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

Management's Responsibility for the Standalone Financial Statements

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

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

or has no realistic alternative but to do so.

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

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

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

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

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



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Change in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being

appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is subject to requisite approval in accordance with the provisions of section 197 of the Act. Refer Note 36.17 of the standalone financial statements for more details.

- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its Standalone financial Statements – Refer Note – 36.5 to the Standalone financial statements;
 - ii. the company did not have any long term contract including derivative contracts for which there were any material foreseeable losses; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

P.C. Agiwal
Partner

M. No. 080475

Place: New Delhi
Date: 12.06.2020

UDIN -20080475AAAABT5120

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT
The Annexure 'A' referred to in our Independent Auditors' Report to the members of the Company on the Standalone financial statements of K.M. Sugar Mills Limited for the year ended 31st March, 2020, we report that:

- (i) In respect of its fixed assets :
 - (a) *The Company has generally maintained records to show particulars, including quantitative details and situation of fixed assets but its updation is in progress;*



- (b) *The fixed assets covering significant value were physically verified during the year by the management at such intervals which in our opinion, provides for the physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification;*
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of company.
- (ii) According to the information and explanations given to us, the inventories have been physically verified by the management to the extent practicable at reasonable intervals during the year and as explained, there was no material discrepancies noticed on such verification.
- (iii) According to the information and explanations given to us, the Company has not granted secured or unsecured loan to companies, firms, LLP or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company is in compliance with the provisions of section 185 and 186 of Companies Act, 2013 as on 31.03.2020 with respect to the loans, investments, guarantees and security provided by it.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. Hence, the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there-under are not applicable to the Company.
- (vi) In our opinion and according to the information and explanations given to us, specified cost accounts and records as prescribed by the Central Government in terms of sub-section (1) of section 148 of the Companies Act, 2013 have been prima facie made and maintained by the company. However, we have not, nor we are required, carried out any detailed examination of such accounts and records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of

customs, duty of excise, value added tax, goods and service tax, cess and any other material statutory dues to the appropriate authorities to the extent these are applicable except some small delays.

According to the information and explanations given to us, no undisputed dues were in arrears as at 31st March, 2020 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 and value added tax have not been deposited by the Company on account of disputes :

Name of the statute	Nature of dues	Gross demand Amount (Rs. in lakhs)	Amount paid under protest (Rs. in lakhs)	Period to which pertain	Forum where dispute is pending
Entry Tax Act	Entry Tax	1.34	1.34	2012-13	Additional Commissioner (Appeal), Commercial Tax, Faizabad
Central Sales Tax	CST	0.89	-	2016-17	Additional Commissioner (Appeal), Commercial Tax, Faizabad
Value Added Tax	VAT	2.04	2.04	2013-14	Additional Commissioner (Appeal), Faizabad
Value Added Tax	VAT	5.23	2.09	2014-15	Additional Commissioner (Appeal), Faizabad
Value Added Tax	VAT	9.22	4.61	2015-16	Additional Commissioner (Appeal), Faizabad
Value Added Tax	VAT	12.48	0.52	2016-17	Additional Commissioner (Appeal), Faizabad

- (viii) Based on our audit procedure and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of loans / borrowings to the financial institutions, banks, Government or a debenture holders at the end of year.
- (ix) According to the information and explanations given to us, the Company has applied the term loans for the purpose for which those were raised.
- (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 during the year is subject to requisite approval of the shareholders as mandated by the



provisions of section 197 read with Schedule V to the Act. Kindly refer Note 36.17 of the standalone financial statements.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company.
- (xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statement as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) In our opinion and according to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him.
- (xvi) As per our information, the company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934.

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

P.C. Agiwal
Partner
M.No. 080475
UDIN -20080475AAAABT5120

Place: New Delhi
Date: 12.06.2020

Annexure - B to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of K.M. Sugar Mills Limited. ("the Company") as of 31 March 2020 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The board of directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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



financial reporting includes those policies and procedures that

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may

become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

P.C. Agiwal
Partner
M. No. 080475
UDIN -20080475AAAABT5120

Place : New Delhi
Date : 12.06.2020

Independent Auditor's Report...



K.M Sugar Mills Limited

CIN : L15421UP1971PLC003492

Balance Sheet as at 31st March, 2020

(Rs. in Lakhs)

PARTICULARS	Notes No.	Current Year	Previous Year
		As at 31st March 2020	As at 31st March 2019
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	3	16,036.53	15,258.11
(b) Capital work-in-progress	3A	35.67	702.57
(c) Intangible Assets	3B	1.47	3.91
(d) Financial assets			
(i) Loans	4	379.90	365.78
(ii) Investments	5	2,742.74	1,406.73
(iii) Other Financial Assets	6	223.57	32.46
(e) Non-current tax assets (net)	7	128.54	98.68
(f) Other non-current assets	8	46.75	45.09
Total non-current assets		19,595.17	17,913.33
(2) Current assets			
(a) Inventories	9	26,771.62	26,598.43
(b) Financial assets			
(i) Investments	10	1.53	94.25
(ii) Trade and other receivables	11	2,079.40	2,749.64
(iii) Cash and cash equivalents	12	372.15	507.69
(iv) Bank balances other than cash and cash equivalents	12A	77.85	375.94
(v) Other financial assets	13	2,810.42	66.18
(c) Other current assets	14	979.80	1,046.35
Total current assets		33,092.77	31,438.48
Total assets		52,687.94	49,351.81
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	1,840.00	1,840.00
(b) Other equity	16	16,889.59	15,053.40
Total equity		18,729.59	16,893.40
LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	4,410.27	3,588.54
(ii) Other financial liabilities	18	197.57	26.15
(b) Other non current liabilities	19	485.27	585.36
(c) Deferred tax liabilities (net)	20	469.79	35.73
(d) Provisions	21	488.40	497.44
Total non-current liabilities		6,051.30	4,733.22
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	10,473.40	6,470.45
(ii) Trade and other payables	23	11,915.90	18,539.00
(iii) Other financial liabilities	24	3,702.27	1,726.13
(b) Other current liabilities	25	1,748.85	949.95
(c) Provisions	21	66.63	39.66
Total current liabilities		27,907.05	27,725.19
Total equity and liabilities		52,687.94	49,351.81

Corporate Information
Significant Accounting Policies and accompanying notes 2 to 36 form an integral part of standalone financial statements
As per our report of even date attached

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

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

Place : Delhi
Date : 12th June, 2020

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

A.K. Gupta
Chief Financial Officer
Place : Lucknow
Date : 12th June, 2020

Aditya Jhunjunwala
Managing Director
DIN-01686189

Pooja Dua
Company Secretary
M.No-A50996



K.M Sugar Mills Limited

CIN : L15421UP1971PLC003492

Statement of Profit and Loss for the year ended 31st March, 2020

(Rs. in Lakhs)

PARTICULARS	Notes No.	Current Year	Previous Year
		Year Ended 31st March, 2020	Year Ended 31st March, 2019
I Revenue From Operations	26	53,135.09	39,005.38
II Other Income	27	1,059.20	1,415.30
III Total Income (I+II)		54,194.29	40,420.68
IV EXPENSES			
Cost of materials consumed	28	37,758.49	36,642.24
Purchase of Stock-in-Trade	29	1,664.81	2,398.96
Change in inventories of Finished Goods, by product and work in progress	30	(77.59)	(10,276.43)
Employee benefits expense	31	1,350.58	1,243.05
Finance costs	32	1,786.30	762.12
Depreciation and amortization expense	33	1,490.55	1,240.25
Other expenses	34	7,420.16	5,205.93
Total expenses		51,393.31	37,216.12
V Profit/(loss) before exceptional items and tax (III-IV)		2,800.98	3,204.56
VI Exceptional Items		-	-
VII Profit/(loss) before tax (V-VI)		2,800.98	3,204.56
VIII Tax expense:	35		
Current tax		518.08	672.00
Tax expense of earlier year		(3.59)	(21.00)
Deferred tax		443.34	128.23
		957.83	779.23
IX Profit (Loss) for the period (VII-VIII)		1,843.15	2,425.33
X Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Gain / (Loss) arising on actuarial valuation arising on defined benefit obligation		(40.33)	(18.23)
Gain / (Loss) arising on fair valuation of Fixed Asset.		21.33	6,046.98
Gain / (Loss) arising on fair valuation of equity Instrument		(0.55)	0.37
(ii) Income tax relating to items that will not be reclassified to profit or loss		9.28	6.24
		(10.27)	6,035.36
XI Total Comprehensive Income for the period (IX+X) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		1,832.88	8,460.69
XII Earnings per equity share			
(1) Basic		2.00	2.64
(2) Diluted		2.00	2.64

Corporate Information

Significant Accounting Policies and accompanying notes 2 to 36 form an integral part of standalone financial statements As per our report of even date attached

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

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

Place : Delhi
Date : 12th June, 2020

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

A.K. Gupta
Chief Financial Officer

Place : Lucknow
Date : 12th June, 2020

Aditya Jhunjunwala
Managing Director
DIN-01686189

Pooja Dua
Company Secretary
M.No-A50996

Statement of Standalone Profit and Loss



Cash Flow Statement for the year ended 31st March, 2020

(Rs. in Lakhs)

PARTICULARS	Current Year		Previous Year	
	Year ended 31st March, 2020		Year ended 31st March, 2019	
A. Cash flow from operating activities		2,800.98		3,204.56
Net Profit/(Loss) before tax and exceptional items and extraordinary items and tax to net cash flow provided by operating activities:				
Depreciation and amortisation expense	1,490.54		1,240.25	
Finance costs	1,786.30		762.12	
Transfer to storage fund for molasses	3.31		2.40	
Provision/reversal of doubtful debts	(14.51)		0.12	
Balances written off	25.93		67.02	
Interest Income	(50.78)		(146.06)	
Government Grant	(354.71)		(141.28)	
Gain on Mutual Fund	(0.56)		(93.38)	
Loss/(Profit) on sale of fixed assets /investment	0.68		(0.75)	
Unspent liabilities/balances written back	(107.06)		(93.07)	
Other expenses/(income)	(15.68)		29.39	
Remeasurement of defined benefit obligation	(40.33)	2,723.11	(18.23)	1,608.53
Operating Profit before working capital changes		5,524.09		4,813.09
Adjustment to reconcile operating profit to cash flow provided by change in working capital				
(Increase)/Decrease in trade and other receivables	684.76		(556.75)	
(Increase) / Decrease in inventories	(173.18)		(10,281.26)	
(Increase) / Decrease in Current & Non current Assets	64.89		(834.67)	
(Increase) / Decrease in financial Assets	(2,637.93)		205.00	
Increase / (Decrease) in trade payables & Others	(6,541.98)		7,666.53	
Increase / (Decrease) in current & non current liabilities	1,053.52		(7.09)	
Increase / (Decrease) in other financial liabilities	2,235.32		328.92	
Increase / (Decrease) in provisions	17.94		14.34	
		(5,296.67)		(3,464.98)
Cash generated from operations		227.92		1,348.11
Tax expense (excluding wealth tax)		(544.35)		533.66
Cash flow before exceptional and extraordinary items		(316.92)		814.45
Net cash generated from operating activities (A)		(316.92)		814.45
B. Cash Flow from investing activities				
Addition to property, plant and equipment (including capital work in progress)	(1,578.98)		(1,744.80)	
Investment in equity and other (Net)	(1,243.28)		(784.46)	
Interest income received	37.32	(2,784.94)	107.73	(2,421.53)
Net cash used in investing activities (B)				
C. Cash flow from financing activities				
Proceed/(Repayments) of long term borrowings	821.73		792.12	
Proceeds/(Repayments) of short term borrowings	4,002.95		717.40	
Finance cost paid	(1,858.37)	2,966.32	(461.19)	1,048.33
Net cash from financing activities (C)				
Net increase in cash & cash equivalents (A+B+C)		(135.54)		(558.75)
D. Opening cash and cash equivalents		507.69		1,066.44
E. Closing cash and cash equivalents for the purpose of cash		372.15		507.69
Increase in cash & cash equivalents (D-E)		(135.54)		(558.75)

Notes:

1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting

2) Cash and cash equivalents at year end comprises:

Cash on hand	5.82	4.50
Cheque on hand	-	1.77
Balances with scheduled banks		
- current accounts	286.33	296.41
- In EEFC Account	-	0.01
Deposit with bank original maturity less than 3 month	80.00	205.00
Supplementary Information	<u>372.15</u>	<u>507.69</u>

- Restricted Cash Balance (NOTE 11A)*
* amount not included in cash and cash equivalent

As per our report of even date attached

For Agiwal & Associates

Chartered Accountants

F.R. No 000181N

CA. P. C. Agiwal

Partner

M.No.080475

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

A. K. Gupta
Chief Financial Officer

Place : Lucknow
Date : 12th June, 2020

Aditya Jhunjunwala
Managing Director
DIN-01686189

Pooja Dua
Company Secretary
M.No. A50996



Standalone Statement of Change in Equity

Statement of change in equity

(a) Equity Capital
 AT 31st March, 2020 1,840.00
 AT 31st March, 2019 1,840.00

(Rs. in lakh)
 Number
 92000170
 92000170

(b) Other equity

(Rs. in lakh)

Description	General Reserve	Initial Depreciation Reserve	Molasses Storage Fund	Sugar Price Equalisation Reserve	Securities Premium Account	Retained Earning	Items of Other Comprehensive Income			Total
							Revaluation reserve	FVTOCI reserve	Remeasurement of defined benefit plan	
As at April 01, 2018	1,178.18	1.72	13.56	12.40	2,688.01	2,726.05	12.81	(5.63)	(27.93)	6,599.17
Expenses related to previous year	-	-	-	-	-	(8.91)	-	-	-	(8.91)
Profit for the period	-	-	-	-	-	2,425.33	-	-	-	2,425.33
Other Comprehensive Income	-	-	-	-	-	-	6,046.98	0.24	(11.85)	6,035.37
Transfer to Molasses Fund	-	-	2.44	-	-	-	-	-	-	2.44
Transfer to retained earning	-	-	-	-	-	3.05	(1.96)	(1.09)	-	-
As at 31st March, 2019	1,178.18	1.72	16.00	12.40	2,688.01	5,145.52	6,057.83	(6.48)	(39.78)	15,053.40
Profit for the period	-	-	-	-	-	1,843.15	-	-	-	1,843.15
Other Comprehensive Income	-	-	-	-	-	-	16.35	(0.36)	(26.26)	(10.27)
Total Comprehensive Income	1,178.18	1.72	16.00	12.40	2,688.01	6,988.67	6,074.18	(6.84)	(66.04)	16,886.28
Transfer to Molasses Fund	-	-	3.31	-	-	-	(1.66)	-	-	3.31
Transfer to retained earning	-	-	-	-	-	1.66	-	-	-	-
As at March 31, 2020	1,178.18	1.72	19.31	12.40	2,688.01	6,990.33	6,072.52	(6.84)	(66.04)	16,889.59

As per our report of even date attached

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

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

For and on behalf of Board of Directors

S. C. Agarwal
 Executive Director
 DIN-02461954

A. K. Gupta
 Chief Financial Officer

Aditya Jhunjhunwala
 Managing Director
 DIN-01686189

Pooja Dua
 Company Secretary
 M.No. A50996

Place : New Delhi
 Date : 12th June, 2020

Place : Lucknow
 Date : 12th June, 2020



KMSUGAR MILLS LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Corporate Information

KM Sugar Mills Limited ("the Company") having Corporate Identity Number ("CIN") L15421UP1971PLC003492 is a public limited company incorporated and domiciled in India and has its registered office situated at 11, Moti Bhawan, Collector Ganj, Kanpur, Uttar Pradesh – 208001, India.

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

The Company is engaged in sugar manufacturing. The principal activity of the Company is manufacturing and sale of sugar. Besides this, the allied business activities undertaken by the Company primarily consists of manufacturing and sale of Ethanol, Ethyl Alcohol, generation of power using bagasse, and manufacturing and sale of sanitizers.

2. Significant Accounting Policies

2.1 Statement of Compliance with Ind AS

The standalone financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

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

2.2 Recent pronouncements

New & Revised standards adopted by the Company

The Company has applied the following standards and amendments for the first time during the year ended 31st March, 2020:

(i) Ind AS 116- Leases

Ind AS 116 is effective for the period beginning on or after 01st April, 2019. It has replaced Ind AS 17 on Lease. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and mandates accounting of all leases under single lease accounting model.

A lease is required to recognise 'right-of-use asset' representing the value of the right for using the underlying assets and a 'lease liability' representing its obligation to make payments against the same for almost all leasing arrangements. Lessor accounting under Ind AS 116 is substantially unchanged.

The application of Ind AS 116 does not have any material impact on the financial statements.

2.3 Basis of Preparation of Financial Statements

These financial statements are prepared on the

accrual basis of accounting, under the historical cost convention except for the following:

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

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

All assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Operating cycle is the time between the acquisition of assets for processing and their realization in cash or 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. Deferred tax assets and liabilities are considered as non-current.

2.4 Use of Estimates

The preparation of the Financial Statements in conformity with measurement principle under Ind AS requires the management to make estimates, judgment and assumptions that affect the application of accounting policies and the reported amounts of revenue, expenses, assets and liabilities including the accompanying disclosures and the disclosure of contingent assets and liabilities.

Estimates, judgments and assumptions are continuously evaluated. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and are believed to be reasonable under the circumstances.

The Company based its estimates, judgments and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The application of accounting policies that require critical judgments and accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed herein below:

(i) Estimated useful life of Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual value of the asset are determined by the management when the



asset is acquired and reviewed periodically including at each financial year end. The lives are based on technical evaluation, historical experience with similar assets as well as anticipation of future events, which may impact their lives, such as change in technology.

(ii) Current taxes and deferred taxes

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of provision for income taxes.

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

(iii) Estimation of Defined benefit obligations

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial year end.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the actuary considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

(iv) Estimated fair value of unlisted securities

The fair values of financial instruments that are not traded in an active market and cannot be measured based on quoted prices in active markets is determined using valuation techniques including the discounted cash flow (DCF) model. The company uses its judgment to select a variety of method / methods and make assumptions that are mainly based on market conditions existing at the end of each financial year.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgment includes considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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

(a) All property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. For this purpose, cost includes deemed cost on the date of transition and the purchase cost of assets, including non recoverable duties and taxes, and any directly attributable cost of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets is capitalized as part of cost of the asset until such time that the asset is ready for its intended use.

(b) Costs incurred subsequent to initial capitalization are included in the asset's carrying amount only when it is probable that future economic benefits associated therewith will flow to the Company and it can be measured reliably.

The costs of regular servicing of property, plant and equipment are recognized in the Statement of Profit & Loss as and when incurred.

When parts of property, plant and equipment have different useful lives, they are accounted for as separate components, otherwise these are added to and depreciated over the useful life of the main asset. The cost and the accumulated depreciation are eliminated from the financial statements upon sale or when no future economic benefits are expected to arise from use of the asset and the resultant gains or losses are recognized in the Statement of Profit & Loss.

(c) Depreciation methods, estimated useful lives and residual value

Freehold land is not depreciated. Lease-hold land and lease hold improvements are amortised over the lower of estimated useful life and lease term.

Depreciation on other items of property, plant and equipment commences when its assets are available for their intended use.

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



were stated at their original cost (net of accumulated depreciation and impairment) adjusted by revaluation of certain assets.

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

Useful life of assets are considered on the base is of Schedule-II of Companies Act, 2013. The management believes that these estimated useful lives realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives considered are as follows :

Category	31 st March, 2020
Buildings	03-60 years
Roads	03-10 years
Plant & Machinery	05-25 years
Furniture & Fixtures	10 years
Vehicles	05-10 years
Office Equipments	5 years
Computers	03-06 years
Laboratory Equipments	05-10 years
Electrical Installations and Equipment	10 years

Each item of property, plant and equipment individually costing Rs. 5,000 or less is depreciated over a period of one year from the date the said asset is available for use.

The residual value of an item of property, plant and equipment has been kept at = 5% of the cost of the respective assets.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year and are given effect to, wherever appropriate.

(d) Expenditure during construction period

Directly attributable expenditure (including finance cost related to borrowed funds for construction or acquisition of property, plant and equipment) incurred on projects under implementation are treated as Pre-operative expenses pending allocation to the assets and are shown under Capital work-in-progress. Capital work-in-progress is stated at the amount incurred upto the Balance Sheet date on assets or property, plant and equipment that are not yet ready for their intended use.

2.6 Intangible assets (Computer Software)

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

Intangible assets expected to provide future enduring economic benefits are recorded at the consideration paid for acquisition of such assets and are carried at cost of

acquisition less accumulated amortization and impairment, if any.

The estimated useful lives, residual values and amortization method are reviewed at the end of each financial year and are given effect to, wherever appropriate.

The cost and related accumulated amortization are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

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

2.7 Revenue Recognition and Expenses

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

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

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

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

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

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

(iii) Interest Income is accounted for on time proportionate basis. For all debt instruments measured at amortized cost, interest income is recognized using the Effective Interest Rate ("EIR"). Interest Income is included in "Other Income" in the Statement of Profit and Loss.

(iv) Dividend Income is recognized when the Company's right to receive the dividend is established i.e. in case of interim dividend, on the date of declaration by the Board of Directors; whereas in case of final dividend, on the date of approval by shareholders.



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

2.8 Inventory

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

Inventories are valued as under:

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

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

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

2.9 Fair value measurement

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised

within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

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

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

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

2.10 Financial instruments

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

Financial assets

Initial recognition and measurement All financial assets are



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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

- The asset is held within a business model whose objective is to hold the asset for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Equity investments

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

Deemed cost is the carrying amount under the previous GAAP as at the transition date i.e. 1st April, 2016. Equity instruments included within the FVTPL category, if any, are measured at fair value with all changes recognized in profit or loss. The Company may make an irrevocable election to present in OCI subsequent changes in the fair value.

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

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

Preference Share

The fair value of the investments made in a subsidiary company is determined using cost model as prescribed INDAS 27, Fair value of preference share in other company

has been determined on the basis of amortized cost. The discount rate has been taken at is incremental borrowing rate for the company after considering percentage of dividend. Difference between the actual cost and amortized cost is accounted for under "Finance cost" as Gain/ loss arising on fair valuation of preference share and unwinding of interest is accounted for under "Other income"

De-recognition

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

2.11 Employees Benefits

(i) Short term employee benefits

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

(ii) Post employment benefits

Defined contribution plans:

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

Defined benefit plan:

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

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

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

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



Actuarial gains and losses are recognized in the other comprehensive income

(iii) Long term employment benefits

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

(iv) Compensated absences

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

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

2.12 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset till such time that is required to complete and prepare the asset to get ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs consists of interest and other costs that the Company incurs in connection with the borrowing of funds.

All other borrowing cost is charged to the Statement of Profit & Loss in the period in which they are incurred.

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

2.14 Biological assets Biological assets comprise standing crops (crops under development) of sugarcane. The biological process starts with preparation of land for planting, seedlings and ends with the harvesting of crops. When harvested, cane is transferred to inventory at fair value less costs to sell or at cost whichever applicable. For

biological assets, where little biological transformation has taken place since the initial cost was incurred (for example seedlings planted immediately before the balance sheet date)

2.15 Government Grants

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

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

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

2.16 Financial Derivatives and Commodity Hedging Transactions

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

2.17 Foreign Currency Transactions and Translations

Transactions denominated in foreign currencies are initially recorded at the exchange rate prevailing on the date the transaction first qualifies for recognition. Monetary items denominated in foreign currency at the year end are translated at year end rates.

Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of initial transaction.

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.

The exchange differences arising on settlement/translation are recognized in the Statement of Profit and Loss.

2.18 Taxes on Income

(a) Current Tax

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

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



(b) Deferred Tax

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

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

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

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

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

2.19 Impairment of Assets

Non financial Assets

Non financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount, costs of disposal and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash generating units).

Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of the each reporting period.

Financial Assets

The Company recognizes loss allowances using the Expected Credit Loss ("ECL") model for the financial assets which are not fair valued through profit or loss. ECL impairment loss allowance is measured at an amount

equal to lifetime ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income or expense in the Statement of Profit and Loss. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet.

The allowances are reduced from the carrying amount. Until the asset meets write-off criteria, the Company does not adjust impairment allowance from the gross carrying amount.

2.20 Provisions, Contingent Liabilities and Contingent Assets

- (a) Provision is recognized in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.
- (b) Provision is recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.
- (c) Provisions are not recognized for future operating losses.
- (d) 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.
- (e) A contingent asset is not recognized in the financial statements, however, is disclosed, where an inflow of economic benefits is probable.
- (f) Provisions and contingent liabilities are reviewed at each balance sheet date.

2.21 Investment Property

Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business. Owner-occupied property is property held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes. Investment properties are accounted for in the books at cost. However, fair value of such property is required to be disclosed only in accordance with Ind AS 40.

2.22 Segment Reporting

Operating segments are identified and reported taking into account the different risk and return, organisational structure and internal reporting system.

2.23 Earnings Per Share

Basic earnings per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of



equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares.

2.24 Cash and Cash Equivalents

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

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

2.25 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.

2.26 Leases

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 01, 2019 using the modified retrospective method. Accordingly, the Company recognizes right-of-use asset at the date of initial application. The right-of-use asset is measure equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application.

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgment in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any



reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

For Agiwal & Associates For and on behalf of Board of Directors
Chartered Accountants

F.R. No 000181N

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

S. C. Agarwal
Executive Director
DIN-02461954

Aditya Jhunjunwala
Managing Director
DIN-01686189

A K Gupta
Chief Financial Officer

Pooja Dua
Company Secretary
M.No-A50996

Place: New Delhi
Date: 12th June, 2020

Place: Lucknow
Date: 12th June, 2020



Notes forming part of Financial Statements
Note 3: Property, Plant and Equipment

(Rs. in lakh)

Particulars	Land (lease hold)	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers	Total
Gross Block									
Balance as at 1st April, 18	16.48	59.73	754.08	25,626.14	443.37	896.33	127.94	125.82	28,049.89
Additions	6,046.98	750.40	80.19	102.23	21.64	84.51	6.39	2.91	7,095.25
Disposal/Deduction	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 19	6,063.46	810.13	834.27	25,728.37	465.01	980.84	134.33	128.73	35,145.14
Additions	-	42.30	162.80	1,995.03	22.76	14.69	7.07	2.87	2,247.52
Fair valuation	-	21.33	-	82.51	-	-	-	-	21.33
Disposal/Deduction	-	-	-	-	-	6.31	-	-	88.82
Balance as at 31st March, 20	6,063.46	873.76	997.07	27,640.89	487.77	989.22	141.40	131.60	37,325.17
Accumulated depreciation									
Balance as at 1st April, 18	-	-	438.66	17,242.68	240.07	533.12	83.81	110.62	18,648.96
Depreciation for the year	-	-	40.56	917.03	58.58	130.62	20.92	9.18	1,176.89
Amortisation (due to depletion in value)	-	-	12.19	48.61	0.15	0.09	0.14	-	61.18
Balance as at 31st March, 19	-	-	491.41	18,208.32	298.80	663.83	104.87	119.80	19,887.03
Depreciation for the year	239.38	-	83.34	936.10	47.59	101.32	14.37	4.96	1,427.06
Amortisation (due to depletion in value)	-	-	12.19	48.61	0.15	0.09	-	-	61.04
Disposal/Deduction	-	-	-	81.87	-	4.62	-	-	86.49
Balance as at 31st March, 20	239.38	-	586.94	19,111.16	346.54	760.62	119.24	124.76	21,288.64
Net Carrying amount Property, Plant and Equipment									
Net Carrying Amount									
As at 31st March, 2019	6,063.46	810.13	342.86	7,520.05	166.21	317.01	29.46	8.93	15,258.11
As at 31st March, 2020	5,824.08	873.76	410.13	8,529.73	141.23	228.60	22.16	6.84	16,036.53

- * The company has followed the deemed cost option as on 01.04.2016 and decided to opt fair value model for its leasehold land in FY 2018-19 to make the financial statements more presentable.
- * Fair value of leasehold land has been done for 31.03.2019 by Mr. Anoop Kumar Raamani, a Chartered Engineer of repute.
- * Fair valuation has been done using market comparable method. The revalued amount of leasehold land comes to Rs. 6063.46 lakhs as against its cost of Rs. 16.48 lakhs and difference amount of Rs. 6046.98 lakhs has been shown as revaluation surplus under other equity, which has been routed through other comprehensive income.
- * To arrive at the fair value of leasehold land, the guidance rate of UPSIDC prescribed for Madhopur and Masodha area is considered, which is Rs. 1,300 per square meter and accordingly valued entire leasehold area of 46.642 hectare.
- * Lease hold land was taken from Uttar Pradesh Government at initial lease period valid till 13.06.2044 with an option of further renewal for 99 years. This fact is duly considered by the valuer in arriving the fair value.
- * The fair valuation of freehold land has been done during the year and surplus of Rs. 21.33 lakhs generated on that account has been routed through other comprehensive income.



Notes forming part of Financial Statements

Note 3A Capital work in Progress

(Rs. in lakh)

Balance as at 01.04.18	9.55
Additions	810.16
Capitalisation	117.14
Balance as at 31st March, 2019	702.57
Additions	1,357.98
Capitalisation	2,024.88
Balance as at 31st March, 2020	35.67

Note 3B Intangible Assets

Description	Amount
Gross carrying amount as at 01 April, 2018	26.32
Additions	3.50
Deductions	-
Balance as at 31st March, 2019	29.82
Additions	-
Deductions	-
Balance as at 31st March, 2020	29.82
Acumulated balance as at 01 April, 2018	23.73
Depreciation for the year	2.18
Depreciation adjustment	-
Deduction	-
Balance as at 31 March, 2019	25.91
Depreciation for the year	2.44
Balance as at 31 March, 2020	28.35
Net carrying amount	-
As at 31 March, 2019	3.91
As at 31 March, 2020	1.47



K.M Sugar Mills Limited

CIN : L15421UP1971PLC003492

Notes to The Financial Statements as at 31st March, 2020

PARTICULARS	(Rs. in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
Note 4 Loan		
Carried at amortised cost		
Security Deposit	379.90	365.78
Total	379.90	365.78
Note 5 Investments		
(i) Equity Instruments		
(1) Measured at cost		
Unquoted		
In equity shares of companies fully paid up		
Subsidiary company		
50,000 nos. of shares having face value of Rs. 10 each in		
K.M Sprits and Allied Industries Ltd.	5.00	5.00
(2) Designated at Fair Value through other comprehensive income		
Unquoted		
1000 nos. of shares having face value Rs.10 each in		
Chamoli Hydro Power Pvt. Ltd.	0.10	0.18
25000 nos. of Shares having face value Rs.10 each in K.M		
Shakar Karkhana Pvt Ltd.	3.96	2.85
2,000 nos. of shares having face value of Rs. 10 each in HH		
Foundation	0.20	0.20
(ii) Preference share (Measured at amortised cost)		
In 12% Non-cumulative redeemable preference shares fully paid up		
2,00,00,000 nos. (P. Y. 67,50,000 nos.) of Preference		
Share having face value of Rs.10 each in Sonar Casting Ltd.		
ceased to be subsidiary w.e.f. 26.12.2019	2,000.00	675.00
In 9% Non-cumulative redeemable preference shares fully paid up		
38,50,000 nos. of preference shares having face value of		
Rs. 10 each in Brahma Properties Pvt. Ltd.	332.51	331.59
33,89,215 nos. of preference shares having face value of		
Rs. 10 each in K M Energy Pvt. Ltd.	293.28	291.91
(iii) Other Investments		
Designated at Fair value through other comprehensive income		
Unquoted		
In equity shares of companies fully paid up		
10,90,000 nos. of shares (PY 10,00,000) having face value		
of Rs. 10 each in Sonar Casting Ltd. (ceased to be a		
subsidiary w.e.f. 26.12.2019)	107.69	100.00
Total	2,742.74	1,406.73
Aggregate carrying value of unquoted investments	2,740.73	1,504.28
Aggregate fair value of unquoted investments	2,742.74	1,406.73

Notes Forming Part of Standalone Financial Statements



PARTICULARS	As at March 31, 2020		As at March 31, 2019	
Note 6 Other Financial Assets				
FDR with bank				
Original maturity more than 12 months		174.38		14.50
Fixed Deposit for Guarantee (Earmarked)				
Original maturity more than 12 months		43.84		17.85
Interest accrued		5.35		0.11
Total		223.57		32.46
Note 7 Non current Tax Asset (Net)				
Advance Tax (net of provision)		627.13		737.52
TDS Receivable		19.48		33.16
		646.62		770.68
Less:- Provision for Income Tax for current year		518.08		672.00
Total		128.54		98.68
Note 8 Other Non Current Assets				
Capital advances		17.95		37.45
Advance to suppliers and others				
Considered Good		-		-
Considered doubtful	224.14		233.68	
Less: Allowance for doubtful advance	224.14		233.68	
Others				
Duties and Taxes Paid under protest		10.79		6.19
Upfront fee		18.01		1.45
Total		46.75		45.09
Note 9 Inventories				
(a) Raw materials		8.62		16.69
(b) Finished Goods		25,851.48		25,774.84
(c) Work in progress		360.99		360.04
(d) Stores and spares		550.53		446.86
Total		26,771.62		26,598.43
(Refer Note No. - '2.8' for Mode of Valuation)				
Note 10 Investments				
Measured at Fair Value through OCI				
Investment in SBI Liquid Fund		1.53		94.25
49,421 units (PY 3,231.682 units)				
Total		1.53		94.25
Note 11 Trade and other receivables				
- Unsecured				
Considered Good		335.78		54.71
Considered Doubtful	30.24		35.21	
Less:- Provision for Doubtful Debts	30.24		35.21	
Others		335.78		54.71
Considered Good		1,743.62		2,694.93
Total		2,079.40		2,749.64
Note 12 Cash and cash equivalents				
Balances with Banks				
In current Account	286.33		296.41	
In EEFC Account	-		0.01	
Deposit with original maturity less than 3 months	80.00	366.33	205.00	501.42
Cheques draft on Hand				1.77
Cash on hand*		5.82		4.50
<i>*As certified by the management</i>				
Total		372.15		507.69
Note 12A Bank balances other than cash and cash equivalents				
FDR with bank				
Original maturity less than 12 Months		1.00		175.00
FDR with Bank -Earmarked				
Original maturity less than 12 Months		58.55		181.50
Molasses storage Fund in SB account		18.30		19.44
Total		77.85		375.94



(Rs. in Lakhs)

PARTICULARS	As at March 31, 2020		As at March 31, 2019	
Note 13 Other financial assets				
(a) Rent receivable		8.10		3.58
(b) Interest receivable*		428.40		62.60
(c) Assistance receivable**		2,373.92		-
Total		2,810.42		66.18
*Includes interest receivable of buffer stock and soft loans **Includes Rs.31.90 lakhs receivable of buffer stock storage charges and for balance amount refer Note No.36.22				
Note 14 Other current assets				
(a) GST and other taxes receivable		390.27		448.26
(b) Security Deposit				-
Considered Good		27.94		26.96
Considered doubtful	16.00		16.00	-
Less: Provision for doubtful	16.00	-	16.00	-
(c) Advance to employees		8.37		8.04
(d) Advances for supply of goods & services		219.75		399.10
(e) Prepaid Expenses		333.12		142.02
(g) Others		0.35		21.97
Total		979.80		1,046.35

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Note 15 Share Capital				
Authorised				
Equity Share Capital				
Equity Shares of Rs. 2/- each	100,000,000	2,000.00	100,000,000	2,000.00
Issued capital				
Equity Share Capital				
Equity Shares of Rs. 2/- each	92,000,170	1,840.00	92,000,170	1,840.00
Subscribed and paid up capital				
Equity Share Capital				
Equity Shares of Rs. 2/- each	92,000,170	1,840.00	92,000,170	1,840.00
Reconciliation of number of shares outstanding and the amount of share capital				
outstanding and the amount of Share capital				
i) Equity share capital				
Shares outstanding at the beginning of the year	92,000,170	1,840.00	92,000,170	1,840.00
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	92,000,170	1,840.00	92,000,170	1,840.00

ii) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of Issued, subscribed and paid up equity shares having a par value of INR 2/- each per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

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

iii) Details of the Shareholders holding more than 5% share in the Company

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares held	Percentage of share holding	No. of Shares held	Percentage of share holding
Equity shares of INR 2/- each fully paid up				
Mr. L K Jhunjunwala	13,802,600	15.00	13,802,600	15.00
L K Jhunjunwala (HUF)	10,065,900	10.94	10,065,900	10.94
Mr. Aditya Jhunjunwala	4,839,242	5.26	3,972,981	4.32
Marvel Business Pvt. Ltd.	12,141,040	13.20	11,593,137	12.60



PARTICULARS		As at March 31, 2020		As at March 31, 2019	
		Current	Non current	Current	Non current
Note 16	Other equity				
	General Reserve				
	Opening balance	1,178.18		1,178.18	
	Add: change during the year	-		-	
	Closing balance	1,178.18		1,178.18	
	Initial Depreciation Reserve				
	Opening balance	1.72		1.72	
	Add: change during the year	-		-	
	Closing balance	1.72		1.72	
	Molasses Storage Fund				
	Opening balance	16.00		13.56	
	Add: Changes during the year	3.31		2.44	
	Closing balance	19.31		16.00	
	Sugar Price Equalisation Reserve				
	Opening balance	12.40		12.40	
	Change during the year	-		-	
	Closing balance	12.40		12.40	
	Securities Premium Account				
	Opening balance	2,688.01		2,688.01	
	Add change during the year	-		-	
	Closing balance	2,688.01		2,688.01	
	Retained Earnings				
	Opening balance	5,145.52		2,726.05	
	Add: Profit/ Loss during the year	1,843.15		2,425.33	
	Transaction related to previous year	-		(8.91)	
	Add: Transfer from Other comprehensive income	1.66		3.05	
	Closing balance	6,990.33		5,145.52	
	Comprehensive Income				
	Opening balance	6,011.57		(20.75)	
	Change during the year	(10.27)		6,035.37	
	Less: Transfer to Retained Earning	(1.66)		(3.05)	
	Closing balances	5,999.64		6,011.57	
	Total	16,889.59		15,053.40	
Note 17	Borrowings	As at 31st March, 2020		As at 31st March, 2019	
	Long term borrowings				
	Carried at Amortised cost				
(i)	From Banks				
	Secured				
	Rupee Loan				
	State Bank of India - SEFASU Loan	-	-	78.90	-
	State Bank of India Soft Loan	575.00	1,707.98	-	-
	Punjab National Bank Soft Loan	993.88	-	-	-
	State Bank of India -U.P Govt. SEFASU Loan	955.19	2,702.29	716.39	3,462.66
	Total A	2,524.07	4,410.27	795.29	3,462.66
(ii)	From entities other than Banks				
	Unsecured Loan				
	Unsecured loan from related parties	-	-	-	125.88
	Total B	-	-	-	125.88
	TOTAL (A+B+C)	2,524.07	4,410.27	795.29	3,588.54
Nature of securities					
(1) Rupee Term Loan of State Bank of India (SEFASU) is secured by residual charge on entire fixed assets and current assets of the company, present and future, on pari passu basis with other term lenders. Corporate guarantee of KM Plantation Pvt. Ltd., personal guarantee of three directors.					
(2) Rupee Term Loan of State Bank of India (Soft Loan) and Punjab National Bank (Soft Loan) are secured by extension of first charge on entire fixed assets and second charge on current assets of the company, present and future, on pari passu basis with other term lenders. Corporate guarantee of KM Plantation Pvt. Ltd., pledge of shares, personal guarantee of three directors in case of SBI loan and Personal guarantee of two directors in case of PNB.					
(3) Rupee Term Loan of State Bank of India (U.P. Govt. SEFASU Loan) is secured by first charge on entire fixed assets of the company, present and future, on pari passu basis with other term lenders.					
Term of Repayment					
Name of the banks / entities	Interest Rate (%)	Amount Outstanding as on 31, March, 2020		1-3 years	3 years and above
		Current	Non Current		
State Bank of India Soft Loan *	9.65	575.00	1,725.00	1,150.00	575.00
PNB Soft Loan *	10.35	993.88	-	-	-
State Bank of India SEFASU Loan -2018	5.00	955.19	3,104.36	1,910.38	1,193.98
Total		2,524.07	4,829.36	3,060.38	1,768.98
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. Subsidised loan taken from banks and government have been amortised using effective interest rate and maturity profile of loan is as per repayment schedule. *Interest @ 7% to be funded by Central Government for one year (upto 09.04.2020) for State Bank of India and Punjab National Bank Soft Loans.					



PARTICULARS	As at March 31, 2020		As at March 31, 2019	
	Current	Non current	Current	Non current
Note 18 Other financial liabilities Corporate Gurantee issued (Refer Note 36.5)	-	197.57	-	26.15
Total	-	197.57	-	26.15
Note 19 Other non current liabilities Deferred Government Grant Other payable		470.77		570.86
Total		14.50		14.50
		485.27		585.36
Note 20 Deferred tax liabilities (net) Deferred Tax Liabilities Depreciation Others Deferred Tax Assets Expenses allowable for tax purpose when paid MAT credit entitlement Others		1,311.13		1,267.15
Total		27.11		27.11
		136.98		147.92
		545.49		1,027.71
		185.98		82.90
*Refer Note 35		469.79		35.73
Note 21 Provisions	Current	Non current	Current	Non current
Provisions for employees benefit				
Unavailed leave	27.85	36.56	8.11	45.60
Gratuity Expenses	38.78	-	31.55	-
Other Provision *	-	451.84	-	451.84
Total	66.63	488.40	39.66	497.44
* Includes duties, taxes and penalty levied by Commissioner of Excise, Bihar				
Note 22 Borrowings				
Short Term borrowings				
Loan repayable on demand				
Working capital loans				
From banks				
Secured				
State Bank of India		4,110.69		3,007.45
Punjab National Bank		4,466.86		3,452.59
District Co-operative Bank Limited		1,895.85		-
Other Loans and advances				
Unsecured				
From Others		-		10.41
Total		10,473.40		6,470.45
Nature of Securities				
1. Working capital loans from State Bank of India is secured by way of hypothecation and first pari passu charge on stocks of sugar, molasses, consumable stores / spares, industrial alcohol, book debts and other current assets of the company, second pari passu charge with other working capital lenders on entire fixed assets and all other movable and immovable assets of the company (existing & future), personal guarantee of three Directors, pledge of shares and corporate guarantee of KM Plantation Pvt. Ltd.				
2. Working capital loan from Punjab National Bank is secured by pledge of stock of Crystal sugar, second pari passu charge with other working capital lenders on entire fixed assets and all other movable and immovable assets of the company (existing & future), personal guarantee of two Directors, pledge of shares and corporate guarantee of KM Plantation Pvt. Ltd.				
3. Working capital loan from District Co-operative Bank Ltd., Faizabad is secured by pledge of stock of Crystal sugar, second pari passu charge with other working capital lenders on entire fixed assets and all other movable and immovable assets of the company (existing & future), personal guarantee of a Director.				
Note 23 Trade and other payables	Current	Non current	Current	Non current
(i) Total outstanding dues of micro enterprises and small enterprises	-	5.03	-	5.85
(ii) Other than micro enterprises and small enterprises	-	11,910.87	-	18,533.15
Total	-	11,915.90	-	18,539.00
* Amount also includes balances payable to related party, For Details Refer Note 36.17				
Note 24 Other financial liabilities	Non current	Current	Non current	Current
Current maturities of long term debt*	-	2,524.07	-	795.29
Interest accrued but not due on borrowings	-	72.87	-	80.47
Interest accrued and due on borrowings	-	-	-	0.80
Payable to capital goods supplier	-	357.33	-	447.97
Security Deposit	-	290.92	-	249.17
Salary and other payables to employees	-	125.79	-	152.43
Other payable	-	331.29	-	-
*Refer Note No. 17 for nature of securities and term of repayment respectively				
Total	-	3,702.27	-	1,726.13
Note 25 Other current liabilities	As at March 31, 2020		As at March 31, 2019	
Statutory liabilities		423.39		208.98
Deferred government grant		88.68		88.68
Advances from customers		919.67		123.18
Other payable		-		416.80
Outstanding liability of related party		317.11		112.31
Total		1,748.85		949.95



PARTICULARS		As at March 31, 2020	As at March 31, 2019
Note 26	Revenue from operations		
	Sale of goods		
	Sugar	41,332.04	29,657.79
	Power	1,504.07	2,972.19
	Molasses	61.41	0.69
	Industrial alcohol	4,923.52	4,620.67
	Bagasse	1,112.45	1,491.64
	Others	351.30	262.40
	Total A	49,284.79	39,005.38
	Other operating revenue*		
	Insurance and storage charges on buffer stock	50.79	-
	Assistance on sugar quota export	3,799.51	-
	Total B	3,850.30	-
	Total revenue from operations	53,135.09	39,005.38
	* Refer Note No. 36.20 to 36.22		
Note 27	Other income		
	Interest income on financial assets carried at amortised cost		
	Security deposit	23.99	38.33
	Fixed deposits with banks	50.78	79.92
	Others	1.47	19.38
	Government Grant	354.71	141.28
	Other non operating income		
	Net gain on foreign currency transactions and translations	14.77	-
	Insurance claims	1.76	8.39
	Profit on sale of investment	-	0.74
	Gain on mutual funds	0.56	93.38
	Unspent liabilities/balances written back	107.06	93.07
	Miscellaneous income	104.89	112.00
	Gain on preference shares	-	4.23
	Duty draw back receipt	-	0.87
	Administrative charges refund on molasses*	-	318.63
	Sugar handling receipt	384.70	505.08
	Reversal of provision for doubtful debts	14.51	-
	Total	1,059.20	1,415.30
	* Refer Note No. 36.12		
Note 28	Cost of materials consumed		
	Sugar cane	37,758.49	36,371.79
	Molasses	-	22.24
	Bagasse	-	248.21
	Total	37,758.49	36,642.24
Note 29	Purchases of stock-in-trade		
	Sugar	1,339.03	2,164.15
	Other	325.78	234.81
	Total	1,664.81	2,398.96
Note 30	Changes in inventories of finished goods, by-products and work-in-progress		
	Finished goods		
	Opening stock		
	Sugar	24,322.81	14,348.26
	Molasses	1,087.31	361.77
	Bagasse	289.47	331.51
	Industrial alcohol	49.66	475.19
	Banked Power	25.59	40.55
	Total (a)	25,774.84	15,557.28
	Less : Closing stock		
	Sugar	24,386.46	24,322.81
	Molasses	1,022.11	1,087.31
	Bagasse	291.86	289.47
	Industrial alcohol	125.96	49.66
	Banked Power	25.09	25.59
	Total (b)	25,851.48	25,774.84
	Total (a-b)	(76.64)	(10,217.56)
	Work-in-progress		
	Opening stock	360.04	301.17
	Less : Closing stock	360.99	360.04
		(0.95)	(58.87)
	Total	(77.59)	(10,276.43)
	Increase / Decrease in Inventories		



PARTICULARS		Year ended at March 31, 2020	Year ended March 31, 2019
Note 31	Employee benefits expense		
	Salary, wages and bonus	1,209.58	1,118.31
	Contribution to provident fund and other funds	81.43	76.04
	Workmen and staff welfare expenses	20.78	17.15
	Gratuity expenses	38.79	31.55
	Total	1,350.58	1,243.05
Note 32	Finance cost		
	Interest expense		
	Cash credit	882.18	222.97
	Term loan	777.19	316.73
	Others	40.04	63.20
	Other borrowing costs	86.89	159.22
	Total	1,786.30	762.12
Note 33	Depreciation and amortisation		
	Depreciation of property, plant & equipment	1,427.06	1,176.90
	Amortisation of intangible assets	2.44	2.17
	Amortisation (due to depletion in value)	61.04	61.18
	Total	1,490.55	1,240.25
Note 34	Other Expenses		
	Consumption of stores and spare parts	462.43	452.82
	Packing materials	363.11	431.27
	Power and fuel	305.37	541.65
	Rent	222.60	233.77
	Repairs		
	Buildings	84.92	79.83
	Machinery	940.48	957.99
	Others	182.81	185.00
	Insurance	61.31	43.43
	Rates and taxes	47.23	44.59
	Selling expenses		
	Commission to selling agents	166.03	175.58
	Other selling expenses	1,280.90	771.14
	Payments to auditor		
	Statutory audit fee	5.00	4.00
	Tax audit fee	1.00	1.00
	Reimbursement of expenses	-	0.13
	Charity and donation	52.20	0.33
	Printing and stationary	14.49	14.50
	Net loss on foreign currency transactions	-	0.37
	Communication expenses	16.90	19.99
	Travelling expenses	414.18	352.10
	Consultancy and legal expenses	229.84	192.38
	Director sitting fee	2.38	1.70
	Director remuneration	760.72	240.96
	Miscellaneous expenses	570.20	340.42
	CSR expenditure	68.58	51.40
	Loss on sale/discard of property, plant and equipment	0.68	-
	Transfer to storage fund for molasses	3.30	2.44
	Provision for doubtful debts and advances	-	0.12
	Balances written off	25.93	67.02
	MIEQ expenses*	1,137.57	-
	Total	7,420.16	5,205.93

* Refer Note No. 36.19



Note 35 : Tax Reconciliation

Income tax expense:

(Rs. in lakh)

The major components of income tax expenses for the year ended March 31, 2020 and March 31, 2019 are as follows:

(i) Profit or loss section

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current tax expense	518.08	672.00
Tax expense of earlier year	(3.59)	(21.00)
Deferred tax expense	443.34	128.23
Loss	957.83	779.23

(ii) OCI Section

Particulars	As at 31st March, 2020	As at 31st March, 2019
Net (gain) / loss on remeasurement of defined benefit plans	(40.33)	(18.23)
Gain / Loss arising on fair valuation of Assets	21.33	6,046.98
Unrealised (gain)/loss on FVTOCI equity securities	(0.55)	0.37
Income tax charged to OCI	9.28	6.24
Total	(10.27)	6,035.36

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2020 and 31st March 2019

Particulars	As at 31st March, 2020	As at 31st March, 2019
Accounting profit before tax from continuing operations	2,800.98	3,204.56
Expenses related to previous period	-	9.34
Accounting profit before tax from discontinuing operations	-	-
Accounting profit before income tax	2,800.98	3,213.90
At India's statutory income tax rate of 34.944% (P. Yr. 34.944%)	2,800.98	3,213.90
Tax on Accounting Profit	978.77	1,123.07
Non taxable Income	866.54	513.60
Non-deductible expenses for tax purposes:	862.17	198.26
At the effective income tax rate	974.40	807.73
Adjustment through MAT credit entitlement	456.33	(135.39)
Total income tax expense	518.07	672.34
Income tax expense reported in the statement of profit and loss	518.08	672.00

	As at 1-Apr-18	Provided during the year	As at 31-Mar-19	Provided during the year	As at 31-Mar-20
Deferred tax liability:					
Related to Fixed Assets (Depreciation)	1,214.32	52.83	1,267.15	43.98	1,311.13
Revaluations of FVTOCI investments to fair value	0.32	(0.19)	0.13	26.98	27.11
Ind AS effect related to Financial Asset / Liability (Net)	-	-	-	-	-
Total deferred tax liability (A)	1,214.64	52.64	1,267.28	70.96	1,338.24
Deferred tax assets:					
Carry forward Business Loss / Unabsorbed Depreciation	-	-	-	-	-
MAT Recoverable	1,162.71	(135.00)	1,027.71	(482.22)	545.49
43B Disallowances etc.	104.99	42.93	147.92	(10.94)	136.98
Other Ind AS adjustments related to Financial Asset/Liabilities (Net)	33.20	22.72	55.92	130.06	185.98
Revaluations of FVTOCI Investments to fair value	-	-	-	-	-
Total deferred tax assets (B)	1,300.90	(69.35)	1,231.55	(363.10)	868.45
Deferred Tax Liability / (Asset) (Net) (A - B)	(86.26)	121.99	35.73	434.06	469.79

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

Component of OCI

(In lacs)

Description	Gain / Loss arising on actuarial valuation of defined benefit	Revaluation reserve	FVTOCI reserve	Total
Gain/ Loss	40.33	(21.33)	0.55	19.55
Tax Component	(14.08)	4.98	(0.19)	(9.29)
Net Amount	26.25	(16.35)	0.36	10.26



KM Sugar Mills Ltd.

Notes to the Financial Statements for the year ended 31st March 2020

36.1. Financial risk management objectives and policies

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

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

Market risk

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

(i) Interest rate risk

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

(ii) Foreign currency risk

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

Foreign currency risk	In USD	Rs. in lakhs
Outstanding Balance from customer	NIL	NIL

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

(iii) Regulatory risk

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

(iv) Commodity price risk

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

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

(v) Trade receivables

Trade receivables are non-interest bearing and are generally on cash basis. An impairment analysis is performed at each balance sheet date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial assets disclosed under.



Liquidity Risk

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

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

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

(Rs. in lakhs)

Liabilities	Amount	Less than 1 Year	1 to 3 years	More than 3 years
31st March, 2020				
Borrowing	7353.44	2,524.07	1530.19	3299.18
Financial Liabilities	1375.77	915.93	49.94	409.90
Trade Payable	11,915.90	11,915.90	-	-
Total	20,645.11	15355.9	1580.13	3709.08

Liabilities	Amount	Less than 1 Year	1 to 3 years	More than 3 years
31st March, 2019				
Borrowing	4,968.84	795.29	3,934.75	238.80
Financial Liabilities	1373.78	1351.61	3.50	249.17
Trade Payable	18,539.00	18,539.00	-	-
Total	24881.62	20685.9	3,938.25	487.97

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

Trade receivables are non-interest bearing and are generally on credit terms of 3 to 60 days. An impairment analysis is performed at each balance sheet date on an individual basis for major clients. In addition, a large

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

Rs. in lakhs

Description	31.03.2020	31.03.2019
Upto 6 months	1,743.62	2,694.93
6 to 12 Months	174.78	53.66
More than 12 months	191.24	36.26

The management has made ECL provision amounting to Rs.30.24 lakhs (Rs.35.21 lakhs) and management is of view that although certain amounts are beyond credit period but they are in fact recoverable and will be received in due course so balance amount is not liable to expected credit loss.

36.2. Earnings per Share

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

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

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

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

Particulars	31 st March, 20	31 st March, 19
Profit attributable to equity holders of the Company:	1,843.15	2,425.31
Profit attributable to equity holders for basic earnings	1,843.15	2,425.31
Profit attributable to equity holders adjusted for dilution effect	1,843.15	2,425.31
Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted) *	9,20,00,170	9,20,00,170
Earnings Per Share (Basic & Diluted)	2.00	2.64

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

	31st March, 2020	31st March, 2020
Employers' contribution to provident fund	Rs. 81.43 lakhs	Rs. 76.04 lakhs

Employers' contribution

to provident fund Rs. 81.43 lakhs Rs. 76.04 lakhs

36.4. Defined benefits plans

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



cost * as reduced by the fair value of plan assets. Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit & Loss for the year in which the related service is rendered.

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

(Rs. in lakhs)

Description	Gratuity Current Year	Gratuity Previous Year	Leave Encashment Current Year	Leave Encashment Previous Year
Discount rate (per annum)	7.00%	7.75%	7.00%	7.75%
Future salary increases	5.00%	5.00%	5.00%	5.00%
Mortality	IALM 2012-14	IALM 2006-08 Ultimate	IALM 2012-14	IALM 2006-08 Ultimate
I. Expenses recognized in the statement of profit and loss				
Current service cost	23.61	22.35	11.91	10.59
Interest cost	19.02	20.80	3.76	3.71
Past service cost	-	-	-	-
Expected return on plan assets	(16.81)	(19.01)	-	-
Net expenses recognized	25.82	24.14	15.67	14.30
II. Other comprehensive (income)/expense (Re-measurement)				
Accumulated gain/loss opening balance	14.72	7.31	53.94	43.14
Actuarial (gain)/loss - obligation	3.66	9.01	27.36	10.80
Actuarial (gain)/loss - plan assets	9.31	(1.60)	-	-
Total Actuarial (gain)/loss excluding opening	12.97	7.41	27.36	10.80
Actuarial (gain)/loss at the end of the period	27.69	14.72	81.30	53.94
III. Net liability/(assets) recognized in the balance sheet as at 31st March, 2019				
Present value of obligation at the end of period	287.93	271.65	64.41	53.71
Fair value of the plan asset at the end of period	249.14	240.10	-	-
Funded status [(surplus)/(deficit)]	(38.79)	(31.55)	(64.41)	(53.71)
Net (asset)/liability as at 31 st March, 2020	287.93	271.65	64.41	53.71
IV. Change in present value of obligation during the year				
Present value of obligation at the beginning of year	271.65	268.38	53.71	47.82
Current service cost	23.61	22.35	11.91	10.59
Interest cost	19.02	20.80	3.76	3.70
Past service cost	-	-	-	-
Benefits paid	(30.01)	(48.89)	(32.33)	(19.20)
Actuarial loss/(gain)	3.66	9.01	27.36	10.80
Present value of obligation at the year end	287.93	271.65	64.41	53.71
V. Change in present value of fair value of plan assets				
Fair value of plan assets as at the beginning of period	240.10	245.28	-	-
Return on plan assets	7.50	20.61	-	-
Contributions	31.55	23.10	-	-
Benefits paid	(30.01)	(48.89)	-	-
Fair value of plan assets at the year end	249.14	240.10	-	-
Details of plan asset		Gratuity Trust	N/A	N/A
SBI Kalyan ULIP Plus II	225.30	218.73	-	-
Bank Balance and Others	23.84	21.37	-	-

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

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

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

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

Actuarial Assumption

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Discount rate (per annum)	7.00%	7.75%	7.00%	7.75%
Future salary increase	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	0%	7.50%	0%	0%
Mortality	IALM 2012-14	IALM 2006-08 Ultimate	IALM 2012-14	IALM 2006-08 Ultimate

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

(Gratuity)

Period	As on: 31/03/2020
Defined Benefit Obligation (Base)	287.93 @Salary increase rate: 5%, and discount rate: 7%
Liability with x% increase in Discount Rate	269.54; x=1.00% [Change (6%)]
Liability with x% decrease in Discount Rate	308.78; x=1.00% [Change 7%]
Liability with x% increase in Salary Growth Rate	308.86; x=1.00% [Change 7%]
Liability with x% decrease in Salary Growth Rate	269.17; x=1.00% [Change (7%)]
Liability with x% increase in Withdrawal Rate	289.92; x=1.00% [Change 1%]
Liability with x% decrease in Withdrawal Rate	286.33; x=1.00% [Change (1%)]

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

(Leave Encashment)

Period	As on: 31/03/2020
Defined Benefit Obligation (Base)	64.41
Liability with x% increase in Discount Rate	60.79; x=1% [Change (6%)]
Liability with x% decrease in Discount Rate	68.63; x=1% [Change 7%]
Liability with x% increase in Salary Growth Rate	68.67; x=1% [Change 7%]
Liability with x% decrease in Salary Growth Rate	60.69; x=1% [Change (6%)]
Liability with x% increase in Withdrawal Rate	65.02; x=1% [Change 1%]
Liability with x% decrease in Withdrawal Rate	63.86; x=1% [Change (1%)]



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

(Rs. in lakhs)

Particulars	31 st March, 20	31 st March, 19
(i) Claims against the Company not acknowledged as debts in respect of pending cases of employees under labour laws	97.11	162.85
(ii) Claims against the company not acknowledged as debts in respect of criminal and Civil Cases	11.63	34.74
(iii) Bank guarantees given to the Central Government, Commissioner Excise & Commercial Tax Department of Bihar and Oil Manufacturing companies	625.29	658.10
(iv) Corporate guarantee given by the company for loans sanctioned to Sonar Casting Ltd. (erstwhile subsidiary of the Company) by State Bank of India (Lead Bank for consortium of banks). Outstanding amount Rs. 3114.90 lakhs as on 31.03.2020.	7095.00	Nil
(v) Disputed Sales Tax/Trade Tax/Entry Tax cases under appeal*	20.60	148.84
(vi) Penalty levied by Competition Commission of India and U.P. Pollution Control Board	49.34	56.80

* Amount after deducting Rs. 10.60 lakhs (As on 31st March 2019 Rs. 6.00 lakhs) paid under protest.

The Company had issued corporate guarantee of Rs. 2433.00 lakhs in favour of Punjab National Bank (PNB) for extending loan to its subsidiary namely, K.M. Energy Pvt. Ltd. in FY 2016-17 and outstanding loan amount is Rs. 649.53 lakhs as on 31.03.2020. The said guarantee was subject to approval of existing lenders of the Company. However, the lenders of the company did not approve the corporate guarantee thus, the corporate guarantee given by the company become ineffective. Further, K M Energy Pvt. Ltd. has ceased to be subsidiary of the Company. Now, both the companies have informed PNB for withdrawal of corporate guarantee. Accordingly, the amount of said corporate guarantee is not considered to be disclosed as contingent liability in these financial statements. However, corporate guarantee given by the company has been accounted for at fair value considering the premium at prevailing market rate.

The State Government had issued orders for waiver of interest on delayed cane payment to farmers for the sugar seasons 2012-13 to 2014-15. The Hon'ble High Court of Allahabad, Lucknow Bench vide order dated 09.03.2017 in PIL No. 67617 of 2014 connecting with other PIL and cases has quashed the waiver of interest for these years and remanded to Cane Commissioner for consideration of interest payment to farmers on account of delayed cane payment. Cane Commissioner has not taken any action in this regard and not decided the matter and no such liability is determined and ascertained.

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

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on

the grounds that there are fair chances of successful outcome of appeals filed by the company.

36.6. Commitments:

Capital Commitments

(Rs. in lakhs)

Particulars	31st March, 20	31st March, 19
Estimated amount of contracts remaining to be executed on capital account and not provided for	29.63	23.41
Less: Advances paid against above	17.95	5.42
Net Amount	11.68	17.99

Leases

Company as lessee

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

There are no exceptional / restrictive covenants in the lease agreements. The Company has adopted Ind AS-116 w.e.f. 01.04.2019 but since all the renewed lease agreement cover the period below 12 months, no impact of Ind AS-116 is appearing in the accounts.

Company as lessor

The Company has given certain portion of factory premises on cancellable operating lease. The rent received on the same has been grouped under other income. The rent received during the year 2019-20 is Rs. 17.13 lakhs (previous year Rs. 2.24 lakhs).

36.7. In view of the decision of Hon'ble Supreme Court, extra price and excise duty realized on levy sugar in earlier years amounting to Rs. 67.11 lakhs for funding under the Sugar Price Equalization Fund Act, 1976 was transferred to Sugar Price Equalization Reserve Account. Later on as per the order dated 22.09.1993 of Hon'ble Supreme Court, a sum of Rs. 17.90 lakhs was paid to the Government out of bank guarantee furnished by the Company and further, during the year 1998-99 a sum of Rs. 1.00 lakhs were paid towards Excise Duty on the above. The company has further made a payment of Rs. 35.81 lakhs during the year 2005-06 to the Government of India against the bank guarantee furnished by it along with interest of Rs. 118.25 lakhs thereon. Still a sum of Rs. 12.40 lakhs is lying in the Sugar Price Equalization Reserve as on 31.03.19 shown under Note 15 of "Other equity".

36.8. Certain balances in account of Trade receivables, advances, deposit account, and Trade payable are subject to reconciliation and confirmation by the respective parties. The management carries out review of these advances from time to time from realization point of view and based on the same, the required provisions have been considered in the accounts. The management is of the view that the realization from these assets in the ordinary course of business would not be less than the amount at which they are stated in the books of account.

36.9. Other non current liabilities (Note No. 19) includes a loan from U.P. Government amounting to Rs. 14.50 lakhs.



The issue relating to interest payable thereon is under dispute and the matter is sub-judice before the Hon'ble Allahabad High Court. However, as per the interim order of the Court, a fixed deposit of Rs.14.50 lakhs have been kept with the District Magistrate, Faizabad. In opinion of the management, the interest due on fixed deposit is sufficient to meet out the interest liability of the Company on the said loan and as such, no interest is being provided for in these financial statements.

36.10. Since, the sugar industry is a seasonal industry; the cost of production of sugar is worked out on annualized basis considering prime cost, factory overhead and administrative overhead closely related to manufacturing of output.

36.11. The company has two subsidiary companies namely Sonar Casting Ltd. and K M Spirits and Allied Industries Ltd. and invested Rs.1334 lakhs (P.Y. Rs.775.00 lakhs) and Rs. Nil (P.Y. Rs.5.00 lakhs) in equity and preference shares respectively in these companies during the year. However, Sonar casting Ltd. ceased to be a subsidiary with effect from 26.12.2019 as the company's shareholding in this company has been reduced below 20%. It has been classified as a related party under related party disclosure.

36.12. Refund of Rs.316.93 lakhs was due from Govt. of Uttar Pradesh of administrative charges recovered from company during July, 1995 to September, 2011 on molasses transferred internally for captive consumption as per favourable order of Hon'ble Allahabad High Court passed on 15.04.2019 and 14.05.2019 in writ petitions filed by the company challenging the Notification No.86E-2/XIII-251-83 dated 16th January, 1995. The Hon'ble High Court, Lucknow Bench has relied upon their own judgments and the judgment of Hon'ble Supreme Court rendered earlier on the same issue. The refund amount was considered as other income during previous year. The State Excise Commissioner has constituted a committee to finalize and process the refund amount and it is expected to receive the same during financial year 2020-21.

36.13. As per Bihar State Government directions, the operation of country liquor bottling unit in Bihar remain discontinued during the year. Depreciation due to obsolescence has been provided on fixed assets amounting to Rs.61.17 lakhs (Previous year –Rs.61.17 lakhs) in current year. The carrying amount of fixed assets amounting to Rs.99.78 lakhs (Previous year – Rs.160.95 lakhs) stands in the books as on 31.03.2020.

36.14. The company had set up a cogeneration power plant of 25 MW at factory premises in the financial year 2006-07 and is continuously operating since then. This power generation plant qualifies under Section 80IA of the Income Tax Act, 1961 for deduction of its entire profits from such business for 10 consecutive years out of 15 years. The company has availed the option to treat the financial year 2011-12 as the first year of deduction but it could not claim any deduction till FY 2016-17 due to brought forwarded

losses. The company has claimed deduction for the first time in financial year 2017-18 and is claiming continuously since then in every financial year including the current year. The next financial year 2020-21 will be the last year, when the company can claim this deduction.

36.15. The company has made investment in Preference shares of K.M Energy (P) Ltd. (Rs.338.92 lakhs), and Brahma Properties (P) Ltd. (Rs.380 lakhs) considering 9% dividend, which is to be declared and paid at the discretion of the respective company. Similarly, the investment in Preference shares of Sonar Casting Ltd. (Rs.2000 lakhs) is made considering dividend rate of 12%, which is to be decalced and paid at the discretion of the investee company. Management is of the view that dividend payment is most probable to be received and has been considered while determining fair value of preference share.

36.16. The dues to Micro, Small and Medium Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the company is given below :

S.No.	Particulars	31-March-2020	31-March-2019
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
-	Principal amount due to micro and small enterprises	5.02	5.80
-	Interest due on above	0.01	0.05
(b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.01	0.05
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

36.17. Related Party Disclosures: -

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

- I. Subsidiaries where control exist
 - K M Spirits and Allied Industries Ltd.
- II. Related Parties with whom there were transactions during the year:
 - a) Related party where control exist
 - Shri L. K. Jhunjunwala - Chairman
 - Shri Aditya Jhunjunwala - Managing Director
 - Shri Sanjay Jhunjunwala - Joint Managing Director
 - b) Details of the related parties:
 - i. Key Management Personnel (Group A)
 - Shri L. K. Jhunjunwala - Chairman
 - Shri Aditya Jhunjunwala - Managing Director
 - Shri Sanjay Jhunjunwala - Joint Managing Director
 - Shri S. C. Agarwal - Executive Director



- Ms. Pooja Dua - Company Secretary
- Shri Arvind Kumar Gupta - Chief Financial Officer
- Shri Surendra Bahadur Singh - Independent Director
- Shri HP Singhania - Independent Director
- Mrs. Madhu Mathur - Independent Director
- Shri R S Shukla - Independent Director
- Shri S K Gupta - Independent Director
- Dr. Sushil Solomon - Independent Director
- ii. Relatives of Key Management Personnel (Group B)
 - Shri P. C. Jhunjunwala
 - L. K. Jhunjunwala (HUF)
 - A. K. Jhunjunwala (HUF)
 - S. K. Jhunjunwala (HUF)
 - Smt. Naina Jhunjunwala (Wife of Shri L. K. Jhunjunwala)
 - Smt. Priti Jhunjunwala (Wife of Shri Aditya Jhunjunwala)
 - Smt. Priti Jhunjunwala (Wife of Shri Sanjay Jhunjunwala)
 - Shri Vatsal Jhunjunwala (Son of Shri A. K. Jhunjunwala)
- iii. Enterprises/ Parties over which Key management personnel or their relatives have substantial interest/ significant influence (Group C)
 - K.M. Plantations (P) Ltd.
 - Marvel Business (P) Limited
 - Francoise Commerce (P) Limited
 - Nidhi Financial Services (P) Limited
 - Promising Logistics (P) Ltd.
 - Jhunjunwala Securities (P) Ltd.
 - Shri Shakti Credits Ltd.
 - Zar International (P) Ltd.
 - Palak Jhunjunwala Trust
 - KM Energy Pvt. Ltd.
 - Brahma Properties Pvt. Ltd.
 - Sonar Casting Ltd.
 - Shri Laxmi Public Charitable Trust
- c) Transactions with the related parties :

(Rs in lakhs)

Sl no.	Nature of transaction/ Name of the related party	Subsidiary 2019-20 (2018-19)	Key Managerial Personnel (KMP) 2019-20 (2018-19)	Enterprises over which KMP and their relatives have substantial interest/significant influence 2019-20 (2018-19)	Total 2019-20 (2018-19)
i.	Investment made				
	Sonar Casting Ltd.*	1334.00 (775.00)	(-)	(-)	1334.00 (775.00)
	K.M Spirits and Allied Industries Ltd.	(5.00)	(-)	(-)	(5.00)
ii.	Interest received Sonar Casting Ltd.	(0.06)	(-)	(-)	(0.06)
iii.	Remuneration including commission and PF#				
	Shri L K Jhunjunwala	(-)	308.26 (81.60)	(-)	308.26 (81.60)
	Shri Aditya Jhunjunwala	(-)	308.14 (68.51)	(-)	308.14 (68.51)
	Shri Sanjay Jhunjunwala	(-)	107.59 (67.67)	(-)	107.59 (67.67)
	Shri S. C. Agarwal	(-)	44.09 (29.73)	(-)	44.09 (29.73)
	Shri Rajeev Kumar**	(-)	(7.25)	(-)	(7.25)
	Shri Ritesh Srivastva**	(-)	(0.63)	(-)	(0.63)
	Shri Arvind Kumar Gupta	(-)	17.13 (15.35)	(-)	17.13 (15.35)
	Ms. Pooja Dua	(-)	3.60 (-)	(-)	3.60 (-)
iv.	Education fee paid				
	Shri Vatsal Jhunjunwala	(-)	(-)	67.52 (53.11)	67.52 (53.11)
v.	Sugar sold				
	Sri Shakti Credits Ltd.	(-)	(-)	(5598.99)	(5598.99)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	255.31 (1302.10)	255.31 (1302.10)

vi.	Rent paid				
	Sri Shakti Credits Ltd.	(-)	(-)	4.40 (5.40)	4.40 (5.40)
	Zar International Pvt. Ltd.	(-)	(-)	1.14 (1.14)	1.14 (1.14)
	Marvel Business Pvt.Ltd.	(-)	(-)	7.20 (7.20)	7.20 (7.20)
vii.	Rent received				
	Sri Shakti Credits Ltd.	(-)	(-)	(15.00)	(15.00)
viii.	Loans taken				
	Shri Aditya Jhunjunwala	(-)	(61.50)	(-)	(61.50)
ix.	Loans repaid				
	Shri L K Jhunjunwala	(-)	31.00 (-)	(-)	31.00 (-)
	Shri Sanjay Jhunjunwala	(-)	21.50 (40.00)	(-)	21.50 (40.00)
	Shri Aditya Jhunjunwala	(-)	61.50 (61.50)	(-)	61.50 (61.50)
x.	Advance paid				
	Marvel Business Pvt. Ltd.	(-)	(-)	(122.50)	(122.50)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	(1,000.00)	(1,000.00)
	Nidhi Financial Services P Ltd.	(-)	(-)	(17.50)	(17.50)
	Jhunjunwala Securities P Ltd.	(-)	(-)	(25.00)	(25.00)
xi.	Advance received back				
	Marvel Business Pvt. Ltd.	(-)	(-)	(122.50)	(122.50)
	Francoise Commerce Pvt. Ltd.	(-)	(-)	(1,000.00)	(1,000.00)
	Nidhi Financial Services P Ltd.	(-)	(-)	(17.50)	(17.50)
	Jhunjunwala Securities P Ltd.	(-)	(-)	(25.00)	(25.00)
xii.	Sitting fees paid				
	Shri H P Singhania	(-)	0.64 (0.48)	(-)	0.64 (0.48)
	Smt Madhu Mathur	(-)	0.52 (0.30)	(-)	0.52 (0.30)
	Shri R S Shukla	(-)	0.10 (0.64)	(-)	0.10 (0.64)
	Shri S K Gupta	(-)	0.82 (0.18)	(-)	0.82 (0.18)
	Shri Surendra Bahadur Singh	(-)	(0.10)	(-)	(0.10)
	Shri Sushil Solomon	(-)	0.30 (-)	(-)	0.30 (-)
xiii.	Donation paid				
	Shri Laxmi Public Charitable Trust	(-)	(-)	50.00 (-)	50.00 (-)
xiv.	CSR paid				
	Shri Laxmi Public Charitable Trust	(-)	(-)	65.00 (-)	65.00 (-)
xv.	Balance outstanding				
	a. Loans payable				
	Shri L K Jhunjunwala	(-)	(31.00)	(-)	(31.00)
	Shri Aditya Jhunjunwala	(-)	(61.50)	(-)	(61.50)
	Shri Sanjay Jhunjunwala	(-)	(21.50)	(-)	(21.50)
	b. Amount payable				
	Shri L K Jhunjunwala	(-)	124.94 (30.35)	(-)	124.94 (30.35)
	Shri Aditya Jhunjunwala	(-)	121.70 (35.78)	(-)	121.70 (35.78)
	Shri Sanjay Jhunjunwala	(-)	52.02 (25.79)	(-)	52.02 (25.79)
	Shri S. C. Agarwal	(-)	2.60 (1.94)	(-)	2.60 (1.94)
	Shri Vatsal Jhunjunwala	(-)	0.12 (0.12)	(-)	0.12 (0.12)
	Sri Shakti Credits Ltd.	(-)	(-)	0.25 (2.86)	0.25 (2.86)
	Marvel Business Pvt. Ltd.	(-)	(-)	14.18 (12.70)	14.18 (12.70)
	Zar International Pvt. Ltd.	(-)	(-)	3.42 (2.28)	3.42 (2.28)
	c. Guarantee given for Bank loan taken by the company				
	KM Plantation Pvt Ltd.	(-)	(-)	13767.29 (6538.94)	13767.29 (6538.94)
	d. Corporate guarantee given by the company for loan sanctioned/availed by				
	Sonar Casting Ltd.*	7095.00 (-)	(-)	(-)	7095.00 (-)
	e. Investment Held				
	Equity share in Sonar Casting Limited	(-)	(-)	109.00 (100.00)	109.00 (100.00)
	Preference share in Sonar Casting Limited			2000.00 (675.00)	2000.00 (675.00)
	Preference share in K.M Energy Pvt. Limited	(-)	(-)	338.92 (338.92)	338.92 (338.92)
	Preference share in Brahma Properties Pvt. Limited	(-)	(-)	385.00 (385.00)	385.00 (385.00)

Related party transactions are shown at actual amount instead of fair value for the purpose of disclosure under related parties.

* Ceased to be subsidiary w.e.f. 26.12.2019

** Remain employed in part of the year

Directors Remuneration

(Rs. in lakhs)

S. No.	Particulars	Chairman	Managing Director and Joint Managing Director	Executive Director	TOTAL
1	Salary	96.00 (36.00)	192.00 (48.00)	36.00 (24.00)	324.00 (108.00)
2	Commission	200.00 (40.00)	200.00 (80.00)	(-)	400.00 (120.00)
3	Contribution to Provident Fund	10.92 (4.32)	21.60 (5.76)	4.20 (2.88)	36.72 (12.96)
4	Perquisites:				
	(i) Residence				
	-Furnished (Previous Year)	-	-	-	-
	(ii) Residence				
	-Unfurnished (Previous Year)	-	-	2.70 (1.82)	2.70 (1.82)
	(iii) Medical Reimbursement	0.07 (0.01)	0.55 (0.84)	0.49 (0.33)	1.11 (1.18)
	(iv) Other benefits	1.27 (1.27)	1.58 (1.58)	0.70 (0.70)	3.55 (3.55)
	Total	308.26 (81.60)	415.73 (136.18)	44.09 (29.73)	768.08 (247.51)



Note: The value of perquisites shown above is as per the Income Tax provisions.

- i. The transactions with related parties have been entered at an amount, which are not materially different from those on normal commercial terms. No amount has been written back/written off during the year in respect to due to/due from related parties.
 - ii. The Board of Directors of the company has recommended on 29.04.2020 an amendment in the terms of payment of commission on profits to the whole time directors, which was earlier approved by the shareholders in their meeting held on 20.08.2019. As per the amended terms, the commission on profits paid to the directors for the financial year 2019-2020 is exceeding by Rs.177.14 lakhs from the amount determined based on approval given by the shareholders which the company proposes to take up before the shareholders in the next annual general meeting.
- 36.18. Segment Reporting : Information on the Segment Reporting for the year ended 31.03.2020:
The company has identified three primary business segments viz. Sugar, Distillery and Power. Segments have been identified and reported taking into account the nature of products, the differing risks and returns, the organizational structure and internal business reposting system as defined in Ind AS 108 – operating segments.

(Rs. in lakhs)

Particulars	Sugar		Distillery		Co-generation		Unallocable		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue										
Gross sales	53,161	38,110	4,926	4,621	4,738	6,815	-	-	62,825	49,546
Less: Inter segment sales	6,456	6,698	-	-	3,234	3,843			9,690	10,541
External sales	46,705	31,412	4,926	4,621	1,504	2,972	-	-	53,135	39,005
Add: Other income	1,007	1,334	48	79	4	3	-	-	1,059	1,416
Total revenue	47,712	32,746	4,974	4,700	1,508	2,975	-	-	54,194	40,421
Segment results	4,088	2,865	275	83	224	1,018	-	-	4,587	3,966
Less: Finance cost	1,764	693	22	13	-	56	-	-	1,786	762
Profit before tax	2,324	2,182	253	70	224	962	-	-	2,801	3,204
Current tax									515	651
Deferred tax									443	128
Profit after tax									1,843	2,425
Other information										
Segment assets	43,605	39,859	5,561	5,076	3,522	4,417	-	-	52,688	49,352
Segment liabilities	32,849	31,895	629	485	10	42	470	36	33,958	32,458
Capital Expenditure	593	1,006	1,643	745	33	3	-	-	2,269	1,754
Depreciation and amortisation	868	637	436	399	186	204	-	-	1,490	1,240

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

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

Common costs are apportioned on a reasonable basis.
Information about Secondary Geographical Segment:
There is no secondary segment.

- 36.19. The Central Government pursuant to Notification No. 1(14)/2018-SP-I dated 5th October, 2018 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) has notified a scheme for defraying expenditure towards internal transport, freight, handling and other charges on export with a view to facilitate export of sugar during sugar season 2018-19. Based on expenditure incurred by the company in completing export through merchant exporter, a sum of Rs.437.52 lakhs has been reduced from MIEQ expenses under other expenses.
- 36.20. The Central Government pursuant to Notification No. 1(8)/2019-SP-I dated 31st July, 2019 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) announced a scheme for creation and maintenance of buffer stock of 40 lakh MT of sugar by the sugar mills in the country for one year w.e.f. 1st August, 2019 with a view to improve liquidity of the sugar industry; enabling sugar mills to clear cane price arrears of farmers. The Company was allotted 164740 quintals of buffer stock. Accordingly Rs.351.52 lakhs (Previous year Nil) has been adjusted during the year ended 31st March, 2020 as reduction in finance cost. Further, storage charges amounting to Rs.50.79 lakhs (Previous year Nil) shown under line item "Insurance and storage charges on buffer stock" under Revenue from operations.
- 36.21. The Central Government pursuant to Notification No. 1(14)/2018-SP-I dated 5th October, 2018 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) has notified a scheme for assistance to sugar mills against sugar cane crushed during sugar season 2018-19 subject to fulfilment of various terms and conditions and export of sugar as per guidelines of Minimum Indicative Export quotas (MIEQ) under tradable export allotted vide Notification No. 1(4) 2018-SP-I dated 28th September, 2018. The company has received assistance of Rs.1457.48 lakhs and has been shown under the line item "Assistance on sugar quota export" under Revenue from operations.
- 36.22. The Central Government pursuant to Notification No. 1(14)/2019-SP-I dated 12th September, 2019 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) has notified a scheme for assistance to sugar mills to facilitate export of sugar during sugar season 2019-20 thereby improving the liquidity position of sugar mills enabling them to clear price dues of farmers for sugar season 2019-20. Pursuant to above notification, the Central



Government pursuant to Notification No. 1(14)/2019-SP-I dated 16th September, 2019 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) allocated factory wise Maximum Admissible Export Quota (MAEQ). The Company was allocated MAEQ of 22416 MT as per the said notification. The Company has physically exported 22416 MT own manufactured raw sugar through merchant exporter. The assistance receivable against such MAEQ sugar of Rs.2342.02 lakhs and has been shown under the line item "Assistance on sugar quota export" under Revenue from operations.

36.23. The Central Government pursuant to Notification No. 1(14)/2019-SP-I dated 2nd March, 2019 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) has notified a scheme for extending soft loan to sugar mills with a view to facilitate payment of cane price dues of farmers for sugar season 2018-19 relating the Fair and Remunerative Price (FRP) of sugar cane fixed by Central Government. The company has availed soft loan from banks of Rs.3694.00 lakhs during the year and was eligible for 7% interest subvention for one year. Accordingly, Rs.252.91 lakhs has been adjusted during the year ended 31st March, 2020 with interest on term loan.

36.24. Government Grant:

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

Description	Amount in lakhs	Year to which relates	Treatment in accounts
Revenue related to Government Grant			
Financial Assistance from the State Government	Nil	2019-2020	Nil
Deferred Government Grant			
Deferred income relating to term loans on concessional rate (difference between actual loan and its present value has been considered Deferred Government Grant)	559.45	2019-2020	A sum of Rs.354.71 lakhs considered for part of the year as government grant under Note -27. Deferred Income is to be considered as Government grant over the period of 5 years being the tenure of loan.

36.25. Fair value

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

Fair value

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial

instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Rs. in lakhs

Description	Carrying value		Fair value	
	As at 31-Mar-20	As at 31-Mar-19	As at 31-Mar-20	As at 31-Mar-19
Financial assets				
FVOCI financial instruments:				
Unquoted equity shares	117.23	108.23	116.95	108.23
Quoted equity Shares	-	-	-	-
Fair Value at Amortized Cost through Statement of Profit & Loss				
Investment in Preference Shares	2623.50	1396.05	2625.79	1298.50
Guarantee		-		-
Loan (Security Deposit)	365.78	321.24	379.90	365.78
Fair Value of Assets through Other Comprehensive Income (OCI)				
Leasehold Land	6063.46	16.48	5824.08	6063.46
Free hold Land	852.43	810.13	873.76	810.13
Total	10,022.40	2652.13	9820.48	8,646.10

Description	Carrying value		Fair Value	
	As at 31-Mar-20	As at 31-Mar-19	As at 31-Mar-20	As at 31-Mar-19
Financial liabilities at amortized cost through statement of profit and loss				
Loan taken from Bank, Government and others				
Fixed rate borrowings	6768.42	4912.40	6934.34	4383.83
Floating rate borrowings	-	-	-	-
Total	6768.42	4912.40	6934.34	4383.83

Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020:

Description	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
FVOCI financial instruments:					
Unquoted equity shares	31-Mar-20	-	-	-	Yes
Quoted Equity Shares	31-Mar-20	Yes	-	-	-
Leasehold Land		-	Yes	-	-

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

(Rs. In lakhs)

Description	31st March, 2020		31st March, 2019	
	% of total consumption	Amount	% of total consumption	Amount
Raw Materials Imported	-	-	-	-
Indigenous	100%	37758.49	100%	36642.24
Stores and packing material Imported	-	-	-	-
Indigenous	100%	825.54	100%	884.10

36.27. Income in foreign currency on account of:

(Rs. in lakhs)

Description	31st March, 2020	31st March, 2019
Export sale	1598.78	1552.66

36.28. Expenditure in foreign currency on account of:

(Rs. in lakhs)

Description	31st March, 2020	31st March, 2019
Travelling	90.20	70.03
Others	72.90	56.14

**36.29. Capital Management**

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019:

Capital Management

(Rs. in lakhs)

Description	31 March, 2020	31 March, 2019
Borrowings	17,407.74	10,854.28
Other financial liabilities	1,375.77	1,373.78
Trade and other payables	11,915.90	18,539.00
Less: Cash and short term deposits	372.15	507.69
Net debts	30327.26	31,274.75
Equity	1,840.00	1,840.00
Other equity	16,889.59	15,053.39
Total capital	18,729.59	16,893.39
Capital and net debt	49,056.85	47,736.28
Gearing ratio (%)	61.82	65.52

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

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

right to sale / transfer in the lease deed.

36.32. Components of other comprehensive income

The disaggregation of changes to OCI in equity is shown below:

During the Year ended 31 March 2020

(Rs. in lakhs)

Description	Comprehensive Income	Retained earnings	Total
Gain/(loss) arising on fair valuation of Asset	16.36	-	16.36
Gain/(loss) on FVTOCI financial assets	(0.39)	-	(0.39)
Re-measurement gain/(loss) on defined benefit plans	(26.24)	-	(26.24)
Retained earning	-	1843.15	1843.15
Taxes on above items	-	-	-
	16.36	(26.63)	1843.15
During the Year ended 31 March 2019			

Description	Comprehensive Income	Retained earnings	Total
Gain/(loss) arising on fair valuation of Asset	6,046.98	-	6,046.98
Gain/(loss) on FVTOCI financial assets	-	0.37	0.37
Re-measurement gain/(loss) on defined benefit plans	(18.23)	-	(18.23)
Retained earning	-	2,425.33	2,425.33
Taxes on above items	-	6.24	6.24
	6,046.98	(11.62)	8,460.69

36.33. COVID- 19 outbreak and resultant lockdown imposed by the Government caused disruption of supply chain across businesses in India. However, timely steps taken by the Government has ensured smooth crushing operations of sugar mills in Uttar Pradesh including the factories of the Company.

It is estimated that the lock-down impacted the overall domestic sugar demand & consumption by more than a million ton leading to pressure on the selling price of sugar in future. However the already initiated measures of the Government to support the industry such as fixing of minimum selling price for sugar, regulating domestic sale by way of monthly release mechanism and incentivising export of sugar under MAEQ 2019-20 are continuing. The other main products manufactured by the company i.e. ethanol and power are not expected to be too materially impacted.

Based on the aforesaid, the management concludes that no material uncertainty exists in the company's ability to continue as a going concern and accordingly the management has prepared these financial statements on a going concern basis. Further, the management has also performed an impairment test considering the impact of COVID-19 on the carrying amount of the assets which has resulted in no significant impairment. However, the impact of COVID-19 may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes in future economic conditions.

36.34. Pursuant to Taxation (Amendment) Ordinance 2019 (Ordinance), the domestic companies have option to pay corporate income tax @ 22% plus applicable surcharge and cess (New Tax Rate) subject to certain conditions w.e.f. financial year commencing from April 1, 2019 and thereafter. However, the company has opted to continue with the old tax structure.



36.35. Effective from 1st April, 2019, UPERC, vide tariff order dated July 25, 2019, reduced the rates at which power is sold to Power Corporation. Accordingly the Company has accounted power sale at the reduced tariff notified by UPERC. Consequent to the same profit for the quarter and year period ended March 31, 2020, is lower by Rs.650.83 lakhs and Rs. 1057.47 lakhs respectively. The matter is challenged through UP Co-Gen Association before the appropriate forum.

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

For Agiwal & Associates For and on behalf of Board of Directors
Chartered Accountants

F.R. No 000181N

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

S. C. Agarwal
Executive Director
DIN-02461954

Aditya Jhunjunwala
Managing Director
DIN-01686189

A K Gupta
Chief Financial Officer

Pooja Dua
Company Secretary
M.No-A50996

Place: New Delhi
Date: 12th June, 2020

Place: Lucknow
Date: 12th June, 2020



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of K.M. Sugar Mills Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidate state of affairs of the Group as at March 31, 2020, and consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Sl. No.	Key Audit Matter	Auditor's Response
1	<p>Valuation of inventory of sugar: As on March 31, 2020, the Company has inventory of sugar with a carrying value INR 24386.46 lakhs. The inventory of sugar is valued at the lower of cost and net realizable value. We considered the value of the inventory of sugar as a key audit matter given the relative value of inventory in the financial statements and significant judgement involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and related notifications of the Government in valuation of NRV.</p>	<p>Principal Audit Procedures We understood and tested the design and operating effectiveness of controls as established by the management in determination of cost of production and net realizable value of inventory of sugar. We considered various factors including the prevailing selling price during and subsequent to the year end, minimum selling price & monthly quota, and notifications of the Government of India, initiatives taken by the Government with respect to sugar industry as a whole. Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year-end and comparison with cost for valuation of inventory is considered to be reasonable.</p>
2	<p>Impact of government policies/ notifications on recognition of subsidy accruals/claims and their recoverability During the year the company has recognized assistance on sugar quota export subsidy claims amounting to Rs.1457.48 lakhs in terms of Schemes notified by the Central Government to offset the cane cost for sugar season 2018-19 and Rs.437.52 lakhs for defraying expenditure towards internal transport, freight, handling and other charges on export. We considered this as a key audit matter because recognition of subsidy claim is subject to satisfaction of certain conditions mentioned in the related notification. Assessment of recoverability of the claims is subject to significant judgment of the management including certainty with respect to the satisfaction of conditions specified in the notifications /policies, collections thereof.</p>	<p>Principal Audit Procedures We understood and tested the design and operating effectiveness of controls as established by management in recognition and assessment of the recoverability of the claims. We evaluated the management's assessment regarding reasonable certainty for complying with the relevant conditions as specified in the notifications / policies and collections. We considered the relevant notifications/policies issued by various authorities to ascertain the appropriateness of the recognition of accruals / claims, adjustments to claims already recognized pursuant to changes in the rates and basis for determination of claims. Based on the above procedures performed, the management's estimates related to recognition of subsidy accruals /claim and there recoverability are considered to be reasonable.</p>
3	<p>Deferred tax asset relating to MAT Credit Entitlement: The company has recognised deferred tax asset relating to MAT credit entitlement. The recoverability of this deferred tax asset relating to MAT credit entitlement is dependent upon the generation of sufficient future taxable profit to utilise such entitlement within the stipulated period prescribed under the Income Tax Act, 1961. We identified this as a key audit matter because significant judgement is required in forecasting future taxable profits for recognition of deferred tax asset relating to MAT credit entitlement.</p>	<p>Principal Audit Procedures We have assessed the management's judgement relating to the forecasts of future revenue, taxable profits and evaluated the reasonableness of the considerations/ assumptions underlying the preparation of these forecasts. Based on the above procedures performed, the recognition and measurement of deferred tax asset relating to MAT credit entitlement are considered adequate and reasonable.</p>
4	<p>Contingent Liabilities : There are various litigations pending before various forums against the Company and management's judgement is required for estimating the amount to be disclosed as contingent liability. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias.</p>	<p>Principal Audit Procedures We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures:</p> <ul style="list-style-type: none"> - understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases; - discussing with management any material developments and latest status of legal matters; - read various correspondences and related documents pertaining to litigation cases produced by the management and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities; - examining management's judgements and assessments whether provisions are required; - considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote; - reviewing the adequacy and completeness of disclosures; <p>Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable.</p>



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

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

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

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

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

Management's Responsibility for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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



statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance.

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

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

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

Other Matters

We did not audit the financial statements/ information of 2 (Two) subsidiaries, i.e. Sonar Casting Limited and K M Spirits and Allied Industries Limited. In case of Sonar Casting Limited, we have consolidated the figures only upto 26th December, 2019 as after this Sonar Casting Limited ceased to be a subsidiary company. The financial statements of Sonar Casting Limited and K M Spirit & Allied Industries Limited reflect total assets of Rs. 4631.62 lakhs as at 26th December, 2019 and Rs.4.79 lakhs as at 31st March, 2020 respectively, total revenues of Rs. Nil and net

cash flows amounting to Rs. 27.70 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of other auditors. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements.

Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Change in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Company as on 31st March, 2020 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended :
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is subject to requisite approval in accordance with the provisions of section 197 of the Act. Refer Note 36.16 of the consolidated financial



- statements for more details.
- g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for reasons stated therein.
- h) 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:
- the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note – 36.5 to the consolidated financial statements;
 - the Group did not have any material foreseeable losses on long-term contracts including derivative contracts;
 - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

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

P.C. Agiwal
Partner
M. No. 080475

Place: New Delhi
Date: 12.06.2020

UDIN : 20080475AAAABU5097

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of K.M. Sugar Mills Limited ("the Company") and its subsidiary companies, which are companies incorporated in India, as of that date. Management's Responsibility for Internal Financial Controls.

The Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of

Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

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



accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

P.C. Agiwal
Partner

M. No. 080475

UDIN : 20080475AAAABU5097

Place: New Delhi
Date: 12.06.2020

Independent Auditor's Report



Consolidated Balance Sheet as at 31st March, 2020

(Rs. in Lakhs)

PARTICULARS	Notes No.	Current Year	Previous Year
		As at 31st March, 2020	As at 31st March, 2019
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	3	16,623.70	15,824.32
(b) Capital work-in-progress	3A	2,473.50	708.19
(c) Intangible Assets	3B	1.47	3.91
(d) Financial assets			
(i) Loans	4	379.90	365.78
(ii) Investments	5	637.74	626.73
(iii) Other Financial Assets	6	223.57	32.46
(e) Non-current tax assets (net)	7	128.54	98.68
(f) Other non-current assets	8	46.75	45.09
Total non-current assets		20,515.17	17,705.16
(2) Current assets			
(a) Inventories	9	26,771.62	26,598.43
(b) Financial assets			
(i) Investments	10	1.53	94.25
(ii) Trade and other receivables	11	2,079.40	2,749.64
(iii) Cash and cash equivalents	12	372.36	535.60
(iv) Bank balances other than cash and cash equivalents	12A	183.30	375.94
(v) Other financial assets	13	2,810.42	66.18
(c) Other current assets	14	2,485.56	1,217.76
Total current assets		34,704.19	31,637.80
Total assets		55,219.36	49,342.96
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	1,840.00	1,840.00
(b) Other equity	16	16,811.55	15,043.60
Total equity		18,651.55	16,883.60
LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	7,008.88	3,588.54
(ii) Other financial liabilities	18	197.57	26.15
(b) Other non current liabilities	19	485.27	585.37
(c) Deferred tax liabilities (net)	20	469.99	35.74
(d) Provisions	21	488.41	497.44
Total non-current liabilities		8,650.12	4,733.24
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	10,473.40	6,470.45
(ii) Trade and other payables	23	11,921.54	18,539.89
(iii) Other financial liabilities	24	3,702.27	1,726.13
(b) Other current liabilities	25	1,753.84	949.99
(c) Provisions	21	66.64	39.66
Total current liabilities		27,917.69	27,726.12
Total equity and liabilities		55,219.36	49,342.96

Corporate Information

Significant Accounting Policies and accompanying notes 2 to 36 form an integral part of standalone financial statements

As per our report of even date attached

For Agiwal & Associates

Chartered Accountants

F.R. No. 000181N

CA. P. C. Agiwal

Partner

M.No.080475

Place : New Delhi

Date : 12th June, 2020

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

A.K. Gupta
Chief Financial Officer

Place : Lucknow
Date : 12th June, 2020

Aditya Jhunjunwala
Managing Director
DIN-01686189

Pooja Dua
Company Secretary
M.No-A50996



K.M Sugar Mills Limited
CIN : L15421UP1971PLC003492

Consolidated Statement of Profit and Loss for the year ended 31st March, 2020

(Rs. in lakhs)

PARTICULARS	Notes No.	Current Year	Previous Year
		Year Ended 31st March, 2020	Year Ended 31st March, 2019
I Revenue From Operations	26	53,135.09	39,005.38
II Other Income	27	1,059.30	1,415.24
III Total Income (I+II)		54,194.39	40,420.62
IV EXPENSES			
Cost of materials consumed	28	37,758.49	36,642.24
Purchase of Stock-in-Trade	29	1,664.81	2,398.96
Change in inventories of Finished Goods, by product and work in progress	30	(77.59)	(10,276.43)
Employee benefits expense	31	1,361.25	1,243.05
Finance costs	32	1,787.05	762.15
Depreciation and amortization expense	33	1,497.23	1,240.32
Other expenses	34	7,470.21	5,215.55
Total expenses		51,461.46	37,225.84
V Profit/(loss) before exceptional items and tax (III-IV)		2,732.93	3,194.78
VI Exceptional Items		-	-
VII Profit/(loss) before tax (V-VI)		2,732.93	3,194.78
VIII Tax expense:	35		
Current tax		518.08	672.00
Tax expense of earlier year		(3.59)	(21.00)
Deferred tax		443.53	128.25
		958.02	779.25
IX Profit (Loss) for the period (VII-VIII)		1,774.91	2,415.53
X Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Gain / (Loss) arising on actuarial valuation arising on defined benefit obligation		(40.33)	(18.23)
Gain / (Loss) arising on fair valuation of Fixed Asset.		21.33	6,046.98
Gain / (Loss) arising on fair valuation of equity Instrument		(0.55)	0.37
(ii) Income tax relating to items that will not be reclassified to profit or loss		9.28	6.24
		(10.27)	6,035.36
XI Total Comprehensive Income for the period (IX+X) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		1,764.64	8,450.89
XII Earnings per equity share			
(1) Basic		1.93	2.63
(2) Diluted		1.93	2.63

Corporate Information

1

Significant Accounting Policies and accompanying notes 2 to 36 form an integral part of standalone financial statements

As per our report of even date attached

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

For and on behalf of Board of Directors

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

S. C. Agarwal
Executive Director
DIN-02461954

Aditya Jhunjunwala
Managing Director
DIN-01686189

A.K. Gupta
Chief Financial Officer

Pooja Dua
Company Secretary
M.No-A50996

Place : New Delhi
Date : 12th June, 2020

Place : Lucknow
Date : 12th June, 2020

Statement of Consolidated Profit and Loss



Consolidated Cash Flow Statement for the year ended 31st March, 2020

(Rs. in Lakhs)

Consolidated Cash Flow

PARTICULARS	Current Year		Previous Year	
	Year ended 31st March, 20		Year ended 31st March, 19	
A. Cash flow from operating activities		2,732.93		3,194.78
Net Profit/(Loss) before tax and exceptional items				
Adjustment to reconcile profit before exceptional items and extraordinary items and tax to net cash flow provided by operating activities:				
Depreciation and amortisation expense	1,497.23		1,240.32	
Finance costs	1,787.05		762.15	
Transfer to storage fund for molasses	3.30		2.44	
Provision/reversal of doubtful debts	(14.51)		0.12	
Balances written off	25.93		67.02	
Interest Income	(50.78)		(146.06)	
Government Grant	(354.71)		(141.28)	
Gain on Mutual Fund	(0.56)		(93.38)	
Loss/(Profit) on sale of fixed assets /investment	0.68		(0.74)	
Unspent liabilities/balances written back	(107.06)		(93.07)	
Other expenses/(income)	(16.67)		29.39	
Remeasurement of defined benefit obligation	(40.33)		(18.23)	
Operating Profit before working capital changes		2,729.56		1,608.68
Adjustment to reconcile operating profit to cash flow provided by change in working capital				
(Increase)/Decrease in trade and other receivables	684.66		(556.75)	
(Increase) / Decrease in inventories	(173.19)		(10,281.26)	
(Increase) / Decrease in Current & Non current Assets	(1,269.36)		(657.73)	
(Increase) / Decrease in financial Assets	(2,756.86)		(143.37)	
Increase / (Decrease) in trade payables & Others	(6,537.29)		7,667.27	
Increase / (Decrease) in current & non current liabilities	1,058.48		(7.04)	
Increase / (Decrease) in other financial liabilities	2,162.71		328.92	
Increase / (Decrease) in provisions	18.14		14.34	
		(6,812.71)		(3,635.62)
Cash generated from operations		(1,350.22)		1,167.84
Tax expense (excluding wealth tax)		(544.35)		533.66
Cash flow before exceptional and extraordinary items		(1,894.57)		634.18
Net cash generated from operating activities (A)		(1,894.57)		634.18
B. Cash Flow from investing activities				
Addition to property, plant and equipment (including capital work in progress)	(4,039.53)		(2,316.62)	
Change in value of investment and other	81.73		(4.46)	
Interest income received	50.78		107.73	
Net cash used in investing activities (B)		(3,907.02)		(2,213.35)
C. Cash flow from financing activities				
Proceed/(Repayments) of long term borrowings	3,420.34		792.12	
Proceeds/(Repayments) of short term borrowings	4,002.95		717.40	
Finance cost paid	(1,784.94)		(461.19)	
Net cash from financing activities (C)		5,638.35		1,048.33
Net increase in cash & cash equivalents (A+B+C)		(163.24)		(530.84)
D. Opening cash and cash equivalents		535.60		1,066.44
E. Closing cash and cash equivalents for the purpose of cash flow statement (Refer Note No.12)		372.36		535.60
Increase in cash & cash equivalents (D-E)		(163.24)		(530.84)

Notes:

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

2) Cash and cash equivalents at year end comprises:

Cash on hand	6.03	4.50
Cheque on hand	-	1.77
Balances with scheduled banks		
- current accounts	286.33	324.32
- In EEFC Account	-	0.01
Deposit with bank original maturity less than 3 month	80.00	205.00
Supplementary Information	<u>372.36</u>	<u>535.60</u>

- Restricted Cash Balance (NOTE 11A)*
* amount not included in cash and cash equivalent

As per our report of even date attached

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

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

For and on behalf of Board of Directors

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

Place : Lucknow
Date : 12th June, 2020

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



Statement of change in equity

(a) Equity Capital	Number	(Rs. in lakh)
AT 31st March, 2020	92000170	1,840.00
AT 31st March, 2019	92000170	1,840.00

(b) Other equity

Description	General Reserve	Initial Depreciation Reserve	Molasses Storage Fund	Sugar Price Equalisation Reserve	Securities Premium Account	Retained Earning	Items of Other Comprehensive Income			Total
							Revaluation reserve	FVTOC reserve	Remeasurement of defined benefit plan	
As at April 01, 2018	1,178.18	1.72	13.56	12.40	2,688.01	2,726.06	12.81	(5.63)	(27.93)	6,599.18
Expenses related to previous year	-	-	-	-	-	(8.91)	-	-	-	(8.91)
Profit for the period	-	-	-	-	-	2,415.53	-	-	-	2,415.53
Other Comprehensive Income	-	-	-	-	-	-	6,046.98	0.24	(11.86)	6,035.36
Transfer to Molasses Fund	-	-	2.44	-	-	-	-	-	-	2.44
Transfer to retained earning	-	-	-	-	-	3.05	(1.96)	(1.09)	-	-
As at 31st March, 2019	1,178.18	1.72	16.00	12.40	2,688.01	5,135.73	6,057.83	(6.48)	(39.79)	15,043.60
Profit for the period	-	-	-	-	-	1,774.91	-	-	-	1,774.91
Other Comprehensive Income	-	-	-	-	-	-	16.35	(0.36)	(26.26)	(10.27)
Total Comprehensive Income	1,178.18	1.72	16.00	12.40	2,688.01	6,910.64	6,074.18	(6.84)	(66.05)	16,808.24
Transfer to Molasses Fund	-	-	3.31	-	-	-	(1.66)	-	-	3.31
Transfer to retained earning	-	-	-	-	-	1.66	-	-	-	-
As at March 31, 2020	1,178.18	1.72	19.31	12.40	2,688.01	6,912.30	6,072.52	(6.84)	(66.05)	16,811.55

As per our report of even date attached

For Agiwal & Associates

Chartered Accountants

F.R. No. 000181N

CA. P. C. Agiwal

Partner

M.No.080475

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

A. K. Gupta
Chief Financial Officer

Place : Lucknow

Date : 12th June, 2020

Aditya Jhunjhunwala
Managing Director
DIN-01686189

Pooja Dua
Company Secretary
M.No. A50996

Place : New Delhi

Date : 12th June, 2020

Consolidated Statement of Change in Equity



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The consolidated financial statements comprise financial statements of K M Sugar Mills Limited ("the Company" or "the Parent") and one subsidiary; K M Spirits and Allied Industries Ltd. for the year ended 31st March, 2020.

K M Sugar Mills Limited ("the Company") having Corporate Identity Number ("CIN") L15421UP1971PLC003492 is a public limited company incorporated and domiciled in India and has its registered office situated at 11, Moti Bhawan, Collector Ganj, Kanpur, Uttar Pradesh – 208001, India.

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

The Company is engaged in sugar manufacturing. The principal activity of the Company is manufacturing and sale of sugar. Besides this, the allied business activities undertaken by the Company primarily consists of manufacturing and sale of Ethanol, Ethyl Alcohol, generation of power using bagasse, and manufacturing and sale of sanitizers.

2. Significant Accounting Policies

2.1 Statement of Compliance with Ind AS

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are approved for issue by the Board of Directors has been considered in preparing these financial statements.

2.2 Recent pronouncements

New & Revised standards adopted by the Company

The Company has applied the following standards and amendments for the first time during the year ended 31st March, 2020:

(i) Ind AS 116- Leases

Ind AS 116 is effective for the period beginning on or after 01st April, 2019. It has replaced Ind AS 17 on Lease. Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and mandates accounting of all leases under single lease accounting model.

A lease is required to recognise 'right-of-use asset' representing the value of the right for using the underlying assets and a 'lease liability' representing its obligation to make payments against the same for almost all leasing arrangements. Lessor accounting

under Ind AS 116 is substantially unchanged.

The application of Ind AS 116 does not have any material impact on the financial statements.

2.3 Basis of Preparation of Consolidated Financial Statements

a) Basis of Presentation

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

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

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

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

b) Basis of Consolidation

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

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

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

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

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



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

The Consolidated financial statements of all entities used for the purposes of consolidation are drawn up to same reporting date as that of the parent company i.e. year ended on March 31, 2020.

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

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

Name of Entity	Relationship	Country of Incorporation	% of Holding and voting power Directly as at 31 March 2020
Sonar Casting Ltd.	Wholly Owned Subsidiary Company	India	100% (Ceased to be subsidiary w.e.f. 26.12.2019)
KM Spirits and Allied Industries Ltd.	Wholly Owned Subsidiary Company	India	100%

c) Consolidation procedure

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

- i. The financial statement of the company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, income, expenses and cash flows, after fully eliminating intra group balances and intra group transaction.
- ii. Profits or losses resulting from intra-group transactions that are recognized in assets, such as inventory and property, plant and equipment, are eliminated in full.
- iii. In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve.
- iv. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- v. The difference between the proceeds from disposal of investment in subsidiaries and the carrying

amount of its assets less liabilities as on date of disposal is recognized in Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.

- vi. Non-Controlling Interest's share of profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to owners of the Company.
- vii. Non-Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the owners of the Company.

2.4 Use of Estimates

The preparation of the Financial Statements in conformity with measurement principle under Ind AS requires the management to make estimates, judgment and assumptions that affect the application of accounting policies and the reported amounts of revenue, expenses, assets and liabilities including the accompanying disclosures and the disclosure of contingent assets and liabilities.

Estimates, judgments and assumptions are continuously evaluated. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and are believed to be reasonable under the circumstances.

The Company based its estimates, judgments and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The application of accounting policies that require critical judgments and accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed herein below:

(I) Estimated useful life of Property, plant and equipment

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



- impact their lives, such as change in technology.
- (ii) Current taxes and deferred taxes
Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of provision for income taxes.
Deferred tax assets are recognized for unused losses (carry forward of prior years' losses) and unused tax credit to the extent that it is probable that taxable profit would be available against which the losses could be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.
- (iii) Estimation of Defined benefit obligations
The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial year end.
The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the actuary considers the interest rates of government bonds.
The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.
- (iv) Estimated fair value of unlisted securities
The fair values of financial instruments that are not traded in an active market and cannot be measured based on quoted prices in active markets is determined using valuation techniques including the discounted cash flow (DCF) model. The company uses its judgment to select a variety of method / methods and make assumptions that are mainly based on market conditions existing at the end of each financial year.
The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgment includes considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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

- (a) All property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. For this purpose, cost includes deemed cost on the date of transition and the purchase cost of assets, including non recoverable duties and taxes, and any directly attributable cost of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets is capitalized as part of cost of the asset until such time that the asset is ready for its intended use.
- (b) Costs incurred subsequent to initial capitalization are included in the asset's carrying amount only when it is probable that future economic benefits associated therewith will flow to the Company and it can be measured reliably.
The costs of regular servicing of property, plant and equipment are recognized in the Statement of Profit & Loss as and when incurred.
When parts of property, plant and equipment have different useful lives, they are accounted for as separate components, otherwise these are added to and depreciated over the useful life of the main asset.
The cost and the accumulated depreciation are eliminated from the financial statements upon sale or when no future economic benefits are expected to arise from use of the asset and the resultant gains or losses are recognized in the Statement of Profit & Loss.
- (c) Depreciation methods, estimated useful lives and residual value
Freehold land is not depreciated. Lease-hold land and lease hold improvements are amortised over the lower of estimated useful life and lease term.
Depreciation on other items of property, plant and equipment commences when its assets are available for their intended use.
The Company has elected to continue with carrying value of all Property, plant and equipment and Capital work-in-progress (CWIP) under the previous GAAP as deemed cost as at the transition date i.e. 1st April, 2016. Now during financial year 2018-19, the company has revalued the lease hold assets considering entire class of lease hold land. Property (excluding lease hold land), plant and equipment were stated at their original cost (net of accumulated depreciation and impairment) adjusted by revaluation of certain assets.
Depreciation on Property, plant and equipment (PPE) is provided on written down value method as prescribed under Part C of Schedule II to the Companies Act, 2013. The additional depreciation, on increase in cost on account of revaluation, is



transferred to Retained Earnings from Revaluation Reserve and is thus not charged to statement of Profit & Loss of the year.

Useful life of assets are considered on the base is of Schedule-II of Companies Act, 2013. The management believes that these estimated useful lives realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives considered are as follows:

Category	31 st March, 2020
Buildings	03-60 years
Roads	03-10 years
Plant & Machinery	05-25 years
Furniture & Fixtures	10 years
Vehicles	05-10 years
Office Equipments	5 years
Computers	03-06 years
Laboratory Equipments	05-10 years
Electrical Installations and Equipment	10 years

Each item of property, plant and equipment individually costing Rs. 5,000 or less is depreciated over a period of one year from the date the said asset is available for use.

The residual value of an item of property, plant and equipment has been kept at = 5% of the cost of the respective assets.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year and are given effect to, wherever appropriate.

(d) Expenditure during construction period

Directly attributable expenditure (including finance cost related to borrowed funds for construction or acquisition of property, plant and equipment) incurred on projects under implementation are treated as Pre-operative expenses pending allocation to the assets and are shown under Capital work-in-progress. Capital work-in-progress is stated at the amount incurred upto the Balance Sheet date on assets or property, plant and equipment that are not yet ready for their intended use.

2.6 Intangible assets (Computer Software)

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

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

The estimated useful lives, residual values and amortization method are reviewed at the end of each financial year and are given effect to, wherever appropriate.

The cost and related accumulated amortization are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

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

2.7 Revenue Recognition and Expenses

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

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

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

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

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

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

(iii) Interest Income is accounted for on time proportionate basis. For all debt instruments measured at amortized cost, interest income is recognized using the Effective Interest Rate ("EIR"). Interest Income is included in "Other Income" in the Statement of Profit and Loss.

(iv) Dividend Income is recognized when the Company's right to receive the dividend is established i.e. in case of interim dividend, on the date of declaration by the Board of Directors; whereas in case of final dividend, on the date of approval by shareholders.



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

2.8 Inventory

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

Inventories are valued as under :

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

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

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

2.9 Fair value measurement

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

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

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

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

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

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

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

fair value measurement as a whole:

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

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

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

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

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

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

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

2.10 Financial instruments

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



Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

- The asset is held within a business model whose objective is to hold the asset for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Equity investments

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

Deemed cost is the carrying amount under the previous GAAP as at the transition date i.e. 1st April, 2016. Equity instruments included within the FVTPL category, if any, are measured at fair value with all changes recognized in profit or loss. The Company may make an irrevocable election to present in OCI subsequent changes in the fair value.

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

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

Preference Share

The fair value of the investments made in a subsidiary company is determined using cost model as prescribed

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

De-recognition

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

2.11 Employees Benefits

(i) Short term employee benefits

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

(ii) Post employment benefits

Defined contribution plans:

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

Defined benefit plan:

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

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

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



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

Actuarial gains and losses are recognized in the other comprehensive income

(iii) Long term employment benefits

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

(iv) Compensated absences

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

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

2.12 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset till such time that is required to complete and prepare the asset to get ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs consists of interest and other costs that the Company incurs in connection with the borrowing of funds.

All other borrowing cost is charged to the Statement of Profit & Loss in the period in which they are incurred.

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

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

2.15 Government Grants

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

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

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

2.16 Financial Derivatives and Commodity Hedging Transactions

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

2.17 Foreign Currency Transactions and Translations

Transactions denominated in foreign currencies are initially recorded at the exchange rate prevailing on the date the transaction first qualifies for recognition. Monetary items denominated in foreign currency at the year end are translated at year end rates.

Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of initial transaction.

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.

The exchange differences arising on settlement / translation are recognized in the Statement of Profit and Loss.

2.18 Taxes on Income

(a) Current Tax

Tax on income for the current period is determined on



the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

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

(b) Deferred Tax

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

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

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

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

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

2.19 Impairment of Assets

Non financial Assets

Non financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount, costs of disposal and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash generating units).

Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of the each reporting period.

Financial Assets

The Company recognizes loss allowances using the Expected Credit Loss ("ECL") model for the financial assets which are not fair valued through profit or loss. ECL impairment loss allowance is measured at an amount equal to lifetime ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income or expense in the Statement of Profit and Loss. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet.

The allowances are reduced from the carrying amount. Until the asset meets write-off criteria, the Company does not adjust impairment allowance from the gross carrying amount.

2.20 Provisions, Contingent Liabilities and Contingent Assets

(a) Provision is recognized in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

(b) Provision is recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

(c) Provisions are not recognized for future operating losses.

(d) 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.

(e) A contingent asset is not recognized in the financial statements, however, is disclosed, where an inflow of economic benefits is probable.

(f) Provisions and contingent liabilities are reviewed at each balance sheet date.

2.21 Investment Property

Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

(a) use in the production or supply of goods or services or for administrative purposes; or

(b) sale in the ordinary course of business. Owner-occupied property is property held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes. Investment properties are accounted for in the books at cost. However, fair value of such property is required to be disclosed only in accordance with Ind AS 40.

2.22 Segment Reporting

Operating segments are identified and reported taking



into account the different risk and return, organisational structure and internal reporting system.

2.23 Earnings Per Share

Basic earnings per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year.

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

2.24 Cash and Cash Equivalents

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

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

2.25 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.

2.26 Leases

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 01, 2019 using the modified retrospective method. Accordingly, the Company recognizes right-of-use asset at the date of initial application. The right-of-use asset is measure equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application.

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgment in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option;

and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably



similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

For Agiwal & Associates
Chartered Accountants

F.R. No 000181N

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

Place: New Delhi
Date: 12th June, 2020

For and on behalf of Board of Directors

S. C. Agarwal
Executive Director
DIN-02461954

A K Gupta
Chief Financial Officer

Place: Lucknow
Date: 12th June, 2020

Aditya Jhunhunwala
Managing Director
DIN-01686189

Pooja Dua
Company Secretary
M.No-A50996



Notes forming part of Consolidated Financial Statement

Notes forming part of Financial Statements

Note 3: Property, Plant and Equipment

Particulars	Land (Lease hold)	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers	Total
Gross Block									
Balance as at 1st April, 18	16.48	59.73	754.08	25,625.39	444.47	896.33	127.59	125.82	28,049.89
Additions	6,611.30	750.40	80.19	102.23	23.59	84.51	6.39	2.91	7,661.52
Disposal/Deduction	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 19	6,627.78	810.13	834.27	25,727.62	468.06	980.84	133.98	128.73	35,711.41
Additions	-	42.30	168.23	1,995.03	26.59	25.52	9.34	8.15	2,275.16
Fair valuation	-	21.33	-	-	-	-	-	-	21.33
Disposal/Deduction	-	-	-	82.51	-	6.30	-	-	88.81
Balance as at 31st March, 20	6,627.78	873.76	1,002.50	27,640.14	494.65	1,000.06	143.32	136.88	37,919.09
Accumulated depreciation									
Balance as at 1st April, 18	-	-	438.65	17,242.68	240.07	533.11	83.81	110.62	18,648.94
Depreciation for the year	-	-	40.56	917.03	58.65	130.63	20.92	9.18	1,176.97
Amortisation (due to depletion in value)	-	-	12.19	48.61	0.15	0.09	0.14	-	61.18
Balance as at 31st March, 19	-	-	491.40	18,208.32	298.87	663.83	104.87	119.80	19,887.09
Depreciation for the year	239.38	-	84.95	936.10	48.45	103.30	14.80	6.77	1,433.75
Amortisation (due to depletion in value)	-	-	12.19	48.61	0.15	0.09	-	-	61.04
Disposal/Deduction	-	-	-	81.87	-	4.62	-	-	86.49
Balance as at 31st March, 20	239.38	-	588.54	19,111.16	347.47	762.60	119.67	126.57	21,295.39

Net Carrying amount

Property, Plant and Equipment

Net Carrying Amount	Land (Lease hold)	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers	Total
As at 31st March, 2019	6,627.78	810.13	342.87	7,519.30	169.19	317.01	29.11	8.93	15,824.32
As at 31st March, 2020	6,388.40	873.76	413.96	8,528.98	147.18	237.46	23.65	10.31	16,623.70

* The company has followed the deemed cost option as on 01.04.2016 and decided to opt fair value model for its leasehold land in FY 2018-19 to make the financial statements more presentable.

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

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

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

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

* The fair valuation of freehold land has been done during the year and surplus of Rs.21.33 lakhs generated on that account has been routed through other comprehensive income.



Notes forming part of Financial Statements

Note 3A Capital work in Progress

(Rs. in lakh)

Balance as at 01.04.18	9.55
Additions	815.78
Capitalisation	117.14
Balance as at 31st March, 2019	708.19
Additions	3,795.62
Capitalisation	2,030.31
Balance as at 31st March, 2020	2,473.50

Note 3B Intangible Assets

(Rs. in lakh)

Description	Amount
Gross carrying amount as at 01 April, 2018	26.32
Additions	3.50
Deductions	-
Balance as at 31st March, 2019	29.82
Additions	-
Deductions	-
Balance as at 31st March, 2020	29.82
Acumulated balance as at 01 April, 2018	23.73
Depreciation for the year	2.18
Depreciation adjustment	-
Deduction	-
Balance as at 31 March, 2019	25.91
Depreciation for the year	2.44
Balance as at 31 March, 2020	28.35
Net carrying amount	-
As at 31 March, 2019	3.91
As at 31 March, 2020	1.47



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Notes forming part of Consolidated Financial Statement

PARTICULARS	Current Year		Previous Year	
	Year ended 31st March, 2020		Year ended 31st March, 2019	
	Current	Non current	Current	Non current
Note 4 Loans Carried at amortised cost Security Deposit	-	379.90	-	365.78
Total	-	379.90	-	365.78
			Year ended 31st March, 2020	Year ended 31st March, 2019
Note 5 Investments				
(i) Equity Instruments				
(1) Designated at Fair Value through other comprehensive income Unquoted In equity shares of companies fully paid up 90,000 nos. of shares (P.Y. Nil) having face value of Rs. 10 each in Sonar Casting Ltd. (ceased to be a subsidiary w.e.f. 26.12.2019)			7.69	-
(2) Designated at Fair Value through other comprehensive income Unquoted 1000 nos. of shares having face value Rs.10 each in Chamoli Hydro Power Pvt. Ltd.			0.10	0.18
25000 nos. of Shares having face value Rs.10 each in K.M Shakar Karkhana Pvt Ltd.			3.96	2.85
2,000 nos. of shares having face value of Rs. 10 each in HH Foundation			0.20	0.20
(ii) Preference share (Measured at amortised cost) In 9% Non-cumulative redeemable preference shares fully paid up 38,50,000 nos. of preference shares having face value of Rs. 10 each in Brahma Properties Pvt. Ltd.			332.51	331.59
33,89,215 nos. of preference shares having face value of Rs. 10 each in K M Energy Pvt. Ltd.			293.28	291.91
Total			637.74	626.73
Aggregate carrying value of unquoted investments			716.73	724.28
Aggregate fair value of unquoted investments			637.74	626.73
Note 7 Non current Tax Asset (Net) Advance Tax (net of provision) TDS Receivable			627.13 19.48	737.52 33.16
			646.62	770.68
Less:- Provision for Income Tax for current year			518.08	672.00
Total			128.54	98.68
	Year ended 31st March, 2020		Year ended 31st March, 2019	
Note 8 Other Non Current Assets				
Capital advances		17.95		37.45
Advance to suppliers and others				-
Considered Good		-		-
Considered doubtful	224.14		233.68	
Less: Allowance for doubtful advance	224.14		233.68	
Others				
Duties and Taxes Paid under protest		10.79		6.19
Upfront fee		18.01		1.45
Total		46.75		45.09



(Rs. in Lakhs)

PARTICULARS	Year ended 31st March, 2020		Year ended 31st March, 2019	
	Current	Non current	Current	Non current
Note 9 Inventories				
(a) Raw materials	8.62		16.69	
(b) Finished Goods	25,851.48		25,774.84	
(c) Work in progress	360.99		360.04	
(d) Stores and spares	550.53		446.86	
(Refer Note No. - '2.8' for Mode of Valuation) Total	26,771.62		26,598.43	
Note 10 Investments				
Measured at Fair Value through OCI				
Investment in SBI Liquid Fund	1.53		94.25	
49.421 units (P.Y 3,231.682 units)				
Total	1.53		94.25	
	Current Year		Previous Year	
	Year ended 31st March, 2020		Year ended 31st March, 2019	
	Current	Non current	Current	Non current
Note 11 Trade and other receivables				
- Unsecured				
Considered Good		335.78		54.71
Considered Doubtful	30.24		35.21	
Less:- Provision for Doubtful Debts	30.24	-	35.21	-
Others		335.78		54.71
Considered Good		1,743.62		2,694.93
Total		2,079.40		2,749.64
Note 12 Cash and cash equivalents				
Balances with Banks				
In current Account	286.33		324.32	
In EEFC Account	-		0.01	
Deposit with original maturity less than 3 months	80.00	366.33	205.00	529.33
Cheques draft on Hand		-		1.77
Cash on hand*		6.03		4.50
Total		372.36		535.60
<i>*As certified by the management</i>				
	Year ended 31st March, 2020		Year ended 31st March, 2019	
Note 12A Bank balances other than cash and cash equivalents				
FDR with bank				
Original maturity less than 12 Months	1.00		175.00	
FDR with Bank -Earmarked				
Original maturity less than 12 Months	58.55		181.50	
Balances with Banks in current accounts	105.45		-	
Molasses storage Fund in SB account	18.30		19.44	
Total	183.30		375.94	
Note 13 Other financial assets				
(a) Rent receivable	8.10		3.58	
(b) Interest receivable*	428.40		62.60	
(c) Assistance receivable**	2,373.92		-	
Total	2,810.42		66.18	
<i>*Includes interest receivable of buffer stock and soft loans</i>				
<i>**Includes Rs.31.90 lakhs receivable of buffer stock storage charges and for balance amount refer Note No.36.22</i>				



PARTICULARS	Current Year		Previous Year	
	Year ended 31st March, 2020		Year ended 31st March, 2019	
Note 14 Other current assets				
(a) GST and other taxes receivable		676.62		448.26
(b) Security Deposit				-
Considered Good		50.64		27.16
Considered doubtful	16.00		16.00	-
Less: Provision for doubtful	16.00	-	16.00	-
(c) Advance to employees		9.89		8.11
(d) Advances for supply of goods & services		1,362.16		399.10
(e) Prepaid Expenses		333.12		142.02
(g) Others		53.13		193.11
Total		2,485.56		1,217.76
Note 15 Share Capital	Year ended 31st March, 2020		Year ended 31st March, 2019	
Authorised	No. of shares	Amount	No. of shares	Amount
Equity Share Capital				
Equity Shares of Rs. 2/- each	100,000,000	2,000.00	100,000,000	2,000.00
Issued capital				
Equity Share Capital				
Equity Shares of Rs. 2/- each	92,000,170	1,840.00	92,000,170	1,840.00
Subscribed and paid up capital				
Equity Share Capital				
Equity Shares of Rs. 2/- each	92,000,170	1,840.00	92,000,170	1,840.00
Reconciliation of number of shares outstanding and the amount of share capital				
outstanding and the amount of Share capital				
i) Equity share capital				
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	92,000,170	1,840.00	92,000,170	1,840.00
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	92,000,170	1,840.00	92,000,170	1,840.00
ii) Rights, preferences and restrictions attached to the equity shares	<p>The Company has only one class of Issued, subscribed and paid up equity shares having a par value of INR 2/- each per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.</p> <p>In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.</p>			
iii) Details of the Shareholders holding more than 5% share in the Company	As at 31st March, 2020		As at 31st March, 2019	
Particulars	No. of Shares held	Percentage of share holding	No. of Shares held	Percentage of share holding
Equity shares of INR 2/- each fully paid up				
Mr. L K Jhunjunwala	13,802,600	15.00	13,802,600	15.00
L K Jhunjunwala (HUF)	10,065,900	10.94	10,065,900	10.94
Mr. Aditya Jhunjunwala	4,839,242	5.26	3,972,981	4.32
Marvel Business Pvt. Ltd.	12,141,040	13.20	11,593,137	12.60



(Rs. in Lakhs)

PARTICULARS	Year ended 31st March, 2020		Year ended 31st March, 2019	
	Current	Non current	Current	Non current
Note 16 Other equity				
General Reserve				
Opening balance	1,178.18		1,178.18	
Add: change during the year	-		-	
Closing balance	1,178.18		1,178.18	
Initial Depreciation Reserve				
Opening balance	1.72		1.72	
Add: change during the year	-		-	
Closing balance	1.72		1.72	
Molasses Storage Fund				
Opening balance	16.00		13.56	
Add: Changes during the year	3.31		2.44	
Closing balance	19.31		16.00	
Sugar Price Equalisation Reserve				
Opening balance	12.40		12.40	
Change during the year	-		-	
Closing balance	12.40		12.40	
Securities Premium Account				
Opening balance	2,688.01		2,688.01	
Add change during the year	-		-	
Closing balance	2,688.01		2,688.01	
Retained Earnings				
Opening balance	5,135.73		2,726.06	
Add: Profit/ Loss during the year	1,774.91		2,415.53	
Transaction related to previous year	-		(8.91)	
Add: Transfer from Other comprehensive income	1.66		3.05	
Closing balance	6,912.30		5,135.73	
Comprehensive Income				
Opening balance	6,011.56		(20.75)	
Change during the year	(10.27)		6,035.36	
Less: Transfer to Retained Earning	(1.66)		(3.05)	
Closing balances	5,999.63		6,011.56	
Total	16,811.55		15,043.60	
Note 17 Borrowings	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non current	Current	Non current
Long term borrowings				
Carried at Amortised cost				
(i) From Banks				
Secured				
Rupee Loan				
State Bank of India - SEFASU Loan	-	-	78.90	-
State Bank of India Soft Loan	575.00	1,707.98	-	-
Punjab National Bank Soft Loan	993.88	-	-	-
State Bank of India -U.P Govt. SEFASU Loan	955.19	2,702.29	716.39	3,462.66
Punjab National Bank Loan	-	1,771.40	-	-
State Bank of India Loan	-	827.21	-	-
Total A	2,524.07	7,008.88	795.29	3,462.66
(ii) From entities other than Banks				
Unsecured Loan				
Unsecured loan from related parties	-	-	-	125.88
Total B	-	-	-	125.88
TOTAL (A+B+C)	2,524.07	7,008.88	795.29	3,588.54
Nature of securities				
(1) Rupee Term Loan of State Bank of India (SEFASU) is secured by residual charge on entire fixed assets and current assets of the company, present and future, on pari passu basis with other term lenders. Corporate guarantee of KM Plantation Pvt. Ltd., personal guarantee of three directors.				
(2) Rupee Term Loan of State Bank of India (Soft Loan) and Punjab National Bank (Soft Loan) are secured by extension of first charge on entire fixed assets and second charge on current assets of the company, present and future, on pari passu basis with other term lenders. Corporate guarantee of KM Plantation Pvt. Ltd., pledge of shares, personal guarantee of three directors in case of SBI loan and Personal guarantee of two directors in case of PNB.				
(3) Rupee Term Loan of State Bank of India (U.P. Govt. SEFASU Loan) is secured by first charge on entire fixed assets of the company, present and future, on pari passu basis with other term lenders.				
(4) Rupee Term Loan of State Bank of India and Punjab National bank are secured by first charge on entire fixed assets and second charge on current assets of Sonar casting Ltd. on pari passu basis, personal guarantee of a director and corporate guarantee of KMSugar Mills Ltd.				



PARTICULARS

Term of Repayment *

Name of the banks / entities	Interest Rate (%)	Amount Outstanding as on 31, March, 2020		1-3 years	3 years and above
		Current	Non Current		
State Bank of India Soft Loan *	9.65	575.00	1,725.00	1,150.00	575.00
PNB Soft Loan *	10.35	993.88	-	-	-
State Bank of India SEFASU Loan -2018	5.00	955.19	3,104.36	1,910.38	1,193.98
Punjab National Bank Loan	12.00	-	1,771.40	426.40	1,345.00
State Bank of India Loan	11.40	-	827.21	462.80	364.41
Total		2,524.07	7,427.97	3,949.58	3,478.39

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.

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

*Interest @7% to be funded by Central Government for one year (upto 09.04.2020) for State Bank of India and Punjab National Bank Soft Loans.

Note 18 Other financial liabilities

	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non current	Current	Non current
Corporate Gurantee issued (Refer Note 36.5)	-	197.57	-	26.15
Total	-	197.57	-	26.15

Note 19 Other non current liabilities

	Year ended 31st March, 2020	Year ended 31st March, 2019
Deferred Government Grant	470.77	570.87
Other payable	14.50	14.50
Total	485.27	585.37

Note 20 Deferred tax liabilities (net)

	Year ended 31st March, 2020	Year ended 31st March, 2019
Deferred Tax Liabilities	1,311.33	1,267.29
Depreciation	27.11	26.98
Others	-	-
Deferred Tax Assets	136.98	147.92
Expenses allowable for tax purpose when paid	545.49	1,027.71
MAT credit entitlement	185.98	82.90
Others	-	-
* Refer Note 35	-	-
Total	469.99	35.74

Note 21 Provisions

	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non current	Current	Non current
Provisions for employees benefit				
Unavailed leave	27.86	36.57	8.11	45.60
Gratuity Expenses	38.78	-	31.55	-
Other Provision *	-	451.84	-	451.84
Total	66.64	488.41	39.66	497.44

* Includes duties, taxes and penalty levied by Commissioner of Excise, Bihar

Note 22 Borrowings

	Year ended 31st March, 2020	Year ended 31st March, 2019
Short Term borrowings		
Loan repayable on demand		
Working capital loans		
From banks		
Secured		
State Bank of India	4,110.69	3,007.45
Punjab National Bank	4,466.86	3,452.59
District Co-operative Bank Limited	1,895.85	-
Other Loans and advances		
Unsecured		
From Others	-	10.41
Total	10,473.40	6,470.45

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, second pari passu charge with other working capital lenders on entire fixed assets and all other movable and immovable assets of the company (existing & future), personal guarantee of three Directors, pledge of shares and corporate guarantee of KM Plantation Pvt. Ltd.
- Working capital loan from Punjab National Bank is secured by pledge of stock of Crystal sugar, second pari passu charge with other working capital lenders on entire fixed assets and all other movable and immovable assets of the company (existing & future), personal guarantee of two Directors, pledge of shares and corporate guarantee of KM Plantation Pvt. Ltd.
- Working capital loan from District Co-operative Bank Ltd., Faizabad is secured by pledge of stock of Crystal sugar, second pari passu charge with other working capital lenders on entire fixed assets and all other movable and immovable assets of the company (existing & future), personal guarantee of a Director.



PARTICULARS	Current Year		Previous Year	
	Year ended 31st March, 2020		Year ended 31st March, 2019	
	Non current	Current	Non current	Current
Note 23 Trade and other payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	5.03	-	5.85
(ii) Other than micro enterprises and small enterprises	-	11,916.51	-	18,534.04
Total	-	11,921.54	-	18,539.89
* Amount also includes balances payable to related party, For Details Refer Note 36.17				
Note 24 Other financial liabilities				
Current maturities of long term debt*	-	2,524.07	-	795.29
Interest accrued but not due on borrowings	-	72.87	-	80.47
Interest accrued and due on borrowings	-	-	-	0.80
Payable to capital goods supplier	-	357.33	-	447.97
Security Deposit	-	290.92	-	249.17
Salary and other payables to employees	-	125.79	-	152.43
Other payable	-	331.29	-	-
Total	-	3,702.27	-	1,726.13
*Refer Note No. 17 for nature of securities and term of repayment respectively				
Note 25 Other current liabilities				
Statutory liabilities			426.16	209.02
Deferred government grant			88.68	88.68
Advances from customers			919.67	123.18
Other payable			2.22	416.80
Outstanding liability of related party			317.11	112.31
Total			1,753.84	949.99
Note 26 Revenue from operations				
Sale of goods				
Sugar			41,332.04	29,657.79
Power			1,504.07	2,972.19
Molasses			61.41	0.69
Industrial alcohol			4,923.52	4,620.67
Bagasse			1,112.45	1,491.64
Others			351.30	262.40
Total A			49,284.79	39,005.38
Other operating revenue*				
Insurance and storage charges on buffer stock			50.79	-
Assistance on sugar quota export			3,799.51	-
Total B			3,850.30	-
Total revenue from operations			Total A+B	53,135.09
* Refer Note No. 36.20 to 36.22				39,005.38
Note 27 Other income				
Interest income on financial assets carried at amortised cost				
Security deposit		23.99		38.33
Fixed deposits with banks		50.78		79.92
Others		1.47		19.32
Government Grant		354.71		141.28
Other non operating income				
Net gain on foreign currency transactions and translations		14.77		-
Insurance claims		1.76		8.39
Profit on sale of investment		-		0.74
Gain on mutual funds		0.56		93.38
Unspent liabilities/balances written back		107.06		93.07
Miscellaneous income		104.99		112.00
Gain on preference shares		-		4.23
Duty draw back receipt		-		0.87
Administrative charges refund on molasses*		-		318.63
Sugar handling receipt		384.70		505.08
Reversal of provision for doubtful debts		14.51		-
Total		1,059.30		1,415.24
* Refer Note No. 36.12				



(Rs. in Lakhs)

		Year ended 31st March, 2020	Year ended 31st March, 2019
PARTICULARS			
Note 28	Cost of materials consumed		
	Sugar cane	37,758.49	36,371.79
	Molasses	-	22.24
	Bagasse	-	248.21
	Total	37,758.49	36,642.24
Note 29	Purchases of stock-in-trade		
	Sugar	1,339.03	2,164.15
	Other	325.78	234.81
	Total	1,664.81	2,398.96
Note 30	Changes in inventories of finished goods, by-products and work-in-progress		
	Finished goods		
	Opening stock		
	Sugar	24,322.81	14,348.26
	Molasses	1,087.31	361.77
	Bagasse	289.47	331.51
	Industrial alcohol	49.66	475.19
	Banked Power	25.59	40.55
	Total (a)	25,774.84	15,557.28
	Less : Closing stock		
	Sugar	24,386.46	24,322.81
	Molasses	1,022.11	1,087.31
	Bagasse	291.86	289.47
	Industrial alcohol	125.96	49.66
	Banked Power	25.09	25.59
	Total (b)	25,851.48	25,774.84
	Total (a-b)	(76.64)	(10,217.56)
	Work-in-progress		
	Opening stock	360.04	301.17
	Less : Closing stock	360.99	360.04
		(0.95)	(58.87)
	Increase / Decrease in Inventories	(77.59)	(10,276.43)
Note 31	Employee benefits expense		
	Salary, wages and bonus	1,215.31	1,118.31
	Contribution to provident fund and other funds	81.43	76.04
	Workmen and staff welfare expenses	20.78	17.15
	Gratuity expenses	43.73	31.55
	Total	1,361.25	1,243.05
Note 32	Finance cost		
	Interest expense		
	Cash credit	882.18	222.97
	Term loan	777.19	316.73
	Others	40.04	63.20
	Other borrowing costs	87.64	159.25
	Total	1,787.05	762.15
Note 33	Deprecation and amortisation		
	Depreciation of property, plant & equipment	1,433.74	1,176.97
	Amortisation of intangible assets	2.44	2.17
	Amortisation (due to depletion in value)	61.04	61.18
	Total	1,497.23	1,240.32



(Rs. in Lakhs)

PARTICULARS		Year ended 31st March, 2020	Year ended 31st March, 2019
Note 34	Other Expenses		
	Consumption of stores and spare parts	462.43	452.82
	Packing materials	363.11	431.27
	Power and fuel	305.45	541.65
	Rent	228.43	233.77
	Repairs		
	Buildings	84.92	79.83
	Machinery	940.48	957.99
	Others	183.49	185.00
	Insurance	61.31	43.43
	Rates and taxes	47.43	44.59
	Selling expenses		
	Commission to selling agents	166.03	175.58
	Other selling expenses	1,280.90	771.14
	Payments to auditor		
	Statutory audit fee	5.05	4.25
	Tax audit fee	1.00	1.00
	Reimbursement of expenses	-	0.13
	Charity and donation	52.20	0.33
	Printing and stationary	15.49	14.67
	Net loss on foreign currency transactions	-	0.37
	Communication expenses	17.46	19.99
	Travelling expenses	422.99	352.10
	Consultancy and legal expenses	230.37	192.39
	Director sitting fee	2.38	1.70
	Director remuneration	760.72	240.96
	Miscellaneous expenses	602.51	349.61
	CSR expenditure	68.58	51.40
	Loss on sale/discard of property, plant and equipment	0.68	-
	Transfer to storage fund for molasses	3.30	2.44
	Provision for doubtful debts and advances	-	0.12
	Balances written off	25.93	67.02
	MIEQ expenses*	1,137.57	-
	Total	7,470.21	5,215.55

* Refer Note No. 36.19

Notes forming part of Consolidated Financial Statement



K M Sugar Mills Limited

CIN : L15421UP1971PLC003492

Note 35 : Tax Reconciliation

(Rs. in lakh)

Income tax expense:

The major components of income tax expenses for the year ended March 31, 2020 and March 31, 2019 are as follows:

(i) Profit or loss section

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current tax expense	518.08	672.00
Tax expense of earlier year	(3.59)	(21.00)
Deferred tax expense	443.53	128.25
Loss	958.02	779.25

(ii) OCI Section

Particulars	As at 31st March, 2020	As at 31st March, 2019
Net (gain) / loss on remeasurement of defined benefit plans	(40.33)	(18.23)
Gain / Loss arising on fair valuation of Assets	21.33	6,046.98
Unrealised (gain)/loss on FVTOCI equity securities	(0.55)	0.37
Income tax charged to OCI	9.28	6.24
Total	(10.27)	6,035.36

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019

Particulars	As at 31st March, 2020	As at 31st March, 2019
Accounting profit before tax from continuing operations	2,732.93	3,194.78
Expenses related to previous period	-	9.34
Accounting profit before tax from discontinuing operations	-	-
Accounting profit before income tax	2,732.93	3,204.12
At India's statutory income tax rate of 34.944% (P. Yr. 34.944%)	2,732.93	3,213.90
Tax on Accounting Profit	955.00	1,123.07
Non taxable Income	866.54	513.60
Non-deductible expenses for tax purposes:	862.17	198.26
At the effective income tax rate	950.63	807.73
Adjustment through MAT credit entitlement	456.33	(135.39)
Total income tax expense	494.30	672.34
Income tax expense reported in the statement of profit and loss	518.08	672.00

	As at 1-Apr-18	Provided during the year	As at 31-Mar-19	Provided during the year	As at 31-Mar-20
Deferred tax liability:					
Related to Fixed Assets (Depreciation)	1,214.33	52.96	1,267.29	44.04	1,311.33
Revaluations of FVTOCI investments to fair value	26.98	-	26.98	0.13	27.11
Ind AS effect related to Financial Asset / Liability (Net)	-	-	-	-	-
Total deferred tax liability (A)	1,241.31	52.96	1,294.27	44.17	1,338.44
Deferred tax assets:					
Carry forward Business Loss / Unabsorbed Depreciation	-	-	-	-	-
MAT Recoverable	1,162.71	(135.00)	1,027.71	(482.22)	545.49
43B Disallowances etc.	104.99	42.93	147.92	(10.94)	136.98
Other Ind AS adjustments related to Financial Asset/Liabilities (Net)	59.86	23.04	82.90	103.08	185.98
Revaluations of FVTOCI Investments to fair value	-	-	-	-	-
Total deferred tax assets (B)	1,327.56	(69.03)	1,258.53	(390.08)	868.45
Deferred Tax Liability / (Asset) (Net) (A - B)	(86.25)	121.99	35.74	434.25	469.99

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

Component of OCI

(Rs. in lakh)

Description	Gain / Loss arising on actuarial valuation of defined benefit	Revaluation reserve	FVTOCI reserve	Total
Gain/ Loss	40.33	(21.33)	0.55	19.55
Tax Component	(14.08)	4.98	(0.19)	(9.29)
Net Amount	26.25	(16.35)	0.36	10.26



KM Sugar Mills Ltd.

Notes to the Consolidated Financial Statements for the year ended 31st March 2020

36.1. Financial risk management objectives and policies

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

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

Market risk

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

(i) Interest rate risk

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

(ii) Foreign currency risk

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

Foreign currency risk	In USD	Rs. in lakhs
Outstanding Balance from customer	NIL	NIL

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

(iii) Regulatory risk

Sugar industry is regulated both by central government as

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

(iv) Commodity price risk

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

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

(v) Trade receivables

Trade receivables are non-interest bearing and are generally on cash basis. An impairment analysis is performed at each balance sheet date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial assets disclosed under.

Liquidity Risk

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



us to meet our payment obligations. The Group is maintaining cash credit limit to a reasonable level to meet out the current obligation.

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

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

(Rs. in lakhs)

Liabilities	Amount	Less than 1 Year	1 to 3 years	More than 3 years
31st March, 2020				
Borrowing	9,952.04	2,524.07	3,949.58	3,478.39
Financial Liabilities	1,375.77	915.93	49.94	409.90
Trade Payable	11,921.54	11,921.54	-	-
Total	23,249.35	15,361.54	3,999.52	3,888.29

Liabilities	Amount	Less than 1 Year	1 to 3 years	More than 3 years
31st March, 2019				
Borrowing	4,968.84	795.29	1,910.38	2,263.17
Financial Liabilities	956.99	930.84	26.15	-
Trade Payable	18,539.89	18,539.89	-	-
Total	24,465.72	20,266.02	1,936.53	2,263.17

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

Trade receivables are non-interest bearing and are generally on credit terms of 3 to 60 days. An impairment analysis is performed at each balance sheet date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the balance sheet date is the ageing analysis of the receivables has been considered from the date the invoice falls due:

(Rs. in lakhs)

Description	31.03.2020	31.03.2019
Upto 6 months	1,743.62	2,694.93
6 to 12 Months	174.78	53.66
More than 12 months	191.24	36.26

The management has made ECL provision amounting to Rs.30.24 lakhs (Rs.35.21 lakhs) and management is of view that although certain amounts are beyond credit period but they are in fact recoverable and will be received in due course so balance amount is not liable to expected credit

loss.

36.2. Earnings per Share

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

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

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

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

Particulars	31 st March, 20	31 st March, 19
Profit attributable to equity holders of the holding Company:	1,764.64	2,415.53
Profit attributable to equity holders for basic earnings	1,764.64	2,415.53
Profit attributable to equity holders adjusted for dilution effect	1,764.64	2,415.53
Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted) *	9,20,00,170	9,20,00,170
Earnings Per Share (Basic & Diluted)	1.93	2.63

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

	31st March, 2020	31st March, 2019
Employers' contribution to provident fund	Rs.81.43 lakhs	Rs.76.04 lakhs

Employers' contribution

to provident fund Rs.81.43 lakhs Rs.76.04 lakhs

36.4. Defined benefits plans

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

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

(Rs. in lakhs)

Description	Gratuity Current Year	Gratuity Previous Year	Leave Encashment Current Year	Leave Encashment Previous Year
Discount rate (per annum)	7.00%	7.75%	7.00%	7.75%
Future salary increases	5.00%	5.00%	5.00%	5.00%
Mortality	IALM 2012-14	IALM 2006-08 Ultimate	IALM 2012-14	IALM 2006-08 Ultimate
I. Expenses recognized in the statement of profit and loss				
Current service cost	23.61	22.35	11.91	10.59
Interest cost	19.02	20.80	3.76	3.71
Past service cost	-	-	-	-
Expected return on plan assets	(16.81)	(19.01)	-	-
Net expenses recognized	25.82	24.14	15.67	14.30
II. Other comprehensive (income)/expense (Re-measurement)				
Accumulated gain/loss opening balance	14.72	7.31	53.94	43.14



Actuarial (gain)/loss – obligation	3.66	9.01	27.36	10.80
Actuarial (gain)/loss – plan assets	9.31	(1.60)	-	-
Total Actuarial (gain)/loss excluding opening	12.97	7.41	27.36	10.80
Actuarial (gain)/loss at the end of the period	27.69	14.72	81.30	53.94
III. Net liability/(assets) recognized in the balance sheet as at 31st March, 2019				
Present value of obligation at the end of period	287.93	271.65	64.41	53.71
Fair value of the plan asset at the end of period	249.14	240.10	-	-
Funded status [(surplus)/(deficit)]	(38.79)	(31.55)	(64.41)	(53.71)
Net (asset)/liability as at 31 st March, 2020	287.93	271.65	64.41	53.71
IV. Change in present value of obligation during the year				
Present value of obligation at the beginning of year	271.65	268.38	53.71	47.82
Current service cost	23.61	22.35	11.91	10.59
Interest cost	19.02	20.80	3.76	3.70
Past service cost	-	-	-	-
Benefits paid	(30.01)	(48.89)	(32.33)	(19.20)
Actuarial loss/ (gain)	3.66	9.01	27.36	10.80
Present value of obligation at the year end	287.93	271.65	64.41	53.71
V. Change in present value of fair value of plan assets				
Fair value of plan assets as at the beginning of period	240.10	245.28	-	-
Return on plan assets	7.50	20.61	-	-
Contributions	31.55	23.10	-	-
Benefits paid	(30.01)	(48.89)	-	-
Fair value of plan assets at the year end	249.14	240.10	-	-
Details of plan asset		Gratuity Trust	N/A	N/A
SBI Kalyan ULIP Plus II	225.30	218.73	-	-
Bank Balance and Others	23.84	21.37	-	-

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

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

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

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

Actuarial Assumption

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Discount rate (per annum)	7.00%	7.75%	7.00%	7.75%
Future salary increase	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	0%	7.50%	0%	0%
Mortality	IALM 2012-14	IALM 2006-08 Ultimate	IALM 2012-14	IALM 2006-08 Ultimate

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

(Gratuity)

Period	As on: 31/03/2020
Defined Benefit Obligation (Base)	287.93 @Salary increase rate: 5%, and discount rate: 7%
Liability with x% increase in Discount Rate	269.54; x=1.00% [Change (6%)]
Liability with x% decrease in Discount Rate	308.78; x=1.00% [Change 7%]
Liability with x% increase in Salary Growth Rate	308.86; x=1.00% [Change 7%]
Liability with x% decrease in Salary Growth Rate	269.17; x=1.00% [Change (7%)]
Liability with x% increase in Withdrawal Rate	289.92; x=1.00% [Change 1%]
Liability with x% decrease in Withdrawal Rate	286.33; x=1.00% [Change (1%)]

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

(Leave Encashment)

Period	As on: 31/03/2020
Defined Benefit Obligation (Base)	64.41
Liability with x% increase in Discount Rate	60.79; x=1% [Change (6%)]
Liability with x% decrease in Discount Rate	68.63; x=1% [Change 7%]
Liability with x% increase in Salary Growth Rate	68.67; x=1% [Change 7%]
Liability with x% decrease in Salary Growth Rate	60.69; x=1% [Change (6%)]
Liability with x% increase in Withdrawal Rate	65.02; x=1% [Change 1%]
Liability with x% decrease in Withdrawal Rate	63.86; x=1% [Change (1%)]

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

Contingent liabilities:

Particulars	31 st March, 20	31 st March, 19
(i) Claims against the Group not acknowledged as debts in respect of pending cases of employees under labour laws	97.11	162.85
(ii) Claims against the Group not acknowledged as debts in respect of criminal and Civil Cases	11.63	34.74
(iii) Bank guarantees given to the Central Government, Commissioner Excise & Commercial Tax Department of Bihar and Oil Manufacturing companies	625.29	658.10
(iv) Corporate guarantee given by the Company for loans sanctioned to Sonar Casting Ltd. (Erstwhile subsidiary of the Company) by State Bank of India (Lead Bank for consortium of banks). Outstanding amount Rs.3 114.90 lakhs as on 31.03.2020.	7095.00	Nil
(v) Disputed Sales Tax/Trade Tax/Entry Tax cases under appeal*	20.60	148.84
(vi) Penalty levied by Competition Commission of India and U P Pollution Control Board	49.34	56.80

* Amount after deducting Rs. 10.60 lakhs (As on 31st March 2019 Rs. 6.00 lakhs) paid under protest.

The Group had issued corporate guarantee of Rs.2433.00 lakhs in favour of Punjab National Bank (PNB) for extending loan to its subsidiary namely, K.M. Energy Pvt. Ltd. in FY 2016-17 and outstanding loan amount is Rs.649.53 lacs as on 31.03.2020. The said guarantee was subject to approval of existing lenders of the Company. However, the lenders of the Company did not approve the corporate guarantee thus, the corporate guarantee given by the Company become ineffective. Further, K M Energy Pvt. Ltd. has ceased to be subsidiary of the Company. Now, both the companies have informed PNB for withdrawal of corporate guarantee. Accordingly, the amount of said corporate guarantee is not considered to be disclosed as contingent liability in these financial statements. However, corporate guarantee given by the Company has been accounted for at fair value considering the premium at prevailing market rate.

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



has quashed the waiver of interest for these years and remanded to Cane Commissioner for consideration of interest payment to farmers on account of delayed cane payment. Cane Commissioner has not taken any action in this regard and not decided the matter and no such liability is determined and ascertained.

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

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

36.6. Commitments:

Capital Commitments

(Rs. in lakhs)

Particulars	31st March, 2020	31st March, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	29.63	23.41
Less: Advances paid against above	17.95	5.42
Net Amount	11.68	17.99

Leases

Company as lessee

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

There are no exceptional / restrictive covenants in the lease agreements. The Company has adopted Ind AS-116 w.e.f. 01.04.2019 but since all the renewed lease agreement cover the period below 12 months, no impact of Ind AS -116 is appearing in the accounts.

Company as lessor

The Company has given certain portion of factory premises on cancellable operating lease. The rent received on the same has been grouped under other income. The rent received during the year 2019-20 is Rs.17.13 lakhs (previous year Rs.2.24 lakhs).

36.7. In view of the decision of Hon'ble Supreme Court, extra price and excise duty realized on levy sugar in earlier years amounting to Rs.67.11 lakhs for funding under the Sugar Price Equalization Fund Act, 1976 was transferred to Sugar Price Equalization Reserve Account. Later on as per the order dated 22.09.1993 of Hon'ble Supreme Court, a sum of Rs.17.90 lakhs was paid to the Government out of bank guarantee furnished by the holding Company and further, during the year 1998-99 a sum of Rs.1.00 lakhs were paid towards Excise Duty on the above. The holding Company has further made a payment of Rs.35.81 lakhs during the year 2005-06 to the Government of India against the bank guarantee furnished by it along with interest of Rs.118.25 lakhs thereon. Still a sum of Rs.12.40 lakhs is lying

in the Sugar Price Equalization Reserve as on 31.03.19 shown under Note 15 of "Other equity".

36.8. Certain balances in account of Trade receivables, advances, deposit account, and Trade payable are subject to reconciliation and confirmation by the respective parties. The management carries out review of these advances from time to time from realization point of view and based on the same, the required provisions have been considered in the accounts. The management is of the view that the realization from these assets in the ordinary course of business would not be less than the amount at which they are stated in the books of account.

36.9. Other non current liabilities (Note No.19) includes a loan from U.P. Government amounting to Rs.14.50 lakhs. The issue relating to interest payable thereon is under dispute and the matter is sub-judice before the Hon'ble Allahabad High Court. However, as per the interim order of the Court, a fixed deposit of Rs.14.50 lakhs have been kept with the District Magistrate, Faizabad. In opinion of the management, the interest due on fixed deposit is sufficient to meet out the interest liability of the Group on the said loan and as such, no interest is being provided for in these financial statements.

36.10. Since, the sugar industry is a seasonal industry; the cost of production of sugar is worked out on annualized basis considering prime cost, factory overhead and administrative overhead closely related to manufacturing of output.

36.11. Refund of Rs.316.93 lakhs was due from Govt. of Uttar Pradesh of administrative charges recovered from Group during July, 1995 to September, 2011 on molasses transferred internally for captive consumption as per favourable order of Hon'ble Allahabad High Court passed on 15.04.2019 and 14.05.2019 in writ petitions filed by the Group challenging the Notification No.86E-2/XIII-251-83 dated 16th January, 1995. The Hon'ble High Court, Lucknow Bench has relied upon their own judgments and the judgment of Hon'ble Supreme Court rendered earlier on the same issue. The refund amount was considered as other income during previous year. The State Excise Commissioner has constituted a committee to finalize and process the refund amount and it is expected to receive the same during financial year 2020-21.

36.12. As per Bihar State Government directions, the operation of country liquor bottling unit in Bihar remain discontinued during the year. Depreciation due to obsolescence has been provided on fixed assets amounting to Rs.61.04 lakhs (Previous year -Rs.61.18 lakhs) in current year. The carrying amount of fixed assets amounting to Rs.99.91 lakhs (Previous year - Rs.160.95 lakhs) stands in the books as on 31.03.2020.

36.13. The Group had set up a cogeneration power plant of 25 MW at factory premises in the financial year 2006-07 and is continuously operating since then. This power generation plant qualifies under Section 80IA of the Income Tax Act, 1961 for deduction of its entire profits from such business for 10 consecutive years out of 15 years. The



Group has availed the option to treat the financial year 2011-12 as the first year of deduction but it could not claim any deduction till FY 2016-17 due to brought forwarded losses. The Group has claimed deduction for the first time in financial year 2017-18 and is claiming continuously since then in every financial year including the current year. The next financial year 2020-21 will be the last year, when the Group can claim this deduction.

36.14. The Group has made investment in Preference shares of K.M Energy (P) Ltd. (Rs.338.92 lakhs), and Brahma Properties (P) Ltd. (Rs.380 lakhs) considering 9% dividend, which is to be declared and paid at the discretion of the respective Company. Similarly, the investment in Preference shares of Sonar Casting Ltd. (Rs.2000 lakhs) is made considering dividend rate of 12%, which is to be declared and paid at the discretion of the investee Company. Management is of the view that dividend payment is most probable to be received and has been considered while determining fair value of preference share.

36.15. The dues to Micro, Small and Medium Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the Group is given below:

(Rs. in lakhs)

S.No.	Particulars	31-March-2020	31-March-2019
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
-	Principal amount due to micro and small enterprises	5.02	5.80
-	Interest due on above	0.01	0.05
(b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.01	0.05
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

36.16. Related Party Disclosures: -

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

I. Subsidiaries where control exist

K M Spirits and Allied Industries Ltd.

II. Related Parties with whom there were transactions during the year:

a) Related party where control exist

- Shri L. K. 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

- Ms. Pooja Dua - Company Secretary
- Shri Arvind Kumar Gupta - Chief Financial Officer
- Shri Surendra Bahadur Singh - Independent Director
- Shri HP Singhania - Independent Director
- Mrs. Madhu Mathur - Independent Director
- Shri RS Shukla - Independent Director
- Shri SK Gupta - Independent Director
- Dr. Sushil Solomon - Independent Director

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)

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

- K.M. Plantations (P) Ltd.
- Marvel Business (P) Limited
- Francoise Commerce (P) Limited
- Nidhi Financial Services (P) Limited
- Promising Logistics (P) Ltd.
- Jhunjhunwala Securities (P) Ltd.
- Shri Shakti Credits Ltd.
- Zar International (P) Ltd.
- Palak Jhunjhunwala Trust
- KM Energy Pvt. Ltd.
- Brahma Properties Pvt. Ltd.
- Sonar Casting Ltd.
- Shri Laxmi Public Charitable Trust

c) Transactions with the related parties:

(Rs in lakhs)

Sl. no.	Nature of transaction/ Name of the related party	Key Managerial Personnel (KMP) 2019-20 (2018-19)	Enterprises over which KMP and their relatives have substantial interest/significant influence 2019-20 (2018-19)	Total 2019-20 (2018-19)
i.	Investment made			
	Sonar Casting Ltd.*	- (-)	9.00 (-)	9.00 (-)
ii.	Remuneration including commission and PF#			
	Shri L K Jhunjhunwala	308.26 (81.60)	- (-)	308.26 (81.60)
	Shri Aditya Jhunjhunwala	308.14 (68.51)	- (-)	308.14 (68.51)
	Shri Sanjay Jhunjhunwala	107.59 (67.67)	- (-)	107.59 (67.67)
	Shri S. C. Agarwal	44.09 (29.73)	- (-)	44.09 (29.73)
	Shri Rajeev Kumar**	- (7.25)	- (-)	- (7.25)
	Shri Ritesh Srivastva**	- (0.63)	- (-)	- (0.63)
	Shri Arvind Kumar Gupta	17.13 (15.35)	- (-)	17.13 (15.35)
	Ms. Pooja Dua	3.60 (-)	- (-)	3.60 (-)
iii.	Education fee paid			
	Shri Vatsal Jhunjhunwala	- (-)	67.52 (53.11)	67.52 (53.11)
iv.	Sugar sold			
	Sri Shakti Credits Ltd.	- (-)	- (5598.99)	- (5598.99)
	Francoise Commerce Pvt. Ltd.	- (-)	255.31 (1302.10)	255.31 (1302.10)
v.	Rent paid			
	Sri Shakti Credits Ltd.	- (-)	4.40 (5.40)	4.40 (5.40)
	Zar International Pvt. Ltd.	- (-)	1.14 (1.14)	1.14 (1.14)
	Marvel Business Pvt. Ltd.	- (-)	7.20 (7.20)	7.20 (7.20)



vi.	Rent received			
	Sri Shakti Credits Ltd.	- (-)	- (15.00)	- (15.00)
vii.	Loans taken			
	Shri Aditya Jhunjhunwala	- (61.50)	- (-)	- (61.50)
viii.	Loans repaid			
	Shri L K Jhunjhunwala	31.00 (-)	- (-)	31.00 (-)
	Shri Sanjay Jhunjhunwala	21.50 (40.00)	- (-)	21.50 (40.00)
	Shri Aditya Jhunjhunwala	61.50 (61.50)	- (-)	61.50 (61.50)
ix.	Advance paid			
	Marvel Business Pvt. Ltd.	- (-)	- (122.50)	- (122.50)
	Francoise Commerce Pvt. Ltd.	- (-)	- (1,000.00)	- (1,000.00)
	Nidhi Financial Services P Ltd.	- (-)	- (17.50)	- (17.50)
	Jhunjhunwala Securities P Ltd.	- (-)	- (25.00)	- (25.00)
x.	Advance received back			
	Marvel Business Pvt. Ltd.	- (-)	- (122.50)	- (122.50)
	Francoise Commerce Pvt. Ltd.	- (-)	- (1,000.00)	- (1,000.00)
	Nidhi Financial Services P Ltd.	- (-)	- (17.50)	- (17.50)
	Jhunjhunwala Securities P Ltd.	- (-)	- (25.00)	- (25.00)
xi.	Sitting fees paid			
	Shri H P Singhania	0.64 (0.48)	- (-)	0.64 (0.48)
	Smt Madhu Mathur	0.52 (0.30)	- (-)	0.52 (0.30)
	Shri R S Shukla	0.10 (0.64)	- (-)	0.10 (0.64)
	Shri S K Gupta	0.82 (0.18)	- (-)	0.82 (0.18)
	Shri Surendra Bahadur Singh	- (0.10)	- (-)	- (0.10)
	Shri Sushil Solomon	0.30 (-)	- (-)	0.30 (-)
xii.	Donation paid			
	Shri Laxmi Public Charitable Trust	- (-)	50.00 (-)	50.00 (-)
xiii.	CSR paid			
	Shri Laxmi Public Charitable Trust	- (-)	65.00 (-)	65.00 (-)
xiv.	Balance outstanding			
	a. Loans payable			
	Shri L K Jhunjhunwala	- (31.00)	- (-)	- (31.00)
	Shri Aditya Jhunjhunwala	- (61.50)	- (-)	- (61.50)
	Shri Sanjay Jhunjhunwala	- (21.50)	- (-)	- (21.50)
	b. Amount payable			
	Shri L K Jhunjhunwala	124.94 (30.35)	- (-)	124.94 (30.35)
	Shri Aditya Jhunjhunwala	121.70 (35.78)	- (-)	121.70 (35.78)
	Shri Sanjay Jhunjhunwala	52.02 (25.79)	- (-)	52.02 (25.79)
	Shri S. C. Agarwal	2.60 (1.94)	- (-)	2.60 (1.94)
	Shri Vatsal Jhunjhunwala	0.12 (0.12)	- (-)	0.12 (0.12)
	Sri Shakti Credits Ltd.	- (-)	0.25 (2.86)	0.25 (2.86)
	Marvel Business Pvt. Ltd.	- (-)	14.18 (12.70)	14.18 (12.70)
	Zar International Pvt. Ltd.	- (-)	3.42 (2.28)	3.42 (2.28)
	c. Guarantee given for Bank loan taken by the company			
	KM Plantation Pvt Ltd.	- (-)	13767.29 (6538.94)	13767.29 (6538.94)
	d. Corporate guarantee given by the company for loan sanctioned/availed by			
	Sonar Casting Ltd.*	- (-)	7095.00 (-)	7095.00 (-)
	e. Investment Held			
	Equity share in Sonar Casting Limited (acquired post 25th December, 2019)	- (-)	9.00 (-)	9.00 (-)
	Preference share in K.M Energy Pvt. Limited	- (-)	338.92 (338.92)	338.92 (338.92)
	Preference share in Brahma Properties Pvt. Limited	- (-)	385.00 (385.00)	385.00 (385.00)

Related party transactions are shown at actual amount instead of fair value for the purpose of disclosure under related parties.

* Ceased to be subsidiary w.e.f. 26.12.2019

** Remain employed in part of the year

#Directors Remuneration

(Rs. in lakhs)

S. No.	Particulars	Chairman	Managing Director and Joint Managing Director	Executive Director	TOTAL
1	Salary	96.00 (36.00)	192.00(48.00)	36.00 (24.00)	324.00(108.00)
2	Commission	200.00 (40.00)	200.00 (80.00)	- (-)	400.00 (120.00)
3	Contribution to Provident Fund	10.92 (4.32)	21.60 (5.76)	4.20 (2.88)	36.72 (12.96)
4	Perquisites:				
	(i) Residence				
	-Furnished (Previous Year)	-	-	-	-
	(ii) Residence				
	-Unfurnished (Previous Year)	-	-	2.70 (1.82)	2.70 (1.82)
	(iii)Medical Reimbursement	0.07 (0.01)	0.55 (0.84)	0.49 (0.33)	1.11 (1.18)
	(iv) Other benefits	1.27 (1.27)	1.58 (1.58)	0.70 (0.70)	3.55 (3.55)
	Total	308.26 (81.60)	415.73 (136.18)	44.09 (29.73)	768.08 (247.51)

Note: The value of perquisites shown above is as per the Income Tax provisions.

I. The transactions with related parties have been entered at an amount, which are not materially different from

those on normal commercial terms. No amount has been written back/written off during the year in respect to due to/due from related parties.

ii. The Board of Directors of the Company has recommended on 29.04.2020 an amendment in the terms of payment of commission on profits to the whole time directors, which was earlier approved by the shareholders in their meeting held on 20.08.2019. As per the amended terms, the commission on profits paid to the directors for the financial year 2019-2020 is exceeding by Rs.177.14 lakhs from the amount determined based on approval given by the shareholders which the Company proposes to take up before the shareholders in the next annual general meeting.

36.17. Segment Reporting:

Information on the Segment Reporting for the year ended 31.03.2020:

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

(Rs. in lakhs)

Particulars	Sugar		Distillery		Co-generation		Unallocable		Total	
	2020	2019	2020	2019	2020	2,019	2020	2019	2020	2019
Revenue										
Gross sales	53,161	38,111	4,926	4,621	4,738	6,815	-	-	62,825	49,547
Less: Inter segment sales	6,456	6,698	-	-	3,234	3,843			9,690	10,541
External sales	46,705	31,413	4,926	4,621	1,504	2,972	-	-	53,135	39,006
Add: Other income	1,007	1,333	48	79	4	3	-	-	1,059	1,415
Total revenue	47,712	32,746	4,974	4,700	1,508	2,975	-	-	54,194	40,421
Segment results	4,088	2,866	275	83	224	1,018	(67)	(10)	4,520	3,957
Less: Finance cost	1,764	693	22	13	-	56	1	-	1,787	762
Profit before tax	2,324	2,173	253	70	224	962	(68)	(10)	2,733	3,195
Current tax									515	651
Deferred tax									443	128
Profit after tax									1,775	2,416
Other information										
Segment assets	41,505	39,084	5,556	5,071	3522	4,417	2,027	770	52,610	49,342
Segment liabilities	32,849	31,896	629	485	10	42	470	36	33,958	32,459
Capital Expenditure	593	1006	1,643	745	33	3	27	572	2,296	2,326
Depreciation and amortisation	868	637	436	399	186	204	7	-	1,497	1,240

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

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

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

36.18. The Central Government pursuant to Notification No. 1(14)/2018-SP-I dated 5th October, 2018 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) has notified a scheme for defraying expenditure towards internal transport, freight,



- handling and other charges on export with a view to facilitate export of sugar during sugar season 2018-19. Based on expenditure incurred by the Company in completing export through merchant exporter, a sum of Rs.437.52 lakhs has been reduced from MIEQ expenses under other expenses.
- 36.19. The Central Government pursuant to Notification No. 1(8)/2019-SP-I dated 31st July, 2019 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) announced a scheme for creation and maintenance of buffer stock of 40 lakh MT of sugar by the sugar mills in the country for one year w.e.f. 1st August, 2019 with a view to improve liquidity of the sugar industry; enabling sugar mills to clear cane price arrears of farmers. The Company was allotted 164740 quintals of buffer stock. Accordingly Rs.351.52 lakhs (Previous year Nil) has been adjusted during the year ended 31st March, 2020 as reduction in finance cost. Further, storage charges amounting to Rs.50.79 lakhs (Previous year Nil) shown under line item "Insurance and storage charges on buffer stock" under Revenue from operations.
- 36.20. The Central Government pursuant to Notification No. 1(14)/2018-SP-I dated 5th October, 2018 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) has notified a scheme for assistance to sugar mills against sugar cane crushed during sugar season 2018-19 subject to fulfilment of various terms and conditions and export of sugar as per guidelines of Minimum Indicative Export quotas (MIEQ) under tradable export allotted vide Notification No. 1(4) 2018-SP-I dated 28th September, 2018. The Company has received assistance of Rs.1457.48 lakhs and has been shown under the line item "Assistance on sugar quota export" under Revenue from operations.
- 36.21. The Central Government pursuant to Notification No. 1(14)/2019-SP-I dated 12th September, 2019 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) has notified a scheme for assistance to sugar mills to facilitate export of sugar during sugar season 2019-20 thereby improving the liquidity position of sugar mills enabling them to clear price dues of farmers for sugar season 2019-20. Pursuant to above notification, the Central Government pursuant to Notification No. 1(14)/2019-SP-I dated 16th September, 2019 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) allocated factory wise Maximum Admissible Export Quota (MAEQ). The Company was allocated MAEQ of 22416 MT as per the said notification. The Company has physically exported 22416 MT own manufactured raw sugar through merchant exporter. The assistance

receivable against such MAEQ sugar of Rs.2342.02 lakhs and has been shown under the line item "Assistance on sugar quota export" under Revenue from operations.

- 36.22. The Central Government pursuant to Notification No. 1(14)/2019-SP-I dated 2nd March, 2019 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) has notified a scheme for extending soft loan to sugar mills with a view to facilitate payment of cane price dues of farmers for sugar season 2018-19 relating the Fair and Remunerative Price (FRP) of sugar cane fixed by Central Government. The Company has availed soft loan from banks of Rs.3694.00 lakhs during the year and was eligible for 7% interest subvention for one year. Accordingly, Rs.252.91 lakhs has been adjusted during the year ended 31st March, 2020 with interest on term loan.

36.23. Government Grant :

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

Description	Amount in lakhs	Year to which relates	Treatment in accounts
Revenue related to Government Grant			
Financial Assistance from the State Government	Nil	2019-2020	Nil
Deferred Government Grant			
Deferred income relating to term loans on concessional rate (difference between actual loan and its present value has been considered Deferred Government Grant)	559.45	2019-2020	A sum of Rs.354.71 lakhs considered for part of the year as government grant under Note -27. Deferred Income is to be considered as Government grant over the period of 5 years being the tenure of loan.

36.24. Fair value

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

Fair value

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

(Rs. in Lakhs)

Description	Carrying value		Fair value	
	As at 31-Mar-2020	As at 31-Mar-2019	As at 31-Mar-2020	As at 31-Mar-2019
Financial assets				
EVOCI financial instruments:				
Unquoted equity shares	12.23	3.23	11.95	3.23
Quoted equity Shares	-	-	-	-
Fair Value at Amortized Cost through Statement of Profit & Loss				
Investment in Preference Shares	623.50	721.05	625.79	623.50
Guarantee		-	-	-
Loan (Security Deposit)	365.78	321.24	379.90	365.78
Fair Value of Assets through Other Comprehensive Income (OCI)				
Leasehold Land	6388.40	580.81	6388.40	6627.78
Free hold Land	852.43	810.13	873.76	810.13
Total	8242.35	2436.46	8279.80	16050.71



Description	Carrying value		Fair Value	
	As at	As at	As at	As at
	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
Financial liabilities at amortized cost through statement of profit and loss				
Loan taken from Bank, Government and others				
Fixed rate borrowings	11965.64	4912.40	9532.95	4383.83
Floating rate borrowings	-	-	-	-
Total	11965.64	4912.40	9532.95	4383.83

Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020 :

Description	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value					
FVOCI financial instruments:					
Unquoted equity shares	31-Mar-20	-	-	-	Yes
Quoted Equity Shares	31-Mar-20	-	Yes	-	-
Leasehold Land		-	-	Yes	-

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

(Rs. in lakhs)

Description	31st March, 2020		31st March, 2019	
	% of total consumption	Amount	% of total consumption	Amount
Raw Materials				
Imported	-	-	-	-
Indigenous	100%	37758.49	100%	36642.24
Stores and packing material				
Imported	-	-	-	-
Indigenous	100%	825.54	100%	884.10

36.26. Income in foreign currency on account of:

(Rs. in lakhs)

Description	31st March, 2020	31st March, 2019
Export sale	1598.78	1552.66

36.27. Expenditure in foreign currency on account of

Description	31st March, 2020	31st March, 2019
Travelling	90.35	70.03
Machinery	300.77	-
Others	72.90	56.14

36.28. Capital Management

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

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio under control except for the first quarter of the financial year due to non-payment of

cane dues. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019:

Capital Management

(Rs. in lakhs)

Description	31 March, 2020	31 March, 2019
Borrowings	16,541.83	4,383.83
Other financial liabilities	1,375.77	956.99
Trade and other payables	11,921.54	18,539.89
Less: Cash and short term deposits	372.36	535.60
Net debts	29,466.78	23,345.11
Equity	1,840.00	1,840.00
Other equity	16,811.56	15,043.60
Total capital	18,651.56	16,883.61
Capital and net debt	48,118.34	40,228.72
Gearing ratio (%)	61.24	58.03

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

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

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

During the Year ended 31st March 2020

(Rs. in lakhs)

Description	Comprehensive Income	Retained earnings	Total
Gain/(loss) arising on fair valuation of Asset	16.34	-	16.34
Gain/(loss) on FVTOCI financial assets	(0.36)	-	(0.36)
Re-measurement gain/(loss) on defined benefit plans	(26.25)	-	(26.25)
Retained earning	-	1774.91	1774.91
Taxes on above items	-	-	-
	16.34	(26.61)	1774.91
			1764.64



During the Year ended 31st March 2019

Description	Comprehensive Income	Retained earnings	Total
Gain/(loss) arising on fair valuation of Asset	6,046.98	-	6,046.98
Gain/(loss) on FVTOCI financial assets	-	0.37	0.37
Re-measurement gain/(loss) on defined benefit plans	-	(18.23)	(18.23)
Retained earning	-	-	2,415.53
Taxes on above items	-	6.24	6.24
	6,046.98	(11.62)	2,415.53
			8,450.89

36.32. COVID- 19 outbreak and resultant lockdown imposed by the Government caused disruption of supply chain across businesses in India. However, timely steps taken by the Government has ensured smooth crushing operations of sugar mills in Uttar Pradesh including the factories of the Group.

It is estimated that the lock-down impacted the overall domestic sugar demand & consumption by more than a million ton leading to pressure on the selling price of sugar in future. However the already initiated measures of the Government to support the industry such as fixing of minimum selling price for sugar, regulating domestic sale by way of monthly release mechanism and incentivising export of sugar under MAEQ 2019-20 are continuing. The other main products manufactured by the Group i.e. ethanol and power are not expected to be too materially impacted.

Based on the aforesaid, the management concludes that no material uncertainty exists in the Group's ability to continue as a going concern and accordingly the management has prepared these financial statements on a going concern basis. Further, the management has also performed an impairment test considering the impact of COVID-19 on the carrying amount of the assets which has resulted in no significant impairment. However, the impact of COVID-19 may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes in future economic conditions.

36.33 Pursuant to Taxation (Amendment) Ordinance 2019 (Ordinance), the domestic companies have option to pay corporate income tax @ 22% plus applicable surcharge and cess (New Tax Rate) subject to certain conditions w.e.f. financial year commencing from April 1, 2019 and thereafter. However, the Company has opted to continue with the old tax structure.

36.34. Effective from 1st April, 2019, UPERC, vide tariff order dated July 25, 2019, reduced the rates at which power

is sold to Power Corporation. Accordingly the Company has accounted power sale at the reduced tariff notified by UPERC. Consequent to the same profit for the quarter and year period ended March 31, 2020, is lower by Rs.650.83 lakhs and Rs. 1057.47 lakhs respectively. The matter is challenged through UP Co-Gen Association before the appropriate forum.

36.35. Additional information as required under Schedule III of Companies Act 2013 :

For the Year ended on 31st March, 2020

Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprise consolidated as Subsidiary

Name of Enterprise	Net Assets/ (Total Assets minus Total Liabilities)		Share in Profit or loss		Share in Other comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent K M Sugar Mills Limited Subsidiary (Indian)	90.23%	18,729.58	103.84%	1,843.16	100.00%	(10.27)
a. Sonar Casting Ltd.	9.74%	2,022.30	(3.84%)	(68.27)	0.00%	0.00
b. KM Spirits and Allied Industries Ltd.	0.03%	4.67	0.00%	0.02	0.00%	0.00
	100.00%	20,756.55	100.00%	1,774.91	100.00%	(10.27)
i. Non controlling interest						
ii. Adjustments arising on account of consolidation		(2105.00)				
Total		18,651.55		1,774.91		(10.27)

For the Year ended on 31st March, 2019

Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprise consolidated as Subsidiary

Name of Enterprise	Net Assets/ (Total Assets minus Total Liabilities)		Share in Profit or loss		Share in Other comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent K M Sugar Mills Limited Subsidiary (Indian)	95.64%	16,893.40	100.40%	2,425.31	100.00%	(6,035.36)
a. Sonar Casting Ltd.	4.33%	765.57	(0.39%)	(9.43)	0.00%	-
b. KM Spirits and Allied Industries Ltd.	0.03%	4.63	(0.01%)	(0.35)	0.00%	-
	100.00%	17,663.60	100.00%	2,415.53	100.00%	(6,035.36)
i. Non controlling interest						
ii. Adjustments arising on account of consolidation		(780.00)				
Total		16,883.60	100.00%	2,415.53	100.00%	(6,035.36)

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

For Agiwal & Associates
Chartered Accountants
F.R. No 000181N
CA. P. C. Agiwal
Partner
M.No.080475

Place: New Delhi
Date: 12th June, 2020

For and on behalf of Board of Directors

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

Place: Lucknow
Date: 12th June, 2020

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

Notes forming part of Consolidated Financial Statement

K M SUGAR MILLS LIMITED

Regd. Office: 11 MOTI BHAWAN COLLECTOR GANJ,

KANPUR, Uttar Pradesh-208001

CIN: L15421UP1971PLC003492;

Website: www.kmsugar.com

Phone: 0512-2310762 ; 0522-4079561; E-mail: cslko@kmsugar.in

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 47th Annual General Meeting of the K. M. Sugar Mills Ltd. will be held through Video Conference / Other Audio Visual Means, on Thursday, the 10th day of September, 2020 at 11:00 a.m. transact the following business:

ORDINARY BUSINESSES:

1. To consider and adopt the standalone and consolidated Financial Statements of the Company for the financial year ended 31st March, 2020 and the Reports of the Board of Directors and the Auditors and, to consider and pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the standalone and consolidated Financial Statements of the Company for the financial year ended 31st March, 2020 and the Reports of the Board of Directors and the Auditors thereon laid before the 47th 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 Sanjay Jhunjhunwala, who retires by rotation and being eligible, offers himself for re-appointment and, to consider and pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT, Shri Sanjay Jhunjhunwala (DIN-01777954) who retires by rotation under Section 152 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred as 'the Act') and the Rules made thereunder read with the Articles of Association of the Company, at the conclusion of 47th Annual General Meeting of the members of the Company, and being eligible, has offered himself for re-appointment, be and is hereby re-appointed as a Director on the Board of the Company, whose period of office shall be liable to retire by rotation."

"RESOLVED FURTHER THAT, the Board of Directors of the Company be and is hereby authorized to do, perform and execute all such acts, deeds and things as may be required including to delegate and to settle any

question, difficulty or doubt, that may arise and to sign and execute all documents or writings as may be deemed necessary, proper or expedient for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."

3. To appoint a director in place of Shri S.C. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment and, to consider and pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT, Shri S.C. Agarwal (DIN- 02461954) who retires by rotation under Section 152 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred as 'the Act') and the Rules made thereunder read with the Articles of Association of the Company, at the conclusion of 47th Annual General Meeting of the members of the Company, and being eligible, has offered himself for re-appointment, be and is hereby re-appointed as a Director on the Board of the Company, whose period of office shall be liable to retire by rotation."

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

SPECIAL BUSINESS :-

4. To approve the change in terms of appointment of Shri L.K. Jhunjhunwala (DIN: 01854647) as a Whole Time Director designated as Chairman of the Company and in this regard, to consider and if thought fit, to pass the following resolution as a Special Resolution:-

"RESOLVED FURTHER THAT in supersession of the earlier resolutions passed in the annual general meeting of the company held on 20th August, 2019 and pursuant to the provisions of the Section 196, 197, 198, 203, read with the Schedule V of the Companies Act 2013 and other applicable provisions, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, and pursuant to the recommendation of the Board of Directors of the company, the consent of the Shareholders be and is hereby accorded to revise the remuneration, by way of increase in the remuneration payable to Shri L.K. Jhunjhunwala (DIN: 01854647) as a Chairman of the Company for the financial year ended at 31st

March 2020 as well as for remaining term of appointment of his present term as per the revised salary, allowance and perquisites as under as per the terms & conditions mentioned, with power to the Board of Directors ("The Board ") to alter and vary the terms and conditions of the appointment and remuneration in such a manner as may be permitted by in accordance with the provisions of the Companies Act, 2013 and Schedule V or any modification thereto and as may be agreed to by an between the Board and Shri L.K. Jhunjunwala time to time."

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to schedule V to the Companies Act, 2013, during the tenure of his appointment, the Board of Directors be and is hereby authorized to vary or increase the remuneration, payable to him for such remaining period of his tenure, including salary, perquisites, allowances, etc with such prescribed limits or ceiling and the agreement entered into, if any, between the Company and Shri L.K. Jhunjunwala shall be suitably amended to give effect to such modification, relaxation or variation without any further reference to or approval by the Company in General Meeting"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and hereby authorized to do, perform and execute all such acts, deeds and things and to settle all question arising out of incidental thereto, and to give such directions as may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

5. To approve the change in the terms of appointment of Shri Aditya Jhunjunwala, (DIN: 01686189) as Managing Director of the Company and in this regard, to consider and if thought fit, to pass the following resolution as a Special Resolution :-
"RESOLVED FURTHER THAT in supersession of the earlier resolutions passed in the annual general meeting of the company held on 20th August, 2019 and pursuant to the provisions of the Section 196, 197, 198, 203, read with the Schedule V of the Companies Act 2013 and other applicable provisions, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, and pursuant to the recommendation of the Board of Directors of the company, the consent of the Shareholders be and is hereby accorded to revise the remuneration, by way of increase in the remuneration payable to Shri Aditya Jhunjunwala, (DIN: 01686189) as a Managing Director of the Company for the financial year ended at 31st March 2020 as well as for remaining term of appointment of his present term as per the revised salary, allowance and perquisites as under as per the terms & conditions mentioned, with power to

the Board of Directors ("The Board ") to alter and vary the terms and conditions of the appointment and remuneration in such a manner as may be permitted by in accordance with the provisions of the Companies Act, 2013 and Schedule V or any modification thereto and as may be agreed to by an between the Board and Shri Aditya Jhunjunwala time to time."

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to schedule V to the Companies Act, 2013, during the tenure of his appointment, the Board of Directors be and is hereby authorized to vary or increase the remuneration, payable to him for such remaining period of his tenure, including salary, perquisites, allowances, etc with such prescribed limits or ceiling and the agreement entered into, if any, between the Company and Shri Aditya Jhunjunwala shall be suitably amended to give effect to such modification, relaxation or variation without any further reference to or approval by the Company in General Meeting"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and hereby authorized to do, perform and execute all such acts, deeds and things and to settle all question arising out of incidental thereto, and to give such directions as may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

6. To approve the change in the terms of appointment of Shri Sanjay Jhunjunwala (DIN: 01777954) as a Joint Managing Director of the Company and in this regard, to consider and if thought fit, to pass the following resolution as a Special Resolution :-
"RESOLVED FURTHER THAT in supersession of the earlier resolutions passed in the annual general meeting of the company held on 20th August, 2019 and pursuant to the provisions of the Section 196, 197, 198, 203, read with the Schedule V of the Companies Act 2013 and other applicable provisions, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, and pursuant to the recommendation of the Board of Directors of the company, the consent of the Shareholders be and is hereby accorded to revise the remuneration, by way of increase in the remuneration payable to Shri Sanjay Jhunjunwala (DIN: 01777954) as a Joint Managing Director of the Company for the financial year ended at 31st March 2020 as well as for remaining term of appointment of his present term as per the revised salary, allowance and perquisites as under as per the terms & conditions mentioned, with power to the Board of Directors ("The Board ") to alter and vary the terms and conditions of the appointment and remuneration in such a manner as may be permitted by in

accordance with the provisions of the Companies Act, 2013 and Schedule V or any modification thereto and as may be agreed to by an between the Board and Shri Sanjay Jhunjhunwala time to time."

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to schedule V to the Companies Act, 2013, during the tenure of his appointment, the Board of Directors be and is hereby authorized to vary or increase the remuneration, payable to him for such remaining period of his tenure, including salary, perquisites, allowances, etc with such prescribed limits or ceiling and the agreement entered into, if any, between the Company and Shri Sanjay Jhunjhunwala shall be suitably amended to give effect to such modification, relaxation or variation without any further reference to or approval by the Company in General Meeting"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and hereby authorized to do, perform and execute all such acts, deeds and things and to settle all question arising out of incidental thereto, and to give such directions as may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

7. To authorize the Board to make investments / give loans or guarantees / provide security up to an aggregate amount not exceeding Rs. 400.00 Cr outstanding at any time and to consider, and if thought fit, to pass the following resolution as a Special Resolution :-

"RESOLVED THAT, pursuant to the provisions of Section 186 and other applicable provisions of the Companies Act, 2013, (including any statutory modification or re-enactment there of, for the time being in force), and subject to such approvals, consents, sanctions and permissions, as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board") to (a) give any loan to any body corporate(s) / person (s); (b) give any guarantee or provide security in connection with a loan to any body corporate(s) / person (s); and (c) acquire by way of subscription, purchase or otherwise, securities of any body corporate(s) (i) up to an aggregate amount not exceeding Rs. 400.00 Cr outstanding at any time; or (ii) 60% of the aggregate of the paid-up share capital and free reserves and securities premium account; or (iii) 100% of its free reserves and securities premium account, whichever is higher, on such terms and conditions, as the Board may think fit."

"RESOLVED FURTHER THAT the Board or a duly constituted Committee there of be and is hereby authorized to decide and finalize the terms and conditions of the above, limit upto which such

investments in securities / loans / guarantees, that may be given or made, as may be determined by the Board or the Committee thereof, within the aforesaid limits including with the power to transfer / dispose of the investments so made, from time to time, and to execute all deeds, documents and other writings and to do all such acts, deeds, matters and things, as may be necessary and/or expedient for implementing and giving effect to this resolution."

8. To approve the change the object clause of Memorandum of Association of the company and to consider and if thought fit to pass, the following resolution as a Special Resolution :-

"RESOLVED THAT pursuant to provisions of Section 13, Section 4 and other applicable provisions, if any, of the Companies Act, 2013, ("Act") including any statutory modifications or re-enactment thereof for the time being in force and rules made thereunder and subject to such other requisite approvals, if any, in this regard from appropriate authorities and terms(s), condition(s), amendment(s), modification(s), as may be required or suggested by any such appropriate authorities, pursuant to the recommendation of the Board of the company, the consent of the shareholders of the company be and is hereby accorded for alteration in the Objects Clause of the Memorandum of Association ("MOA") of the Company to insert the additional sub-clauses (3),(4),(5),(6),(7),(8),(9),(10) reading as under after sub clause (2) of clause III (A) and placing existing sub clause (3) after newly inserted sub clause (10) as sub-clause (11) reading as under of clause III (A) of the Memorandum of Association of the company".

3. To carry on business as manufacturers, traders, exporters, importers, dealers, wholesalers, retailers, service providers, commission agents in all varieties of sugar, sugar candy, jaggery, khandasari sugar, beet sugar, sugar cane, molasses, syrups, melada, alcohol, spirits including grain spirits and all products and by-products, thereof such as confectionery, glucose, acetone, carbon-dioxide, hydrogen, potash, cane wax, fertilizers, cattle feed and food products generally.

4. To carry on business as manufacturers, traders, exporters, importers, dealers, wholesalers, retailers, service providers, commission agents in breweries, IMFL, Country Liquor, beer, ale, port, stout, wines, whiskies intoxicating or not, produced from all kinds of ingredients, raw materials and or malt, malt products, hops, yeast, essences, flavours, concentrates and so on.

5. To carry on business as manufacturers, traders, exporters, importers, dealers, wholesalers, retailers, service providers, commission agents in distillery, blending, or mixed liquors including ratified spirits, Ethanol, ENA and sanitizer and

manufacturing of any other articles or things of a character similar or analogous to the foregoing or any of them or connected therewith.

6. To carry on business as manufacturers, traders, exporters, importers, dealers, wholesalers, retailers, service providers, commission agents in mineral water, drinking water, soft drink, beverages and related items.
7. To Purchase, sale, construct, establish, lease, acquire, carry on, rent, enter into joint venture, partnership, association etc. with regards to a factory or factories.
8. To carry on business as manufacturers, traders, exporters, importers, dealers, wholesalers, retailers, service providers, commission agents in all kinds and descriptions of laminates, Boards, veneers, paper, pulp, Agro/Non-Agro based, glass ware, commercial and industrial.
9. To carry on business of manufacturers, processors, dealers of all kinds of fertilizers manures, pesticides, weedicides and plant and all the other type protecting and nurturing products.
10. To promote, develop, generate, distribute, accumulate, transmit, supply, sell electricity and/or power by installing power plants(s) whether based on thermal, hydel, gas, solar, windmill, diesel, furnace oil, bagasse or any other source and to lay down, establish power stations, cables, transmission lines or towers, sub-stations, terminals and other works for the aforesaid purposes and to acquire, run or manage any company or undertaking engaged in similar business and/or activities.

Placing existing sub clause (3) after newly inserted sub clause (10) as sub-clause (11):

11. To do business for the utilizing the by-products of the company as the company may otherwise deem advantageous.

"RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorized to do all such acts, deeds, matters and things, as they may be necessary and to file necessary form with the appropriate authorities in this regard, in their absolute discretion, proper and desirable."

9. To adopt the new Memorandum of Association of the company as per Companies Act, 2013 and to consider and if thought fit to pass, the following resolution as a Special Resolution:-
"RESOLVED THAT pursuant to Section 13, 15 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable provisions of the Companies Rules, 2014 including any statutory modification or re-enactment thereof for the time being in force, and Rules made thereunder and subject to necessary statutory approvals and modifications if any, pursuant to the

recommendation of the Board of the company, the consent of the shareholders of the company be and is hereby accorded to adopt the new Memorandum of Association in accordance with Table A set out under Schedule I to the Companies Act, 2013 in place of the existing Memorandum of Association by replacing:-

Clause I containing : "The name of the company until registration shall be "KAMLAPAT MOTILAL" and after registration "K M SUGAR MILLS LIMITED" with "The name of the company is "K M SUGAR MILLS LIMITED".

Clause II containing : "The Registered office of the company shall be situated in the state of Uttar Pradesh" with "The Registered office of the company will be situated in the state of Uttar Pradesh";

Clause III A containing : By replacing the heading from "The Main objects of the company" to "The objects to be pursued by the company on its incorporation are:" Main objects of the company and after sub-clause 2 of clause III (A) sub-clauses (3),(4),(5),(6),(7),(8),(9),(10) shall be inserted and placing existing sub clause (3) after newly inserted sub clause (10) as sub-clause (11) of clause III (A) of the Memorandum of Association of the company.

Clause III B containing : the "Objects Incidental or Ancillary to the attainment of Main Objects" containing sub-clause no. 4 to 6E shall stand deleted and be replaced by New Clause III B "Matters which are necessary for furtherance of the Objects specified in sub-clause B of Clause III containing the sub-clause no. 1 to 34 reading as under :-

1. To enter into agreements and contracts with Indian or foreign individuals, companies or other organizations for technical, financial or any other assistance for carrying out all or any of the objects of the Company.
2. To purchase, take on lease or otherwise acquire, any lands, buildings, machinery or other Property and to build, repair and construct any factories, houses or other buildings or works that may be necessary or expedient for the above purposes or any of them, and from time to time alter or extend the same.
3. To develop the resources of and turn to account any land and any rights over or connected with land belonging to or in which the company is interested and in particular by cleaning, draining, fencing, planting, cultivating, building, improving, farming, irrigation, grazing and by promoting immigration and emigration and the establishment of villages and settlements.
4. To advertise and adopt means of making known the business activities of the Company or any articles or goods traded in or dealt with by the Company in any way as may be expedient including the posting of bills in relation thereto and the issue of circulars, books, pamphlets and price-lists and the conducting of competitions, exhibitions and giving of prizes, rewards and donations.

5. To apply for, purchase or otherwise acquire and protect, prolong and renew trade marks, trade names, designs, secret processes, patent rights, "Brevets D'Invention" licenses, protections and concessions which may appear likely to be advantageous or useful for the Company and to spend money in experimenting and testing and improving or seeking to improve any patents, inventions or rights, which the Company may acquire or propose to acquire or develop.
6. To expend money on research, experimentation, development, testing, improving or seeking to improve existing products, patents, rights, etc., in connection with any of its activities in pursuance of the aforesaid objects and to expend money to invent, develop, or seek, any new products allied to and in the course of pursuing the objects as detailed in this clause.
7. To work, develop, license, sell or otherwise deal with any inventions in which the Company is interested whether as Owner, Licensee or otherwise, and to make, levy, or hire any machinery required for making or desirable to be used as machines included in such inventions.
8. To enter into any arrangement with any Government or State Authority, Municipal, Local or otherwise that may seem conducive to the Company's objects or any of them and to obtain from any such Government or State Authority, any rights, privileges and concessions which may seem conducive to the Company's objects or any of them.
9. To deal in or engage in the manufacture of materials required for the packing and preservation and despatch of finished and unfinished goods, raw materials and articles required for the Company, or produced by the Company.
10. To purchase or otherwise acquire, issue, reissue, sell, place and deal in shares, Stocks, bonds, debentures and securities of all kinds.
11. To subscribe, contribute or guarantee money for any charitable, benevolent, national, public, General, or useful objects or funds or fund of parties or institutions or for any exhibition and pecuniarily or otherwise any association, body or movement having for an object the Solution, settlement or surmounting of industrial or labour problems or troubles or the Promotion of the industry or trade, but not to any political parties or for any political purpose.
12. To draw, make accept, endorse, discount, execute and issue promissory notes, Bills of exchange, Hundies, Bills of Lading, Warrants, Debentures and other negotiable or Transferable instruments and to buy, sell and deal in the same.
13. To borrow or raise or secure the payment of money or to receive money on deposit at Interest for any of the purpose of the company and at such times as may be thought fit, buy Promissory notes, or by taking credit in or opening current accounts with any person, firm, Bank or company and whether with or without any security, or by such other means the Directors may in their absolute discretion deem expedient, and in particular by the issue of Debentures perpetual or otherwise; and in security mortgage, pledge or charge the whole or any part of the property and assets of the company both present and future including Uncalled capital, by special assignment or otherwise, or to transfer or convey the same absolutely or in trust, and give the lenders power of sale and other powers as may seem Expedient and to purchase, redeem or pay off any such securities.
14. To sell, improve, alter manage, develop, exchange, lease, mortgages, enfranchise, dispose turn to account or otherwise deal with, all or any part of the land, properties assets and Rights and generally resources and undertaking of the company, in such manner as on Such terms as may be year or for terms of years, otherwise at annual or rents, and of repairing and maintaining the same respectively whether belonging to this company, or not, and of selling exchanging otherwise dealing in the same respectively.
15. To acquire by concession, grant, purchase, amalgamation, barter, lease, license or Otherwise either absolutely or conditionally and either solely or jointly with others, lands, farm quarries, water rights and existing steel mill.
16. To carry on business as financiers and concessionaries and to undertake carry out all kinds of financial and other operation other than banking business as defined under banking companies Act, 1949.
17. To establish and support or aid in the establishment and in support to associations, Institutions, funds trusts and convenience calculated to benefit persons who are or have been employed by the company (including the director and or Managing Directors of the Company) or who are serving or have served the company or the dependents, connections of such persons and to grant pensions, gratuity, provident fund benefits and allowances and to make payment towards their insurances subject to the relevant provisions of the companies Act, 2013.
18. To carry on the business or trade of insurance agents, company promoters, underwriters, land proprietors, contractors, suppliers of goods to government and other public and private bodies, shroffs, guarantee brokers, miners, and carriers, by land, water or ship, board and barge owners and builders, characters, warehouses, marine, tire, and other insurers, mucedums, spinners, weavers, bleachers, dyers, colour, paints, varnishes, drugs, chemicals, oils, cements, and manures or any one or more of such business in all or any of their respective branches.
19. To acquire and hold shares, stocks, debentures,

- debenture-stocks, bonds, obligations and securities issued or guaranteed by any company constituted or carrying on business in India or elsewhere and debentures, debenture-stocks, bonds, obligations and securities issued or guaranteed by any Government, Municipality, public body or other legal authority and such shares, stocks, debentures, debenture-stocks, bonds, obligations or securities, acquired by original subscription, tender, purchase, exchange or otherwise and so to subscribe for, either conditionally or otherwise and to guarantee the subscription thereof and to guarantee the subscription thereof and exercise and such shares, stocks, debentures, debenture-stock, obligations or securities and to sell or otherwise dispose of the same.
20. To establish and maintain agencies at any place or any places in India or other parts of the World, for the conduct of the business of the company or for purchase and sale of any merchandise, commodities, goods, wares, materials, produce, products, articles and things require for a dealt in, or manufactured by or at the disposal of the company.
 21. To enter in to partnership of, into any arrangement for sharing profits, amalgamation, Union of interest, co-operation, joint venture, reciprocal, concession, technical collaboration, or otherwise with any person firm or company carrying on or engaged in, or about to carry on or engage in any business or transaction which this company is authorized to carry on or to amalgamate with any other company having objects altogether or in part similar to those of this company and to lend money, to guarantee, to contracts, of or otherwise assist any such person, firm or company and to place, take otherwise acquire or to be interested in, hold deal in and dispose of shares, stocks, debentures and others securities of any such company.
 22. To amalgamate with any Company or Companies. To acquire or merge with any other Company. To start a joint venture with any other Company. To hive off, split, demerge, restructure the business of the Company.
 23. To promote and register and aid the promotion and registration of any company or Companies subsidiary or otherwise for the purpose of acquiring all or any of the property, rights and liabilities of this company or for any other purpose which may seem to benefit this company and to transfer to any such company any property of this company and to be interested in, or take or otherwise acquire hold, sell or otherwise dispose of share, stock, debentures and other securities in or of any such company or any other company for all or any of the objects mentioned in this memorandum and to subsidise or otherwise assist any such company, and to undertake secretarial or other work, duties and business of any such company, on such terms as may be arranged.
 24. To invest and deal with the moneys and funds belonging or entrusted to the company not Immediately required in lands, buildings, bullion, commodities, articles, goods, negotiable instruments, advances against any property or goods, government, municipal and other bonds and securities, and in such other investments and in such manner as may from time to time be determined, and to vary such investments and transactions and to lend money to such persons and on such terms, and or with or without security as may seem expedient and in particular to customers and others having dealing with the company and to guarantee the performance of contracts of any such persons provided that the company shall not carry on the business of banking as defined in the Banking Companies Act.
 25. To sell, in any other manner, deal with or dispose of properties or undertaking of the Company, or any part thereof or such consideration as the company may think fit, and in particular for shares stock, debentures and other securities of any other company having objects altogether or in part similar to those of this company.
 26. To create any depreciation fund, reserve fund, sinking fund, insurance fund, provident fund, Superannuation fund or any other special or other fund, whether for depreciation or for repairing , improving, extending or maintaining any of the properties of the company or for redemption of debentures or redeemable preference shares, workers" welfare or for any other purpose whatsoever conducive to the interests of the company.
 27. To provide for the welfare of the employees or ex-employees of the company and the wives and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants of money, pensions, allowances, bonus, or other payments, or by creating and from time to time subscribing or contributing to provident fund and other associations, institutions fund, or trusts and/or by providing or subscribing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the company shall think fit.
 28. To adopt such means of making know the products if the company as may seem expedient and in particular by advertising in the press, by circulars, by purchase and exhibition of works of arts or interest, by publication of books and periodicals and by granting prizes, reward and donations or holding exhibitions.
 29. To remunerate servants of the company and other out of and in the proportion to the profits of the company or otherwise as may be thought fit.
 30. To distribute any of the property of the company amongst the members in specie or in kind in the event of the winding up of the company.
 31. To remunerate to (by cash or assets, or by the allotment

of fully or partly paid shares, or by a call or option an shares and debentures of this or any other company, or in any other manner whether out of the company's capital or profits or otherwise) any person or persons for services rendered or to be rendered in introducing any property or business to company, or in placing or assisting to place or guaranteeing the subscription of any shares, debentures, or other securities of the company or for any other purpose which the company may think proper.

32. To procure the registration or other recognition of the company in any country, state or Place outside India and to establish and maintain local registers at branch places of Business in any part of the world.

33. To do all or any of the above things as principals, agents, contractors, or otherwise and by or through trustee or otherwise and either alone or in conjunction with others and to do all such things as are incidental or as the company may think conducive to the attainment of the above objects or any of them.

34. To do all such acts or deeds which may be considered necessary for furtherance of the main objects.

Clause III C containing "The other Objects of the company "containing sub-clause no. 7 to 46 shall stand deleted"

Clause IV containing: By replacing "The liability of the members is limited" to "The liability of the member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them."

Clause VI, VII, VIII, IX shall stand deleted in accordance with Table A set out under Schedule I to the Companies Act, 2013."

"RESOLVED FURTHER THAT Board of Directors of the Company be and hereby authorized d to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

10. To approve the remuneration of Cost Auditor appointed for the financial year 2020-21 and to consider and if thought fit to pass, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT, in accordance with the Provisions of section 148 and other applicable provisions if any of the Companies Act, 2013 and rule made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of M/s. Aman Malviya & Associates, Cost Accountants, Lucknow, appointed as the Cost Auditor to conduct audit of Cost records maintained by the Company, at the remuneration approved by the Board of Directors on the recommendation on the Audit

Committee plus goods and services tax, as applicable, and reimbursement of out-of-pocket expenses incurred for the financial year 2020-21 be and is hereby ratified."

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

-Sd-
Company Secretary
Pooja Dua

Place: Lucknow

Dated: 18.08.2020

Notes:

1) In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated May 5, 2020 read with General Circular No. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively (collectively referred to as "MCA Circulars") and also SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 permitted holding of the Annual General Meeting ("the Meeting/AGM") through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), without the physical presence of the Members, Directors, Auditors or other eligible persons at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act, 2013"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and aforesaid MCA and SEBI Circulars, the AGM of the Company will be conducted through VC/OAVM.

2) In accordance with the provisions of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI Listing Regulations and in view of the aforesaid MCA and SEBI Circulars, the Company has engaged the services of Link Intime (India) Private Limited (LIPL) to provide the facility of voting by electronic voting system to all the Members to enable them to cast their votes electronically during the AGM in respect of all the businesses to be transacted at the aforesaid Meeting. The facility of casting the votes by the Members using such electronic voting system from a place other than venue of the AGM ("remote e-voting") is also provided by LIPL.

3) VC/OAVM facility provided by the Company, is having a capacity to allow 1000 members to participate at the Meeting on a firstcome- first-served basis. However, the large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, Directors, KMPs, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, CSR Committee, Auditors etc. may be allowed to attend the

Meeting without restriction on account of first-come-first-served principle.

- 4) Company is providing two way teleconferencing facility for the ease of participation of the members. The instructions for members attending/ participating in the AGM through VC/ OAVM are provided at point no. 19.
- 5) The facility for joining the AGM through VC/OAVM shall be open at least 15 minutes before the time scheduled to start the Meeting and shall not be closed till the expiry of 15 minutes after such scheduled time.
- 6) In compliance with the aforesaid MCA Circulars and SEBI Circulars, electronic copy of the Annual Report for the financial year 2019-20 and Notice of the 47th AGM of the Company, inter alia, indicating the process and manner of e-voting will be sent only through electronic mode to all the Members whose e-mail IDs are registered with the Company's Registrar & Share Transfer Agent/Depository Participant(s) for communication purposes, as the requirement of sending the hard copies of annual report and notice of AGM has been dispensed with. Members may note that the Notice and Annual Report will also be available on the Company's website www.kmsugar.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.
- 7) Pursuant to the provisions the Act, a Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of him/her and the proxy need not be a Member of the Company. Since the 47th AGM is being held pursuant to the MCA Circulars, through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, in line with the MCA General Circular No. 14/2020 dated April 08, 2020, the facility for appointment of proxies by the Members will not be available for the 47th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- 8) Institutional/Corporate Members intending to attend the Meeting are required to send a scan of certified copy of the Board Resolution (JPG/PDF format), pursuant to Section 113 of the Act, 2013, authorizing their representative to attend the Meeting through VC/OAVM on its behalf and vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address : pragatics@gmail.com.
Recorded transcript of the Meeting shall be uploaded on the website of the Company and the same shall also be maintained in safe custody of the Company. The registered office of the company shall be deemed to be the place of Meeting for the purpose of recording of the

minutes of the proceedings of this AGM. Further Ms. Pragati Gupta, Practicing company secretary, Lucknow, (Membership No. A19302 CP No. 7878) has been appointed as the scrutiner to scrutineer the voting and remote e-voting process in a fair and transparent manner.

- 9) Members having any queries related to accounts and operations or any other matter to be placed at the AGM of the Company, may write to the Company through an email on csiko@kmsugar.in at least seven working days in advance of the Meeting. The same will be replied by the Company suitably.
- 10) Members are requested to contact the Company's Registrar & Share Transfer Agent (RTA), Link Intime India Private Limited (LIPL) Noble Heights, 1st Floor, Plot NH 2 C-1 Block LSC, Near Savitri Market, Janakpuri, New Delhi-110058 (Phone No.: +91-11- 41410592; Fax No.: +91-11-41410591; Email: delhi@linkintime.co.in) for reply to their queries/redressal of complaints, if any, or contact Ms. Pooja Dua, Company Secretary at the Corporate Office of the Company (Phone No.: +91-522-4079561; Email: csiko@kmsugar.in).
Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, to their DPs in case shares are held in electronic form or to Company's RTA i.e. LIPL in case shares are held in physical form.
- 11) As per Regulation 40 of the SEBI Listing Regulations, as amended, the securities of the listed company cannot be transferred in physical mode w.e.f. April 01, 2019, except in case of request received for transposition or transmission of securities. In view of this, Members holding shares in physical form are requested to get their shares dematerialized at the earliest. Members can contact the Company or the Company's RTA i.e. LIPL for assistance in this regard.
- 12) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/RTA i.e. LIPL.
- 13) In keeping with the Ministry of Corporate Affairs' Green Initiative measures, the Company hereby requests the Members who have not registered their email addresses so far, to register their email addresses with their DPs in case shares are held by them in electronic form and with the Company's RTA i.e. LIPL in case

shares are held by them in physical form for receiving all communication including annual report, notices, circulars etc. from the Company electronically.

14) Members attending the Meeting through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act, 2013.

15) Since the AGM will be conducted through VC / OAVM, the Route Map is not annexed to this Notice.

16) The Register of Members and share transfer books of the company will remain closed from 04th September 2020 to 10th September 2020 (both days inclusive). The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Act, 2013, the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, 2013 read with Rules issued thereunder will be made available electronically for inspection by the Members during the Meeting. All documents referred to in the Notice will also be available for electronic inspection from the date of circulation of this Notice up to the date of AGM. Also, the Notice for this 47th AGM along with requisite documents and the Annual Report for the financial year 2019-2020 shall also be available on the Company's website www.kmsugar.com Further, the notice received, if any, under Section 160 of the Companies Act, 2013 will be put up on the website of the Company up to the date of the Meeting. Members seeking to inspect such Documents can send an email to csiko@kmsugar.in.

17) The remote e-voting facility will be available during the following voting period:

i. Commencement of remote e-voting : 07th September, 2020 (10:00 a.m.)

ii. End of remote e-voting: 09th September, 2020 (05:00 p.m.)

18) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, September 04, 2020 may cast their vote through remote e-voting. The remote e-voting module shall be disabled by LIPL for voting thereafter and the facility will be blocked forthwith.

19) Remote e-Voting Instructions for shareholders:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>

Those who are first time users of LIPL e-voting platform or holding shares in physical mode have to mandatorily Generate their own Password, as under :

» Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details :-

A. User ID: Enter your User ID

• Shareholders/ members holding shares in CDSL demat

account shall provide 16 Digit Beneficiary ID

• Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID

• Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/

Company shall use the sequence number provided to you, if applicable.

C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

• Shareholders/ members holding shares in CDSL demat account shall provide either 'C' or 'D', above

• Shareholders/ members holding shares in NSDL demat account shall provide 'D', above

• Shareholders/ members holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above

• Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter).

• Click "confirm" (Your password is now generated).

NOTE: If Shareholders/ members are holding shares in demat form and have registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier event of any company then they can use their existing password to login.

2. Click on 'Login' under 'SHARE HOLDER' tab.

3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'.

4. After successful login, you will be able to see the notification for e-voting. Select 'View' icon.

5. E-voting page will appear.

6. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).

7. After selecting the desired option i.e. Favour / Against, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.

8. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in>

and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

If you have forgotten the password:

- Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.

In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.

- Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in the Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".
- Shareholders/ members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- In case shareholders/ members have any queries regarding e-voting, they may refer the Frequently Asked Questions ('FAQs') and InstaVote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022-4918 6000.

20) Process and manner for attending the Annual General Meeting through InstaMeet :

- Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>
- Select the "Company" and 'Event Date' and register with your following details: -

A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No

- Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID

- Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 digit Client ID

- Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/Company.

- Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting

21) Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet :

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on the specific email id created for the general meeting.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

22) Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet :

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.
Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through

broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

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

sd/-
Pooja Dua
Company Secretary

Place: Lucknow
Dated: 18-08-2020

**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 102
OF THE COMPANIES ACT, 2013
and 17(11) of SEBI (LODR) (AMENDMENT)
REGULATIONS, 2018**

Item no : 4,5,6

Shri L.K. Jhunjhunwala, Shri Aditya Jhunjhunwala and Shri Sanjay Jhunjhunwalawere re-appointed as whole time directors designated as Chairman, Managing Director & Joint Managing Director respectively at the 46th annual general meeting of the Company held on 20.08.2019 for the period of five years. On the recommendation of the Nomination and Remuneration Committee, the Board, at its meeting held on April 29, 2020 has approved the change in terms including remuneration and perquisites payable to them for the financial year ended at 31st March 2020 as well as for remaining term of appointment as per the revised as per the terms & conditions mentioned. In terms of the provisions of section 196, 197 read with schedule V of the Companies Act, 2013, the approval of the members by way of special resolution is required for making such variation.

The particulars relating to the remuneration and perquisites of Shri L.K. Jhunjhunwala, Shri Aditya Jhunjhunwala, and Shri Sanjay Jhunjhunwala are as follows :

1. REMUNERATION :-

Name	Shri L.K. Jhunjhunwala	Shri Aditya Jhunjhunwala	Shri Sanjay Jhunjhunwala
Basic Salary	Rs. 8,00,000/-	Rs. 8,00,000/-	Rs. 8,00,000/-
Commission	on profits at rate decided by the Board from time to time up to Rs. 5 crores	on profits at rate decided by the Board from time to time up to Rs. 5 crores	on profits at rate decided by the Board from time to time up to Rs. 5 crores
House	Free Furnished House	Free Furnished House	Free Furnished House
Medical Reimbursement	Expenses actually incurred for self and his family in India and Abroad.	Expenses actually incurred for self and his family in India and Abroad.	Expenses actually incurred for self and his family in India and Abroad.
Leave Travel Concession	Travelling, Lodging, Boarding conveyance, others for self and his family in India and Abroad.	Travelling, Lodging, Boarding conveyance, others for self and his family in India and Abroad.	Travelling, Lodging, Boarding conveyance, others for self and his family in India and Abroad.
Personal Accident Insurance	Amount of annual premium which does not exceed the limit as per Companies Act, 2013	Amount of annual premium which does not exceed the limit as per Companies Act, 2013	Amount of annual premium which does not exceed the limit as per Companies Act, 2013
Conveyance	Two Chauffeur driven cars for self and family	Two Chauffeur driven cars for self and family	Two Chauffeur driven cars for self and family
Club Fees	Membership of clubs in India, Abroad- admission and lifetime	Membership of clubs in India, Abroad- admission and lifetime	Membership of clubs in India, Abroad- admission and lifetime
Co.'s cont. to PF	In accordance with the rules of the company and subject to the ceiling as per law for the time being in force.	In accordance with the rules of the company and subject to the ceiling as per law for the time being in force.	In accordance with the rules of the company and subject to the ceiling as per law for the time being in force.
Co.'s cont. Pension	As per company's rules together with PF and to such amount not taxable under Income Tax	As per company's rules together with PF and to such amount not taxable under Income Tax	As per company's rules together with PF and to such amount not taxable under Income Tax

Gratuity	As per company's rules but not exceed 15 days salary on each completed years	As per company's rules but not exceed 15 days salary on each completed years	As per company's rules but not exceed 15 days salary on each completed years
Encashment of leave	At the end of tenure will not be included in computation of the ceiling of perquisites	At the end of tenure will not be included in computation of the ceiling of perquisites	At the end of tenure will not be included in computation of the ceiling of perquisites
Leave	Encashment of one full month pay for every 11 months of salary	Encashment of one full month pay for every 11 months of salary	Encashment of one full month pay for every 11 months of salary
Travelling	Shall be entitled to use company car with driver for business use and also entitled to get reimbursement of travelling and other incidental expenses incurred with respect to his family when he accompanies his family in Business trips and it will not be reckoned as perquisite.	Shall be entitled to use company car with driver for business use and also entitled to get reimbursement of travelling and other incidental expenses incurred with respect to his family when he accompanies his family in Business trips and it will not be reckoned as perquisite.	Shall be entitled to use company car with driver for business use and also entitled to get reimbursement of travelling and other incidental expenses incurred with respect to his family when he accompanies his family in Business trips and it will not be reckoned as perquisite.
Telephone	Payment of telephone (with STD) at residence / mobile cell phone bills shall not be reckoned as perquisites	Payment of telephone (with STD) at residence / mobile cell phone bills shall not be reckoned as perquisites	Payment of telephone (with STD) at residence / mobile cell phone bills shall not be reckoned as perquisites
Other perks	As applicable to other senior management. In case, the company does not have profit or profit are inadequate, he will be entitled such perks as per limit specified above as well as Schedule-V	As applicable to other senior management. In case, the company does not have profit or profit are inadequate, he will be entitled such perks as per limit specified above as well as Schedule-V	As applicable to other senior management. In case, the company does not have profit or profit are inadequate, he will be entitled such perks as per limit specified above as well as Schedule-V

2. OTHER TERMS :

- a) In case the Company has, in any financial year, no profits or if its profits are inadequate anytime during the three years period starting from the date of appointment, the aforesaid remuneration shall be paid to respective directors as minimum remuneration in accordance with the provisions of Section II of Part II of Schedule V to the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof, as may, for the time being, be in force and as may be agreed to by and between the Board and the Director;
- b) Director shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee(s) thereof;
- c) The appointment may be terminated by either party giving the other party six months' notice or paying six months' salary in lieu thereof;
- d) If at any time any director ceases to be a director of the Company for any reason whatsoever, he shall cease to be the Whole Time Director of the Company;
- e) The office of the Director will be subject to retirement by rotation.

As proposed in the resolutions placed at item no. 4, 5 & 6 the above terms and conditions shall be applicable to the respective directors for financial year ended at 31st March 2020 as well as for remaining term of appointment their remaining term at the ensuing 47th annual general meeting.

As proposed in item no.4, 5 & 6, the approval of the members of the Company by way of special resolution is

sought in terms of the provisions of section 196, 197 read with schedule V, other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and regulation 17(6)(e) of the SEBI Listing Regulations, 2015 for the approval of the change in terms of appointment of Shri L.K. Jhunjhunwala, Shri Aditya Jhunjhunwala, and Shri Sanjay Jhunjhunwala as set out above for financial year ended at 31st March 2020 as well as for remaining term of appointment at the ensuing 47th annual general meeting.

In resolution no. 4, 5 & 6, none of the Directors or Key Managerial Personnel of the Company or their relatives, except Shri L K Jhunjhunwala, Shri Aditya Jhunjhunwala & Shri Sanjay Jhunjhunwala are concerned or interested financially or otherwise in this resolution.

The Board recommended resolution set out in item no. 4, 5 & 6 of the notice for approval of the members as a special Resolution.

Information required under Section II, Part II of Schedule V of the Companies Act, 2013 (in respect of business proposed at 4, 5 & 6):

I. General Information																				
Nature of Industry	Sugar, Rectified Spirit and Electricity																			
Date or expected date of commencement of commercial production	K.M. Sugar Mills Limited has legacy of more than 46 years with its date of incorporation being 19 th December, 1971																			
Financial performance based on given indicators	The details of financial performance of the Company for the years 2019-20 being provided in the Annual Report of 2020.																			
Foreign investments or collaborations, if any	-NA-																			
II. Information about the appointees																				
Background details	1. Shri L.K. Jhunjhunwala is Chairman-cum-Whole Time Director ; 2. Shri Aditya Jhunjhunwala is Managing Director ; 3. Shri Sanjay Jhunjhunwala is Jt. Managing Director ;																			
Past remuneration	Details of past remuneration are as follows: (Rs. In lakhs)																			
	<table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="3">Remuneration</th> </tr> <tr> <th>L.K. Jhunjhunwala</th> <th>Aditya Jhunjhunwala</th> <th>Sanjay Jhunjhunwala</th> </tr> </thead> <tbody> <tr> <td>2017-18</td> <td>42.34</td> <td>29.03</td> <td>28.02</td> </tr> <tr> <td>2018-19</td> <td>81.60</td> <td>68.51</td> <td>67.67</td> </tr> <tr> <td>2019-20*</td> <td>308.25</td> <td>308.13</td> <td>107.59</td> </tr> </tbody> </table>	Year	Remuneration			L.K. Jhunjhunwala	Aditya Jhunjhunwala	Sanjay Jhunjhunwala	2017-18	42.34	29.03	28.02	2018-19	81.60	68.51	67.67	2019-20*	308.25	308.13	107.59
Year	Remuneration																			
	L.K. Jhunjhunwala	Aditya Jhunjhunwala	Sanjay Jhunjhunwala																	
2017-18	42.34	29.03	28.02																	
2018-19	81.60	68.51	67.67																	
2019-20*	308.25	308.13	107.59																	
	* subject to ratification by the shareholders of the company in the forthcoming AGM of the company																			
Recognition or awards	Under the leadership of team of all the above named Executive Directors, the Company has made tremendous growth and got recognitions in the Sugar Industry in Uttar Pradesh. It has break the production target and achieved new mile stone. Mr.L.K. Jhunjhunwala has experience in Sugar Industry for more than 47 years. Mr. Aditya Jhunjhunwala is a dynamic and young Management expert of Sugar Industry having experience for more than 26 years. Mr. Sanjay Jhunjhunwala is also young Management visionary and having experience for more than 22 years.																			
Job profile and his suitability	Mr. L.K. Jhunjhunwala is a B.A.; having vast experience of Sugar Industry. Mr. Aditya Jhunjhunwala is B.Com.; having experience of Sugar Industry; Mr. Sanjay Jhunjhunwala is B.Com. and MBA from U.K.; having vast Finance and Taxation experience in Sugar Industry; Taking this into consideration, the Board bestowed the task of managing the overall operations of the Company to the above team. They all are involved in day to day management of the Company and implementation of Board policies and decisions. Under their leadership, the Company has achieved new heights and remarkable growth.																			
Remuneration proposed	As recommended by the Board, the proposed remuneration will exceed the limit prescribed under Section 197 & 198 of the Companies Act, 2013 read with Schedule V.																			

Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration proposed is as per Section 197 & 198 of the Companies Act, 2013 read with Schedule V and is comparable to the remuneration of Chief Executive Officer /Managing Director levels of similar sized Sugar companies.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Aditya Jhunjhunwala and Mr. Sanjay Jhunjhunwala are sons of Mr. L.K. Jhunjhunwala. Besides the remuneration, Mr. L.K. Jhunjhunwala holds 1,38,02,600 nos. Equity shares (15.00 %), Mr. Aditya Jhunjhunwala holds 48,39,242 nos. Equity shares (5.26%) and Mr. Sanjay Jhunjhunwala holds 24,94,600 nos. of Equity Shares (2.72%) of the Company.
III. Other Information	
Reasons of special resolution for payment of proposed remuneration in case of inadequate profits	The Company has earned profit during 2017-18, 2018-19 and 2019-2020 of Rs. Rs.18.87 crores, Rs.24.35 crores and 18.43 crores respectively. To pay the proposed remuneration to the Whole Time Directors under part -B of Schedule V in excess of limit prescribed in section 197 read with Schedule V, it is required to pass a special resolution
Steps taken or proposed to be taken for improvement	With the improvements in technology and processes that the Company has introduced, it expects a significant reduction in its operational costs. Further, the Company has enhanced its production capacity from 6500 TCD to 7500 TCD and taking all the measures to have better yield and to reduce cost. The measures being taken by the Company, shall significantly improve the profitability of the Company.
Expected increase in productivity and profits in measurable terms	Since the rate of sugar has comparatively improved during last two years, further the incentives given / announced by the Central and State Governments and improvement in recovery of the Sugar, it is expected the Sugar Industry will recover in future.
IV. Disclosures: As required, the information is provided under Corporate Governance Section of Annual Report 2020.	

Item No : 7

The Board of Directors of a Company has been permitted to make investment, give loans and guarantees, provide securities and to make investments in the securities of other bodies corporate to the extent of Rs.200 Crores or 60 % of its paid-up share capital and free reserves and securities premium account or 100 % of its free reserves and securities premium account whichever is higher, in terms of Section 186 of the Companies Act, 2013 (the Act), from time to time, for business purposes.

Where the aggregate of loans and investments made, guarantees given and securities provided exceed the aforesaid limits, prior approval of the Members is required by way of a special resolution.

As the Company is planning to take various initiatives for future growth plan in the business of Company, these future plans will have to be partially implemented / proposed to be implemented through various subsidiary / associate companies, in order to derive maximum value.

Therefore, the increasing business operations and future growth plans of the Company may necessitate making further investments / providing loans or giving guarantees or providing security to these body corporate(s) and other person(s), over a period of time. It is, therefore, necessary to empower the Board by the Members for such purpose, namely to make any loan(s) to any body corporate(s) / person(s) and/or to give any guarantee (s) / provide any security(ies), in connection with loan(s) made to anybody corporate(s) / person (s) and /or to acquire by way of subscription, purchase

or otherwise the securities of body corporate(s) in India or abroad, exceeding the aforesaid limit, for business expansion and other growth initiatives.

Under these circumstances, it is considered desirable to have the consent of the Members for fixing a higher limit for such purpose, namely (i) to the extent of Rs. 400.00 Cr or (ii) 60% of the aggregate of the paid-up share capital and free reserves and securities premium account or (iii) 100% of its free reserves and securities premium account, whichever is higher.

The proposed special resolution as set out in item No.07 of the Notice is enabling in nature in view of any further loan / investment / guarantee / security, if any, made in or given to wholly owned subsidiaries will also be included for the limit under the provisions of the Companies Act, 2013. Hence prior approval of the Members of the Company is sought for exercising these powers by the Board beyond the specified limit.

The Board has unanimously approved the above proposal at its meeting held on 12th June, 2020 and the Board also recommends the passing of the resolution by the Members of the Company, as set out in Item No.7 of the Notice.

None of the directors or key managerial personnel and / or their relatives is deemed to be interested or concerned in this resolution, except to the extent of their shareholding in the Company

Item No : 8, 9

The Company has been exploring the possibilities of business diversification. Accordingly, the Board in the meeting held on 12th June, 2020 has recommended necessary changes in the object clause of the Memorandum of Association (MOA), for approval of the members at ensuing Annual General Meeting of the Company, to enable diversification as well as alignment of MOA with the provisions of the Companies Act, 2013. Further the existing Memorandum of Association (MOA) of the Company, is based on the Companies Act, 1956 are no longer in conformity with the 2013 Act. With the coming into force of 2013 Act, several clauses of MOA require alteration/deletion. Given this position, it is considered expedient to adopt a new set of Memorandum of Association (primarily based on Table A set out under Schedule I to the Companies Act, 2013) in place of existing MOA, instead of amending it by alteration/incorporation of provisions of 2013 Act. As

per the provisions of Section 13 & 14 of the Companies Act, 2013, a special resolution has to be passed by the members of the Company for adoption of amended and restated MOA of the Company. The Board recommends the above resolution to the shareholders for their approval as Special Resolutions.

A copy of amended and restated MOA of the Company would be available for inspection electronically by the Members during the Meeting of the members.

None of the directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the said resolution.

Item no : 10

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 2020-21 in the meeting held on 12th June, 2020 at the remuneration approved by the Board of Directors on the recommendation on the Audit Committee plus goods and services tax, as applicable, and reimbursement of out-of-pocket expenses, in line with the recommendation of the Audit Committee. Pursuant to the provision of section 148 other applicable provisions if any of the Companies Act, 2013 and rule made thereunder, 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. 10 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.

sd/-
Pooja Dua
Company Secretary

Date: 18.08.2020

Place: Lucknow

The details of the Directors liable to retire by rotation and seek re-appointment :-

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
						Relationship between directors interse
1.	Mr. Sanjay Jhunhunwala (DIN-01777954)	B. Com., M.B.A. from U.K.	<ul style="list-style-type: none"> - Shri Shakti Credits Ltd., - Progressive Dealer Pvt. Ltd., - Promising Logistic Pvt. Ltd., - Jhunhunwala Securities Pvt. Ltd., - Thermocraft (India) Pvt. Ltd., - Prakash Properties Pvt. Ltd., - Brahma Properties Pvt. Ltd., - KM Spirits And Allied Industries Limited' - Marvel Business Pvt. Ltd., - Benaras Inorganics Private Limited 	NIL	Has vast experience in Finance and Taxation and operational management of sugar industry	2494600 Nos. of Equity shares (Pledged with Bank) <hr/> Related with Shri L.K. Jhunhunwala and Shri Aditya Jhunhunwala
2.	Mr. S.C Agarwal (DIN-02461954)	B.Sc. From National Sugar Institute	Nil	Nil	Has vast experience of Sugar Technology and leadership skills in heading the Company	B.Sc. from the National Sugar Institute



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