

**INDEPENDENT AUDITOR'S REPORT**

To the Members of **K M SPIRITS AND ALLIED INDUTRIES LIMITED**

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **K M SPIRITS AND ALLIED INDUTRIES LIMITED**, which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations on its financial position in its standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Saurabh Gupta & Co.

Chartered Accountants

ICAI Firm Registration Number: 010542C



Saurabh Gupta

Proprietor

Membership Number: 400057

Place of Signature: Lucknow

Date: June 6, 2020



UDIN No- 20400057AAAAAG3366

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: K M SPIRITS AND ALLIED INDUSTRIES LIMITED ('the company')

- (i) (a) The Company does not have any fixed assets as on date.
- (ii) The Company's business does not have any inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) (a) The Company had not granted loan to a company covered in the register maintained under section 189 of the Companies Act, 2013.
- (b) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of investments made have been complied with by the company. There are no loans, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) (a) The Company does not have any pending undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, value added tax, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to sales-tax, duty of custom and duty of excise are not applicable to the Company.
- (b) According to the information and explanations given to us, there are no dues of provident fund, employees' state insurance, income tax, service tax, value added tax, goods and service tax and cess which have not been deposited on account of any dispute.
- (c) According to the information and explanations given to us, there are no dues of provident fund, employees' state insurance, value added tax, goods and service tax and cess which have not been deposited on account of any dispute. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to any bank. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or to government or dues to debenture holders during the year.
- (vii) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (viii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (ix) According to the information and explanations given by the management, no managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the



Companies Act, 2013.

- (x) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xi) According to the information and explanations given by the management, there was no transaction with the related parties are in compliance with section 177 and 188 of Companies Act, 2013.
- (xii) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xiii) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xiv) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For Saurabh Gupta & Co.
Chartered Accountants
ICAI Firm Registration Number: 010542C

Saurabh Gupta
Proprietor
Membership Number: 400057
Place of Signature: Lucknow
Date: June 6, 2020



UDIN No - 20400057AAAA63366

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF K M SPIRITS AND ALLIED INDUTRIES LIMITED

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 SPIRITS AND ALLIED INDUTRIES LIMITED** ("the Company") as of March 31, 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 Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

Auditor's 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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 unauthorised 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Saurabh Gupta & Co.
Chartered Accountants

ICAI Firm Registration Number: 010542C


Saurabh Gupta
Proprietor



Membership Number: 400057
Place of Signature: Lucknow
Date: June 6, 2020

UDIN No - 20400057AAAAA63366

KM Spirits and Allied Industries Ltd
Notes to the Financial Statements for the year ended 31st March 2019

Explanation of transition to Ind AS

These financial statements, for the year ended 31st March, 2020, are the first financial statements, the Company has prepared in accordance with Ind AS. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ended 31st March, 2020.

This note explains the principal adjustments made by the Company and an explanation on how the transition from the previous GAAP to Ind AS has affected its financial statements. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from the previous GAAP to Ind AS:

(a) The Company has elected to continue with carrying value of all Property, plant and equipment under the previous GAAP as deemed cost as at the transition date. Under the previous GAAP, Property, plant and equipment were stated at their original cost (net of accumulated depreciation, amortization and impairment), if any, adjusted by revaluation of certain assets.

(b) The Company has elected to continue with the carrying value of Capital work in progress as recognized under the previous GAAP as deemed cost as at the transition date.

(c) The Company has elected to continue with the carrying value for intangible assets (computer software) as recognized under the previous GAAP as deemed cost as at the transition date. Under the previous GAAP, Computer Software was stated at its original cost, net of accumulated amortization.

(d) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with IndAS17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements for embedded leases based on conditions in place as at the date of transition.

(e) The Company has elected to apply previous GAAP carrying amount of its investment in its subsidiary as deemed cost as at the date of transition. Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS101 allows such designation of previously recognized financial assets, as 'FVTOCI' on the basis of the facts and circumstances that existed at the date of transition to Ind AS. Accordingly, the Company has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed as at the date of transition to Ind AS.

(f) The estimates as at 1st April, 2018 and as at 31st March 2020 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

(g) The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Under the previous GAAP, there is no mandatory standard that deals with hedge accounting, which has resulted in the adoption of varying practices. The Company has not applied for hedge accounting on or after the transition date.



(h) Ind AS 101 requires the de-recognition requirements of Ind AS 109 to be applied prospectively to transactions occurring on or after the date of transition. Therefore, the Company has not recognized financial assets and liabilities under Ind AS which were derecognized under the previous GAAP as a result of a transaction that occurred before the date of transition.

(i) The Company has applied the requirements in Ind AS 109 and Ind AS 20 retrospectively to government loans existing as at the date of transition to Ind AS.

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.

(iii) Regulatory risk

Sugar industry is regulated both by central government as well as state government. Central and state governments 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 affect profitability. The Company has mitigated this risk by well integrated business model by diversifying into co-generation and distillation, thereby utilizing the by-products. Credit risk Credit risk is the risk that counterparty will not meet its Obligations under a financial instrument or customer contract, leading to a financial loss. The company's sugar sales are mostly on cash. Power and ethanol are sold to state government entities; thereby the credit default risk is significantly mitigated.

The impairment for financial assets are 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.

(vi) 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.

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.

Particulars	31 st March,2020
Profit attributable to equity holders of the Company:	2316.00
Profit attributable to equity holders for basic earnings	2316.00
Profit attributable to equity holders adjusted for dilution effect	2316.00
Weighted Average number of equity shares used for computing Earning Per Share	50,000
(Basic & Diluted) *	
Earnings Per Share (Basic & Diluted)	0.05

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:

	Current year	Previous year
Employers' contribution to provident fund	-	-

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, since the Company does not have any employee, hence it not applicable.

4. Commitments:

(Rs.In lakhs)	
Particulars	31st March, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for	-
Advances paid against above	-
TOTAL	-



Other Current Assets shown under Notes 12.7 includes certain advances given to suppliers of raw material and revenue purchases, which are adjustable against the supply of goods/services. The management is of the opinion that these balances are recoverable/adjustable in future and accordingly, provision against the same has not been considered at this stage.

Fair value

-Not Applicable

5. 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:

Capital Management

(In Rs.)

Description	31 March 2020
Borrowings	0
Other Liabilities	0
Trade and other payables	11870
Less: Cash, Receivable and short-term deposits	4,79,174
Net debts	(4,67,304)
Equity	5,00,000
Other Equity	(32,696)
Total Capital	4,67,304
Capital and net debt	0
Gearing ratio (%)	100



6. Equity Reconciliation

Equity reconciliation of company as on 1st April,2019 and 31st March,20 are given below:

Sl. No.	Particulars	Nos. of Paid up Equity Shares	Rs.
1	Balance as on 01-04-2019	50000	500000/-
2	Add/ Less: Issue / redeem during the year	-	-
3	Balance on 31-03-2020	50000	500000/-

A- Disclosures as required by Ind AS -101 -First Time Adoption of Indian Accounting Standards - Reconciliation between Previous GAAP and Ind AS. - NOT APPLICABLE

Property, plant and equipment: Under Ind AS, the Company has elected to opt for cost model with respect to property, plant and equipment, capital work in progress and computer software.- NOT APPLICABLE

B & D Loan: Under the previous GAAP, security deposit given to parties were classified under loan and advances. Now, under Ind AS, refundable security deposit to be classified as loan given to parties and covered under Ind As 32 and 109 and required to be amortised to their fair value. Difference between carrying amount and its fair value is shown under deferred rent and amortised over the tenure of agreement.

- C. **Investments in equity instruments:** Under the previous GAAP, investment in equity instruments were classified as long-term investments or current investment based on the intended holding period and realizability. The Company accounted for long term investments in equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments, if any. Under Ind AS, the Company has the option to designate such investments either as FVTOCI or FVTPL investments under Ind As 109 and 32. In case of other long-term investments in unquoted equity shares, the Company has designated investments as FVTOCI investments as at the date of transition.

Investment in preference share (Unquoted)

Under GAAP investment in preference share were shown as investment. Under Ind AS 109 and 32 if they are issued less than market rate of interest and unquoted then should be amortised to bring them at their fair value. Difference between carrying value of Investment as per previous GAAP.

E. Borrowings:

Ind AS requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognized in profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, transaction costs incurred in connection with borrowings are accounted upfront and charged to Statement of Profit and Loss for the period in which such transaction costs are incurred.



- F. Deferred tax:** Previous GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the year. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which were not required under the previous GAAP. Moreover, carry forward of unused tax credits are to be treated as deferred tax assets which was earlier considered as Other non-current non-financial assets.

Retained earnings as at the transition date has been adjusted consequent to the above Ind AS transitional adjustments.

G. Government Grant

Under Previous GAAP, Loan taken from government was not considered as government grant. Now, under Ind AS 20 loans received from government at concessional rate would be considered as government grant. and its value will be determined under Ind As 109 and 32. Difference between amount under GAAP was

H. Capital Reserve

Certain government grant was received by the Company in past years as grant in the nature of promoter's contribution and recognized under Capital reserve as required under the previous GAAP. Ind AS does not permit recognition of government grant in the nature of promoter contribution to capital reserve. Under Ind AS, such government grants are required to be treated as an asset related grant and to be presented in the balance sheet by setting up the grant as deferred income..

I. Corporate Guarantee Given by Holding Company to Subsidiary. NA

J. Revenue from sale of goods

Under the previous GAAP, revenue from sale of goods was presented as net of excise duty on sales. However, under Ind AS, revenue from sale of goods includes excise duty and such excise duty is separately presented as an expense on the face of the Statement of Profit and Loss.

Interest Income

The previous GAAP required the recognition of revenue from interest on time proportion basis. However, Ind AS requires interest on financial assets to be recognized using the effective interest rate method.

K. Defined benefit liabilities:

As under the previous GAAP, under Ind AS, also the Company continues to recognize costs related to its post-employment defined benefit plan on an actuarial basis. The entire cost, including actuarial gains and losses, was charged to the Statement of Profit and Loss. Under Ind AS, re-measurements of defined benefit plan are recognized in the Balance Sheet with a corresponding debit or credit to equity through Other Comprehensive Income (OCI).



L. Finance cost

Unwinding effect related to Financial Liability is recognised as Finance cost. It is mainly related to borrowing taken from government at concessional rate.

M. Total comprehensive income and other comprehensive income:

Under the previous GAAP, the company did not present total comprehensive income and other comprehensive income. Hence, it has reconciled the previous GAAP profit to profit as per Ind AS. Further, the previous GAAP profit is reconciled to other comprehensive income and total comprehensive income as per Ind AS.

Components of other comprehensive income

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

During the year ended 31 March, 2020

Nil

For Saurabh Gupta & Co.,
Chartered Accountants
FRN.- 010542C

(SAURABH GUPTA)
Proprietor

M. NO. :400057

PLACE: LUCKNOW


DATED: 06.06.2020

UDIN No - 20400057AAAAAG3366



**FOR AND ON BEHALF OF THE BOARD OF
DIRECTORS**

K M Spirits and Allied Industries Limited


Sanjay Hunjunwala
(Director)
DIN-01777954


Aditya Hunjunwala
(Director)
DIN-01686189

K M Spirits and Allied Industries Limited

CIN: U15100UP2018PLC101321

Regd. Office:-76, Eldeco Greens, Gomti Nagar, Lucknow-226010

CIN No.: U15100UP2018PLC101321; Phone no.:0522-4079561; Mail id- kmspirits76@gmail.com

Balance Sheet as at 31st March, 2020

		(Amount in Rs.)		
	Particulars	Note No.	As at March 31,2020	As at March 31,2019
I	ASSETS			
1	Non-current assets			
	(a) Property, Plant and Equipment	9	-	
	(b) Capital work-in-progress	9A	-	
			-	
2	Current assets			
	(a) Financial assets			
	(i) Bank Balance other than cash and cash equivalents	2	4,69,174.00	4,69,823.00
	(ii) Trade Receivables		10,000.00	-
	(b) Other current assets	3	-	
	(c) Other assets	1		
			4,79,174.00	4,69,823.00
	Total Assets		4,79,174.00	4,69,823.00
II	EQUITY AND LIABILITIES			
1	EQUITY			
	(a) Equity Share Capital	4	5,00,000.00	5,00,000
	(b) Other Equity	5	(33,131.00)	(35,447)
			4,66,869.00	4,64,553.00
	LIABILITIES			
2	Non-current liabilities			
	(a) Financial liabilities			
	(i) Borrowing			
	(ii) Other financial liabilities			
	(b) Other non current liabilities			
	(c) Deferred tax liabilities (net)			
	(d) Provisions			
			-	-
3	Current liabilities			
	(a) Financial Liabilities			
	(i) Trade payables and other payables	6	11,870.00	5,270.00
	(b) Other current liabilities - Provision for taxation	7	435.00	
			12,305.00	5,270.00
	Total Equity and Liabilities		4,79,174.00	4,69,823.00
Corporate Information Significant Accounting Policies Other disclosures The accompanying notes 1 to 9 are an integral part of the financial statements				
AUDITOR'S REPORT SIGNED IN TERMS OF OUR SEPARATE REPORT OF EVEN DATE. For Saurabh Gupta & Co., Chartered Accountants FRN.- 010542C  (SAURABH GUPTA) Proprietor M. NO. :400057 PLACE: LUCKNOW DATED: 06.06.2020			FOR AND ON BEHALF OF THE BOARD OF DIRECTORS K M Spirits and Allied Industries Limited <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">  Sanjay Jhunjhunwala (Director) DIN-01777954 </div> <div style="text-align: center;">  Aditya Jhunjhunwala (Director) DIN-01686189 </div> </div>	
UDIN No - 20400057AAAAAG3366				

K M Spirits and Allied Industries Limited

CIN: U15100UP2018PLC101321

Regd. Office:-76, Eldeco Greens, Gomti Nagar, Lucknow-226010

CIN No.: U15100UP2018PLC101321; Phone no..0522-4079581; Mail id- kmspirits76@gmail.com

Statement of Profit and Loss from 01-04-2019 to 31-03-2020

(Amount in Rs.)

	Particulars	Note No	Year Ended 31st March,2020	Year Ended 31st March,2019
I	Revenue From Operations			
II	Other Income		10,000	-
III	Total Income (I+II)		10,000	-
IV	EXPENSES			
	Other expenses	8	7,249.00	35,447.00
	Total expenses		7,249.00	35,447.00
V	Profit/(loss) before exceptional items and tax (III-IV)		2,751.00	(35,447.00)
VI	Exceptional Items		-	-
VII	Profit/(loss) before tax (V-VI)		2,751.00	(35,447.00)
VIII	Tax expense: Current tax MAT Credit entitlement Deferred tax		435.00 - -	
IX	Profit (Loss) for the period (VII-VIII)		2,316.00	(35,447.00)
XI	Other Comprehensive Income (i) Items that will not be reclassified to profit or loss (Gain) / Loss arising on actuarial valuation arising on defined benefit obligation (Gain) / Loss arising on fair valuation of equity Instrument (ii) Income tax relating to items that will not be reclassified to profit or loss			
XII	Total Comprehensive Income for the period (X+XI) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		2,316.00	(35,447.00)
XIII	Earnings per equity share (1) Basic (2) Diluted		0.05 0.05	-0.71 -0.71

Corporate Information-

Significant Accounting Policies -

Other Disclosures -

The accompanying notes 1 to 8 are an integral part of the financial statements

As per our report of even date attached

AUDITOR'S REPORT

SIGNED IN TERMS OF OUR SEPARATE
REPORT OF EVEN DATE.

For Saurabh Gupta & Co.,
Chartered Accountants
FRN-010542C

(SAURABH GUPTA)

Proprietor


M. NO. :400857

PLACE: LUCKNOW

DATED: 06.06.2020



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
K M Spirits and Allied Industries Limited

 
Sanjay Jhunjhunwala Aditya Jhunjhunwala
(Director) (Director)
DIN-01777954 DIN-01686189

UDIN No- 20400057AAAAAG3366

K M Spirits and Allied Industries Limited

CIN: U15100UP2018PLC101321

Regd. Office:-76, Eldeco Greens, Gomti Nagar, Lucknow-226010

CIN No.: U15100UP2018PLC101321; Phone no.:0522-4079561; Mail id- kmspirits76@gmail.com

(Amount in Rs.)

S.No.	Particulars	Year ended	
		31st March, 2020	31st March, 2019
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit/(Loss) before tax and exceptional items	2,751.00	(35,447.00)
	Adjustment to reconcile profit before exceptional items and extraordinary items and tax to net cash flow provided by operating activities:		
	Depreciation and amortisation expense	-	
	Finance costs		
	Transfer to storage fund for molasses		
	Provision/reversal of doubtful debts		
	Balances written off		
	Interest income		
	Government Grant		
	Profit or loss on sale of fixed assets		
	Unspent liabilities/balances written back		
	Other expenses		
	Remeasurement of defined benefit obligation		
	Operating Profit before working capital changes	2,751.00	(35,447.00)
	Adjustment to reconcile operating profit to cash flow provided by change in working capital		
	(Increase)/Decrease in trade and other receivables	10,000.00	-
	(Increase) / Decrease in inventories		
	(Increase) / Decrease in Current & Non current Assets		
	(Increase) / Decrease in Loan		
	Increase / (Decrease) in trade payables & Others	(6,600.00)	(5,270.00)
	Increase / (Decrease) in Current & Non current Liabilities		
	Increase / (Decrease) in Other Financial Liabilities		
	Increase / (Decrease) in Provisions		
	Cash Generated from Operations	(649.00)	(30,177.00)
	Tax expense (excluding wealth tax)		
	Cash flow before exceptional and extraordinary items	(649.00)	(30,177.00)
	Exceptional items -Voluntary retirement scheme		
	Net Cash generated From Operating Activities (A)		(30,177.00)
B.	Cash Flow from investing activities		
	Purchase of fixed assets	-	
	Sales of fixed assets	-	
	Proceeds from sale of Investment (Net)		
	Addition in CWIP	-	
	Interest income received		
	Net Cash used in Investing Activities		-
C.	Cash Flow From Financing activities		
	Proceeds for share application money	-	5,00,000.00
	Proceeds of long term borrowings	-	
	Repayments of long term borrowings		
	Proceeds/(repayments) of short term borrowings		
	Finance cost paid	-	
	Net Cash From Financing Activities		-
	Net increase in Cash & Cash Equivalents (A+B+C)	(649.00)	4,69,823.00
D.	Opening cash and cash equivalents	4,69,823.00	-
	Closing cash and cash equivalents for the purpose of cash flow statement(Refer Note No.)	4,69,174.00	4,69,823.00
E.			
	Increase in Cash & Cash Equivalents (D-E)	(649.00)	4,69,823.00

SIGNED IN TERMS OF OUR SEPARATE
REPORT OF EVEN DATE.

For Saurabh Gupta & Co.,

Chartered Accountants

FRN- 010542C

(SAURABH GUPTA)

Proprietor

M. NO. :400057

PLACE: LUCKNOW

DATED: 06.06.2020



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K M Spirits and Allied Industries Limited

Sanjay Jhunjhunwala

(Director)

DIN-01777554

Aditya Jhunjhunwala

(Director)

DIN-01686189

UDIN No- 20400057AAAAG3366

(Amount in Rs.)

		31st March, 2020	
		Current	Non current
Note 1	Current Assets		
	Trade Receivables- considered good below six months	10,000.00	-
	Capital advances		
	Advance to suppliers		
	Considered Good		
	Considered doubtful		
	Less: Allowance for doubtful advance		
	Others		
	Duties and Taxes Paid under protest		
	Others		
	Deferred Rent		
	Upfront fee		
Total		10,000.00	-

Note 2	CASH AND CASH EQUIVALENT		
	Balances with Banks		
	In current Account SBI (Lucknow)	4,69,174.00	4,69,823
Total		4,69,174.00	4,69,823.00

Note 3	OTHER CURRENT ASSETS		
	(a) Security Deposit		
Total		-	-

Note 4	Share Capital				
	AUTHORISED	No. of shares	Amount	No. of shares	Amount
	Equity Share Capital				
	Equity Shares of Rs. 10/- each	50,000	5,00,000	50,000	5,00,000
Total		50,000	5,00,000	50,000	5,00,000
	Issued capital				
	Equity Share Capital				
	Equity Shares of Rs. 10/- each	50,000	5,00,000	50,000	5,00,000
Total		50,000	5,00,000	50,000	5,00,000
	Subscribed and paid up capital				
	Equity Share Capital				
	Equity Shares of Rs. 10/- each	50,000	5,00,000	50,000	5,00,000
Total		50,000	5,00,000	50,000	5,00,000

**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		-	-	-	-
Shares issued during the year		50,000	5,00,000	50,000	5,00,000
Shares bought back during the year		-	-	-	-
Shares outstanding at the end of the year		50,000	5,00,000	50,000	5,00,000

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 10/- 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



(Amount in Rs.)

Particulars	31st March, 2020		31st March, 2019	
	No. of Shares held	Percentage of share holding	No. of Shares held	Percentage of share holding
Equity shares of INR 10/- each fully paid up M/s K M Sugar Mills Limited (Including Nominee Shareholders)	50,000	100.00	50,000	100.00

Note 5 Other Equity

Surplus/(Deficit) in Statement of Profit & Loss
Balance as per last account
Add: Profit/(Loss) for the current year
Closing balance

	31.03.20	31.03.19
Balance as per last account	(35,447.00)	-
Add: Profit/(Loss) for the current year	2,316.00	(35,447.00)
TOTAL	(33,131.00)	(35,447.00)

Note 6

Trade Payables

(i) Total outstanding dues of Micro enterprises & Small Enterprises
(ii) Other than Micro enterprises- Small Enterprises
(Other than acceptance) *

	11,870	5,270
Total	11,870.00	5,270.00

Note 7

Other Current Liabilities

Statutory liabilities
Provision for Tax

	435.00	-
Total	435.00	-



K M SPIRITS & ALLIED INDUSTRIES LIMITED
NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Amount in Rs.) Amount in Rs.)

31st March,19 **31st March,19**

Note 8 Other Expenses

Filing Fee	1,600.00	-
Bank Charges	649.00	177.00
Audit fee	5,000.00	5,000.00
Preliminary Exp	-	30,270.00

Total **7,249.00** **35,447.00**



K M Spirits and Allied Industries Limited

76, ELDECO GREENS, GOMTI NAGAR, LUCKNOW-226010

CIN: U15100UP2018PLC101321

List of Equity Shareholders

As at 31-03-2020

Name	No of Shares
K M Sugar Mills Ltd	49994
Aditya Jhunhunwala	1
L.K. Jhunhunwala	1
Hari Nath	1
Naina Devi Jhunhunwala	1
Priti Jhunhunwala	1
Mohit Agarwal	1
Total	50000

