

K.M. Sugar Mills Limited  
49th Annual Report 2021-22



# CONSOLIDATING SUCCESS

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## Forward looking statement

Statement in this report that describe the company's laws and regulations. The Company cautions that such objectives, projections, estimates, expectations or statements involve risk and uncertainty and that actual predications of the future may be 'forward looking results could differ materially from those expressed and statements' within the meaning of applicable securities implied.

“The journey of a  
thousand miles begins  
with a single step.” - Lao Tzu





## VISION

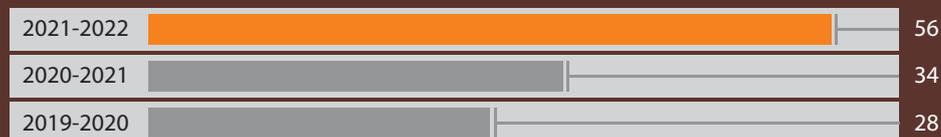
Ensure raw materials security and better living conditions for cane growers and develop sugar, renewable energy and by-product businesses for sustainable growth and harmonized living between communities, society and nation with responsibility for all stakeholders

## MISSION

- Excellence in management and quality control of sugarcane production, sugar product and all-by product with maximum efficiency.
- Encourage the sugarcane farmers in the area to have high productivity and good quality yields with the principle, care and responsible guidance for the farmers.
- Develop our administration and management systems continuously for the sustainability of profits of the sugarcane farmer and our businesses.
- Enhance innovation and research to increase organization and cane growers' efficiency and competitiveness.

## HIGHLIGHTS

PROFIT BEFORE TAX (in Cr.)



TURNOVER (in Cr.)



# OUR BUSINESS AT A GLANCE

## Lineage

Our Company was originally formed as a partnership firm known as Kamlapat Motilal at Kanpur; the founder partners were Jhunjhunwalas & Singhania and they had set up a small sugar milling plant at Kanpur in the year 1942 which was shifted to present site at Faizabad between 1949 and 1950.

In 1971, the firm was converted into Private Limited Company known as K. M. Sugar Mills (Pvt.) Ltd., and got registered with the Registrar of Companies, Uttar Pradesh, Kanpur.

## Promoters

Mr. L. K. Jhunjhunwala joined as Managing Director in 1971 and was driven by the objective to create one of the most reputed sugar companies in India. As a result, K M Sugar Mills Ltd has emerged as one of the most sustainable multi-product sugar companies in India, manufacturing sugar, ethanol and co-generated power.

## Products

The Company is manufacturing sugar, ethanol (and related products) and power.

## Plants

The Company's manufacturing units are located in District Ayodhya, Uttar Pradesh.



### Sugar division

The Sugar Division of the company has a crushing capacity of 9500 Tonnes per day and produces white crystal sugar and raw sugar for domestic consumption and export purpose.

### Distillery division

The Distillery division of the company has a capacity of 50 KLPD and manufactures the following:

- Rectified spirit
- Ethanol
- Other Related Products

The distillery division of our Company was set up in the year 1995 to manufacture Rectified Spirit (45 KLPD) and Extra Neutral Alcohol (20 KLPD).

In the year 2003 the division started production of Ethanol (30KLPD) and in 2004 the Extra Neutral Alcohol plant was modified to produce Ethanol, thereby increasing the total Ethanol production capacity to 45 KLPD which increased to 50 KLPD in 2020.

### Power division

The company has its own baggase based co-gen Power plant with the capacity of 25 MW in Motinagar, Ayodhya, Uttar Pradesh. The company supply the power to Uttar Pradesh Power Corporation Limited (UPPCL).

### Presence

The Company is listed on the National Stock Exchange and Bombay Stock Exchange. As on 31st March 2022 our company enjoys Market Capitalisation in BSE is 1461 and in NSE is 1296.

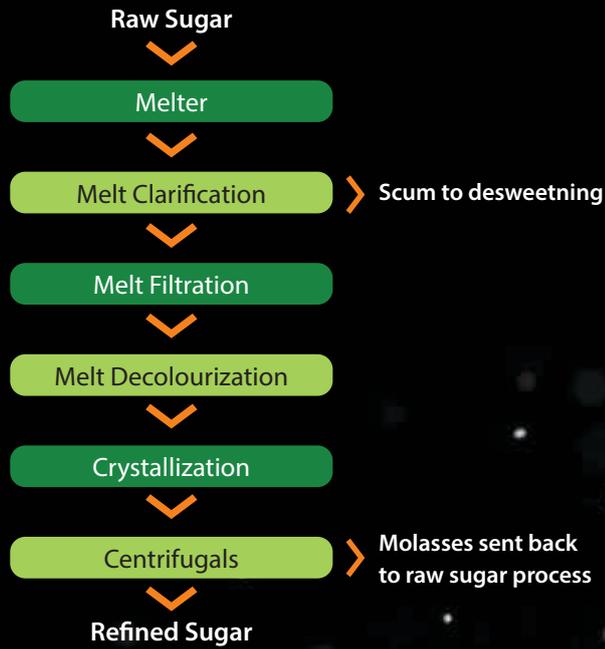




## JOURNEY TOWARDS REFINED SUGAR

We have placed sustainability as an ongoing process of our business strategy and culture. These principles are fundamental to meet the increasing demand for more sustainable emulsion and achieving our long-term vision. The company is coming up with the Modernisation of its sugar plant by changing its double sulphitated sugar process to refinery at its plants at District Ayodhya, Uttar Pradesh.

## Simple Flow chart for refined sugar process





# A SOCIALLY RESPONSIBLE CORPORATE



## OXYGEN PLANT

The challenge to access oxygen can be the difference between life and death for patients with severe COVID-19. It is also a critical treatment for children with pneumonia, which remains the leading infectious killer of children under 5 years, claiming over 800,000 lives every year.

The COVID-19 pandemic has turned an existing oxygen gap in many low- and middle-income countries (LMICs) into a crisis. The overwhelming number of patients in need of oxygen therapy far outstrips the existing capacity at hospitals and health facilities during the second wave of COVID-19. An estimated 4.2 million children with pneumonia also cannot access this life-saving medical gas each year.

**KM Sugar provided an oxygen plant in Government Community Health Center at District Ayodhya, UP in F.Y. 2021-22.**

## EDUCATION

Education is considered a vital element in the development of a society, a system, and a country. It is important to understand the need for good quality education in rural areas, as it helps keep rural areas populated. Young people move to urban areas for better opportunities in education and employment, improved rural education is one possible strategy for keeping them in rural areas. Quality education is a pertinent tool for enhancing quality of life, creating awareness and capability, increasing freedom, and improving overall holistic human development for the people and the nation.

**KM Sugar contributed towards education infrastructure for Government school in District Ayodhya, UP in F.Y. 2021-22.**





## EMPOWERING WOMEN

Mahila Swayam Sahya Samhoo are voluntary service organizations which work for the betterment of the women in the villages of India. These women work for the betterment of other women, to make women self reliant and conscious of their human and constitutional rights and to put pressure on the state for fulfilling its obligation towards its people, to nurture women's physical and emotional health.

**KM Sugar made valuable contributions to the Mahila Swayam Sahya Samhoo in District Ayodhya, UP in F.Y. 2021-22.**

## HEALTH INFRASTRUCTURE

Hospitals have advance facilities and technologies to sustain the lives of the people. This place is not only treating sickness but it also helps improving the health of the community. Hospital has a big impact to the community they are the critical partners to ensure that communities remain strong, vibrant, and healthy.

**KM Sugar made valuable contribution towards the construction of a specialty hospital through its Trust in District Ayodhya, UP in F.Y. 2021-22.**





# OUR MANAGEMENT



**Mr. L.K. JHUNJHUNWALA**  
Chairman

He has been associated with the Company since inception as a promoter and has been actively managing the affairs of the Company. He has been associated with various industry associations, particularly in the sugar industry. He is the former President of the U.P. Sugar Mills Association and East U.P. Sugar Mill Association and the Past President of Associate Chamber of Commerce & Industry, U.P.



**Mr. ADITYA JHUNJHUNWALA**  
Managing Director

He is responsible for the overall operations of the Company. He is actively associated with industry organizations and he is currently President of India Sugar Mills Association. He was the Past Chairman of the Eastern Zone (northern region) of Confederation of Indian Industries (CII) and also the ex- President of the Indian Small Hydro Power Association.



**Mr. SANJAY JHUNJHUNWALA**  
Joint Managing Director

Mr. Sanjay Jhunjhunwala is responsible for the overall operations of the Company. He is a Commerce graduate and has also completed his MBA from the University of Wales, Cardiff, UK. He has 16 years of experience in the sugar industry and has implemented modern management techniques, which have proved immensely beneficial to the Company. He is presently also actively engaged in the Finance and taxation of the company. He is, additionally, the Regional Director of the Entrepreneur Organisation of South Asia.



**Mr. SUBHASH CHANDRA AGGARWAL**  
Executive Director

Mr. Subhash Chandra Aggarwal is a Science Graduate and Sugar Technologist from the National Sugar Institute, Kanpur (NSI), a very renowned institute of Asia in the field of Sugar Technology. He started his career from production lines and has worked for many renowned organizations. Due to his meticulous working, keenness about latest Technology, Development and Leadership, he joined Piccadilly Agro Industries as General Manager in 1997. He is now the Executive Director, since 2001, at KM Sugar. He is the key person who implements management policies and decisions, setting targets for outputs and ensuring their achievement. He is also involved in the planning and coordination of various departments of the organization.



**Mr. S.K. GUPTA**  
Independent Director

Mr. S.K. Gupta is M.Sc. in Sugar Technology from ANSI and DIM from IGNOU. He served as Director at National Sugar Institute, Kanpur, Ministry of Food & Public Administration, New Delhi, and U.P. State Sugar Corporation. He also acted as an expert Advisor for the Study of Status of Sugar Status and suggested road map for its development. He was also awarded LIFE TIME ACHIEVEMENT AWARD by The Sugar Technologists Association of India.



**Mrs. MADHU MATHUR**  
Independent Director

Mrs. Madhu Mathur is BED from Lucknow University and B.Com (H) from Loreto College Darjeeling. Mrs. Madhu Mathur has a vast experience of working with UNO and expert in Social Service.



**Dr. SUSHIL SOLOMON**  
Independent Director

Dr. Sushil Solomon, a renowned Researcher and Educationist has been appointed as the 38th Vice-Chancellor of C.S. Azad University of Agriculture and Technology, Kanpur. He obtained Ph.D. in Micro/Bio-chemistry (1978) from PAU, Ludhiana and PGDBIM from Dattamatric School of Management, Mumbai. He has also worked as Director, Indian Institute of Sugarcane Research, (ICAR), Lucknow. He also contributed more than 37 years in scientific research guidance, taught in the sugarcane and sugar Industry. Dr. Solomon has also been awarded the Fellow of Sugar Technologist Association of India, Fellow of International Association of Professionals in Sugar & Integrated Technology and Fellow of Indian Society of Agricultural Biochemists. He served as President of Society for Sugar Research and Promotion, Editor in Chief of Sugar Tech Journal, Executive Editor of IAPSIT and Sugar Tech News letters.



**Mr. BIBHAS KUMAR SRIVASTAV**  
Independent Director

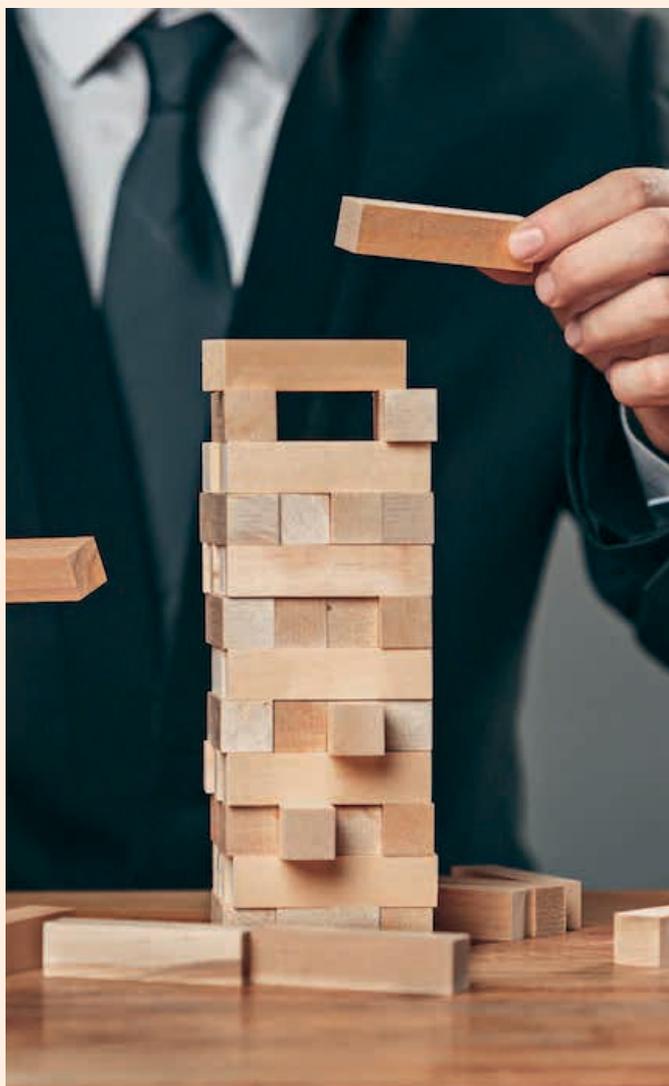
Shri Bibhas Kumar Srivastav has done M.Sc. (Agriculture) in Animal Husbandry and Dairy Science from Benares Hindu University, 1977 and Advanced Diploma in Management in 2015 from All India Management Association-Centre for Management Education, New Delhi. He is a Creative and passionate (retired) banker, dedicated to transferring professional experience through consultancy, teaching management and operating financial systems and social projects. He is committed to excellence in Consultancy, Management education, Banking, Finance and Risk Management and Financial Inclusion.



**Mr. BAKSHI RAM**  
Additional Independent Director

Shri Bakshi Ram is Ph.D. (Agri.) (1996) from CCS, Haryana Agricultural University, Hisar and was the topper of the batch, M.Sc. (Agri.) (1983) from Haryana Agricultural University, Hisar, was awarded Dr. Ram Dhan Singh Gold Medal, for being the topper of the batch and B.Sc. (Hons.) Agri. (1981) Haryana Agricultural University, Hisar and was awarded Merit Gold Medal for being the topper of the programme. He has an overall experience of more than 38 years.

# COMPANY INFORMATION



## BOARD OF DIRECTORS

### Chairman

Shri L. K. Jhunjhunwala

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### Whole Time Director

Shri Aditya Jhunjhunwala, Managing Director

Shri Sanjay Jhunjhunwala, Joint Managing Director

Shri Subhash Chandra Agarwal, Executive Director-cum-CEO

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### Non Executive and Independent Director

Shri S. K. Gupta

Smt. Madhu Mathur

Dr. Sushil Solomon

Shri Bibhas Kumar Srivastav

### Additional Non Executive and Independent Director

Shri Bakshi Ram

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### Chief Financial Officer

Shri Arvind Kumar Gupta

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### Company Secretary

Ms. Pooja Dua

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### Auditors

M/S. Agiwal & Associates

Chartered Accountants,

D-6/9, Upper Ground Floor,

Rana Pratap Bagh

Delhi - 110 002

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### Bankers

State Bank of India

Punjab National Bank

HDFC Bank Ltd

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### Registered Office

11, Moti Bhawan, Collectorganj,

Kanpur - 208001 U. P.

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### Corporate Office & Works

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

# DIRECTOR'S REPORT

To,  
The Members,

Your directors have pleasure in placing the 49th Director's Report along with the Audited Statement of Accounts for the year ended on 31st March, 2022.

## Financial Performance

The Financial performance of the Company during the year ended 31st March 2022 as under:

(Rs. in Lakhs)

	Standalone		Consolidated	
	Year ended on 31st March, 2022	Year ended on 31st March, 2021	Year ended on 31st March, 2022	Year ended on 31st March, 2021
Profit before finance costs, depreciation and amortization and other comprehensive income	8290	6009	8290	6009
Less: Finance costs	1179	1099	1179	1099
Less: Depreciation and amortization expense	1518	1487	1518	1487
Profit before tax	5593	3423	5593	3423
Less: Tax expense	1447	799	1447	799
Profit for the year	4147	2624	4147	2624
Other comprehensive income (net of tax)	(78)	(13)	(78)	(13)
Total comprehensive income for the year	4069	2611	4069	2611
Earnings per equity share of Rs. 2/- each	4.51	2.85	4.51	2.85

## Global Pandemic - Covid-19

The COVID-19 pandemic remains a health and humanitarian crisis, but the business impact on organizations is now profound. As governments make significant interventions in response to the coronavirus, businesses are rapidly adjusting to the changing needs of their people, their customers and suppliers, while navigating the financial and operational challenges.

The company is periodically reviewing possible impact of COVID-19 on its business and the same are considered in preparation of financial statements for the year ended 31st March, 2022. So far the pandemic has not caused any significant business disruption.

## Results of Operations and the State of Company's Affairs

For the year ended on 31st March, 2022, sales stood at Rs. 54,526.60. Lacs against the Rs. 48,286.50 Lacs of previous financial year ended as at 31st March, 2021. During the financial year under review, the company has also not done any sugar export as against Rs.2415.48 Lacs in the previous financial year ended as at 31st March, 2021. Profit after finance costs and depreciation stood at Rs.5593 Lacs as against the profit of Rs.3423 Lacs in the previous year.

## Corporate Benefits

The Board of Directors of the Company in their meeting held on 10.08.2021 declared interim dividend for FY 2021-22 at the rate of 10% (ie. Rs. 0.20 per share of Rs. 2/- each) which was paid within stipulated time period to shareholders as on record date of August 21, 2021. To conserve the resources, to meet the requirement of the funds towards modernisation by setting up of a refinery, the Board has not recommended any further dividend for the year 2021-22.

## Adoption of Ind-As

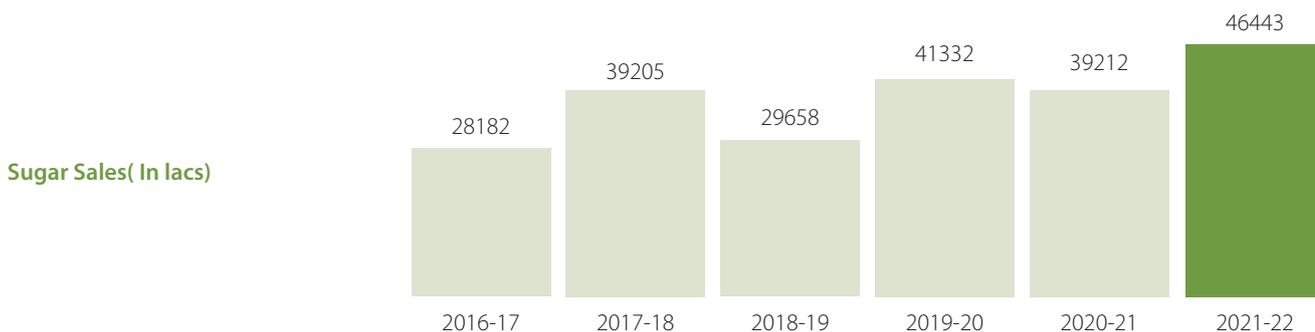
In accordance with the Companies (Indian Accounting Standards) Rules, 2015 the Company has adopted Ind-AS for preparation of financial statements with effect from April 01, 2017. The financial Statement for the year ended on March 31, 2021 has been prepared in accordance with the Indian Accounting Standard (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, 2022.

## Performance of Divisions: -

### Sugar Division

The company has crushed 1,16,72,436.54 Lacs quintals of cane and the Sugar sale was Rs.46443.62 lacs during the year under review as against Rs. 39,212.92 lacs during the previous financial year. The other details are as under:

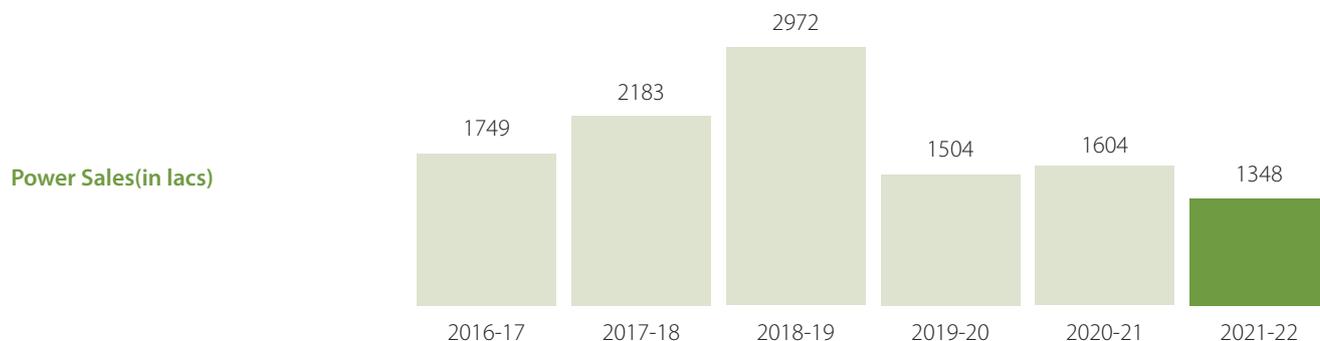
	Year ended 31-03-2022	Year ended 31-03-2021
Gross Working days	142	159
Total Cane Crushed (qtls.)	1,16,72,436.54	1,30,93,666.71
Sugar Produced (qtls)	13,30,787	14,94,050
Average Recovery	11.40%	11.43%



### Co-Generation:

During the year under report, the company produced 7,55,66,245KWH power and exported 4,25,38,688KWH to UPPCL. The other details are as under:

	Year ended 31-03-2022	Year ended 31-03-2021
Gross Working days	148	164
Produced (in KWH)	7,55,66,245	9,00,06,070
Exported( in KWH)	4,25,38,688	5,28,24,138
Sales( in lacs)	1347.51	1603.63

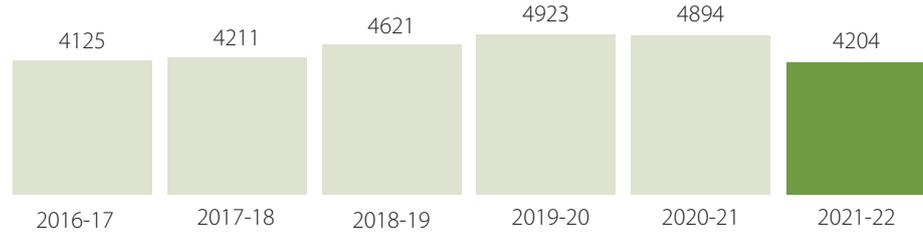


### Distillery

During the year under report, Company Produced 87.35 Lacs BL of Rectified Spirit and 83.01 Lacs BLof ethanol. The production of country liquor was 55261(in Cases) and the sale was 53505 (in Cases). The other details are as under:

Ethanol	Year ended 31-03-2022	Year ended 31-03-2021
Sales (Rs. in lacs)	4203.99	4894.05
Sales( BL in lacs)	91.40	110.49
Recovery Rate	22.30	23.11
<b>Sanitizer</b>		
Production (In Lacs BL)	1.63	4.90
Recovery (%)	116.50%	117.80%
Sale(In Lacs BL)	1.80	4.68

### Alcohol Sale(in lacs)



### Statutory Auditors

M/s. Agiwal & Co., Chartered Accountants (FRN.000181N), were appointed as the Statutory Auditors of the company at the 44th AGM held on September 28, 2017 for a term of 5 (Five) consecutive years to hold the office till the conclusion of the 44th AGM to conduct statutory audit, retires at this forthcoming Annual General Meeting after completing their terms of 5 years. As per section 139(2) of Companies Act, 2013, the Audit Committee and the Board of directors has proposed and recommended to appoint M/s. Mehrotra & Mehrotra. (FRN.:0226C), Chartered Accountant, New Delhi as a Statutory Auditor of the Company, subject to approval of shareholders at 49th Annual General Meeting for a term of 5 years.

The company received letter from M/s. Mehrotra & Mehrotra, Chartered Accountants, New Delhi for their consent and a certificate that they satisfy the criteria provided under section 141 of the Act and that they if appointed, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

The Auditor's Report for the financial year ended March 31, 2022, does not contain any qualification, reservation or adverse remark. The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The report is enclosed with the financial statements in this annual report.

### Secretarial Auditors

Ms. Pragati Gupta, Practicing Company Secretaries were appointed as Secretarial Auditors of the Company for the year 2021-22 as required under Section 204 of the Companies Act, 2013 and Rules made there under. The Secretarial Audit report for FY 2021-22 forms part of the Annual Report (Annexure to the Directors' Report in Form MR-3) as annexed in **Annexure-7** to this report and carries no qualifications, reservations, adverse remarks or disclaimers, which is self-explanatory and hence no explanations are required.

The Board in the meeting held on 08th August, 2022 appointed Ms. Pragati Gupta, Practicing Company Secretaries (Membership no. ACS-19302,C.P. No. 7878), as Secretarial Auditor of the Company for the financial year 2022-23.

### Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and rules made thereunder, the Board on the recommendation of the Audit Committee has re-appointed M/s. Aman Malviya & Associates Cost Accountants, as Cost Auditors to conduct cost audits relating to sugar and industrial alcohol for the year ended 31st March, 2022.

Cost Accountants have 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 March 31, 2021 did not contain any qualification, reservation, adverse remark or disclaimer. The Cost Audit Report for the year end March, 2022 shall be made available by the Cost Auditor on or before 30th September, 2022.

### Public Deposits

During the financial year ended 31-03-2022, the company has not accepted any public deposits.

### MSME Return

MCA vide order dated 22nd January, 2019 directed all companies, who get supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty-five days during the year. The Company has filed MSME within prescribed time.

### 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 F.Y 2022-23 had been duly paid.

### Directors' Responsibility Statement

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

- (i) That in the preparation of the annual accounts for year ended on March 31, 2022 the applicable accounting standard have been followed by the Company.
- (ii) That the directors of the company have selected such accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on that date.
- (iii) That the directors of the Company have taken proper and sufficient care for the maintenance of adequate accounting in accordance with provisions of the Companies Act, 2013, for safeguarding the assets of the company and for detecting fraud and other irregularities; and
- (iv) That the directors of the Company have prepared the annual accounts on a going concern basis.
- (v) That the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (vi) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Significant and Material Orders

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

### Audit Committee and Vigil Mechanism

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

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

The Policy on vigil mechanism and whistle blower policy has been uploaded on the Company's website at the link: <https://www.kmsugar.com/polices-of-kmsml/#whistle-blower-policy-vigil-mechanism>.

### 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.

### Share Capital

The Paid-Up share equity Capital of the company as at March 31, 2022 is Rs.18.40 Crores. During the year under review the company has not issued shares or convertible securities not granted stock option or sweat equity shares.

### Annual Return

Pursuant to the provisions of Sections 92(3) and 134(3)(a) of the Act and the Companies (Management and Administration) Rules, 2014, the Annual Return in Form no. MGT-7 can be accessed on the website of the Company i.e. <https://www.kmsugar.com/wp-content/uploads/2022/08/kmsml-annual-return-2021-2022-1.pdf>

### Internal Financial Controls

The Company has adequate internal financial controls taking into

consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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.

Risk Management Policy as per regulation 21 of the SEBI Listing Regulations is applicable on the top 1000 entity the basics of market capitalization and high value debt listed entity, therefore the same is not applicable on the company during the reporting period.

### Corporate Social Responsibility

The Company KMSML has adopted CSR since its inception. The activities are undertaken and supported by the Company and also through trust engaged in promoting health care, preventive health check-ups etc projects. 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, the activities, 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. 173.02 lacs towards CSR as against its obligation Rs. 62.98 lacs. The Company has aligned CSR Policy in line with the changes made effective from January 22, 2021 in Section 135 of the Companies Act, 2013 and the Companies (CSR Policy) Rules, 2014. A detailed Annual Report on CSR Activities undertaken by the company during the reporting period as prescribed under Companies (Corporate Social Responsibility) Amendment Rules, 2021 is annexed herewith in **Annexure-3**.

### Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

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

### Research and Development

The details relating to Research and Development activities carried

out by the company during the year are stated in annexure to this report.

### Foreign currency risk and Commodity price risk

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

Sugar industry being cyclical in nature, realizations get adversely affected during downturn. Higher cane price or higher production than the demand ultimately affects profitability. The Company has mitigated this risk by well integrated business model by diversifying into co-generation and distillation, thereby utilizing the by-products.

### 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-8** 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, CS Pragati Gupta, confirming the compliance of the conditions on Corporate Governance is attached as **Annexure-4** 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 annual report .

### 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 129(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-5**. Your Company's Policy for determination of a material subsidiary, as adopted by your Board, in conformity with Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, can be accessed on your Company's corporate website at [www.kmsugar.com](http://www.kmsugar.com). The Company does not have any material subsidiary. The Minutes of Board Meetings of the subsidiary companies and details of significant

transactions & arrangements entered into by them are placed before the Board of Directors of the Company. The quarterly and annual financial statements of the subsidiary companies are reviewed by the Audit Committee of the Company. Performance review reports of subsidiaries are also placed before the Board of Directors of the Company on a quarterly basis

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 at <https://www.kmsugar.com/subsidiary-financials/>. The Company will make available the annual report of subsidiary Company upon request by any shareholder of the Company interested in obtaining the same.

### 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, 2022.

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 at <https://www.kmsugar.com/subsidiary-financials/>. 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 as **Annexure-2**. 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 including Criteria on Determining Qualifications, Positive Attributes, Independence of Director, Key Managerial Personnel and Other Employees

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 8 directors, one of whom is executive Chairman, one is Managing Director, one is Joint Managing Director, one 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 Companies (Meeting of Board and its Powers) Rules, 2014 and 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 accept them, with or without modifications. 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.

Policy on Directors appointment and remuneration is available on company's website at <https://www.kmsugar.com/policies-of-kmsml/#policy-on-selection-remuneration-of-directors-kmp-and-other-employees>

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

### Induction & Changes in Directors

There is no Change in the Director during the reporting period.

Shri Laksmikant Kant Jhunjunwala, Shri Aditya Jhunjunwala, Shri Sanjay Jhunjunwala and Shri Subhash Chandra Agarwal are the whole-time directors designated as Chairman, Managing Director and Joint Managing Director & Executive Director cum C.E.O.

Shri S.K. Gupta, Smt. Madhu Mathur, Shri Sushil Solomon and Shri Bibhas Kumar Srivastav are the Non-Executive Independent Directors of the Company.

The Board of Directors of the company in its meeting held on 08th August, 2022, on recommendation of Nomination and Remunerations committee, appointed Mr. Bakshi Ram (Din:02235466), as an Additional Director designated as Non- Executive Independent Director of the company, w.e.f. 08th August, 2022 under section 149, 150 and 161 of the Act reads with Schedule IV thereto.

The appointment of Mr. Bakshi Ram as an Independent Director of the company is sought in the ensuing AGM of 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 Jhunjunwala and Shri Subhash Chandra Agarwal are liable to retire by rotation at the ensuing AGM and being eligible, offer themselves for reappointment.

### 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 in **Annexure-2**. The Articles of Association of your Company provide that the strength of the Board shall not be fewer than three nor more than fifteen. Directors are appointed/re-appointed with the approval of the Members for a period of five years or a shorter duration 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 in **Annexure-2**.

### 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 in the reporting period that is on 08th June, 2021. The Meeting was conducted without the presence of the Chairman, Executive Directors and any other Managerial Personnel.

### Annual Performance Evaluation

Pursuant to the requirements of Section 134(3)(p) of the Companies Act, 2013 read with Regulation 17 of the listing regulations, the Nomination and Remuneration Committee, as reported in earlier years, formulated the criteria 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 by preparing a structured questionnaire after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning, 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. A separate exercise was carried out to evaluate the performance of Board members including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest

of the Company etc. The performance evaluation of the Independent Directors was carried out by the Board. The performance evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process. Reports on functioning of Committees were placed before the Board by the Committee Chairman. The Independent Directors Committee of the Board also reviewed the performance of the non-Independent Directors and the Board, pursuant to Schedule IV to the Act and Regulation 25 of the Listing Regulations 2015.

### Committees of the Board

Currently, the Board has 5 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 other details, 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 S.K Gupta- Chairman Shri. Bibhas Kumar Srivastav- Member Shri Sanjay Jhunjunwala- Member	<ul style="list-style-type: none"> <li>All recommendations made by the committee during the year were accepted by the Board.</li> <li>The Company has adopted the Whistle Blower Mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud.</li> <li>The Company has formed the Related Party Transaction Policy.</li> </ul>
Nomination and remuneration committee	Shri S.K Gupta- Chairman Smt. Madhu Mathur- Member Shri Sushil Solomon Member	<ul style="list-style-type: none"> <li>The Committee oversees and administers executive compensation.</li> <li>All recommendations made by the committee during the year were accepted by the Board.</li> </ul>
Stakeholders relationship committee	Shri S.K Gupta- Chairman Smt. Madhu Mathur- Member Shri Aditya Jhunjunwala- Member	<ul style="list-style-type: none"> <li>The Committee reviews and ensures redresses of investor grievances.</li> <li>The committee noted that the grievances of the investors reported during the year, if any.</li> </ul>
Corporate social responsibility committee	Shri L.K Jhunjunwala- Chairman Shri Sanjay Jhunjunwala- Member Shri Sushil Solomon- Member	<ul style="list-style-type: none"> <li>The committee ensures that the Company works within the ambits of CSR policy.</li> <li>The CSR policy is uploaded on Company website, <a href="http://www.kmsugar.com">www.kmsugar.com</a></li> <li>The Board implements the activities as recommended by CSR Committee.</li> </ul>
Finance Committee	Shri Aditya Jhunjunwala- Chairman Shri Subhash Chandra Agarwal- Member Shri S.K. Gupta- Member	<ul style="list-style-type: none"> <li>The committee review's the Company's proposed capital budget</li> <li>The committee review's Company's Finances, Investments, requirement of fund and liaisoning with Bankers with the power to approve the new limits of the company as sanctioned by Bankers of the company etc.</li> </ul>

\*The Board approved the change in the composition of Audit Committee of the company w.e.f. 10th August, 2021 – Mrs. Madhu Mathur was replaced by Mr. Bibhas Kumar Srivastav.

-The Board approved the change in the composition of CSR Committee of the company w.e.f. 10th August, 2021 – Mr. S.K Gupta was replaced by Mr. Sushil Solomon.

### 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 37.8(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 Members have approved the limits under section 186(3) 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.

### 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. These transactions are periodically placed before the Audit Committee for its omnibus approval. During the FY 2021-22, the Company has entered into any contract / arrangement / transaction with related parties with M/s Sonar Casting Ltd and M/s K M Strategic Investments and Holding Pvt Ltd, which could be considered material in accordance with the policy of the Company on Materiality of Related Party Transactions and dealing with such Related Party Transactions has been reported

in Form No. AOC-2 at **Annexure – 6**, 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/policies-of-kmsml/#policy-on-related-party-transaction-pursuant-to-regulations-23-of-sebi>. 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 37.8(c) to standalone and consolidated financial statements.

### Key Financial Ratios

Key Financial Ratios for the financial year ended 31st March, 2022 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 Management Discussion and Analysis Report 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.**

**-Sd/-**

**L. K. hunjhunwala  
Chairman**

**Din: 01854647**

Date: 08.08.2022

Place: Lucknow

### Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

PARTICULARS	STEPS TAKEN BY THE COMPANY 2021-22
(i) The steps taken or impact on conservation of energy	<p>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. The details of steps taken are listed below:</p> <ol style="list-style-type: none"> <li>1. Installation of A-Heavy and C-Light molasses conditioner to save steam as well as Power.</li> <li>2. Halogen lamps, Sodium vapour lamps and Mercury vapour lamps have been replaced with LED lights for reduction in power consumption.</li> <li>3. Gradual replacement of inefficient geared pumps with screw pumps/high flow pumps for electrical energy efficiency.</li> <li>4. Variable Frequency Drive (VFDs) is being added in the system in all the Units for reduction of electrical energy consumption.</li> </ol>
(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 sold to U P Power Corporation Limited
(iii) The capital investment on energy conservation requirements during the year 2021-22 was	Rs.35.00 Lakhs approx. During 2021-22 Apart from this, The company makes investment wherever required for conservation of energy. The company has continuous process to monitor and explore ways and means for conservation of energy.

#### Form B

#### I. Disclosure of particulars with respect to Technology Absorption Research & Development (R&D) Technology absorption, adaptation and innovation:

- (i) The company carried on following sugarcane development activities during the financial year 2021-22:
- Distribution of new improved and high sugar varieties of cane seed.
  - Inter cropping with sugar cane for additional income of cane growers.
  - Distribution of quality agri inputs for improving the soil health and growth of sugarcane.
  - Ratoon crop management and gap filling for helping increase ratoon yield.
  - Popularizing use of trash mulcher to mix the trash in soil for quick decomposition In soil, which will improve the soil health
  - Popularization of sugar cane planting at 4 feet distance for improving crop growth, yield and recovery
- (ii) Due to above efforts it is expected that higher yield and disease free cane will be available to the company and the 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 ended 2021-22	Year ended 2020-21
i)	Foreign exchange earned in terms of actual inflows	Nil	Rs.2415.48 lakhs
ii)	Foreign Exchange outgo in terms of actual outflows	Rs.40.81 lakhs	Rs.69.33 lakhs

### Report on Corporate Governance

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

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

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

#### 1. Company 'S Philosophy on Code of Governance:

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

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

The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its

interface with stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre.

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

#### 2. Board of Directors

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

Pursuant to the Listing Regulations of SEBI (LODR) Regulations, 2015 the Board has laid down a Code of Conduct for all Board members and Senior Management of the Company and the same uploaded on the website of the Company <https://www.kmsugar.com/code-of-conduct/>. 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. In compliance with the provision of Companies Act 2013 amended from time to time (hereinafter called the 'Act') and Regulation 17 of Listing Regulations 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 -cum- Chief Executive Office. The present mix of the Board of the Company is as under:

- Three Promoters, Executive Directors
- One non-Promoter, Executive Director-cum- CEO
- Four Independent, Non- Executive Directors

The composition of the Board of Directors, as on 31st March, 2022, 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 membership of other Board committee	No. of Board Meeting Attended	No. of Board Committees for chairman (Audit/Stakeholder)	Attendance at last AGM	No. of shares as on 31-03-2022
1-Shri L.K. Jhunjhunwala	Promoter, Executive	-	-	-	5	-	Yes	14302600
2-Shri Aditya Jhunjhunwala	Promoter, Executive	3	-	2	5	-	Yes	5289242
3-Shri Sanjay Jhunjhunwala	Promoter, Executive	3	-	1	5	-	No	2494600
4-Shri S. C. Agarwal	Independent, Executive & CEO	1	-	-	5	-	Yes	-
5- Shri S. K. Gupta	Independent, Non-executive	1	-	3	5	3	Yes	-
6-Smt. MadhuMathur	Independent –Non-Executive	1	-	2	5	-	Yes	-
7-Shri Sushil Solomon	Independent –Non-Executive	-	-	--	5	-	Yes	-
8-Shri Bibhas Kumar Sri-vastav	Independent –Non-Executive	1	-	2	4	1	Yes	-

**Inter-se Relationship: -****The disclosure of relationship between Directors is as follows:-**

Name of Director	Category	Inter-se Relationship
Shri L.K. Jhunjhunwala	Promoter, Executive	Father of Shri Aditya Jhunjhunwala and Shri Sanjay Jhunjhunwala
Shri Aditya Jhunjhunwala	Promoter, Executive	Son of Shri L.K.Jhunjhunwala, Brother of Shri Sanjay Jhunjhunwala
Shri Sanjay Jhunjhunwala	Promoter, Executive	Son of Shri L.K.Jhunjhunwala, Brother of Shri Aditya Jhunjhunwala
Shri S. C. Agarwal	Independent, Executive & CEO	No Inter-se Relationship
Shri S. K. Gupta	Independent, Non-executive	No Inter-se Relationship
Smt. Madhu Mathur	Independent –Non-Executive	No Inter-se Relationship
Shri Sushil Solomon	Independent –Non-Executive	No Inter-se Relationship
Shri Bibhas Kumar Srivastav	Independent –Non-Executive	No Inter-se Relationship

**Familiarization Programmes for Directors**

In the terms of Regulation 25 of Listing regulations, the company is required to conduct various programs for Independent Directors to familiarize them with the Company and its affairs, so that they can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations. In pursuit of this, the Directors of the Company are updated on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislations & economic environment and on matters significantly affecting the Company, to enable them to take well informed and timely decisions. Visits to Company facilities are also organized for the Directors.

The Details of Such Programme are available in the website of the company- <https://www.kmsugar.com/polices-of-kmsml/#familiarisation-policy>

**Board Meetings: -**

During the year ended on 31st March, 2022, Five Board meetings were held on 08.06.2021, 10.08.2021, 10.11.2021, 12.02.2022 and 21.03.2022. The details are as follows:-

Date of Board Meeting	Board Strength	Directors Present
08.06.2021	8	8
10.08.2021	8	8
10.11.2021	8	8
12.02.2022	8	8
21.03.2022	8	8

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

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



S. No	Name of Director and KMP	Category	List of core skill expertise and competence
1	Shri L.K. Jhunjhunwala	Promoter, Executive	Strategic supervision
2	Shri Aditya Jhunjhunwala	Promoter, Executive	Strategic supervision, Policy Making, Business Management and Leadership.
3	Shri Sanjay Jhunjhunwala	Promoter, Executive	Strategic supervision, Management and Leadership.
4	Shri S. C. Agarwal	Independent, Executive- cum-CEO	Strategic Management and implementation.
5	Shri S. K. Gupta	Independent, Non-executive	Strategic Management, Finance and Accounting
6	Smt. Madhu Mathur	Independent-Non-Executive	Strategic Management and Leadership
7	Shri Sushil Solomon	Independent-Non-Executive	Policy Implantation Guidance, Business Plans and leadership
8	Shri Bibhas Kumar Srivastav	Independent-Non-Executive	Banking, Finance & Economics
9	Shri Arvind Kumar Gupta	Chief Financial Officer	Implementation of Financial and Accounting Methodologies and control
10	Ms. Pooja Dua	Company Secretary-cum-Compliance Officer	Compliance Management and its implementation

#### 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

During the year under review no independent Director has resigned from the company.

#### Board Committees

The company has five committees- the Audit Committee, the Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and the Finance 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 three directors out of which two are Non-Executive Independent Directors and one is Promoter - Executive Director. Shri S K Gupta Independent Non-executive Director of the Company acts as the Chairman of the Committee in the Meeting of Audit Committee held. The Company Secretary acts as the Secretary of the committee. The Chief Financial Officer, the Statutory 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:-

S. No	Name of the Member	Position	Category
1	Shri S. K. Gupta	Chairman	Non-Executive Independent Director
2	Shri Bibhas Kumar Srivastav	Member	Non-Executive Independent Director
3	Shri Sanjay Jhunjhunwala	Member	Promoter Executive Director

\*The Board approved the change in the composition of Audit Committee of the company w.e.f. 10th August, 2021 – Mrs. Madhu Mathur was replaced by Mr. Bibhas Kumar Srivastav.

### 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, 2022, Five committee meetings were held on 08.06.2021, 10.08.2021, 10.11.2021, 12.02.2022 and 21.03.2022.

S. No	Name of the Member	Position	Number of Meetings Attended
1	Shri S. K. Gupta	Chairman	5
2	Shri Bibhas Kumar Srivastav	Member	4
3	Shri Sanjay Jhunjunwala	Member	5

\*The Board approved the change in the composition of Audit Committee of the company w.e.f. 10th August, 2021 – Mrs. Madhu Mathur was replaced by Mr. Bibhas Kumar Srivastav.

### Nomination and Remuneration Committee

The Remuneration Committee comprises of three directors and all the three directors are non-executive independent directors. Shri S K Gupta Independent Non-executive Director of the Company acts as the Chairman of the Committee in the Meeting of Nomination and Remuneration Committee. During the year ended 31st March 2022, five committee meetings were held on 08.06.2021, 10.08.2021, 10.11.2021, 12.02.2022 and 21.03.2022. The details are as follows:

S. No	Name of the Member	Position	Number of Meetings Attended
1	Shri S. K. Gupta	Chairman	5
2	Smt. Madhu Mathur	Member	5
3	Shri Sushil Solomon	Member	5

### Terms of Reference: -

The Terms of Reference of the Nomination and Remuneration Committee are in line with the requirement of the Act and Part D Schedule II of Listing Regulations

- (1) to formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

[(1A). For every appointment of an independent director, to evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.]

- (2) to formulate criteria for evaluation of performance of independent directors and the board of directors;
- (3) to devise a policy on diversity of board of directors;
- (4) to identify a persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- (5) to check whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (6) to recommend to the board, all remuneration, in whatever form, payable to senior management.

The performance evaluation of the Independent Directors was carried out by the entire Board on various criteria on the basis of specific duties performed, obligations and governance, level of engagement and contribution, independence of judgement, safeguarding the interest of the Company. The manner in which the annual performance evaluations done by the Board including the criteria for the same is discussed in detail in Directors Report.

### Stake Holders' Relationship Committee

The Stake Holders' Relationship Committee comprises of three directors out of which one is executive and two 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.

Shri S K Gupta Independent Non-executive Director of the Company acts as the Chairman of the Committee in the Meeting of Stake Holders' Relationship Committee.

Ms. Pooja Dua, Company Secretary is designated as the Compliance Officer of the company.

During the year ended on 31st March, 2022, four committee meetings were held on 08.06.2021, 10.08.2021, 10.11.2021 and 12.02.2022. The details are as follows:

S. No	Name of the Member	Position	Number of Meetings Attended
1	Shri S. K. Gupta	Chairman	4
2	Smt. Madhu Mathur	Member	4
3	Shri Aditya Jhunjunwala	Member	4

During the year ended 31st March, 2022, no complaint were received expect one investors grievance regarding service of company document and the same has been satisfactorily replied. No Complaint were pending at the beginning of the year and the year end. Further, no transfer request is pending.

#### 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 was formed to assist the Board in the formulation and implementation of CSR policy as per the Sechedule VII of Companies Act, 2013 and also to recommend the CSR expenditure to be incurred by the company 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, 2022, four committee meetings were held on 08.06.2021, 10.08.2021, 10.11.2021 and 12.02.2022. The details are as follows:

S. No	Name of the Member	Position	Number of Meetings Attended
1	Shri L.K. Jhunjunwala	Chairperson	4
2	Shri Sanjay Jhunjunwala	Member	4
3	Shri Sushil Solomon	Member	3

\*-The Board approved the change in the composition of CSR Committee of the company w.e.f. 10th August, 2021 – Mr. S.K Gupta was replaced by Mr. Sushil Solomon.

#### Finance Committee:

The committee was formed by the Board of Directors of the company on 10th August, 2020 to review the Company's proposed capital budget, Finances, Investments, requirement of fund/loans and liaisoning with Banks/lenders with the power to approve the new/revised facilities/limits for the company as sanctioned/to be sanctioned by Banks/lenders. During the year ended on 31st March, 2022, one committee meetings were held on 06.08.2021. The details are as follows:

S. No	Name of the Member	Position	Number of Meetings Attended
1	Shri Aditya Jhunjunwala	Chairperson	1
2	Shri S. C. Agarwal	Member	1
3	Shri S. K. Gupta	Member	1

#### Remuneration of directors

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

#### Non-Executive Directors

The remuneration to the non-executive directors is decided and approved by the Board of Directors of the Company unanimously. The sitting fees payable to the Non- Executive Directors was Rs. 20,000/- for each Board meeting and Rs. 5, 000/- for each Committee meeting. There is no pecuniary relationship or transactions between the non-executive directors and the listed entity. The criteria of making payments to non-executive directors disseminated on the <https://www.kmsugar.com/policies-of-kmsml/#policy-on-selection-remuneration-of-directors-kmp-and-other-employees>.

#### 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.

In terms of the provisions of section 196, 197 read with schedule V of the Companies Act, 2013, the approval of the members by the way of special resolution was accorded in the 47th Annual General Meeting of the company. Further, on the recommendation of the Nomination and Remuneration Committee and the Board, at its meeting held on

February 12, 2022, the shareholders of the Company in their Extraordinary general meeting held on 24th March, 2022, has approved the change in terms including remuneration and perquisites payable to them for the for remaining term of 2 years with effect from 01st April, 2022 to 31st March, 2024, 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, 2022 in the Annual Return in form MGT-7 of your Company is available on its corporate website at <https://www.kmsugar.com/wp-content/uploads/2022/08/kmsml-annual-return-2021-2022-1.pdf>

#### 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.

#### Resolution by Circulation

The Company has passed resolution by circulation during the year under review on 11th October, 2021 which was confirmed and adopted in the Board Meeting held on 10th November, 2021.

#### General Body Meeting

Location and time, where last Annual / Extra Ordinary General Meetings were held during last 3 years is given below:-

Financial Year	Day & Date	Location	Time	AGM/ EGM
2018-19	20.08.2019	Regd. Office- 11-Moti Bhavan, Collector Ganj, Kanpur-208001	11.00 a.m.	AGM
2019-20	10.09.2020	Video Conferencing (VC) or other audio visual means (OAVM)	11.00 a.m.	AGM
2020-21	10.03.2021	Video Conferencing (VC) or other audio visual means (OAVM)	11.00 a.m.	EGM
2020-21	29.09.2021	Video Conferencing (VC) or other audio visual means (OAVM)	11.00 a.m.	AGM
2021-22	24.03.2022	Video Conferencing (VC) or other audio visual means (OAVM)	11.00 a.m.	EGM

#### Special resolutions passed in General Meetings during last 3 years: -

Date	AGM/EGM		Particulars
20th August, 2019	AGM	1)	Change In Terms and Re-Appointment of Shri L.K. Jhunjhunwala (Din: 01854647) as a Whole Time Director Designated as Chairman of the Company
		2)	Change In Terms And Re-Appointment of Shri Aditya Jhunjhunwala, (Din: 01686189) as Managing Director
		3)	Change In Terms And Re-Appointment of Shri Sanjay Jhunjhunwala (Din: 01777954) as a Joint Managing Director
		4)	Change In Terms And Re-Appointment of Shri Subhash Chandra Agarwal, (Din: 02461954) as a Executive Director
		5)	Continuance of Shri H.P. Singhanian (Din – 00141096) as Independent Director Of The Company
		6)	Re-Appointment of Mr. H.P. Singhanian (Din – 00141096) as an Independent Director :Special Resolution
		7)	Re-Appointment of Mr. S.K. Gupta (Din – 01995658) as an Independent Director
		8)	Re-Appointment of Mrs. Madhu Mathur (Din No. 07196895) as an Independent Director
		9)	Investments / Give Loans or Guarantees / Provide Security Up-to an Aggregate Amount Not Exceeding Rs. 200.00 Crores Outstanding at Any Time
		10)	Investment In Sonar Castings Limited And Issue Of Corporate Guarantee For Securing Credit Facilities To Sonar Castings Limited

Date	AGM/EGM		Particulars
10th September, 2020	AGM	1)	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
		2)	To approve the change in the terms of appointment of Shri Aditya Jhunjhunwala, (DIN: 01686189) as Managing Director of the Company
		3)	To approve the change in the terms of appointment of Shri Sanjay Jhunjhunwala (DIN: 01777954) as a Joint Managing Director of the Company
		4)	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
		5)	To approve the change the object clause of Memorandum of Association of the company
		6)	To adopt the new Memorandum of Association of the company as per Companies Act, 2013
10th March, 2021	EGM	1)	Contribution to any national, charitable, social, benevolent, public Funds
		2)	To approve the investment in Sonar Castings Limited
29th September, 2021	AGM	1)	To Approve grant of Loans, Guarantees or provide security or make investment u/s the provisions of 185(2) and to the related party of the companies Up-to an Aggregate Amount Not Exceeding Rs. 100.00 Crores.
24th March, 2022	EGM	1)	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
		2)	To Approve the Change in Terms of Appointment of Shri Aditya Jhunjhunwala, (Din: 01686189) Whole Time Director, designated as a Managing Director
		3)	To Approve the Change in Terms of Appointment of Shri Sanjay Jhunjhunwala (Din: 01777954) Whole Time Director, designated as a Joint Managing Director of the Company
		4)	To Approve the Change in Terms of Appointment of Shri Subhash Chandra Agarwal, (Din -02461954) Whole Time Director, designated as an Executive Director- cum-CEO of the Company

#### Postal Ballot

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

#### Means of Communication

The quarterly and annual results of the Company pursuant to regulation 33 and 47 of Listing Regulations including the Intimation of Board meeting to consider financial results and after the approval of same in the Board are communicated to the stock exchanges within the prescribed time period and published in prominent newspapers viz. The Financial Express and Rashtriya Sahara.

The given below is the details of publishing of quarterly results of the Company-

	Date of Publication of Notice of Board meeting	Financial Results		Newspaper
		Date of approval by Board	Date of Publication	
Quarter ended 30.06.2021(Un-audited)	04.08.2021	10.08.2021 Due to Covid-19	11.08.20210	Financial Express ; Rashtriya Sahara
Quarter ended 30.09.2021(Un-audited)	31.10.2021	10.11.2021	11.11.2021	Financial Express ; Rashtriya Sahara
Quarter ended 31.12.2021(Un-audited)	03.02.2022	12.02.2022	13.02.2022	Financial Express ; Rashtriya Sahara
Quarter and Year ended 31.03.2022(Audited)	11.05.2022	27.05.2022	28.05.2022	Financial Express ; Rashtriya Sahara

\* Publication arranged

The results published also show as footnote relevant additional information and/or disclosures to the investors.

## Website

As per the requirement of regulation 46 of Listing Regulations, the Company maintains a functional website [www.kmsugar.com](http://www.kmsugar.com) that contains relevant information updated in time and complies with SEBI (LODR) Regulations, 2015. The company website also displays the official news releases.

## Vigil Mechanism /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. Further, 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 confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discrimination.

No employee was denied access to the Audit Committee.

The Policy is available at <https://www.kmsugar.com/policies-of-kmsml/#whistle-blower-policy-vigil-mechanism>

## 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 30-06-2021, 30-09-2021, 31-12-2021 and 31-03-2022 on 09.07.2021, 13.10.2021, 10.01.2022 and 15.04.2022. 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.

As per SEBI (LODR), Fifth Amendment Regulations, 2019, Business Responsibility Report is mandatory for Top 1000 listed Companies. Our ranking based on Market Capitalization as on 31.03.2022 on BSE is 1461 and at NSE is 1296. Therefore, Business Responsibility Report is not applicable on us.

## Company commitment

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

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

**General Shareholder Information:****Annual General Meeting for the financial year -2021-2022**

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

**Day & Date: Thursday, September 22, 2022****Time: 03.30 PM****Venue: Through video conferencing (VC) or other audio visual means (OAVM)****Listing on Stock Exchanges**

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

**Listing fees up-to the financial year ended 31-03-2022 has been paid to all the concerned stock exchanges by the Company.****Depositories:**

<b>1. National Securities Depository Ltd.,</b> Trade Worlds, 4th floor, Kamala mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013	<b>2. Central Depository Services (India) Ltd.,</b> Phiroze Jeejeebhoy Towers, 17th floor, Mumbai 400023
<b>Compliance officer</b> Ms. Pooja Dua, Company Secretary, 76-Eldeco Green, Gomti Nagar, Lucknow-226010 is Compliance Officer of the Company. Mail: cs@kmsugar.in M-7571000517	<b>Registrar &amp; Share Transfer Agent</b> <b>Link Intime India Pvt Limited</b> 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

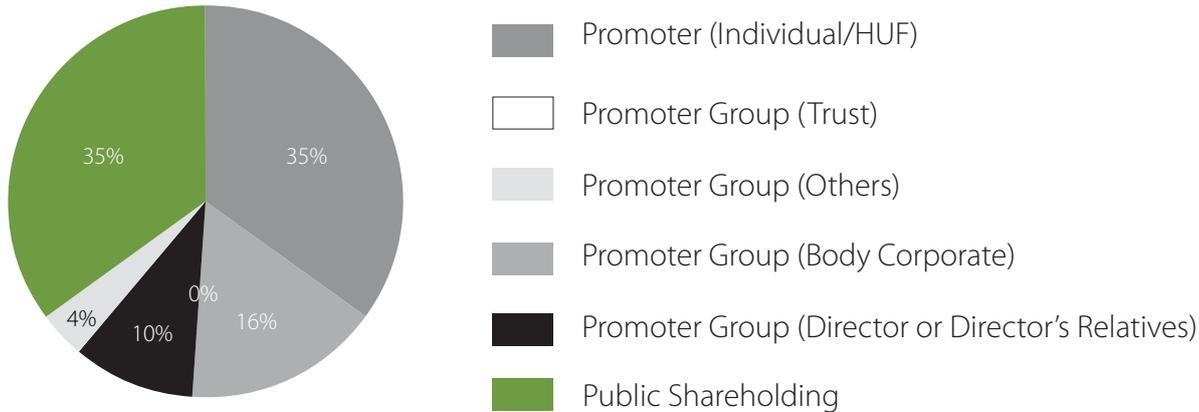
**Stock Market Data(InRs.)**

Month	Quotation at BSE			Quotation at NSE		
	High	Low	Closing	High	Low	Closing
Apr-21	16.88	11.44	16.56	16.85	13.85	14.05
May-21	21.80	16.55	18.20	18.5	18.1	17.85
Jun-21	38.70	18.05	32.45	34.1	32.35	34.05
Jul-21	39.15	29.80	30.70	31.45	30.6	31.4
Aug-21	31.45	24.00	26.30	27.05	26	26.25
Sep-21	27.70	24.50	25.65	26.25	25.05	25.2
Oct-21	29.70	23.45	23.80	24.55	23.55	24.4
Nov-21	27.85	22.70	23.65	24.4	23.15	23.4
Dec-21	30.00	23.60	27.25	27.65	27.1	27.2
Jan-22	36.50	27.05	32.00	33.35	31.85	32.6
Feb-22	37.40	25.20	27.65	27.9	26.4	27.35
Mar-22	35.80	25.00	29.20	30.1	29	29.8

## Shareholding Pattern as on 31st March, 2022

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				
Promoter:-Individuals / Hindu Undivided Family	4	32152342	32152342	34.95
Promoter Group:-Any Other (Specify)				0.00
Bodies Corporate	4	14849359	14849359	16.14
Director or Director's Relatives	5	8926395	8926395	9.70
Trusts	1	188780	188780	0.21
Other	1	3278271	3278271	3.56
Sub Total(A)(1)	15	59395147	59395147	64.56
(2) Foreign	0	0	0	0
<b>Total shareholding of Promoter and Promoter Group(A)= (A)(1)+(A)(2)</b>	<b>15</b>	<b>59395147</b>	<b>59395147</b>	<b>64.56</b>
(B) Public Shareholding				
(1) Institutions				
(a) Central Government / State Government(s)	1	1140	1140	0
(b) Financial Institutions/Banks	1	485	485	0
Sub Total(b)(1)	2	1625	1625	0
(2) Non-Institutions				
(a) Body Corporate (including LLP)	112	1732404	1732399	1.88
(b) Individual				
(i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	44170	27549635	27548510	29.95
(ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	4	606854	606854	0.66
(iii) NBFCs registered with RBI	0	0	0	0.00
(iv) Any Other (Specify)				0.00
Clearing Member	63	331068	331068	0.36
Non Resident Indians (Repat)	225	897158	897158	0.98
Non Resident Indians (Non Repat)	107	562950	562950	0.61
Hindu Undivided Family	474	923029	923029	1.00
Trusts	1	300	300	0.00
Sub Total(B)(2)	45156	32603398	32602268	35.44
<b>Total Public shareholding (B)=(B)(1)+(B)(2)</b>	<b>45158</b>	<b>32605023</b>	<b>32603893</b>	<b>35.44</b>
<b>Total (A)+(B)</b>	<b>45173</b>	<b>92000170</b>	<b>91999040</b>	<b>100</b>
(C) Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0
(1) Promoter and Promoter Group	0	0	0	0
(2) Public	0	0	0	0
Sub Total	0	0	0	0
<b>Total (A)+(B)+(C)</b>	<b>45173</b>	<b>92000170</b>	<b>91999040</b>	<b>100</b>

## Shareholding Distribution



### Demat of Shares

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

### Share Transfer System

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

### Distribution of Shareholding

\* The Company disclosed 45173 nos. of shareholders while submitted Share Holding Pattern to Stock Exchange(s) for the quarter ended 31-03-2022 as PAN nos. of some to them were merged for the purpose of their holding. However, the total nos. of shareholders were 45821 as on 31-03-2022 as per distribution chart.

Distribution	No. of Shareholders	No. of Shares
1 to 1000	41062	8632810
1001 to 3000	3082	5772286
3001 to 5000	769	3255228
Above 5000	908	74339846
<b>Total</b>	<b>45821</b>	<b>92000170</b>

### 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 (UPS). All Board of Directors, designated employees and connected persons have been informed about the new policy and has affirmed compliance with the code. The same is also available in the website of the company at <https://www.kmsugar.com/polices-of-kmsml/#1659439653727-79e991b4-ef4d>.

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](http://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 some Related Party Transactions with the Company's related entity which could be considered materially significant, these transactions are not conflicting with the interests of the Company. During the year under review the company has made investment of Rs.500 Lacs in Optionally fully convertible Debentures (OFCD) of M/s K M Startegic Investments & Holding Pvt Ltd. (The shareholders of the Company in their AGM held on 29.09.2021 had pursuant to the provisions of Section 185 & 188 of the Companies Act, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23(4) of the SEBI(LODR) Regulations, 2015 ("Listing Regulations"), accorded their consent to grant loan/ guarantee/security/ make investments by way of subscription/purchase/conversion/otherwise Equity Shares/Preference Shares/Debentures/any other financial instruments in entities covered under the provisions of Section 185(2) and related parties of the Company within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations of such sums not exceeding Rs.100 Crores, as may be decided by Board/ Committee of Directors as permitted or subject to the provisions specified therein from time to time.)

Further, the corporate guarantee provided by the Company continues of Rs. 7263.59 lacs for securing credit facilities to M/s Sonar Castings Limited, during the year the company has granted inter corporate deposit amounting to Rs.875 lacs on arm's length basis for the principal business activity of M/s Sonar Castings Limited. ( The shareholders of the Company in their EGM held on 10.03.2021 had pursuant to the provisions of Section 185, 186 & 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23(4) of the SEBI(LODR) Regulations, 2015, MOA/AOA and the Company's policy on RPT(s), accorded their

consent to the contract(s)/ arrangement(s)/ transaction(s) with Sonar Castings Limited (SCL), a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for investments/Corporate Guarantee for securing credit facility, up to an aggregate value not exceeding Rs.150 Crores, for the business activities of SCL related to its ductile Iron project at West Bengal.)

Transactions with related parties entered by the Company in the normal course of business during the year ended 31st March 2022 have been disclosed in reference to IND-AS 24 in Note 37.8 (c) of the financial statements and AOC-2 as **Annexure-6**.

#### **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**

During the year under review the credit ratings assigned to the company form Infomeric Valuation and Rating Private Limited for Long term Bank Facilities has been upgraded to **IVR A-** from IVR 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 uploaded to Stock Exchanges website within prescribed time period 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 Compliances**

The Company submits quarterly Compliance on Corporate Governance, Shareholding pattern, Grievances to Stock Exchanges in the prescribed format within stipulated time for four quarters during 1st April, 2021 to 31st March, 2022 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](http://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](http://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 are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES. During the year under report, there was no complaint on our Company posted at SCORES.

##### **(v) Reconciliation of Share Capital Audit**

As Stipulated by Securities and Exchange Board of India (SEBI), Practicing Company Secretary Pragati Gupta 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 submitted for quarter ended 30.06.2021, 30.09.2021, 31.12.2021 and 31.03.2022 on 14.07.2021, 18.10.2021, 21.01.2022 and 19.04.2022 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 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 has appointed M/s. Aman Malviya & Associates, Cost Accountants, Lucknow to undertake cost audit of the Company for year ended as at 31st March, 2022. Their remuneration was approved by the Board subject to the ratification by the members of the company.

-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 meet with all these prescriptions and residual requirements will be taken care.

Pursuant to Section 204(1) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Pragati Gupta, a Practising Company Secretary- (C.P.No.7878) to undertake the Secretarial Audit of the Company for year ended as at 31-03-2022. The Secretarial Audit Report was placed before the Board on August 08, 2022 as per **Annexure-7**. There are no qualifications in the Secretarial Audit Report.

#### (ix) Internal Auditor

Pursuant to Section 138(1) of the Act the Company has appointed M/s. VAA & Associates, Chartered Accountants, to conduct internal audit of the functions and activities of the Company for year ended as at 31st March 2022. 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 2022 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.

#### Loans and advances by the company and its subsidiary: -

During the year ended 31st March 2022 the particulars of the Loans Given by the company to a firm/company in which the Director is interested is as follows: -

Name of the company	M/s Sonar Casting Ltd
Amount of Loan	Rs. 875 Lacs

\* The shareholders of the Company in their EGM held on 10.03.2021 had pursuant to the provisions of Section 185, 186 & 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23(4) of the SEBI(LODR) Regulations, 2015, MOA/AOA and the Company's policy on RPT(s), accorded their consent to the contract(s)/ arrangement(s)/ transaction(s) with Sonar Castings Limited (SCL), a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for investments/Corporate Guarantee for securing credit facility, up to an aggregate value not exceeding Rs.150 Crores, for the business activities of SCL related to its ductile Iron project at West Bengal.

The subsidiary of the company has not given any Loan to a firm/ company in which the Director is interested.

#### 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 Directors and Shri Sanjay Jhunjhunwala is the Joint Managing Directors 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.

##### (ii) Shareholders' Rights

The 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 id's are advised to furnish same to mail id: -cs@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.

##### (iii) Audit Qualifications

The Company since inception has ensured to remain in the regime of unqualified financial statements. SEBI vide its circular dt.13th August 2012, has evolved a system to monitor audit qualification covered in Auditor's Report. Accordingly, listed companies while submitting Annual Report under Regulation 33(3)(d) of SEBI (LODR) Regulations, 2015 are required to furnish a declaration to that effect to the Stock Exchange(s). Our Company has complied with this SEBI Circular while furnishing the Audited Results for the financial year ended 31st March, 2022 under a declaration with the unmodified opinion.

##### Mandatory Compliances:-

The company is in compliance with the corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 shall be made in the section on corporate governance of the annual report.

The corporate governance report of the company for the year end 31st March, 2022 is in compliance with the Listing Regulations.

##### Non- Mandatory Compliances: -

(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: **There was no non-compliance during the FY 2021-22**, during the previous year FY 2020-21 a Fine of Rs.2,35,000/- was levied by NSE and BSE each for the Non- Compliance of Regulation 17(1) of SEBI (LODR), 2015 for 47 days.

- (ii) Inter-se relationships between Directors and Key Managerial Personnel of the Company: Shri L.K Jhunjhunwala is holding the position of Whole Time Director designated as Executive Chairman and his elder son Shri Aditya Jhunjhunwala is the Managing Directors and younger son Shri Sanjay Jhunjhunwala is the Joint Managing Directors of the Company
- (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. 37.8 (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-4**.
- (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 and Analysis Report forming the part of this Annual Report.
- (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, aggregate of Rs. 5,05,000/-.
- (xiv) There are no details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year, as no such proceedings initiated or pending.
- (xv) The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, are not required, as there was no instance of onetime settlement with any Bank or Financial Institution.

Date: 08.08.2022  
Place: Lucknow

Sd/-  
**L.K Jhunjhunwala**  
Chairman  
Din: 01854647

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

I, L.K. Jhunjhunwala, Chairman of M/s. K.M. Sugar Mills Limited, hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of conduct of Directors and Senior Management Personnel of the Company for the financial year 2021-22 and a confirmation to this effect has been obtained from them individually for the period under review.

Date: 08.08.2022  
Place: Lucknow

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

Sd/-  
**L.K Jhunjhunwala**  
Chairman  
Din: 01854647

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

We, Aditya Jhunjunwala, Managing Director and Arvind Kumar Gupta Chief Financial 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 and consolidated financial results for the quarter and year ended 31st March, 2022.

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

Date: 27.05.2022

Place: Lucknow

-Sd/-  
Arvind Kumar Gupta  
CFO

-Sd/-  
Aditya Jhunjunwala  
MD  
Din: 01686189

Annexure-3

#### Report on CSR

##### 1. Brief outline on CSR Policy of the Company:

The CSR policy of the company was approved on 30.10.2015 and is reviewed by the Board of Directors from time to time. It defines the company's relationship with the common stakeholders and the community for the social and the environmental good. It aims to work towards the elimination of all barriers for the social inclusion of disadvantaged groups – such as the poor, socially backward and financially excluded group of persons. CSR activities are carried out in an environment friendly manner.

The company will give special preference to the local areas and areas where it operates for spending the amount that is earmarked by the CSR Committee. The CSR policy serves as a guiding document and help the Company to identify, monitor and execute the CSR projects and keep it within the spirit of this policy. The policy lays down the guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan. Further the CSR policy of the company in compliance with the MCA circular dated 22nd January, 2021 is amended and to be approved by the Board of Directors of the company in their meeting to be held on 08th June, 2021 based on the recommendations of the CSR Committee.

##### 2. Composition of CSR Committee:

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. L.K Jhunjunwala (Chairman)	Whole Time Director	4	4
2.	Mr. Sanjay Jhunjunwala (Member)	Whole Time Director	4	4
3.	Mr. Sushil Solomon (Member)	Independent Director	4	3

- Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: [www.kmsugar.com](http://www.kmsugar.com)
- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable**
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

S. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	2019-20	-	-
2	2020-21	-	-
3	2021-22	-	-
	<b>TOTAL</b>	-	-

- Average net profit/ (Loss) of the last 3 year's company as per section 135(5): Rs. 31,48,89,840/-
- Two percent of average net profit/ (loss) of the company as per section 135(5): Rs. 62,97,797/-
  - Surplus arising out of the CSR projects or programs or activities of the previous financial years: Rs.1,96,34,116/-
  - Amount required to be set off for the financial year, if any: **NIL**
  - Total CSR obligation for the financial year (7a+7b- 7c): Rs.62,97,797/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. 2021-22 (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount	Date of transfer.
Rs. 1,73,01,805 /-	N.A.	-	N.A.	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year: **Not Applicable**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes / No).	Mode of Implementation – Through Implementing Agency	
				State	District.						Name	CSR Registration number
1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	TOTAL	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project.	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation – Direct (Yes/No).	Mode of implementation –Through implementing agency.	
				State	District.			Name.	CSR registration number.
1	Tree Plantation expense and hand Pump Installation and Blanket Distribution and Contribution to Mahila Swayam sahyta samhoo	Rural development projects	Yes	U.P.	Ayodhya	Rs.1,20,305/-	Yes	N.A.	N.A.

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project.	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation – Direct (Yes/No).	Mode of implementation –Through implementing agency.	
				State	District.			Name.	CSR registration number.
2	Contribution to government School	Promotion of education	Yes	U.P.	Ayodhya	Rs. 43,70,000/-	Yes	N.A.	N.A.
3	Oxygen Generation Plant	Covid Relief	Yes	U.P.	Ayodhya	Rs. 28,11,500/-	Yes	N.A.	N.A.
4	Hospital Construction	Promoting Health Care	Yes	U.P.	Ayodhya	Rs. 100,00,000/-	No	SHREE LAKSHMI PUBLIC CHARITABLE TRUST	CSR00026120
TOTAL (Rs.)						Rs. 1,73,01,805/-			
Donation to PM Cares Fund for Covid -19 Pandemic (Rs.)						0			
Total CSR expenditure for FY 2021-22 (Rs.)						Rs. 1,73,01,805/-			

(d) Amount spent in Administrative Overheads: **Nil**

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs.1,73,01,805/-

(g) Excess amount for set off, if any

S. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit/(loss) of the company as per section 135(5)	Rs.62,97,797 /-
(ii)	CSR obligation of the company	Rs. 62,97,797 /-
(iii)	Total amount spent for the Financial Year	Rs.1,73,01,805/-
(iv)	Excess amount spent for the financial year [(iii)-(ii)]	Rs.1,10,04,008/-
(v)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(vi)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Rs.1,09,00,000/-

9. (a) Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**

Sl. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	TOTAL	N/A	N/A	N/A	N/A	N/A	N/A

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **Not Applicable**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project -Completed / Ongoing.
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	TOTAL	N/A	N/A	N/A	N/A	N/A	N/A	N/A

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (Asset-wise details): **Not Applicable**

- (a) Date of creation or acquisition of the capital asset(s).
- (b) Amount of CSR spent for creation or acquisition of capital asset.
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **Not Applicable**

12. Pursuant to the provisions of Companies Act, 2013 and Companies Rules (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time, the CSR Committee, do confirm that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the Company.

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

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

1. We have examined the compliance of conditions of Corporate Governance by K M Sugar Mills Limited ("the Company"), for the year ended on March 31, 2022, as stipulated in:
  - The Listing Agreements of the Company with stock exchanges for the period April 1, 2021 to March 31, 2022
  - Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) for the period April 1, 2021 to March 31, 2022.
2. 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, 2021 to March, 31 2022 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, 2022.
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  
Sd/-**

**Pragati Gupta  
Proprietor**

Membership No. : A19302

C.P.No. 878

DIN -A019302D000778931

Date: 08.08.2022

Place: Lucknow

## CEO and CFO Certification

We, Aditya Jhunjunwala, Managing Director and Arvind Kumar 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, 2022, 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: 27.05.2022  
Place: Lucknow

**-Sd/-**  
**Arvind Kumar Gupta**  
**CFO**

**-Sd/-**  
**Aditya Jhunjunwala**  
**MD**  
**Din: 01686189**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

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

1. We have examined the status of directors for the year ended on March 31, 2022, 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").
2. It is neither an audit nor an expression of opinion regarding the legality of debarring or disqualification by the Securities and Exchange Board of India (SEBI)/Ministry of Corporate Affairs (MCA) or any such statutory authority.
3. 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.
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 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, 2022.

**For Pragati Gupta  
Company Secretaries**

Sd/-

**Pragati Gupta  
Proprietor**

Membership No. : A19302

C.P. No. 7878

UDIN -A019302D000778929

Date: 08.08.2022

Place: Lucknow

## 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	01.04.2021 to 31.03.2022
2	Reporting currency	Rs. in Lacs
3	Share Capital	5.00
4	Reserve & Surplus	-.09
5	Total Assets	5.09
6	Total Liabilities	5.09
7	Investments	0.00
8	Turnover	0.00
9	Profit before tax	0.17
10	Provision for tax	0.03
11	Profit after tax	0.14
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

Date: 27.05.2022  
Place: Lucknow

-Sd/-  
L.K. Jhunjunwala  
Chairman  
Din: 01854647

**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 arm's length transactions under third proviso thereto**

1. 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  
 (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- N.A

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:-

1	M/s Sonar Casting Ltd
2	M/s K M Strategic Investments & Holdings Private Limited

(b) Nature of contracts/arrangements/transactions:-

M/s Sonar Casting Ltd	Inter Corporate Deposit and Corporate Guarantee
M/s K M Strategic Investments & Holdings Private Limited	Investment in OFCD

(c) Duration of the contracts / arrangements/transactions: 01-04-2021 to 31-03-2022

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

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

(Rs. in lakhs)

Names of Related Party/Nature of Transaction	Value 2021-22/(2020-21)
M/s Sonar Casting Ltd/Corporate Guarantee for credit facilities availed	Rs. 7263.59 (Rs. 7549.59)
M/s Sonar Casting Ltd/Inter Corporate Deposit	Rs. 875.00(-)
M/s K M Strategic Investments & Holdings Private Limited/ Investment in OFCD	Rs. 500.00(-)

(e) Date(s) of approval by the Board, if any:

Transaction With	Reviewed and recommended by the Audit Committee	Approved by the Board	Approved by the Share-holders
M/s Sonar Casting Ltd	29.05.2019 and 10.11.2020	29.05.2019 and 10.11.2020	20.08.2019 AGM and 10.03.2021 EGM
M/s K M Strategic Investments & Holdings Private Limited	12.02.2022	12.02.2022	24.03.2022 EGM

(f) Amount paid as advances, if any: As given above in the RPT details.: N/A

For and on behalf of the Board of Directors  
-Sd/-L.K. Jhunjhunwala  
Chairman  
Din: 01854647Date: : 27.05.2022  
Place: Lucknow

**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, Moti Bhawan, Collectorganj, Kanpur - 208 001**

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

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

We hereby report that in our opinion

- i. The company has, during the audit period covering the financial year ended on 31st March, 2022 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, 2022 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;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not applicable as the Company has not made any such transaction during the financial year under review;**
  - d. Securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities And Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 [w.e.f 13.08.2021] - **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 and Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2021 [w.e.f 09.08.2021] - **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 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 [w.e.f 10.06.2021]- **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:
- The Sugar(Control) Order,1966
  - The Food Safety And Standards Act, 2006 and Rules and Regulations made there under;
  - The Essential Commodities Act,1955
  - The UP Sugarcane(Regulation of supply & Purchase) Act, 1953
  - The Legal Metrology Act, 2009
  - The Environment Protection Act, 1986
  - The Water (Prevention and Control Pollution) Act, 1974
  - The Air (Prevention and Control Pollution) Act, 1981

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

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

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

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

We further report that:

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

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

We further report that during the audit period there were following material event having bearing on the affairs of the Company.

- The shareholders of the Company in their EGM held on 24.03.2022 had pursuant to the provisions of Regulation 31A of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws and subject to approvals from BSE and NSE and such other approvals as may be necessary, approved the proposal for reclassification of Mrs. Uma Devi Jhunjunwala, Prakash Chandra Dwarkadas Jhunjunwala -HUF and Madhu Prakash Jhunjunwala (hereinafter referred to as the "Outgoing Promoters") who are part of Promoter Group holding 7401648 equity shares representing 8.04% of the paid-up capital of the Company, who had vide letter dated 07.02.2022 requested to reclassify their shareholding to 'Public' category. The Company has filed necessary application with BSE & NSE and the same are pending for approval.
- The shareholders of the Company in their AGM held on 29.09.2022, had pursuant to the provisions of Section 185 & 188 of the Companies Act, 2013 ("Act") and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23(4) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, accorded their consent to grant loan/ guarantee/investments by way of subscription/ purchase/conversion or otherwise Equity Shares/Preference Shares/Debentures (whether convertible or non-convertible) or any other financial instruments in entities covered under the provisions of Section 185(2) and related parties of the Company within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations of such sums not exceeding Rs.100 Crores, as may be decided by Board/Committee of Directors as permitted or subject to the provisions specified therein from time to time.

**For Pragati Gupta  
Company Secretaries  
-Sd/-**

**Pragati Gupta  
Proprietor**

Membership No. : A19302

C.P. No. 7878

UDIN - A019302D000778918

Date: 08.08.2022

Place: Lucknow

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

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

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 08.08.2022  
Place: Lucknow

**For Pragati Gupta  
Company Secretaries  
Sd/-  
Pragati Gupta  
Proprietor**

Membership No. : A19302  
C.P. No. 7878  
UDIN - A019302D000778918

## Annexure -8

**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, 2022.**

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	79	Chairman	BA	48	19.09.2015	166.08	-
2	Shri Aditya Jhunjunwala	51	Managing Director	B.COM	27	19.09.2015	190.80	-
3	Shri Sanjay Jhunjunwala	46	Joint Managing Director	MBA	23	19.09.2015	109.26	-

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

(Rs. In Lakhs)

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

**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**

(Rs. In Lakhs)

Name(s) of Whole time Directors	Designation	Remuneration -year ended 31-03-2022 (In Rs.)	Remuneration -year ended 31-03-2021 (In Rs.)	% increase/ (Decrease) in remuneration *	Ratio of remuneration to median remuneration of employees	Ratio of the remuneration to Net Profit year ended 31-03-2022
Shri L.K. Jhunjunwala	Whole Time Director	166.08	188.58	(11.93)%	7.90:1.00	0.00040:1.00
Shri Aditya Jhunjunwala	Mg. Director	190.80	200.36	(4.77)%	9.08:1.00	0.00046:1.00
Shri Sanjay Jhunjunwala	Jt. Mg. Director	109.26	110.61	(1.22)%	5.20:1.00	0.00026:1.00
Shri S.C. Agarwal	Exe. Director-cum- CEO	44.23	96.81	(54.31)%	2.20:1.00	0.00010:1.00

(Rs. In Lakhs)

Name(s) of Independent Directors	Remuneration – Year ended 31-03-2022 (In Rs.)	Remuneration in Year ended 31-03-2021 (In Rs.)	% increase in remuneration
Sh. S.K. Gupta	1.85	2.25	(17.7)%
Mrs. Madhu Mathur	1.55	1.95	(20.51)%
Dr. Sushil Solomon	1.35	1.25	8%
Sh. Bibhas Kumar Srivastav*	1.15	0.20	475%*

\* Shri. Bibhas Kumar Srivastav was appointed as the Independent (Non- Executive) Director of the company w.e.f 01st February, 2021 so the last year figure is not comparable.

(Rs. In Lakhs)

Name of KMP	Remuneration – Year ended 31-03-2022 (In Rs.)*	Remuneration year ended 31-03-2021 (In Rs.)	% increase in remuneration	Ratio of the remuneration to Net Profit for the year ended 31-03-2022
Sh. Arvind Gupta	18.66	18.52	0.76%	0.004:1.00
Ms. Pooja Dua	5.18	4.30	20.47%	0.001:1.00

\*The figures are comparable

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

SI 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	7.90:1.00 9.08:1.00 5.20:1.00 2.20:1.00	Note-1																																				
2	The percentage increase / decrease 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	(11.93)% (4.77)% (1.22)% (54.31)% 0.76%% 20.47%	Note-3																																				
3	The percentage increase in the median remuneration of employees in the financial year		5.78 %																																					
4	The number of permanent employees on the rolls of company		333 nos.																																					
5	The explanation on the relationship between average increase in remuneration and company performance	The performance of the Company during the year in terms of revenue and profitability is one of the important parameters considered while deciding the increase in the remuneration of the employees. The revision in remuneration of employees is based on the following fundamental principles, which directly impact the Company's performance : a-Demand –supply relationship of the job skill/ expertise; b-Company's need to retain and attract Human Resources and talent; c- Employee's social aspiration for enhancing standard of living; d- Increase in cost of living;		Note-2																																				
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	<table border="1"> <thead> <tr> <th colspan="3">Total Remuneration (Rs. In lacs)</th> </tr> <tr> <th colspan="2">Financial Year</th> <th>Increase/(Decrease) in %</th> </tr> <tr> <th>2020-21</th> <th>2021-22</th> <th></th> </tr> </thead> <tbody> <tr> <td>619.18</td> <td>534.21</td> <td>(13.72)%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="3">Revenue of the Company (Rs. In lacs)</th> </tr> <tr> <th>Financial Year</th> <th>Financial Year</th> <th>Increase in %</th> </tr> <tr> <th>2020-21</th> <th>2021-22</th> <th></th> </tr> </thead> <tbody> <tr> <td>50724.51</td> <td>55825.13</td> <td>10.05%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="3">Profit before Tax and exceptional items (Rs. In lacs)</th> </tr> <tr> <th>Financial Year</th> <th>Financial Year</th> <th>Increase/Decrease in %</th> </tr> <tr> <th>2020-21</th> <th>2021-22</th> <th></th> </tr> </thead> <tbody> <tr> <td>3423.03</td> <td>5593.40</td> <td>63.40%</td> </tr> </tbody> </table>		Total Remuneration (Rs. In lacs)			Financial Year		Increase/(Decrease) in %	2020-21	2021-22		619.18	534.21	(13.72)%	Revenue of the Company (Rs. In lacs)			Financial Year	Financial Year	Increase in %	2020-21	2021-22		50724.51	55825.13	10.05%	Profit before Tax and exceptional items (Rs. In lacs)			Financial Year	Financial Year	Increase/Decrease in %	2020-21	2021-22		3423.03	5593.40	63.40%	Note-3
Total Remuneration (Rs. In lacs)																																								
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2020-21	2021-22																																							
3423.03	5593.40	63.40%																																						

7	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year	Particulars	Unit	As at 31-03-2022	As at 31-03-2021	Variation	Increase/Decrease in %
		Closing rate at NSE	Rs.	29.8	11.65	156%	
		EPS Consolidated	Rs.	4.51	2.85	58.24%	
		Market Capitalization	Rs./ lacs	27416.05	10718.01	155%	
		Price Earnings Ratio	Ratio	6.61:1	4.08:1	62%	

**Notes:**

- All other directors (Independent) were paid only sitting fee for attending the meetings of the Board and Committees thereof.
- Commission was paid to the Whole Time Directors- Mr. L.K.Jhunjunwala and Mr. Aditya Jhunjunwala during the year under review. Further Directors' Remuneration which exceeds the limit specified under section 197 of the Companies Act, 2013 read with schedule V and was approved by the shareholders of the company in the 47th AGM of the company held on 10th September 2020.
- The remuneration levels and periodic increases have no direct correlation to the company's performance but are determined in the normal course of business and in line with industry norms.
- The company did not come out with Public Offer.

Date: 08.08.2022

Place: Lucknow

**Sd/-**  
**L.K Jhunjunwala**  
**Chairman**  
**Din: 01854647**

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## SWOT Analysis:

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

### Strengths

- Managing Regulations and Business Environment
- Resource Sustainability
- Farmer Sustainability
- Diverse Product Portfolio of Sugar Industry

### Weakness

- Labour scarcity and high cost of manual labour
- Irrigation Management to Enhance Water Availability

- Use of inorganic plant protection chemicals has not been very effective in controlling the major diseases and insect pests of sugarcane

- Seasonal in nature

### Opportunities

- Reducing Cost of Market Entry and Marketing into International Markets
- Developments in Artificial Intelligence
- Lucrative Opportunities in International Markets

### Threats

- Culture of sticky prices in the industry
- Increasing costs component for working in developed market
- Government policy and control.

## Segment-wise or product-wise performance.

Particulars	Sugar		Distillery		Co-generation		Unallocable		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Revenue</b>										
Gross sales	52,770	48,296	4,502	5,364	3,179	3,575	-	-	60,451	57,235
Less: Inter segment sales	3,784	4,984	1	7	1,832	1,971	-	-	5,617	6,962
<b>External sales</b>	48,986	43,312	4,501	5,357	1,347	1,604	-	-	54,834	50,273
Add: Other income	811	382	176	62	4	8	-	-	991	452
<b>Total revenue</b>	49,450	43,694	4,677	5,419	1,351	1,612	-	-	55,825	50,725
<b>Segment results</b>	6,051	3,007	216	848	505	667	-	-	6,772	4,522
Less: Finance cost	1,165	1,084	14	15	-	-	-	-	1,179	1,099
<b>Profit before tax</b>	4,886	1,923	202	833	505	667	-	-	5,593	3,423
Current tax										636
Deferred tax										163
<b>Profit after tax</b>										2,624
<b>Other information</b>										
Segment assets	54,708	52,595	6,855	6,899	2,688	2,966	-	-	64,251	62,460
Segment liabilities	36,829	38,989	1,496	1,473	40	25	655	629	39,020	41,116
Capital Expenditure	454	1,173	359	919	-	2	-	-	813	2,094
Depreciation and amortisation	830	817	535	501	153	169	-	-	1,518	1,487

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

### Risks and concerns.

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

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

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

### Internal control systems and their adequacy.

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

### Material developments in human resources / industrial relations front, including number of people employed.

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

### Details of significant changes of 25% or more in key financial ratios:

Particulars	Numerator	Denominator	31st March, 2022	31st March, 2021	Change
Current Ratio	Current assets	Current liabilities	1.19	1.20	-0.83%
Debt-Equity Ratio	Total Debt(Note 1)	Total Equity	0.89	0.94	-5.32%
Debt Service Coverage Ratio	Earnings available for debt service	Debt Service (Note 2)	2.07	1.46	41.78%*
Return on Equity Ratio	Profit for the year	Average Total Equity	17.81	13.10	35.95%*
Inventory turnover ratio	Revenue from Operations	Average Inventory	1.51	1.65	-8.48%
Trade Receivables turnover ratio	Revenue from Operations	Average Trade Receivable	31.80	24.91	27.66%**
Trade payables turnover ratio	Purchases and Other Services	Average Trade Payables	2.82	3.18	-11.32%
Net capital turnover ratio	Revenue from Operations	Working Capital	8.37	7.11	17.72%
Net profit ratio	Profit for the year	Revenue from Operations	7.56%	5.22%	234bps^
Return on Capital employed	EBIT	Capital Employed	14.02%	10.75%	327bps*
Return on investment	Profit for the year	Average Total Assets	6.55%	4.56%	199bps*

\* Higher profit earned during the year

\*\* Increased turnover and reduction in trade receivable

^ Led by higher operating margin

Note 1: Debt includes lease liabilities

Note 2: Debt service = Interest and Lease payments and Principal Repayments

Note 3: EBIT = Profit before exceptional items + Finance Costs

Note 4: Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liabilities

### Industry Facts: -

India is a major sugar producing country in the South-Asian region and has recorded bumper sugar production in the recent past. It has a strong sugar sector backed by a well-developed R&D set-up. This has helped the industry overcome most of the challenges, be it in the area of production, processing or other related sectors.

Even from very early period, as mentioned in medieval literature, India has been cultivating sugarcane and processing the cane. Slowly innovative technologies were developed to suit the time-based and location-specific demands that facilitated India to become a major player at the global level.

The sugar industry is inherently inclusive with the crop occupying around 5.0 million hectares, i.e. 2.57% of the gross cropped area and supporting over 7 million farmers and their families, along with workers and entrepreneurs of over 550 sugar mills. In India, sugar is an essential item of mass consumption, and the domestic demand is around 27 million tons per annum.

Sugar and jaggery are the cheapest source of energy, supplying around 10% of the daily calorie intake. Sugarcane has been projected as the crop for the future contributing to the production of not only sugar but also as a renewable source of green energy in the form of bio-fuels, bio-electricity and many bio-based products. The industry produces 370–400 million tons (MT) cane, 27–30 MT white sugar and 6–8 MT jaggery and khandsari every year.

Besides, about 3.2 billion litres of alcohol and 4700 MW of power and many chemicals are also produced. The industry has the capability to export around 3500 MW of power to the national grid. Sugar industry has gradually transformed into sugar complexes by producing sugar, bioelectricity, bioethanol, biomanure, bio-CNG and chemicals. The Indian sugar industry has been capable of meeting the sweetener and energy demand of the nation and to a great extent, has become self-reliant, showing the path to the other countries in building a productive, profitable and sustainable industry.

(<https://link.springer.com/article>).

### Global Sugar Industry

The world's largest sugar producers are, in order of size, Brazil, India, Thailand, China, and the United States.

**Brazil production** Brazil's already massive contribution to the world's sugar supply is expected to increase by one million tons in the 2022-2023 harvest year due in part to favorable weather. This is despite the fact that more Brazilian farmland is being devoted to soybeans and corn. The country's increase in production also is benefiting from a decision to shift a fraction of Brazil's sugar cane crop from ethanol production to sugar production. In addition to being the world's largest sugar producer, Brazil is second only to the United States in ethanol production. Since the mid-1990s, the volume of sugar cane harvested and processed in Brazil has almost tripled. That reflects the rising demand for sugar cane ethanol and renewable fuels in general. With no drop in food production over that time, Brazil has proved its viability as an effective and efficient ethanol powerhouse.

**India production** is India is not far behind Brazil in sugar production and, in fact, held the top spot as recently as 2020. It is also the world's leading sugar consumer, using 29 million metric tons per year. India

accounts for nearly 15% of the world's total sugar production. At the same time, domestic consumption of sugar is increasing. Its overall production is expected to decrease 3% to 35.8 million tons in 2022-2023.

**Thailand's production** Sugar cane is one of Thailand's most important crops, and the country is now rebounding from a drought that badly hurt its production in the 2020-2021 crop year. Production in 2022-2023 is expected to reach 10.5 million tons, a slight increase over the previous year. Thailand exports most of its sugar production and actually ranks second in the world (after Brazil) as an exporter. Domestic Thai sugar consumption is increasing, further reducing the country's export earnings from sugar.

**China's production** China's sugar production is expected to rise by 400,000 tons to 10.1 million tons with the 2022-2023 harvest. Although China is one of the world's largest sugar producers, it is a net importer of sugar and domestic demand for sugar has grown significantly during the past few decades. Historically, there has been a large gap between domestic prices, which are held high by the Chinese government to support its farmers, and international sugar prices, which have been falling. The Chinese domestic sugar sector has had difficulty competing internationally. It has higher production costs for sugar than some of its foreign competitors. China allows for 1.95 million tons of sugar imports a year at a tariff of 15% due to an agreement with the World Trade Organization. Imports beyond that amount are subject to higher tariffs of 50% and require extra permits.

(Source Investopedia)

-Global production is up slightly to 181.2 million tons.

- India is up 2.1 million tons to 8.4 million due to favorable weather and higher yields.
- Pakistan is up 465,000 tons to 7.1 million on greater area.
- Russia is down 550,000 tons to 6.0 million due to poor yields and extraction rate.
- Brazil dropped 650,000 tons to 35.4 million as unfavorable dry weather and a freeze lowered sugarcane yields.
- China fell 700,000 tons to 9.6 million due to unfavorable weather, lower yields, and competition with other crops such as corn.

- Global imports are down 2.0 million tons to 56.3 million.

- Ethiopia nearly quadrupled to 1.7 million tons on a trade data source change.
- Indonesia is raised 15 percent to 5.5 million tons on revised trade data.
- United States raised 385,000 tons on higher imports from Mexico and TRQ reallocations.
- China is lowered 500,000 tons due to high world prices and COVID-related logistics issues.

- Global exports are down 1.1 million tons to 64.3 million.

- India is raised 1.8 million tons to 8.8 million due to record exports following global supply shortfalls and competitive prices.
- Brazil falls 350,000 tons to 25.7 million on reduced exportable supplies.

- Global ending stocks are up 3.2 million tons to 48.9 million.
- Indonesia rises 1.2 million tons to 2.5 million as revised import data for the prior year raises beginning stocks.
- Pakistan is up 922,000 tons to 3.5 million on higher production from greater area.
- Thailand is raised 571,000 tons to 6.9 million on greater production and beginning stocks.
- EU climbs 412,000 tons to 1.8 million as production and imports were revised higher for the previous year.
- China drops 339,000 tons to 3.9 million on lower production and imports

(USDA)

### Indian Sugar Industry

Sugar mills across the country have produced 309.87 lac tons of sugar have been produced till 31st March 2022 as against 278.71 lac tons produced last year by 31st March 2021 i.e. higher by 31.16 lac tons. As on 31st March 2022, 152 mills had stopped crushing and 366 sugar mills in the country had still crushed. As compared to that, 284 mills had stopped operations last year as on 31st March 2021 and 221 mills were operating then.

**U.P. sugar mills** 120 sugar mills which were in operation and produced 87.50 lac tons of sugar till 31st March 2022. Out of 120 sugar mills, 32 sugar mills stopped crushing operations, most of them were located in Eastern U.P. Similar number of mills operated last year in the State and had produced 93.71 lac tons as on 31st March 2021. 39 mills had closed their crushing operations on the corresponding date last year.

**In Maharashtra,** sugar production till 31st March' 2022 was 118.81 lac tons, compared with 100.47 lac tons produced last year same period. In the current 2021-22 SS, 30 mills have closed their crushing operations in the State, most of them was of Kolhapur region and a few in Solapur region, and remaining 167 sugar mills still operating till that date. Mills therein have so far crushed about 1143 lac tons of sugarcane, which was highest ever in the history of the State surpassing about 1014 lac tons cane crushed in the complete 2020-21 season. On the corresponding date in last season, 114 mills closed their operations while 76 mills were in operation on that date.

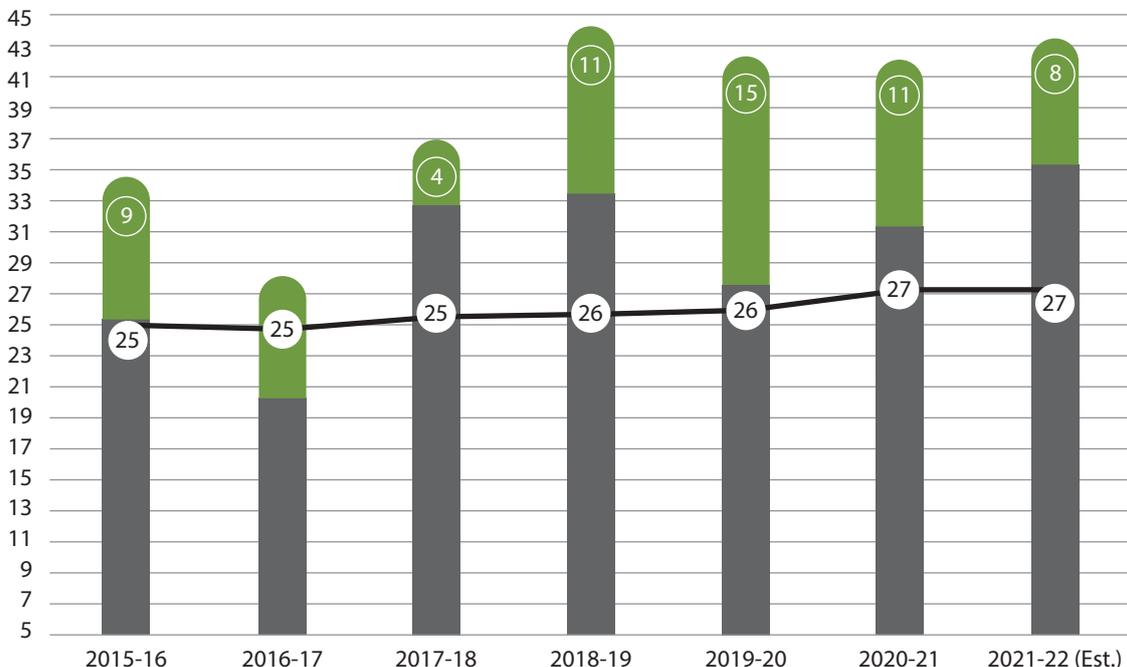
**In Karnataka,** till 31st March, 2022, 72 sugar mills had produced 57.65 lac tons of sugar. Similar to Maharashtra, this is by far the highest ever sugar production in the State. Out of the 72 sugar mills, 51 mills closed their operations in the State by 31st March 2022 and 21 mills still operated. During the corresponding period last year, 66 sugar mills had produced 42.38 lac tons' sugar. Of the which 66 sugar mills, 65 had ended their operations by 31st March 2021 and only 1 mill was operational as on 31st March 2021, last year.

**In Tamil Nadu,** 28 sugar mills commenced their crushing operations for 2021-22 SS and produced 6.87 lac tons of sugar, as compared to 5.08 lac tons produced by 26 sugar mills in 2020-21 SS on the corresponding date i.e. 31st March,2021.

**In the remaining States of Gujarat,** Andhra Pradesh, Telangana, Bihar, Uttarakhand, Punjab, Haryana and Madhya Pradesh, Chhattisgarh, Rajasthan and Odisha concluded their crushing operations for the season and have collectively produced 29.04 lac tons till 31st March,2022.

### India: structural surplus sugar produces

(in million tons)



Source: ISMA

### Export of sugar in sugar season 2021-22 is 15 times that of 2017-18

Export of sugar in current sugar season 2021-22 is 15 times of export as compared to export in sugar season 2017-18. The major importing countries are Indonesia, Afghanistan, Sri Lanka, Bangladesh, UAE, Malaysia and African Countries.

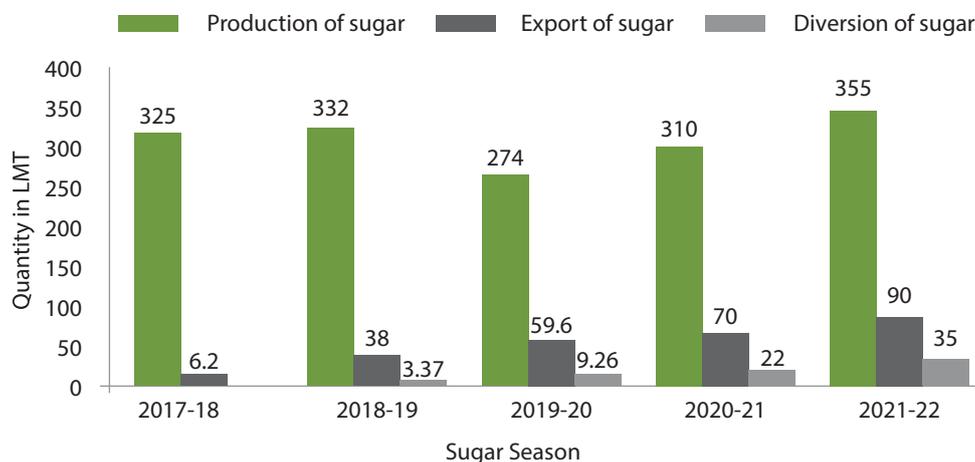
In sugar seasons 2017-18, 2018-19 & 2019-20, about 6.2 LMT, 38 LMT & 59.60 LMT of sugar was exported. In sugar season 2020-21 against target of 60 LMT about 70 LMT have been exported. About Rs 14,456 Cr released to sugar mills in past 5 years to facilitate export of sugar & Rs. 2000 cr as carrying cost for maintaining buffer stock. Since, the international prices of sugar are in uptrend & stable, so, contracts for export of about 90 LMT have been signed to export sugar in current sugar season 2021-22 & that too without announcement of any export subsidy; out of which 75 LMT have been exported till 18.05.2022.

In order to find a permanent solution to address the problem of excess sugar, Government is encouraging sugar mills to divert excess sugarcane to ethanol. With the vision to boost agricultural economy, to reduce dependence on imported fossil fuel, to save foreign exchange on account of crude oil import bill & to reduce the air pollution, Government has fixed target of 10% blending of fuel grade ethanol with petrol by 2022 & 20% blending by 2025.

Till year 2014, ethanol distillation capacity of molasses-based distilleries was only about 215 cr litres. However, in past 8 years due to the policy changes made by the Government, the capacity of molasses-based distilleries has been increased to 569 cr litres. Capacity of grain-based distilleries which was 206 cr ltrs in 2014 has increased to 298 cr ltrs. Thus, the total ethanol production capacities have increased from 421 cr ltrs to 867 cr ltrs in just 8 years.

Supply of ethanol to OMCs was only 38 crore litres with blending levels of only 1.53 % in ethanol supply year (ESY) 2013-14. Production of fuel grade ethanol and its supply to OMCs has increased by 8 times from 2013-14 to 2020-21. In ethanol supply year 2020-21 (December - November), about 302.30 cr ltrs of ethanol has been supplied to OMCs thereby, achieving 8.1% blending levels, which is historically highest.

In the current ESY 2021-22, about 186 cr ltrs ethanol have been blended with petrol till 08.05.2022 thereby achieving 9.90% blending. It is expected that in current ethanol supply year 2021-22, we will be achieving 10% blending target.



Impact on country's economy due to 20% blending by 2025.

- It would benefit maize & paddy farmers, would address surplus grain problem; about 165 lakh tons of grains will be utilized.
- Diversion of 60 lakh tons of surplus sugar would address the problem of surplus sugar, checks depressed sale of sugar, improves liquidity of sugar mills and will ensure timely payment of cane dues of farmers
- It will bring new investment opportunities as about Rs. 41,000 crore would be invested to set up new distilleries in rural areas & would result in job creation in villages.
- Would improve air quality, reduces Carbon Monoxide emission by 30-50% & Hydrocarbon by 20%.
- Would save foreign exchange of more than Rs. 40,000 cr on account of crude oil import bill and would reduce dependence on imported fossil fuel thereby would help in achieving the goal of Atmanirbhar Bharat in petroleum sector.

In normal Sugar Season (October- September), production of sugar is around 340-350 Lakh Metric Tonne (LMT) as against the domestic consumption of 270-280 LMT which results in huge carry over stock of sugar with mills. Due to excess availability of sugar in the country, the ex-mill prices of sugar remain subdued & even fell around Rs. 24-26 / kg which was even below the cost of production of sugar resulting in cash loss to sugar mills resulting in cash loss to sugar mills. This excess stock of 70 LMT also leads to blockage of funds & affects the liquidity of sugar mills resulting in accumulation of cane price arrears.

With a view to prevent cash loss to sugar mills caused due to subdued sugar prices, Government in June, 2018 has introduced the concept of Minimum Selling Price (MSP) of sugar & fixed MSP of sugar at Rs. 29/ kg which was revised to Rs. 31/ kg w.e.f 14.02.2019.

### Global sugar prices: -

As global sugar prices continue to remain firm, Indian sugar industry body Indian Sugar Mills Association (ISMA) has requested the central government to announce permission for export of 80 lakh tonnes of sugar in 2022-23.

ISMA has requested the government to review the current sugar export policy and allow export of at least 80 lakh tonnes of sugar under Open General License (OGL) during the next sugar season starting October 1, 2022.

### Sugar production Forecast

According to ISMA, the area under sugarcane plantation for 2022-23 is expected to be higher by 2% than the ongoing sugar season. As the IMD has forecast a normal monsoon in 2022, ISMA thinks that it will augur well for the sugarcane crop during its growth phase.

The sugar production in 2022-23 will not be less than the sugar production of the current year, which is 394 tonnes without considering diversion for ethanol. The cane that was diverted for ethanol in the current year was equivalent to 34 lakh tonnes of sugar, the letter said.

“However, it appears that the sugar production in the next year could be on the higher side. Therefore, even after an expected higher diversion of sugar towards production of ethanol next year, there will be sufficient surplus sugar available for exports,” said ISMA.

### Diversion of sugar equivalent into ethanol

#### Encouragement to divert sugarcane juice/syrup and B-heavy molasses to ethanol, instead of more sugar

	2019-20	2020-21	2021-22 (P)	2022-23 (E)
Ethanol procured /targeted (in billion litres)	1.73	2.96	4.5	5.50
All-India average blending	5%	8.1%	10%	12%
Sugar equivalent diverted (in million tons)	0.8	2.1	3.4	5.0

### Benefits from rising demand for fuel-grade ethanol

Oil marketing companies (OMCs) will use fuel-grade ethanol for manufacturing ethanol-blended petrol. The government is targeting to achieve E20 petrol (20% ethanol blended in petrol) by 2025 through the National Policy of Biofuels, 2018. This initiative has created a huge opportunity for fuel-grade ethanol players, given the wide gap between demand and supply. Furthermore, the company has entered into long-term agreement for 10 years with OMCs, which will continue to support the business.

### Power Sector

Power is among the most critical components of infrastructure, crucial for the economic growth and welfare of nations. The existence and development of adequate power infrastructure is essential for sustained growth of the Indian economy.

### Ethanol has been a game changer for the sugar industry

The government announced an incentive to encourage sugar companies to divert excess sugar cane stock in producing ethanol, which can be blended with petrol and used as fuel in vehicles.

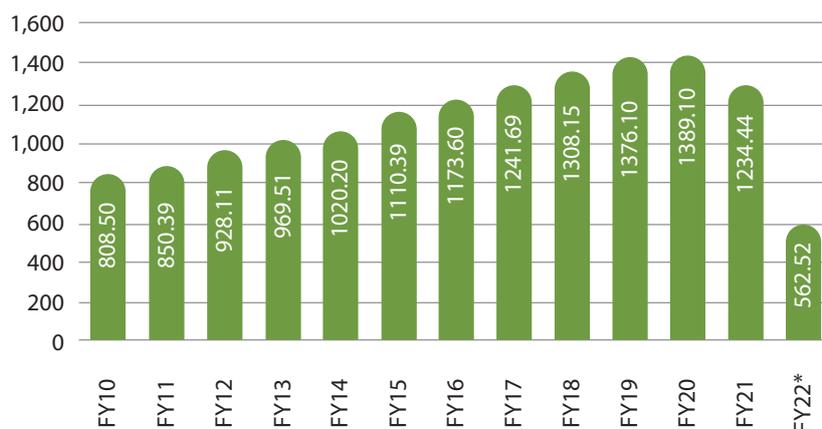
Besides, this is also a good solution to address the problem of excess sugar production in the country.

- For the 10% ethanol blending target in 2022, there is need of around 4.5 billion litres
- Supplies in first 5 months has been about 1.7 billion litres
- Have achieved 9.8% average blending with gasoline across the country as of 25th April, 2022
- In some places, the blending has touched 11% too
- To achieve the target of 20% ethanol blending with gasoline in 2025
- 10.2 billion litres of ethanol is estimated to be required

India’s power sector is one of the most diversified in the world. Sources of power generation range from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power to viable non-conventional sources such as wind, solar, and agricultural and domestic waste. Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required.

India was ranked fourth in wind power, fifth in solar power and fourth in renewable power installed capacity, as of 2020. India is the only country among the G20 nations that is on track to achieve the targets under the Paris Agreement..

**Total generation in India FY22 (including renewable sources) (BU)**



Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistics, finances, and manpower).

India is the third-largest producer and second-largest consumer of electricity worldwide, with an installed power capacity of 395.07 GW, as of January 2022.

As of January 2022, India's installed renewable energy capacity stood at 152.36 GW, representing 38.56% of the overall installed power capacity. Solar energy is estimated to contribute 50.30 GW, followed by 40.1 GW from wind power, 10.17 GW from biomass and 46.51 GW from hydropower.

The renewable energy capacity addition stood at 8.2 GW for the first eight months of FY22 against 3.4 GW for the first eight months of FY21.

For FY21, electricity generation attained from conventional sources was at 1,234.44 BU, comprising 1,032.39 BU of thermal energy; hydro energy (150.30 BU) and nuclear (42.94 BU). Of this, 8.79 BU was imported from Bhutan.

Coal-based power installed capacity in India stood at 203.9 GW in January 2022 and is expected to reach 330-441 GW by 2040.

The peak power demand in the country stood at 203.01 GW in 2021.

### GOVERNMENT INITIATIVES

The Government of India has identified power sector as a key sector of focus to promote sustained industrial growth. Some initiatives by the Government to boost the Indian power sector are as below:

- Under the Union Budget 2022-23, the government announced the issuance of sovereign green bonds, as well as conferring infrastructure status to energy storage systems, including grid-scale battery systems.
- In the Union Budget 2022-23, the government allocated Rs. 19,500 crore (US\$ 2.57 billion) for a PLI scheme to boost the manufacturing of high-efficiency solar modules.

- Electrification in the country is increasing with support from schemes like Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), Ujwal DISCOM Assurance Yojana (UDAY), and Integrated Power Development Scheme (IPDS).
- In February 2022, a parliamentary standing committee recommended the government take steps to increase the loan limit for the renewable energy sector under priority sector lending. The current limit stands at Rs. 30 crore (US\$ 3.93 million).
- In December 2021, West Bengal received a loan approval for US\$ 135 million from the International Bank for Reconstruction and Development (also called the World Bank) to improve the operational efficiency and reliability of electricity supply in select regions in the state.
- In November 2021, the government announced future plans to increase the funding under the PLI scheme for domestic solar cells and module manufacturing to Rs. 24,000 crore (US\$ 3.17 billion) from the existing Rs. 4,500 crore (US\$ 594.68 million) to make India an exporting nation.
- In November 2021, Energy Efficiency Services Limited (EESL) stated that it will partner with private sector energy service companies to scale up its Building Energy Efficiency Programme (BEEP).
- In September 2021, the Government of the United Kingdom announced that it will invest US\$ 1.2 billion through public and private investments in green projects and renewable energy in India to support the latter's target of 450 GW of renewable energy by 2030.
- In September 2021, Mr. Raj Kumar Singh, Minister of Power, New and Renewable Energy, met with his Danish colleague, Mr. Dan Jrgensen, and announced to expand their cooperation in renewable energy, particularly offshore wind and green hydrogen.
- In July 2021, Ministry of Petroleum and Natural Gas, Government of India owned GAIL lined up Rs. 5,000 crore (US\$ 671.14 million) for setting up two plants each for producing ethanol and compressed biogas (CBG) from municipal waste.

(IBEF)

# STANDALONE FINANCIAL STATEMENTS

# 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 KM Sugar Mills Limited ("the Company") which comprises the Balance Sheet as at March 31, 2022, 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.

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, 2022, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 financial statements under the provisions of the Act and the Rules there-under, 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 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	<p><b>Valuation of inventory of sugar:</b></p> <p>As on March 31, 2022, the Company has inventory of sugar with a carrying value INR 37321 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 standalone financial statements and significant judgement involved in the consideration of factors such as minimum sale price, fluctuation in selling prices and related notifications of the Government in valuation of NRV.</p>	<p><b>Principal Audit Procedures</b></p> <p>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 and notifications of the Government of India, initiatives taken by the Government with respect to sugar industry as a whole.</p> <p>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>

<b>2</b>	<p><b>Contingent Liabilities :</b></p> <p>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.</p> <p>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><b>Principal Audit Procedures</b></p> <p>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"> <li>• understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases;</li> <li>• discussing with management any material developments and latest status of legal matters;</li> <li>• 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;</li> <li>• examining management's judgements and assessments whether provisions are required;</li> <li>• considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote;</li> <li>• reviewing the adequacy and completeness of disclosures;</li> </ul> <p>Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable.</p>
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**Information other than the 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, 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 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.

**Responsibilities of Management and those charged with governance 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 standalone 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 standalone 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 benefit of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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, based on our report 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.
- e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in

**Annexure 'B'.** Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with 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, there is no moneys paid by the Company to its directors during the year in accordance with the provisions of section 197 of the Act.

- 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, as amended, 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 37.5 to the standalone 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and;

iv.a) Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise,

that the Intermediary shall, whether, directly or indirectly lend or invest in persons or entities identified in any manner whatsoever by or on behalf of the Company ("ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate Beneficiaries;

- b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under clause (a) and (b) above, contain any material misstatement.
- (v) In our opinion, the interim dividend declared and paid by the Company during the year is in accordance with Section 123 of the Act, to the extent it applies to payment of interim dividend.

For **Agiwal & Associates**

Chartered Accountants  
Firm Registration No.: 000181N

P. C. Agiwal  
Partner

M. No.: 080475

UDIN:22080475AKFBDD9512

Place: New Delhi

Date: 27.05.2022

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

**The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements of KM Sugar Mills Limited for the year ended 31st March, 2022, we report that:**

- (i) In respect of Company's Property, Plant and Equipment and Intangible Assets:
- The Company is maintaining proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment (PPE) and relevant details of right-of-use assets on the basis of available information;
  - The Company has maintained proper records showing full particulars of intangible assets.
  - The Property, Plant and Equipment of the Company have been physically verified by the management at reasonable intervals as per information provided to us and as explained; no material discrepancies were noticed on such verification;
  - Based on our examination of lease agreement for land on which building is constructed, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the standalone financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
  - The company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(f) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made there under.

(ii)(a) 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.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs.5 crore, in aggregate, during the year from banks on the basis of security of current assets and the statements filed with the banks by the company are in agreement with the books of account other than those set out in Note No. 37.34 having difference because of statements filed with the lenders are based on provisional basis and also because of exclusion of certain current assets in the statement filed with the lenders.

(iii)(a) The Company has, during the year, made investments in one company and provided loans to one company other than subsidiary, joint ventures and associates during the year in respect of which:

the aggregate amount of investment made and loan given during the year and balance outstanding at the balance sheet date with respect to such loans or advances to company other than subsidiaries, joint ventures and associates.

Sl.No.	Nature	Aggregate Amount (Rs. in lakhs)	Outstanding at the balance sheet date (Rs. in lakhs)	Relationship
1	Loan Provided	875.00	875.00	KMP and their relatives have substantial interest/significant influence
2	Investments made in Optionally Fully Convertible Debentures (OFCD)	500.00	500.00	KMP and their relatives have substantial interest/significant influence

The above amount is appearing in Note 4 on Non Current Loans and Note 5 on Non Current Investments.

- In our opinion and according to the information and explanations given to us, the investments made and loan provided by the company and the terms and conditions of the grant of loans and investments made, during the year are prima facie, not prejudicial to the Company's interest.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated, however as per terms, the repayment of the loan

or interest has not fallen due during the year. Thus, there has been no default on the part of the party to whom the money has been lent. Further, the Company has not given any advance in the nature of loan to any party during the year.

- In our opinion and according to the information and explanations given to us, no amount is overdue for more than ninety days in respect of the aforesaid loans as per repayment schedule of principal and payment of interest.

- (e) No loan granted by the Company which has fallen due during the year and has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.
- (f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. The company has granted loan of Rs.875 lakhs to the entity related to the promoters, a related party as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act").
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the 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 are prima facie maintained by the

company. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

- (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, duty of customs, Goods and service tax and any other material statutory dues to the appropriate authorities to the extent these are applicable.
- (b) According to the information and explanations given to us, in respect of statutory dues, no undisputed dues were in arrears as at 31st March, 2022 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, the following dues of income tax, sales tax, duty of excise, service tax, and value added tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Gross demand Amount (Rs. in lakhs )	Amount paid under protest (Rs. in lakhs )	Period to which pertain	Forum where dispute is pending
Entry Tax Act	Entry Tax	1.34	1.34	2012-13	Additional Commissioner (Appeal), Commercial Tax, Faizabad
Income Tax Act	Income Tax	6.50	-	2017-18	Commissioner of Income Tax (Appeal)

- (viii) According to the information and explanations given to us and the records of the Company examined by us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961(43of 1961).
- (ix)a) According to the records of the company examined by us and the and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest there on to any lender.
- b) According to the information and explanations given to us and on the basis of audit procedures, we report that the company has not been declared willful defaulter by any bank or financial institution or government or any government authority
- c) In our opinion and according to information and explanation given to us, the company has applied the Term loan for the purpose for which the loans were obtained.
- d) According to the information and explanations given to us and on the basis of audit procedures performed by us and on an overall examination of the standalone financial statements of

the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

- e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.
- f) According to the information and explanations given to us and procedures performed by us, the company has not raised any loans on pledge of security held in its subsidiaries, joint ventures or associate companies during the year and hence reporting on clause 3(ix) (f) of the order is not applicable.
- (x)a) According to information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer or private placement of share or convertible debentures. Accordingly, para (x)(a) of the order is not applicable.
- b) 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.

- (xi)(a) 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;
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company;
- (c) To the best of our knowledge and according to the information and explanations given to us, no whistle blower complaints were received by the Company during the year.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, para (xii) of the order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statement as required by the applicable accounting standards.
- (xiv)(a) In our opinion and according to the information and explanation given to us, the Company has an adequate internal audit system commensurate with the size and the nature of its business;
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year in determining the nature, timing and extent of our audit procedures.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him in term of section 192 of Act. Accordingly, para (xv) of the order is not applicable.
- (xvi)(a) As per our information, the company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the order is not applicable.

(b) Based on the information and explanations provided by the management of the Company, there is not more than one core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year and accordingly the reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and based on our examination of the records of the company and on the basis of the financial ratios (refer Note 37.33 to the standalone financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) There are no unspent amounts towards Corporate Social Responsibility (CSR) requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the order is not applicable for the year.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of the standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Agiwal & Associates**  
Chartered Accountants  
Firm Registration No.: 000181N

P. C. Agiwal  
Partner

Place: New Delhi  
Date: 27.05.2022

M. No.: 080475  
UDIN: 22080475AKFBDD9512

## 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 2022 in conjunction with our audit of the Ind AS standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

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

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

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

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, 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  
Firm Registration No.: 000181N

P. C. Agiwal  
Partner

Place: New Delhi  
Date: 27.05.2022

M. No.: 080475  
UDIN: 22080475AKFBDD9512

# Standalone Balance Sheet

for the year ended 31st March, 2022

(Rs. in lakhs)

Particulars	Notes No.	As at 31st March, 2022	As at 31st March, 2021
<b>ASSETS</b>			
<b>(1) Non current assets</b>			
(a) Property, plant and equipment	3	10,515.57	10,239.44
(b) Capital work in progress	3A	24.55	815.76
(c) Intangible assets	3B	4.57	0.57
(d) Right-of-use-assets	3C	5,345.83	5,591.36
(e) Financial assets			
(i) Loans	4	875.00	-
(ii) Investments	5	2,932.55	2,371.68
(iii) Other financial assets	6	496.03	615.68
(f) Non current tax assets (net)	7	-	24.47
(g) Other non current assets	8	2,485.72	172.15
<b>Total non current assets</b>		<b>22,679.82</b>	<b>19,831.11</b>
<b>(2) Current assets</b>			
(a) Inventories	9	38,336.23	36,135.82
(b) Financial assets			
(i) Investments	10	25.76	1.82
(ii) Trade and other receivables	11	1,491.32	1,956.85
(iii) Cash and cash equivalents	12	842.37	540.59
(iv) Bank balances other than cash and cash equivalents	12A	51.59	43.26
(v) Other financial assets	13	38.84	3,359.24
(c) Other current assets	14	785.51	591.14
<b>Total current assets</b>		<b>41,571.62</b>	<b>42,628.72</b>
<b>Total assets</b>		<b>64,251.44</b>	<b>62,459.83</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	15	1,840.00	1,840.00
(b) Other equity	16	23,390.99	19,504.06
<b>Total equity</b>		<b>25,230.99</b>	<b>21,344.06</b>
<b>LIABILITIES</b>			
<b>(1) Non current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	2,609.87	4,049.48
(ii) Lease liability	18	-	0.58
(iii) Other financial liabilities	19	96.39	122.17
(b) Other non current liabilities	20	162.57	280.83
(c) Deferred tax liabilities (net)	21	655.49	628.63
(d) Provisions	22	478.74	476.50
<b>Total non current liabilities</b>		<b>4,003.06</b>	<b>5,558.19</b>
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	23	19,805.31	16,050.57
(ii) Lease liability	18	0.58	6.59
(iii) Trade and other payables	24	13,277.44	17,596.96
(iv) Other financial liabilities	25	1,064.90	1,207.84
(b) Other current liabilities	26	832.20	660.26
(c) Current Tax liability (net)	7	2.44	-
(d) Provisions	22	34.52	35.36
<b>Total current liabilities</b>		<b>35,017.39</b>	<b>35,557.58</b>
<b>Total equity and liabilities</b>		<b>64,251.44</b>	<b>62,459.83</b>

## Corporate Information

1

Significant Accounting Policies and accompanying notes 2 to 37 form an integral part of standalone financial statements

As per our report of even date attached

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 Jhunjhunwala  
Managing Director  
(DIN-01686189)

Place : Lucknow  
Date : 27th May, 2022

A. K. Gupta  
Chief Financial Officer

Pooja Dua  
Company Secretary  
(M. No. A50996)

## Standalone statement of Profit and Loss for the year ended 31st March, 2022

(Rs. in lakhs)

Particulars	Note No.	Year Ended 31st March, 2022	Year Ended 31st March, 2021
<b>I Revenue From Operations</b>	27	54,834.10	50,273.15
II Other Income	28	991.03	451.36
<b>III Total Income (I+II)</b>		<b>55,825.13</b>	<b>50,724.51</b>
<b>IV EXPENSES</b>			
Cost of materials consumed	29	42,013.64	43,932.87
Purchase of stock in trade	30	179.24	1,823.67
Changes in inventories of finished goods, by-products and work-in-progress	31	(2,263.74)	(9,367.75)
Employee benefit expenses	32	1,403.84	1,411.50
Finance costs	33	1,179.22	1,098.78
Depreciation and amortisation expenses	34	1,517.62	1,486.65
Other expenses	35	6,201.91	6,915.76
<b>Total expenses</b>		<b>50,231.73</b>	<b>47,301.48</b>
V Profit/(loss) before exceptional items and tax (III-IV)		5,593.40	3,423.03
VI Exceptional Items		-	-
<b>VII Profit/(loss) before tax (V-VI)</b>		<b>5,593.40</b>	<b>3,423.03</b>
<b>VIII Tax expenses :</b>	36		
Current tax		1,393.48	635.54
Tax expense of earlier year		-	0.17
Deferred tax		53.12	163.20
		<b>1,446.60</b>	<b>798.91</b>
<b>IX Profit (Loss) for the period (VII-VIII)</b>		<b>4,146.80</b>	<b>2,624.12</b>
<b>X Other Comprehensive Income :</b>			
(i) Items that will not be reclassified to profit and loss :			
Gain / (Loss) arising on actuarial valuation arising on defined benefit obligation		(1.15)	(9.92)
Gain / (Loss) arising on fair valuation of fixed assets		-	-
Gain / (Loss) arising on fair valuation of equity instruments		(103.19)	(7.42)
(ii) Income tax relating to items that will not be reclassified to profit and loss		26.26	4.36
		<b>(78.08)</b>	<b>(12.98)</b>
<b>XI Total Comprehensive Income for the period (IX+X) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)</b>		<b>4,068.72</b>	<b>2,611.14</b>
<b>XII Earnings per equity share ( Equity share of Rs. 2/- each)</b>			
(1) Basic		<b>4.51</b>	<b>2.85</b>
(2) Diluted		<b>4.51</b>	<b>2.85</b>

### Corporate Information

1

Significant Accounting Policies and accompanying notes 2 to 37 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 : Lucknow

Date : 27th May, 2022

For and on behalf of Board of Directors

S. C. Agarwal

Executive Director  
(DIN-02461954)

A. K. Gupta

Chief Financial Officer

Aditya Jhunjhunwala

Managing Director  
(DIN-01686189)

Pooja Dua

Company Secretary  
(M. No. A50996)

## Standalone Statement of Cash Flows for the year ended 31st March, 2022

(Rs. in lakhs)

S.No.	Particulars	Year ended 31st March, 2022		Year ended 31st March, 2021	
<b>A.</b>	<b>Cash flow from operating activities</b>				
	<b>Profit before tax</b>		<b>5,593.40</b>		<b>3,423.03</b>
	<i>Adjustment to reconcile profit before tax to net cash flow provided by operating activities:</i>				
	Depreciation and amortisation expense	1,517.62		1,486.65	
	Finance costs	1,179.22		1,098.78	
	Transfer to storage fund for molasses	2.21		3.34	
	Provision/(reversal) of doubtful debts	(191.40)		(2.46)	
	Balances written off	155.89		29.07	
	Interest Income	(122.52)		(23.22)	
	Government Grant	(113.37)		(179.75)	
	Fair valuation on investment and others	(76.93)		403.61	
	Loss/(Profit) on sale of property, plant and equipments	28.90		8.10	
	Unspent liabilities/balances written back	(131.36)		(56.39)	
	Other measurement expenses/(income)	(54.79)		(7.30)	
	Remeasurement of defined benefit obligation	(1.15)	<b>2,192.32</b>	(9.92)	<b>2,750.51</b>
	<b>Operating Profit before working capital changes</b>		<b>7,785.72</b>		<b>6,173.54</b>
	<i>Adjustment to reconcile operating profit to cash flow provided by change in working capital</i>				
	(Increase)/Decrease in trade and other receivables	465.53		122.54	
	(Increase) / Decrease in inventories	(2,200.41)		(9,364.21)	
	(Increase) / Decrease in Current & Non current Assets	(2,486.88)		397.40	
	(Increase) / Decrease in financial Assets	2,536.02		(515.15)	
	Increase / (Decrease) in trade payables & Others	(4,319.52)		5,737.45	
	Increase / (Decrease) in current & non current liabilities	298.41		(1,293.03)	
	Increase / (Decrease) in other financial liabilities	(93.87)		27.57	
	Increase / (Decrease) in provisions	1.40		(43.18)	
			<b>(5,799.32)</b>		<b>(4,930.61)</b>
	<b>Cash generated from operations</b>		<b>1,986.40</b>		<b>1,242.93</b>
	Tax expense		(1,392.83)		(531.64)
	<b>Net cash generated from operating activities (A)</b>		<b>593.57</b>		<b>711.29</b>
<b>B.</b>	<b>Cash Flow from investing activities</b>				
	Addition to property, plant and equipment (including capital work in progress) (Net)	(812.72)		(2,094.34)	
	Proceed from Sale of property, plant and equipment	22.80		26.14	
	Investment in equity and other (Net)	(584.80)		(40.28)	
	Interest income received	143.23	<b>(1,231.49)</b>	11.94	<b>(2,096.54)</b>
	<b>Net cash used in investing activities (B)</b>		<b>(1,231.49)</b>		<b>(2,096.54)</b>

## Standalone Statement of Cash Flows for the year ended 31st March, 2022

(Rs. in lakhs)

S.No.	Particulars	Year ended 31st March, 2022		Year ended 31st March, 2021	
<b>C.</b>	<b>Cash flow from financing activities</b>				
	Proceed/(Repayments) of long term borrowings	(2,166.56)		(721.28)	
	Proceeds/(Repayments) of short term borrowings	4,481.69		3,413.59	
	Dividend paid	(184.00)		-	
	Finance cost paid	(1,191.43)	<b>939.70</b>	(1,138.62)	<b>1,553.69</b>
	<b>Net cash from financing activities (C)</b>		<b>939.70</b>		<b>1,553.69</b>
	<b>Net increase in cash &amp; cash equivalents (A+B+C)</b>		<b>301.78</b>		<b>168.44</b>
<b>D.</b>	<b>Opening cash and cash equivalents</b>		540.59		372.15
<b>E.</b>	<b>Closing cash and cash equivalents for the purpose</b>		<b>842.37</b>		<b>540.59</b>
	<b>Increase in cash &amp; cash equivalents (D-E)</b>		<b>301.78</b>		<b>168.44</b>

**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	6.33	7.55
Cheque on hand	39.68	0.69
Balances with Banks	102.37	532.35
Fixed deposit with Bank original maturity upto 3 months	693.99	-
<b>Supplementary Information</b>	<b>842.37</b>	<b>540.59</b>
- Restricted Cash Balance (NOTE 12A)*		
* 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)

Place : Lucknow

Date : 27th May, 2022

**For and on behalf of Board of Directors****S. C. Agarwal**

Executive Director  
(DIN-02461954)

**A. K. Gupta**

Chief Financial Officer

**Aditya Jhunjhunwala**

Managing Director  
(DIN-01686189)

**Pooja Dua**

Company Secretary  
(M. No. A50996)

## Standalone Statement of change in equity for the year ended 31st March, 2022

### (a) Equity Share Capital

(Rs. in lakhs)

Particulars	As at 31st March, 2022	Change during the year	As at 31st March, 2021	Change during the year	As at 1st April, 2020
Balance of Equity Share Capital	1,840.00	-	1,840.00	-	1,840.00
	1,840.00	-	1,840.00	-	1,840.00

### (b) Other equity

(Rs. in lakhs)

Description	General Reserve	Initial Depreciation Reserve	Molasses Storage Fund	Sugar Price Equalisation Reserve	Securities Premium Account	Retained Earning	Items of Other Comprehensive Income			Total
							Revaluation reserve	FVTOCI reserve	Gain / Loss arising on actuarial valuation of defined benefit	
As at April 01, 2020	1,178.18	1.72	19.31	12.40	2,688.01	6,990.33	6,072.54	(6.87)	(66.04)	16,889.58
Profit for the period	-	-	-	-	-	2,624.12	-	-	-	2,624.12
Other Comprehensive Income	-	-	-	-	-	-	-	(5.55)	(7.43)	(12.98)
Transfer to Molasses Fund	-	-	3.34	-	-	-	-	-	-	3.34
Transfer to retained earning	-	-	-	-	-	1.41	(1.41)	-	-	-
<b>As at 31st March, 2021</b>	<b>1,178.18</b>	<b>1.72</b>	<b>22.65</b>	<b>12.40</b>	<b>2,688.01</b>	<b>9,615.86</b>	<b>6,071.13</b>	<b>(12.42)</b>	<b>(73.47)</b>	<b>19,504.06</b>
Profit for the period	-	-	-	-	-	4,146.80	-	-	-	4,146.80
Interim dividend paid during the year	-	-	-	-	-	(184.00)	-	-	-	(184.00)
Transfer to General Reserve	1.72	(1.72)	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	(77.22)	(0.86)	(78.08)
<b>Total Comprehensive Income</b>	<b>1,179.90</b>	<b>-</b>	<b>22.65</b>	<b>12.40</b>	<b>2,688.01</b>	<b>13,578.66</b>	<b>6,071.13</b>	<b>(89.64)</b>	<b>(74.33)</b>	<b>23,388.78</b>
Transfer to Molasses Fund	-	-	2.21	-	-	-	-	-	-	2.21
Transfer to retained earning	-	-	-	-	-	1.19	(1.19)	-	-	-
<b>As at March 31, 2022</b>	<b>1,179.90</b>	<b>-</b>	<b>24.86</b>	<b>12.40</b>	<b>2,688.01</b>	<b>13,579.85</b>	<b>6,069.94</b>	<b>(89.64)</b>	<b>(74.33)</b>	<b>23,390.99</b>

As per our report of even date attached

For Agiwal & Associates

Chartered Accountants  
(F.R. No. 000181N)

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

Place : Lucknow  
Date : 27th May, 2022

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)

## Notes forming part of Standalone Financial Statement

### 1. Corporate Information

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, Collectorganj, 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 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.

#### 2.3 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.

## Notes forming part of Standalone Financial Statement

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

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

### (iv) Estimated fair value of unlisted securities

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

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

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

- (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 estimated useful lives considered are as follows:

Category	31st March, 2021
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

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. In the financial year 2018-19 and 2019-20, the company has revalued the lease hold assets as well as free hold assets considering entire class of land.

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 are realistic and reflect fair approximation of the period over which the assets are likely to be used.

## Notes forming part of Standalone Financial Statement

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. However, in case of certain assets for staff individually costing more than Rs.5,000/- are depreciated over the period of one year based on management estimates.

The residual value of an item of property, plant and equipment has been kept at  $\leq 5\%$  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.

### 2.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. For this purpose, cost includes carrying value as Deemed cost on the date of transition.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the statement of profit and loss.

Intangible assets: Computer software is amortized over a period of three years and brand development is amortized over a period of five years.

### 2.6 Revenue Recognition and Expenses

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

amount that reflects the consideration we expect to receive in exchange for those products or services.

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

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

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

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

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

### 2.7 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.

## Notes forming part of Standalone Financial Statement

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
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

### 2.8 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.

### 2.9 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.

#### A. 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

## Notes forming part of Standalone Financial Statement

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.

### B. Financial liabilities

#### Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

#### Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method or at FVTPL.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### Derecognition of financial liabilities:

A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when, and only when the obligation specified in the contract is discharged or cancelled or expires.

### C. Offsetting of financial instruments

Financial assets and financial liabilities including derivative instruments are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 2.10 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.

## Notes forming part of Standalone Financial Statement

### (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.

### 2.11 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.

### 2.12 Dividend payable

Dividend 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.

### 2.13 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.

### 2.14 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.

### 2.15 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

## Notes forming part of Standalone Financial Statement

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.

### 2.16 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.

### 2.17 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.

### 2.18 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.

## Notes forming part of Standalone Financial Statement

### 2.19 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.

### 2.20 Segment Reporting

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

### 2.21 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.

### 2.22 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.

### 2.23 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.

### 2.24 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-

## Notes forming part of Standalone Financial Statement

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 : Lucknow

Date : 27th May, 2022

#### **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)

## Notes forming part of Standalone Financial Statement

### Note 3: Property, Plant and Equipment

(Rs. in lakhs)

Particulars	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers	Total
<b>Gross Block</b>								
Balance as at 1st April,20	873.76	997.07	27,640.89	487.77	989.23	141.40	131.60	31,261.72
Additions	31.41	177.53	1,059.05	13.21	0.45	14.37	5.93	1,301.95
Disposal/Deduction	-	-	412.36	-	27.17	0.45	-	439.98
<b>Balance as at 31st March,21</b>	<b>905.17</b>	<b>1,174.60</b>	<b>28,287.58</b>	<b>500.98</b>	<b>962.51</b>	<b>155.32</b>	<b>137.53</b>	<b>32,123.69</b>
Additions	25.61	181.96	1,215.20	20.97	128.30	15.31	11.02	1,598.37
Fair valuation	-	-	-	-	-	-	-	-
Disposal/Deduction	-	-	368.67	-	14.53	15.79	23.64	422.63
<b>Balance as at 31st March,22</b>	<b>930.78</b>	<b>1,356.56</b>	<b>29,134.11</b>	<b>521.95</b>	<b>1,076.28</b>	<b>154.84</b>	<b>124.91</b>	<b>33,299.43</b>
<b>Accumulated depreciation</b>								
Balance as at 1st April,20	-	586.94	19,111.16	346.54	760.62	119.24	124.76	21,049.26
Depreciation for the year	-	114.16	987.84	38.88	71.02	12.67	3.97	1,228.54
Depreciation due to obsolescence	-	12.19	-	-	-	-	-	12.19
Disposal/Deduction	-	-	378.83	-	26.48	0.43	-	405.74
<b>Balance as at 31st March,21</b>	<b>-</b>	<b>713.29</b>	<b>19,720.17</b>	<b>385.42</b>	<b>805.16</b>	<b>131.48</b>	<b>128.73</b>	<b>21,884.25</b>
Depreciation for the year	-	112.33	1,021.60	33.81	70.26	12.75	7.59	1,258.34
Amortisation (due to depletion in value)	-	12.19	-	-	-	-	-	12.19
Disposal/Deduction	-	-	319.91	-	12.41	15.03	23.57	370.92
<b>Balance as at 31st March,22</b>	<b>-</b>	<b>837.81</b>	<b>20,421.86</b>	<b>419.23</b>	<b>863.01</b>	<b>129.20</b>	<b>112.75</b>	<b>22,783.86</b>
<b>Net Carrying amount</b>								
<b>Property, Plant and Equipment</b>								
<b>Net Carrying Amount</b>	<b>Land (Free hold)</b>	<b>Building</b>	<b>Plant and equipment</b>	<b>Furniture &amp; fixtures</b>	<b>Vehicles</b>	<b>Office equipments</b>	<b>Computers</b>	<b>Total</b>
As at 31st March, 2021	905.17	461.31	8,567.41	115.56	157.35	23.84	8.80	10,239.44
<b>As at 31st March, 2022</b>	<b>930.78</b>	<b>518.75</b>	<b>8,712.25</b>	<b>102.72</b>	<b>213.27</b>	<b>25.64</b>	<b>12.16</b>	<b>10,515.57</b>

The title deeds of all immovable properties are held in the name of the Company.

## Notes forming part of Standalone Financial Statement

### Note 3A Capital work in progress

(Rs. in lakhs)

Description	Amount
<b>Balance as at 01st April, 2020</b>	<b>35.67</b>
Additions	1,916.88
Capitalisation	1,136.79
<b>Balance as at 31st March, 2021</b>	<b>815.76</b>
Additions	476.81
Capitalisation	1,268.02
<b>Balance as at 31st March, 2022</b>	<b>24.55</b>

Refer note no. 37.26 for ageing

### Note 3B Intangible Assets

(Rs. in lakhs)

Description	Amount
<b>Gross carrying amount as at 01st April, 2020</b>	<b>29.82</b>
Additions	-
Deductions	-
<b>Balance as at 31st March, 2021</b>	<b>29.82</b>
Additions	5.56
Deductions	-
<b>Balance as at 31st March, 2022</b>	<b>35.38</b>
<b>Accumulated depreciation as at 01st April, 2020</b>	<b>28.35</b>
Depreciation for the year	0.90
Deductions	-
<b>Balance as at 31st March, 2021</b>	<b>29.25</b>
Depreciation for the year	1.56
<b>Balance as at 31st March, 2022</b>	<b>30.81</b>
<b>Net carrying amount</b>	
<b>As at 31st March, 2021</b>	<b>0.57</b>
<b>As at 31st March, 2022</b>	<b>4.57</b>

### Note 3C Right-of-use-assets

(Rs. in lakhs)

Description	Amount
<b>Gross carrying amount as at 01st April, 2020</b>	<b>6,063.46</b>
Additions	12.30
Deductions	-
<b>Balance as at 31st March, 2021</b>	<b>6,075.76</b>
Additions	-
Deductions	-
<b>Balance as at 31st March, 2022</b>	<b>6,075.76</b>
<b>Accumulated depreciation as at 01st April, 2020</b>	<b>239.38</b>
Depreciation for the year	245.02
Deductions	-
<b>Balance as at 31st March, 2021</b>	<b>484.40</b>
Depreciation for the year	245.53
<b>Balance as at 31st March, 2022</b>	<b>729.93</b>
<b>Net carrying amount</b>	
<b>As at 31st March, 2021</b>	<b>5,591.36</b>
<b>As at 31st March, 2022</b>	<b>5,345.83</b>

## Notes forming part of Standalone Financial Statement

### Note 4 Non-current Loans

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Carried at cost</b>		
Unsecured considered good	875.00	-
Loan to related parties		
<b>Total</b>	<b>875.00</b>	<b>-</b>

### Note 5 Non-current Investments

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>(i) Equity Instruments</b>		
<b>(1) Measured at cost</b>		
<b>Unquoted</b>		
<b>In equity shares of companies fully paid up</b>		
<b>Subsidiary company</b>		
50,000 nos. of shares having face value of Rs. 10 each in KM Sprits and Allied Industries Ltd.	5.00	5.00
<b>(2) Designated at Fair Value through other comprehensive income</b>		
<b>Unquoted</b>		
(a) 1000 nos. of shares having face value Rs.10 each in Chamoli Hydro Power Pvt. Ltd.	0.10	0.10
(b) 25000 nos. of shares having face value Rs.10 each in K.M Shakar Karkhana Pvt Ltd.	0.47	4.70
(c) 2,000 nos. of shares having face value of Rs. 10 each in HH Foundation	-	-
(d) 10,90,000 nos. having face value of Rs. 10 each in Sonar Casting Ltd.	-	99.71
<b>(ii) Preference share (Measured at amortised cost)</b>		
<b>In 12% Non-cumulative redeemable preference shares fully paid up</b>		
2,04,00,000 nos. of Preference Share having face value of Rs.10 each in Sonar Casting Ltd.	1,785.71	1,634.39
<b>In 9% Non-cumulative redeemable preference shares fully paid up</b>		
(a) 38,50,000 nos. of preference shares having face value of Rs. 10 each in Brahma Properties Pvt. Ltd.	340.08	333.53
(b) 33,89,215 nos. of preference shares having face value of Rs. 10 each in KM Energy Pvt. Ltd.	301.19	294.25
<b>(iii) In 8% Optionally fully convertible debenture fully paid up</b>		
<b>Measured at cost</b>		
500 Nos. of Optionally fully convertible Debenture with face Value of Rs 1,00,000 each in K M Strategic Investments & Holdings Pvt. Ltd.	500.00	-
<b>Total</b>	<b>2,932.55</b>	<b>2,371.68</b>
Aggregate carrying value of unquoted investments	2,932.55	2,371.68
Aggregate fair value of unquoted investments	2,932.55	2,371.68

### Note 6 Other non-current financial assets

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Unsecured, considered good:		
Security deposits	341.79	369.97
<b>Fixed deposit with banks</b>		
Original maturity more than 12 months	14.50	14.50
<b>Fixed deposit for guarantee (Earmarked)</b>		
Original maturity more than 12 months *	136.98	214.58
Interest accrued	2.76	16.63
<b>Total</b>	<b>496.03</b>	<b>615.68</b>

\*Held as margin money with government departments and others.

## Notes forming part of Standalone Financial Statement

### Note 7 Non current Tax Asset/(Liability) ( Net)

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Advance Tax	1,356.94	656.96
TDS Receivable	34.10	3.05
	1,391.04	660.01
Less:- Provision for Income Tax for current year	1,393.48	635.54
<b>Total</b>	<b>(2.44)</b>	<b>24.47</b>

### Note 8 Other Non Current Assets

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
Unsecured, considered good:				
Capital advances		2,320.13		19.19
Advance to suppliers and others				
Considered Good				
Considered doubtful	44.55		221.54	
Less: Allowance for doubtful advance	44.55	-	221.54	-
Others		30.11		
Duties and Taxes Paid under protest		15.40		15.07
Prepaid Expenses		120.08		137.89
<b>Total</b>		<b>2,485.72</b>		<b>172.15</b>

### Note 9 Inventories

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>(As taken, valued and certified by the Management)</b>		
(a) Raw materials	11.28	2.72
(b) Finished Goods *	37,321.00	35,167.62
(c) Work in progress	522.96	412.60
(d) Stores and spares	480.99	552.88
<b>Total</b>	<b>38,336.23</b>	<b>36,135.82</b>

(Refer Note No. 2.7 for Method of Valuation)

### Note 10 Current Investments

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Designated at fair value through OCI</b>		
Investment in SBI Mutual Fund	25.76	1.82
2,49,987.501 units of SBI Balanced Advantage Fund (P.Y. 5316.206 units of SBI Savings Fund)		
<b>Total</b>	<b>25.76</b>	<b>1.82</b>

## Notes forming part of Standalone Financial Statement

### Note 11 Trade and other receivables

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
<b>Unsecured, considered good:</b>		<b>1,491.32</b>		1,956.85
Includes unbilled revenue of Rs.272.39 lakhs (previous year Rs.312.87 Lakhs)				
Credit impaired		15.97		30.38
		<b>1,507.29</b>		<b>1,987.23</b>
Less:- Allowance for doubtful debts		15.97		30.38
<b>Total</b>		<b>1,491.32</b>		<b>1,956.85</b>

Refer note no. 37.29 for ageing schedule

### Note 12 Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
Balances with Banks		102.37		532.35
Fixed deposit with Bank original maturity upto 3 months		693.99		-
Cheques on Hand		39.68		0.69
Cash on hand*		6.33		7.55
<b>Total</b>		<b>842.37</b>		<b>540.59</b>

*\*As certified by the management*

### Note 12A Bank balances other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Fixed deposits with banks (Earmarked)</b>		
Pledged with bank for bank guarantee original maturity period upto 12 months*	0.52	2.56
Pledged with bank for bank guarantee maturing within 12 months*	6.01	17.41
For security with Government authorities maturing within 12 months*	21.98	3.25
For molasses storage fund original maturity period upto 12 months**	20.96	20.04
Unpaid dividend accounts	2.12	-
<b>Total</b>	<b>51.59</b>	<b>43.26</b>

\*Held as margin money with government departments and others.

\*\* As per Uttar Pradesh State Molasses Control Rules, 1974

### Note 13 Other financial assets

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Unsecured, considered good:		
Interest accrued/receivable	38.84	10.46
Assistance receivable from Government*	-	3,348.78
<b>Total</b>	<b>38.84</b>	<b>3,359.24</b>

\*Refer note no. 37.20 to 37.22

## Notes forming part of Standalone Financial Statement

### Note 14 Other current assets

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
Security Deposit				
Unsecured, considered good	27.62		38.14	
Credit impaired	16.00		16.00	
	43.62		54.14	
Less: Allowance for expected credit loss	16.00	27.62	16.00	38.14
Unsecured, considered good:				
Receivable from related parties		24.16		-
GST and other taxes receivable		84.91		201.85
Advance to employees		15.84		17.68
Advances for supply of goods & services		151.59		170.71
Prepaid Expenses		331.84		159.40
CSR Pre-Spent*		109.00		-
Others		40.55		3.36
<b>Total</b>		<b>785.51</b>		<b>591.14</b>

\*Refer note no. 37.12

### Note 15 Equity Share Capital

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	No. of shares	Amount	No. of shares	Amount
<b>Authorised</b>				
Equity Shares of Rs. 2/- each	10,00,00,000	2,000.00	10,00,00,000	2,000.00
<b>Issued, subscribed and fully paid up</b>				
Equity Shares of Rs. 2/- each	9,20,00,170	1,840.00	9,20,00,170	1,840.00

### Reconciliation of number and amount of shares outstanding

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	9,20,00,170	1,840.00	9,20,00,170	1,840.00
Change during the year	-	-	-	-
Outstanding at the end of the year	9,20,00,170	1,840.00	9,20,00,170	1,840.00

#### i) 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 Rs. 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.

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 dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Notes forming part of Standalone Financial Statement

### ii) Details of the Shareholders holding more than 5% shares in the Company

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares held	Percentage of shareholding	No. of Shares held	Percentage of shareholding
Equity shares of INR 2/- each fully paid up				
Mr. L. K. Jhunjhunwala	1,43,02,600	15.55	1,43,02,600	15.55
L. K. Jhunjhunwala (HUF)	1,00,65,900	10.94	1,00,65,900	10.94
Mr. Aditya Jhunjhunwala	52,89,242	5.75	48,39,242	5.26
Marvel Business Pvt. Ltd.	1,20,65,975	13.12	1,22,44,253	13.31

Refer note no.37.31 for details of shares held by promoter and promoter group of the Company

### Note 16 Other equity

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>General Reserve</b>		
Opening balance	1,178.18	1,178.18
Add: Transfer from Initial Depreciation Reserve	1.72	-
<b>Closing balance</b>	<b>1,179.90</b>	<b>1,178.18</b>
<b>Initial Depreciation Reserve</b>		
Opening balance	1.72	1.72
Less: Transfer to General Reserve	(1.72)	-
<b>Closing balance</b>	<b>-</b>	<b>1.72</b>
<b>Molasses Storage Fund</b>		
Opening balance	22.65	19.31
Add: Changes during the year	2.21	3.34
<b>Closing balance</b>	<b>24.86</b>	<b>22.65</b>
<b>Sugar Price Equalisation Reserve</b>		
Opening balance	12.40	12.40
Add: Changes during the year	-	-
<b>Closing balance</b>	<b>12.40</b>	<b>12.40</b>
<b>Securities Premium Account</b>		
Opening balance	2,688.01	2,688.01
Add: Changes during the year	-	-
<b>Closing balance</b>	<b>2,688.01</b>	<b>2,688.01</b>
<b>Retained Earnings</b>		
Opening balance	9,615.86	6,990.33
Add: Profit/ Loss during the year	4,146.80	2,624.12
Add: Transfer from Other Comprehensive Income	1.19	1.41
	<b>13,763.85</b>	<b>9,615.86</b>
Less: Interim dividend paid during the year	184.00	-
<b>Closing balance</b>	<b>13,579.85</b>	<b>9,615.86</b>
<b>Comprehensive Income</b>		
Opening balance	5,985.24	5,999.63
Add Changes during the year	(78.08)	(12.98)
Less: Transfer to Retained Earnings	(1.19)	(1.41)
<b>Closing balance</b>	<b>5,905.97</b>	<b>5,985.24</b>
<b>Total</b>	<b>23,390.99</b>	<b>19,504.06</b>

- i. General reserve represents the statutory reserve, this is in accordance with Indian corporate law wherein a portion of profit is appropriated to general reserve. Under the erstwhile Companies Act 1956, it was mandatory to transfer amount before a company can declare dividend, however Companies Act 2013, transfer of any amount to general reserve is at the discretion of the Company.
- ii. The storage fund for molasses has been created to meet the cost of construction of molasses storage tank as required under Uttar Pradesh Sheera Niyantran (Sansodhan) Adesh, 1974. The said storage fund is represented by investment in the form of fixed deposits with banks amounting to Rs.20.96 lakhs (Previous year: Rs.20.04 lakhs). [Refer Note No.12A].
- iii. Sugar Price Equalisation Reserve: Refer note no.37.13
- iv. Securities premium: securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares, write off equity related expenses like underwriting cost etc.
- v. Retained earnings represents the undistributed profit / amount of accumulated earnings of the Company.
- vi. Other comprehensive income (OCI) represents the balance in equity relating to re-measurement gain/(loss) of defined benefit obligation, gain or loss on equity investments and revaluation of fixed assets in earlier years prior to compliance of Ind AS and revaluation of land.

### Note 17 Long term borrowings

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Current	Non current	Current	Non current
<b>Secured term loans from banks</b>				
State Bank of India-U.P Govt. SEFASU Loan (At amortised cost)	955.19	1,075.73	955.19	1,907.74
State Bank of India GECL 2.0	462.20	1,502.19	136.56	2,048.44
Punjab National Bank Car Loan	19.24	31.95	-	-
Punjab National Bank Covid Loan	-	-	328.80	30.97
State Bank of India Covid Loan	-	-	743.03	62.33
<b>Total</b>	<b>1,436.63</b>	<b>2,609.87</b>	<b>2,163.58</b>	<b>4,049.48</b>

#### Details of securities offered

- (1) 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.
- (2) Rupee Term Loan of State Bank of India (GECL) is secured by second 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 and personal guarantee of three directors.
- (3) Rupee Term Loan of Punjab National Bank (Car Loan) is secured by first charge on car financed.
- (4) Rupee Term Loan, Common Covid 19 Emergency Credit Line loan (CCECL), from State Bank of India and Punjab National Bank are secured by way of hypothecation and pari passu first 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) and personal guarantee of three Directors.

#### Terms of Repayment

Name of the banks / entities	Interest Rate (%)	Amount Outstanding as on 31, March, 2022		Period of maturity as at 31st March, 2022	No. and amount of instalment outstanding
		Current	Non Current		
SBI SEFASU Loan- 2018	5.00	955.19	1075.73*	2 years 3 months and 3 days	27 monthly instalments of Rs.79.60 lakhs
SBI GECL	7.00	462.20	1,502.19	3 years 9 months	45 monthly instalment of Rs.45.52 lakhs
PNB Car loan	7.40	19.24	31.95	2 years 5 months and 2 days	29 monthly instalment of Rs.1.86 lakhs including EMI interest
<b>Total</b>		<b>1,436.63</b>	<b>2,609.87</b>		

\* Excluding Rs.118.23 lakhs (Previous year Rs.241.43 lakhs) on account of effective interest rate adjustment being taken to deferred income.

## Notes forming part of Standalone Financial Statement

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 bank and Government has been amortised using effective interest rate and maturity profile of loan is as per repayment schedule.

Term loan raised during the year have been used for the same purpose for it was drawn.

### Note 18 Lease Liability

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Current	Non current	Current	Non current
Lease Liability	0.58	-	6.59	0.58
<b>Total</b>	<b>0.58</b>	<b>-</b>	<b>6.59</b>	<b>0.58</b>

### Note 19 Other non current financial liabilities

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Corporate Guarantees issued	96.39	122.17
<b>Total</b>	<b>96.39</b>	<b>122.17</b>

### Note 20 Other non current liabilities

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Deferred Government Grant	148.07	266.33
Other payable	14.50	14.50
<b>Total</b>	<b>162.57</b>	<b>280.83</b>

### Note 21 Deferred tax liabilities (net)

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Deferred Tax Liabilities</b>		
Depreciation	975.51	972.28
<b>Total A</b>	<b>975.51</b>	<b>972.28</b>
<b>Deferred Tax Assets</b>		
Expenses allowable on payment basis	80.55	79.03
Others	239.47	264.62
<b>Total B</b>	<b>320.02</b>	<b>343.65</b>
<b>Total A-B</b>	<b>655.49</b>	<b>628.63</b>

\*Refer Note 36

### Note 22 Provisions

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Current	Non current	Current	Non current
Provisions for employees benefits*				
Unavailed leave	11.78	26.90	11.02	24.66
Gratuity	22.74	-	24.34	-
Other Provision **	-	451.84	-	451.84
<b>Total</b>	<b>34.52</b>	<b>478.74</b>	<b>35.36</b>	<b>476.50</b>

\* Refer note no.37.4

\*\* Includes duties, taxes and penalty levied by Commissioner of Excise, Bihar

## Notes forming part of Standalone Financial Statement

### Note 23 Short Term borrowings

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Secured</b>		
<b>Loan payable on demand</b>		
Cash credit from banks		
State Bank of India	7,847.61	8,952.58
Punjab National Bank	2,439.48	4,934.41
HDFC Bank Ltd.	5,980.93	-
<b>Unsecured</b>		
HDFC Bank Ltd.	2,100.66	-
Current maturities of long term borrowings*	1,436.63	2,163.58
<b>Total</b>	<b>19,805.31</b>	<b>16,050.57</b>

\* Refer note no.17 for nature of securities and terms of repayment respectively. The Company has used the borrowings for the purposes for which it was taken.

#### Details of securities offered of secured loan

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) and personal guarantee of two Directors.

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) and personal guarantee of three Directors.

Working capital loans from HDFC Bank Ltd. is secured by way of hypothecation and first pari passu charge on entire present and future 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) and personal guarantee of three Directors.

#### Details of securities offered of unsecured loan

HDFC Bank Ltd. loan has been availed by providing post dated cheques and personal guarantee of three Directors.

### Note 24 Trade and other payables

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total outstanding dues of micro and small enterprises*	57.17	45.25
Total outstanding dues of other than micro and small enterprises	13,220.27	17,551.71
<b>Total</b>	<b>13,277.44</b>	<b>17,596.96</b>

\* Refer note no.37.7

Refer note no.37.30 for ageing schedule

### Note 25 Other current financial liabilities

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Interest accrued but not due on borrowings	9.15	13.21
Interest accrued and due on borrowings	11.68	19.83
Payable to capital goods supplier	155.90	345.33
Security Deposit	382.64	293.53
Salary and other payables to employees	162.39	150.06
Unpaid dividend	2.12	-
Corporate guarantee	25.78	60.02
Other payable *	315.24	325.86
<b>Total</b>	<b>1,064.90</b>	<b>1,207.84</b>

\* Include liability of Rs.237.95 lakhs for lower supply of country liquor etc.

## Notes forming part of Standalone Financial Statement

### Note 26 Other current liabilities

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Statutory liabilities	297.19	154.23
Deferred government grant	118.26	113.38
Advances from customers	72.07	54.76
Outstanding liability of related parties	344.68	337.89
<b>Total</b>	<b>832.20</b>	<b>660.26</b>

### Note 27 Revenue from operations

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
<b>Sale of goods</b>		
Sugar*	46,443.62	39,212.92
Molasses	122.90	85.30
Bagasse	1,917.11	1,489.74
Industrial alcohol	4,203.99	4,894.06
Power	1,347.51	1,603.63
Others	491.47	1,000.85
<b>Total A</b>	<b>54,526.60</b>	<b>48,286.50</b>
* Sugar sales includes export of Rs. NIL lakhs (Previous year of Rs.2415.48 lakhs)		
<b>Other operating revenue*</b>		
Insurance and storage charges on buffer stock	-	24.65
Assistance on sugar quota export	307.50	1,962.00
<b>Total B</b>	<b>307.50</b>	<b>1,986.65</b>
<b>Total revenue from operations</b>	<b>54,834.10</b>	<b>50,273.15</b>
	<b>Total A+B</b>	

\* Refer Note No. 37.20 to 37.22

## Notes forming part of Standalone Financial Statement

### Note 28 Other income

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
<b>Interest income</b>		
From Banks and others	112.40	23.22
On income tax refund	10.12	-
Deferred Government Grant*	113.37	179.75
<b>Other non operating income</b>		
Net gain on foreign currency transactions and translations	-	5.56
Insurance claims	84.85	17.09
Profit on sale of fixed assets	1.22	1.30
Unspent liabilities/balances written back	131.36	56.39
Miscellaneous income	100.46	137.17
Gain on mutual funds	11.79	1.85
Duty draw back receipt	-	0.26
Reversal of provision for doubtful debts/Advances	191.40	2.46
Others	69.24	26.31
Fair valuation of financial instrument	164.82	-
<b>Total</b>	<b>991.03</b>	<b>451.36</b>

\* Refer Note No. 37.11

### Note 29 Cost of materials consumed

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Sugar cane	42,013.64	43,932.87
<b>Total</b>	<b>42,013.64</b>	<b>43,932.87</b>

### Note 30 Purchase of stock in trade

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Sugar	-	1,328.72
Other	179.24	494.95
<b>Total</b>	<b>179.24</b>	<b>1,823.67</b>

## Notes forming part of Standalone Financial Statement

### Note 31 Changes in inventories of finished goods, by-products and work-in-progress

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
<b>Finished goods</b>		
<b>Opening stock</b>		
Sugar	33,518.51	24,386.46
Molasses	843.32	1,022.11
Bagasse	195.53	291.86
Industrial alcohol	561.93	125.28
Banked Power	36.57	25.09
Others	11.76	0.68
<b>Total (a)</b>	<b>35,167.62</b>	<b>25,851.48</b>
<b>Less : Closing stock</b>		
Sugar	35,735.86	33,518.51
Molasses	1,177.84	843.32
Bagasse	94.37	195.53
Industrial alcohol	260.45	561.93
Banked Power	42.62	36.57
Others	9.86	11.76
<b>Total (b)</b>	<b>37,321.00</b>	<b>35,167.62</b>
<b>Total (a-b)</b>	<b>(2,153.38)</b>	<b>(9,316.14)</b>
<b>Work-in-progress</b>		
Opening stock	412.60	360.99
Less : Closing stock	522.96	412.60
	(110.36)	(51.61)
<b>Increase / Decrease in Inventories Total</b>	<b>(2,263.74)</b>	<b>(9,367.75)</b>

### Note 32 Employee benefit expenses

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Salary, wages, bonus and other payments	1,263.38	1,259.86
Contribution to provident fund and other funds	90.53	85.51
Workmen and staff welfare expenses	21.23	37.66
Gratuity expense	28.70	28.47
<b>Total</b>	<b>1,403.84</b>	<b>1,411.50</b>

**Note 33 Finance costs**

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
<b>Interest expenses</b>		
Cash credit*	643.28	322.60
Term loan	448.84	654.75
Others	15.23	12.37
<b>Other borrowing costs</b>	71.87	109.06
<b>Total</b>	<b>1,179.22</b>	<b>1,098.78</b>

\* Rs.Nil towards interest reimbursed/ to be reimbursed on buffer stock by the Central Government, (Previous year Rs.172.74 lakhs)

**Note 34 Depreciation and amortisation expenses**

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Depreciation		
Depreciation of property, plant & equipments	1,258.34	1,228.54
Obsolescence	12.19	12.19
	1,270.53	1,240.73
Amortisation		
Amortisation of intangible assets	1.56	0.90
Amortisation of right to use assets	245.53	245.02
	247.09	245.92
<b>Total</b>	<b>1,517.62</b>	<b>1,486.65</b>

## Notes forming part of Standalone Financial Statement

### Note 35 Other Expenses

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Consumption of stores and spare parts	775.45	671.78
Packing materials	596.74	546.85
Power and fuel	153.29	179.64
Rent	210.40	194.78
Repairs to :		
Buildings	142.61	132.60
Plant & Machinery	1,454.48	1,081.88
Others	263.44	231.87
Insurance	116.01	106.15
Rates and taxes	49.35	72.82
Selling expenses :		
Commission to selling agents	186.59	172.95
Other selling expenses	418.35	815.89
Payments to auditors :		
Statutory audit fee	5.00	5.00
Tax audit fee	1.00	1.00
Reimbursement of expenses	0.14	0.08
Charity and donation	0.29	126.88
Printing and stationary	14.04	12.30
Communication expenses	15.01	14.38
Travelling expenses	311.52	164.74
Consultancy and legal expenses	190.24	185.33
Directors sitting fees	5.90	6.60
Directors remuneration	492.88	522.88
Miscellaneous expenses	395.75	417.71
CSR expenditure	64.02	256.34
Loss on sale/discard of property, plant and equipment	30.12	9.40
Transfer to storage fund for molasses	2.21	3.34
Balances written off	155.89	29.07
Fair valuation of financial instrument	-	403.62
MAEQ Expenses*	151.19	549.88
<b>Total</b>	<b>6,201.91</b>	<b>6,915.76</b>

\* Refer Note No. 37.22

## Notes forming part of Standalone Financial Statement

### Note 36 : Tax Reconciliation

#### Income tax expenses :

The major components of income tax expenses for the year ended 31st March, 2022 and 31st March, 2021 are as follows:

#### (i) Profit or loss section

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current tax expense	1,393.48	635.71
Deferred tax expense	53.12	163.20
<b>Total</b>	<b>1,446.60</b>	<b>798.91</b>

#### (ii) OCI Section

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Net gain / (loss) on remeasurement of defined benefit plans	(1.15)	(9.92)
Gain / (Loss) arising on fair valuation of assets	-	-
Unrealised gain/(loss) on FVTOCI equity securities	(103.19)	(7.42)
Income tax charged to OCI	26.26	4.36
<b>Total</b>	<b>(78.08)</b>	<b>(12.98)</b>

#### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2022 and 31st March, 2021

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current tax	1,393.48	635.71
Deferred tax (Refer note no.20)	53.12	163.20
<b>Total</b>	<b>1,446.60</b>	<b>798.91</b>
Accounting profit before tax from continuing operations	5,593.40	3,423.03
Applicable tax rate (using Company's tax rate)	25.168%	34.944%
<b>Computed tax expense (A)</b>	<b>1,407.75</b>	<b>1,196.14</b>
Expenses not allowable for tax purpose	(11.74)	427.88
Effect of tax deduction	(11.37)	(362.79)
Changes in recognized deductible temporary differences	61.96	83.84
Recognition of MAT credit	-	(546.16)
<b>Net adjustment (B)</b>	<b>38.85</b>	<b>(397.23)</b>
<b>Tax expense (A+B)</b>	<b>1,446.60</b>	<b>798.91</b>

## Notes forming part of Standalone Financial Statement

(Rs. in lakhs)

Particulars	As at 1st April, 2020	Provided during the year	As at 31st March, 2021	Provided during the year	As at 31st March, 2022
<b>Deferred tax liability:</b>					
Related to Fixed Assets (Depreciation)	1,311.13	(338.85)	972.28	3.23	<b>975.51</b>
<b>Total deferred tax liability (A)</b>	<b>1,311.13</b>	<b>(338.85)</b>	<b>972.28</b>	<b>3.23</b>	<b>975.51</b>
<b>Deferred tax assets:</b>					
MAT Recoverable	545.49	(545.49)	-	-	-
Expenses allowable on payment basis	136.98	(57.95)	79.03	1.52	<b>80.55</b>
Other Ind AS adjustments related to Financial Asset/Liabilities (Net)	158.87	105.75	264.62	(25.15)	<b>239.47</b>
<b>Total deferred tax assets (B)</b>	<b>841.34</b>	<b>(497.69)</b>	<b>343.65</b>	<b>(23.63)</b>	<b>320.02</b>
<b>Deferred Tax Liability / (Asset) (Net) (A - B)</b>	<b>469.79</b>	<b>158.84</b>	<b>628.63</b>	<b>26.86</b>	<b>655.49</b>

The ultimate realisation of deferred tax assets and unused tax credits is dependent upon the generation of future taxable income. Deferred tax assets including MAT credit entitlement is recognised on management's assessment of reasonable certainty for reversal/utilization thereof against taxable income.

### 37.1 Financial risk management objectives and policies

The Company's principal financial liabilities include Borrowings, Trade payables 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, Bank balances other than cash and cash equivalents and Other financial assets that arise 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, foreign 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 of 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. To mitigate the interest rate risks, the Company has established a periodical review procedure and ensures long term relations with the lenders to raise adequate funds at competitive rates.

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. 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 customers	NIL	NIL

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

## Notes forming part of Standalone Financial Statement

### (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.

### (iv) Commodity price risk

Sugar industry being cyclical in nature, realizations get adversely affected during downturn. Higher cane price or higher production than the demand ultimately affects profitability. The Company has mitigated this risk by well integrated business model by diversifying into co-generation and distillation, thereby utilizing the by-products.

### Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's sugar sales are mostly on cash. Power and ethanol are sold to state government entities; thereby the credit default risk is significantly mitigated. The Central Govt. has fixed the minimum sale price of sugar w.e.f. 14.02.2019 at Rs.3,100 per Qtl. which has mitigated the price risk to the some extent. Similarly, ethanol and power are sold to 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.

### (i) Trade receivables

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	31st March, 2022	31st March, 2021
Upto 6 months	1,478.42	1,956.33
6 to 12 Months	12.90	0.52
More than 12 months	15.97	30.38

The management has made provision for expected credit loss amounting to Rs.15.97 lakhs (Rs.30.38 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.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial assets disclosed under Note No. 11. The following table summarizes the change in the loss allowances measured using life time expected credit loss method for trade receivables:

(Rs. in lakhs)

Particulars	Amount
<b>Balance as at 01st April, 2021</b>	30.38
Provided during the year	-
Reversed during the year	14.41
<b>Balance as at 31st March, 2022</b>	<b>15.97</b>
<b>Balance as at 01st April, 2020</b>	30.24
Provided during the year	0.14
Reversed during the year	-
<b>Balance as at 31st March, 2021</b>	<b>30.38</b>

## Notes forming part of Standalone Financial Statement

### 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 objectives are to meet the funding requirements and maintain flexibility in this respect through the use of cash credit facilities and term loans.

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

(Rs. in lakhs)

Liabilities	Less than 1 Year	1 to 5 years	More than 5 years	Total
<b>As at 31st March, 2022</b>				
Term loans	1,436.63	2,609.87	-	4,046.50
Lease liability	0.58	-	-	0.58
Loans repayable on demand	18,368.68	-	-	18,368.68
Trade payables	13,277.44	-	-	13,277.44
Other financial liabilities	1,064.90	78.15	18.24	1,161.29
<b>Total</b>	<b>34,148.23</b>	<b>2,688.02</b>	<b>18.24</b>	<b>36,854.49</b>

Liabilities	Less than 1 Year	1 to 5 years	More than 5 years	Total
<b>As at 31st March, 2021</b>				
Term loans	2,163.58	4,049.48	-	6,213.06
Lease liability	6.59	0.58	-	7.17
Loans repayable on demand	13,886.99	-	-	13,886.99
Trade payables	17,596.96	-	-	17,596.96
Other financial liabilities	1,207.84	89.09	33.08	1,330.01
<b>Total</b>	<b>34,861.96</b>	<b>4,139.15</b>	<b>33.08</b>	<b>39,034.19</b>

### 37.2 Capital Management

#### (i) Risk 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 shareholders 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 during the current period.

## Notes forming part of Standalone Financial Statement

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2022 and 31st March, 2021:

(Rs. in lakhs)

Description	Year ended 31 March, 2022	Year ended 31 March, 2021
Borrowings	22,415.18	20,100.05
Lease and other financial liabilities	1,161.87	1,337.18
Trade payables	13,277.44	17,596.96
Less: Cash and cash equivalents	842.37	540.59
Net debts	36,012.12	38,493.60
Equity share capital	1,840.00	1,840.00
Other equity	23,390.99	19,504.06
Total equity	25,230.99	21,344.06
Total equity and net debt	61,243.11	59,837.66
<b>Gearing ratio (%)</b>	<b>58.80</b>	<b>64.33</b>

### (ii) Dividends

Description	Year ended 31 March, 2022	Year ended 31 March, 2021
Year to which dividend relates	2021-22	2020-21
Interim dividend paid per equity share (Rs.)	0.20	-
Gross amount of dividend paid (Rs. in lakhs)	184.00	-

### 37.3 Earnings per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders 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.

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

Particulars	31 <sup>st</sup> March, 22	31 <sup>st</sup> March, 21
Profit attributable to equity shareholders of the Company:	4,146.80	2,624.12
Profit attributable to equity shareholders for basic earnings	4,146.80	2,624.12
Profit attributable to equity shareholders adjusted for dilution effect	4,146.80	2,624.12
Weighted average number of equity shares used for computing Earnings Per Share (Basic & Diluted)	9,20,00,170	9,20,00,170
<b>Earnings Per Share (Basic &amp; Diluted)</b>	<b>4.51</b>	<b>2.85</b>

### 37.4 Employee benefits

As per Ind AS 19 "Employee benefits", the disclosures of employee benefits are as follows:

- (i) Employee benefits in the form of Provident Fund are considered as defined contribution plan. The contributions are made as per the relevant statute. The contributions to defined benefit plan, recognized as expense in the Statement of Profit & Loss is as under:

	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Employers' contribution to provident fund	Rs. 90.53 lakhs	Rs. 85.51 lakhs

## Notes forming part of Standalone Financial Statement

### (ii) Defined benefits plans

Long term employee benefits in the form of gratuity and leave encashment are considered as defined benefit plans. 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 leave encashment given below :

(Rs. in lakhs)

Description	Gratuity Year ended 31st March, 2022 (Funded)	Gratuity Year ended 31st March, 2021 (Funded)	Leave Encashment Year ended 31st March, 2022 (Non funded)	Leave Encashment Year ended 31st March, 2021 (Non funded)
<b>I. Expenses recognized in the Statement of Profit and Loss</b>				
Current service cost	26.93	25.75	11.72	10.74
Interest cost	19.91	20.15	2.59	4.51
Past service cost	-	-	-	-
Expected return on plan assets	(18.14)	(17.44)	-	-
<b>Net expenses recognized in Statement of Profit and Loss</b>	<b>28.70</b>	<b>28.46</b>	<b>14.31</b>	<b>15.25</b>
<b>II. Other comprehensive (income)/expenses (Re-measurement)</b>				
Accumulated (gain)/loss opening balance	23.56	27.69	95.36	81.31
Actuarial (gain)/loss – obligation	(2.27)	12.22	15.04	14.05
Actuarial (gain)/loss – plan assets	(11.63)	(16.35)	-	-
Total Actuarial (gain)/loss	(13.90)	(4.13)	15.04	14.05
Actuarial (gain)/loss at the end of the period	9.66	23.56	110.40	95.36
<b>III. Net liability/(assets) recognized in the balance sheet</b>				
Present value of obligations at the end of period	279.48	274.61	38.67	35.68
Fair value of the plan assets at the end of period	256.73	250.27	-	-
Funded status surplus/(deficit)	(22.75)	(24.34)	(38.67)	(35.68)
<b>Net liability/(asset) as at year end</b>	<b>22.75</b>	<b>24.34</b>	<b>38.67</b>	<b>35.68</b>
<b>IV. Changes in present value of obligations during the year</b>				
Present value of obligation at the beginning of the year	274.61	287.93	35.68	64.41
Current service cost	26.93	25.75	11.72	10.74
Interest cost	19.91	20.15	2.59	4.51
Past service cost	-	-	-	-
Benefits paid if any	(39.70)	(71.45)	(26.36)	(58.03)
Actuarial loss/ (gain)	(2.27)	12.23	15.04	14.05
<b>Present value of obligation at the year end</b>	<b>279.48</b>	<b>274.61</b>	<b>38.67</b>	<b>35.68</b>
<b>V. Changes in fair value of plan assets</b>				
Fair value of plan assets at the beginning of period	250.27	249.14	-	-
Expected return on plan assets	18.14	17.44	-	-
Contributions	16.39	38.79	-	-
Benefits paid	(39.70)	(71.45)	-	-
Actuarial Gain/(Loss) on plan assets	11.63	16.35	-	-
<b>Fair value of plan assets at the year end</b>	<b>256.73</b>	<b>250.27</b>	<b>-</b>	<b>-</b>

## Notes forming part of Standalone Financial Statement

Description	Gratuity Current Year (Funded)	Gratuity Previous Year (Funded)	Leave Encashment Current Year (Non funded)	Leave Encashment Previous Year (Non funded)
<b>VI. Maturity profile of defined benefit obligation</b>				
Within in next 12 months	32.61	32.44	11.78	10.57
Between 2 and 5 years	65.08	65.33	26.89	25.11
5 years and above	181.79	176.84	-	-
<b>Total expected payments</b>	<b>279.48</b>	274.61	<b>38.67</b>	35.68
Weighted average duration (based on discounted cash flow) in years	8	8	-	-
<b>Details of plan asset</b>	<b>Gratuity Trust</b>	Gratuity Trust	<b>N/A</b>	N/A
<b>SBI Life Kalyan ULIP Plus (V02)</b>	<b>236.17</b>	245.94	-	-
<b>Bank Balance and Others</b>	<b>20.56</b>	4.33	-	-

The history of funded post retirement plans are as follows for gratuity:

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2018
Present value of Defined Benefit Obligation	279.48	274.61	287.93	271.65	268.38
Fair value of Plan Assets	256.73	250.27	249.14	240.10	245.28

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	Gratuity	Leave Encashment	Leave Encashment
	Current Year	Previous Year	Current Year	Previous Year
Discount rate (per annum)	7.25%	7.00%	7.25%	7.00%
Future salary increase (per annum)	5.00%	5.00%	5.00%	5.00%
Retirement/Superannuation Age (Year)	60	60	60	60
Expected rate of return on plan assets	0%	0%	0%	0%
Mortality	IALM 2012-14	IALM 2012-14	IALM 2012-14	IALM 2012-14

**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:

## Notes forming part of Standalone Financial Statement

### Gratuity

Period	As at 31st March, 2022
Defined Benefit Obligation (Base)	279.48 lakhs @Salary increase rate: 5%, and discount rate: 7.25%
Liability with x% increase in Discount Rate	260.53 lakhs; x=1.00% [Change (7%)]
Liability with x% decrease in Discount Rate	301.02 lakhs; x=1.00% [Change 8%]
Liability with x% increase in Salary Growth Rate	301.30 lakhs; x=1.00% [Change 8%]
Liability with x% decrease in Salary Growth Rate	259.95 lakhs; x=1.00% [Change (7%)]
Liability with x% increase in Withdrawal Rate	281.86 lakhs; x=1.00% [Change 1%]
Liability with x% decrease in Withdrawal Rate	277.56 lakhs; 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 at 31st March, 2022
Defined Benefit Obligation (Base)	38.67 lakhs
Liability with x% increase in Discount Rate	36.01 lakhs; x=1% [Change (7%)]
Liability with x% decrease in Discount Rate	41.82 lakhs; x=1% [Change 8%]
Liability with x% increase in Salary Growth Rate	41.86 lakhs; x=1% [Change 8%]
Liability with x% decrease in Salary Growth Rate	35.93 lakhs; x=1% [Change (7%)]
Liability with x% increase in Withdrawal Rate	39.26 lakhs; x=1% [Change 2%]
Liability with x% decrease in Withdrawal Rate	38.11 lakhs; x=1% [Change (1%)]

### 37.5 Contingent liabilities and commitments (to the extent not provided for)

#### Contingent liabilities:

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(i) Claims against the Company not acknowledged as debts in respect of pending cases of employees under Labour laws	85.77	84.91
(ii) Claims against the Company not acknowledged as debts in respect of Criminal and Civil Cases	31.96	9.39
(iii) Bank guarantees given to the Central Government, Cane Commissioner, U. P. and oil manufacturing companies	100.14	373.15
(iv) Corporate guarantee given by the Company for loans sanctioned to Sonar Casting Ltd. State Bank of India (Lead Bank for consortium of banks).	7263.59	7263.59
(v) Disputed Sales Tax/Trade Tax/Entry Tax cases under appeal*	-	15.90
(vi) Income Tax cases under appeal	6.50	-
(vii) Penalty levied by Competition Commission of India, Regulatory fee and U P Pollution Control Board (Paid during 2021-22)	70.13	43.34

\* Amount after deducting Rs.1.34 lakhs (As on 31st March 2021 Rs.15.07 lakhs) paid under protest.

## Notes forming part of Standalone Financial Statement

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.

The Cane Commissioner, Uttar Pradesh has passed an order dated 17.12.2021 for payment of 12% interest on late cane payment of sugar season 2013-14. The company has filed appeal before Cane Commissioner, Uttar Pradesh. No impact has been considered in financial results as the interest amount is indeterminate and pending appeal.

The Company was liable to pay Purchase Tax @Rs.2/- per quintal on cane purchases. With GST implementation w.e.f. 01.07.2017 the purchase tax is not liable to be paid as all taxes got subsumed in GST. Sugar factories had received notices for payment of balance Cane Purchase Tax of season 2016-17 against which UPSMA has filed case in 2018 in the High Court, Lucknow and has also sought clarification from GST Council that Purchase Tax not to be demanded w.e.f. 01.07.2017 considering all taxes got subsumed in GST. The Company received a notice from District Magistrate, Ayodhya to pay the balance amount of Purchase Tax of season 2016-17. The liability of Purchase Tax for season 2016-17 is indeterminate.

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.

### Capital Commitments

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for	3875.46	39.37
Less: Advances paid against above	382.36	30.99
<b>Net Amount</b>	<b>3493.10</b>	<b>8.38</b>

### 37.6 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.

The Company has adopted Ind AS-116 "Leases" w.e.f. 01.04.2019 and applied the standard to lease contracts existing on 1st April, 2019 using the modified retrospective method.

Consequent to this, such assets have been recognised as "Right-of-use" (ROU) assets and have been amortized over the term of the lease. The same has been shown under note no.3 of financial statements. Depreciation charge for ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss under note no.33.

Further, to above, the Company has certain lease agreement on short term basis, expenditure on which has been recognized under rent (other expenses).

The effect of adoption of Ind AS -116 "Leases" is not material on the profit before tax, profit for the year and earnings per share.

Following is the break-up of current and non-current lease liabilities as at 31 March, 2022

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current Lease Liabilities in respect of long term lease	0.58	6.59
Non-Current Lease Liabilities	-	0.58
<b>Total</b>	<b>0.58</b>	<b>7.17</b>

## Notes forming part of Standalone Financial Statement

Following is the movement in long term lease liabilities during the year ended 31 March, 2022

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance at the beginning	7.17	-
Additions during the year	-	12.30
Finance cost accrued during the year	0.38	0.73
Payment of Lease Liabilities during the year	6.97	5.86
Translation Differences	-	-
<b>Balance at the end</b>	<b>0.58</b>	<b>7.17</b>

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March, 2022 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Future Minimum Lease Payment		
Not later than one year	0.58	6.97
Later than one year but not later than five year	-	0.58
Later than five year		-
<b>Total</b>	<b>0.58</b>	<b>7.55</b>

### 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 is Rs.5.82 lakhs (previous year Rs.5.72 lakhs).

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

(Rs. in lakhs)

S.No.	Particulars	As at 31st March, 2022	As at 31st March, 2021
(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	57.17	45.13
	Interest due on above	0.01	0.12
(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	0.12
(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	-	-

## Notes forming part of Standalone Financial Statement

### 37.8 Related Party Disclosures: -

Pursuant to compliance of Ind AS 24 on "Related Party Disclosures", 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 H. P. Singhanian\*\* -Independent Director
- Mrs. Madhu Mathur -Independent Director
- Shri S. K. Gupta -Independent Director
- Shri Sushil Solomon -Independent Director
- Shri Bibhash Kumar Srivastava\*\*\* -Independent Director

##### ii. Relatives of Key Management Personnel (Group B)

- Shri P. C. Jhunjunwala
- Smt Uma Jhunjunwala
- L. K. Jhunjunwala (HUF)
- P. C. Jhunjunwala (HUF)
- Ms. Madhu Prakash Jhunjunwala (Daughter of Late Shri P. C. Jhunjunwala)
- Smt Naina Jhunjunwala (Wife of Shri L.K. Jhunjunwala)
- Shri Vatsal Jhunjunwala (Son of Shri Aditya Jhunjunwala)

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

- Marvel Business (P) Limited
- Jhunjunwala Securities (P) Ltd.
- Shri Shakti Credits Ltd.
- Zar International (P) Ltd.
- K M Energy Pvt. Ltd.
- K M Vyapar Ltd.
- Brahma Properties Pvt. Ltd.

## Notes forming part of Standalone Financial Statement

- Sonar Casting Ltd.
- K M Strategic Investments and Holdings Pvt. Ltd.
- Shri Laxmi Public Charitable Trust
- Indian Sugar Exim Corporation Ltd.
- Shivam Trust
- Vridhi Trust

### c) Transactions with the related parties:

(Rs . in lakhs)

Sl. no.	Nature of transaction/ Name of the related party	Subsidiary 2021-22 (2020-21)	Key Managerial Personnel (KMP) 2021-22 (2020-21)	Enterprises over which KMP and their relatives have substantial interest/ significant influence 2021-22 (2020-21)	Total 2021-22 (2020-21)
<b>i.</b>	<b>Investment made</b>				
	Sonar Casting Ltd.	- (-)	- (-)	-(40.00)	- (40.00)
	K M Strategic Investments and Holdings Pvt. Ltd.	- (-)	- (-)	500.00 (-)	500.00 (-)
<b>ii.</b>	<b>Remuneration including commission and PF#</b>				
	Shri L. K. Jhunjhunwala	- (-)	157.60 (179.93)	- (-)	157.60 (179.93)
	Shri Aditya Jhunjhunwala	- (-)	190.01 (200.36)	- (-)	190.01 (200.36)
	Shri Sanjay Jhunjhunwala	- (-)	108.48 (110.61)	- (-)	108.48 (110.61)
	Shri S. C. Agarwal	- (-)	40.80 (58.55)	- (-)	40.80 (58.55)
	Shri P. C. Jhunjhunwala	- (-)	- (-)	6.73 (24.00)	6.73 (24.00)
	Smt. Uma Jhunjhunwala	- (-)	- (-)	18.00 (-)	18.00 (-)
	Shri Vatsal Jhunjhunwala	- (-)	- (-)	6.00 (-)	6.00 (-)
	Shri Arvind Kumar Gupta	- (-)	18.66 (18.52)	- (-)	18.66 (18.52)
	Ms. Pooja Dua	- (-)	5.18 (4.30)	- (-)	5.18 (4.30)
<b>iii.</b>	<b>Education fee paid</b>				
	Shri Vatsal Jhunjhunwala	- (-)	- (-)	5.37 (59.24)	5.37 (59.24)
<b>iv.</b>	<b>Rent paid</b>				
	Sri Shakti Credits Ltd.	- (-)	- (-)	3.00 (3.00)	3.00 (3.00)
	Zar International Pvt. Ltd.	- (-)	- (-)	1.14 (1.14)	1.14 (1.14)
	K M Vyapar Ltd.	- (-)	- (-)	160.02 (1.14)	160.02 (1.14)
	Marvel Business Pvt. Ltd.	- (-)	- (-)	7.20 (7.20)	7.20 (7.20)
<b>v.</b>	<b>MAEQ export facilitation charges payable</b>				
	Indian Sugar Exim Corporation Ltd.	- (-)	- (-)	151.18 (549.88)	151.19 (549.88)
<b>vi.</b>	<b>Loans taken</b>				
	Marvel Business Pvt. Ltd.	- (-)	- (-)	100.00 (-)	100.00 (-)
<b>vii.</b>	<b>Loans repaid</b>				
	Marvel Business Pvt. Ltd.	- (-)	- (-)	100.00 (-)	100.00 (-)
<b>viii.</b>	<b>Loans given</b>				
	Sonar Casting Ltd.	- (-)	- (-)	875.00 (-)	875.00 (-)

## Notes forming part of Standalone Financial Statement

Sl. no.	Nature of transaction/ Name of the related party	Subsidiary 2021-22 (2020-21)	Key Managerial Personnel (KMP) 2021-22 (2020-21)	Enterprises over which KMP and their relatives have substantial interest/ significant influence 2021-22 (2020-21)	Total 2021-22 (2020-21)
<b>ix.</b>	<b>Sitting fees paid</b>				
	Shri H. P. Singhania*	- (-)	- (0.95)	- (-)	- (0.95)
	Smt. Madhu Mathur	- (-)	1.55 (1.95)	- (-)	1.55 (1.95)
	Shri S. K. Gupta	- (-)	1.85 (2.25)	- (-)	1.85 (2.25)
	Shri Bibhash Kumar Srivastava**	- (-)	1.15 (0.20)	- (-)	1.15 (0.20)
	Shri Sushil Solomon	- (-)	1.35 (1.25)	- (-)	1.35 (1.25)
<b>x.</b>	<b>Donation paid</b>				
	Shri Laxmi Public Charitable Trust	- (-)	- (-)	- (100.00)	- (100.00)
<b>xi.</b>	<b>CSR paid</b>				
	Shri Laxmi Public Charitable Trust	- (-)	- (-)	100.00 (225.00)	100.00 (225.00)
<b>xii.</b>	<b>Interest paid</b>				
	Marvel Business Pvt. Ltd.	- (-)	- (-)	2.04 (-)	2.04 (-)
<b>xiii.</b>	<b>Interest received</b>				
	Sonar Casting Ltd.	- (-)	- (-)	16.40 (-)	16.40 (-)
	K M Strategic Investments and Holdings Pvt. Ltd.	- (-)	- (-)	10.44 (-)	10.44 (-)
<b>xiv.</b>	<b>Interim dividend paid</b>				
	Shri L. K. Jhunjunwala	- (-)	- (-)	28.61 (-)	28.61 (-)
	Shri Aditya Jhunjunwala	- (-)	- (-)	10.58 (-)	10.58 (-)
	Shri Sanjay Jhunjunwala	- (-)	- (-)	4.99 (-)	4.99 (-)
	Shri P. C. Jhunjunwala	- (-)	- (-)	3.10 (-)	3.10 (-)
	Smt. Uma Jhunjunwala	- (-)	- (-)	5.10 (-)	5.10 (-)
	Shri Vatsal Jhunjunwala	- (-)	- (-)	1.00 (-)	1.00 (-)
	Smt. Naina Jhunjunwala	- (-)	- (-)	8.36 (-)	8.36 (-)
	L. K. Jhunjunwala HUF	- (-)	- (-)	20.13 (-)	20.13 (-)
	P. C. Jhunjunwala HUF	- (-)	- (-)	6.56 (-)	6.56 (-)
	Madhu Prakash Jhunjunwala	- (-)	- (-)	0.04 (-)	0.04 (-)
	Marvel Business Pvt. Ltd.	- (-)	- (-)	24.13 (-)	24.13 (-)
	Jhunjunwala Securities Pvt. Ltd.	- (-)	- (-)	1.00 (-)	1.00 (-)
	K M Vyapar Ltd.	- (-)	- (-)	4.57 (-)	4.57 (-)
	Shivam Trust	- (-)	- (-)	0.24 (-)	0.24 (-)
	Vridhi Trust	- (-)	- (-)	0.38 (-)	0.38 (-)
<b>xv.</b>	<b>Balance outstanding</b>				
	<b>a. Amount payable</b>				
	Shri L. K. Jhunjunwala	- (-)	139.90 (123.12)	- (-)	139.90 (123.12)
	Shri Aditya Jhunjunwala	- (-)	78.15 (99.42)	- (-)	78.15 (99.42)
	Shri Sanjay Jhunjunwala	- (-)	118.67 (90.11)	- (-)	118.67 (90.11)
	Shri S. C. Agarwal	- (-)	2.09 (0.49)	- (-)	2.09 (0.49)
	Shri Vatsal Jhunjunwala	- (-)	(-)	1.72 (-)	1.72 (-)
	Shri P. C. Jhunjunwala	- (-)	- (-)	- (1.60)	- (1.60)

## Notes forming part of Standalone Financial Statement

Smt. Uma Jhunjhunwala	- (-)	(-)	1.62 (-)	1.62 (-)
Sri Shakti Credits Ltd.	- (-)	- (-)	4.50 (2.76)	4.50 (2.76)
K M Vyapar Ltd.	- (-)	- (-)	14.81 (15.14)	14.81 (15.14)
Marvel Business Pvt. Ltd.	- (-)	- (-)	- (20.84)	- (20.84)
Zar International Pvt. Ltd.	- (-)	- (-)	1.14 (1.14)	1.14 (1.14)
Indian sugar Exim Corp. Ltd.	- (-)	- (-)	- (432.74)	- (432.74)
<b>b. Amount receivable</b>				
Loan				
Sonar Casting Ltd.	- (-)	- (-)	875.00 (-)	875.00 (-)
Interest				
Sonar Casting Ltd.	- (-)	- (-)	14.76 (-)	14.76 (-)
K M Strategic Investments and Holdings Pvt. Ltd.	- (-)	- (-)	9.40 (-)	9.40 (-)
<b>c. Corporate guarantee given by the company for loan sanctioned/availed by</b>				
Sonar Casting Limited.*	-(-)	- (-)	7263.59 (7263.59)	7263.59 (7263.59)
<b>d . Investment Held (Cost)</b>				
Equity share in K M Spirits and Allied Industries Ltd.	5.00 (5.00)	- (-)	- (-)	5.00 (5.00)
Equity share in Sonar Casting Limited	- (-)	- (-)	109.00 (109.00)	109.00 (109.00)
Preference share in Sonar Casting Limited			2040.00 (2040.00)	2040.00 (2040.00)
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)
OFCD in K M Strategic Investments and Holdings Pvt. Ltd.	- (-)	- (-)	500.00 (-)	500.00 (-)

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

\* Ceased on Board due to his sad demise on 16th September, 2020

\*\* Appointed w.e.f. 1st February, 2021

### #Directors Remuneration

(Rs. in lakhs)

S. No.	Particulars	Chairman	Managing Director and Joint Managing Director	Executive Director	TOTAL
1	Salary	96.00 (96.00)	192.00 (192.00)	36.00 (85.15)*	324.00 (373.15)
2	Commission	50.00 (70.00)	80.00 (90.00)	- (-)	130.00 (160.00)
3	Contribution to Provident Fund	11.52 (11.52)	23.04 (23.04)	4.32 (4.32)	38.88 (38.88)
4	Perquisites:				
	(i) Residence				
	-Unfurnished	7.21 (7.38)	- (-)	2.74 (6.40)	9.95 (13.78)
	(ii) Medical Reimbursement	0.08 (2.41)	3.45 (4.86)	0.48 (0.23)	4.01 (7.50)
	(iii) Other benefits	1.27 ( 1.27)	1.58 (1.58)	0.69 (0.71)	3.54 (3.56)
	<b>Total</b>	<b>166.08 (188.58)</b>	<b>300.07 (311.48)</b>	<b>44.23 (96.81 )</b>	<b>510.38 (596.87)</b>

\* Including total gratuity amount received by him

## Notes forming part of Standalone Financial Statement

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

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.

Transactions with Related Parties are made on the terms equivalent to those that prevail in arm's length transactions.

The remuneration to the Key Managerial Personnels are in line with the service rules of the Company.

The aforementioned related party transactions have been recommended by Audit Committee and approved by the Board in their respective meetings held during the year.

### 37.9 Segment Reporting: Information on the Segment Reporting is as under:

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 repositing system as defined in Ind AS 108 – Operating Segments..

Particulars	(Rs. in lakhs)									
	Sugar		Distillery		Co-generation		Unallocable		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Revenue</b>										
Gross sales	52,770	48,296	4,502	5,364	3,179	3,575	-	-	60,451	57,235
Less: Inter segment sales	3,784	4,984	1	7	1,832	1,971	-	-	5,617	6,962
<b>External sales</b>	<b>48,986</b>	<b>43,312</b>	<b>4,501</b>	<b>5,357</b>	<b>1,347</b>	<b>1,604</b>	-	-	<b>54,834</b>	<b>50,273</b>
Add: Other income	811	382	176	62	4	8	-	-	991	452
<b>Total revenue</b>	<b>49,450</b>	<b>43,694</b>	<b>4,677</b>	<b>5,419</b>	<b>1,351</b>	<b>1,612</b>	-	-	<b>55,825</b>	<b>50,725</b>
<b>Segment results</b>	<b>6,051</b>	<b>3,007</b>	<b>216</b>	<b>848</b>	<b>505</b>	<b>667</b>	-	-	<b>6,772</b>	<b>4,522</b>
Less: Finance cost	1,165	1,084	14	15	-	-	-	-	1,179	1,099
<b>Profit before tax</b>	<b>4,886</b>	<b>1,923</b>	<b>202</b>	<b>833</b>	<b>505</b>	<b>667</b>	-	-	<b>5,593</b>	<b>3,423</b>
Current tax									1393	636
Deferred tax									53	163
<b>Profit after tax</b>									<b>4147</b>	<b>2,624</b>
<b>Other information</b>										
Segment assets	54,708	52,595	6,855	6,899	2,688	2,966	-	-	64,251	62,460
Segment liabilities	36,829	38,989	1,496	1,473	40	25	655	629	39,020	41,116
Capital Expenditure	454	1,173	359	919	-	2	-	-	813	2,094
Depreciation and amortisation	830	817	535	501	153	169	-	-	1,518	1,487

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

Inter-segment revenues are eliminated upon consolidation and reflected in the inter-segment sales column. Current taxes and deferred taxes are not allocated to individual segments as the same are dealt with at company level.

The transactions between segments are primarily for materials which are transferred at market determined prices. Common costs are apportioned on a reasonable basis.

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

## Notes forming part of Standalone Financial Statement

### 37.10 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 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
<b>Financial assets</b>				
<b>FVOCI financial instruments:</b>				
Unquoted equity shares	5.57	109.52	5.57	109.52
<b>Fair Value through Statement of Profit &amp; Loss</b>				
Investment in Preference Shares	<b>2,426.98</b>	<b>2,262.16</b>	<b>2,426.98</b>	<b>2,262.16</b>
Investment in OFCD	500.00	-	500.00	-
Corporate guarantee	122.17	182.19	122.17	182.19
<b>Fair value of assets through Other Comprehensive Income</b>				
Free hold Land	930.78	905.17	930.78	905.17
<b>Total</b>	<b>3,985.50</b>	<b>3,459.04</b>	<b>3,985.50</b>	<b>3,459.04</b>

(Rs. in lakhs)

Description	Carrying value		Fair Value	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
<b>Financial liabilities at amortized cost through statement of profit and loss</b>				
Loan taken from Bank, Government and others				
Fixed rate borrowings	4,046.50	6,213.06	4,046.50	6,213.06
Floating rate borrowings	-	-	-	-
<b>Total</b>	<b>4,046.50</b>	<b>6,213.06</b>	<b>4,046.50</b>	<b>6,213.06</b>

### 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 31st March, 2022:

Description	Date of valuation	Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
<b>Assets measured at fair value</b>				
FVOCI financial instruments:				
Unquoted equity shares	31st March, 2022	-	-	Yes
Preference Share	31st March, 2022	-	-	Yes

## Notes forming part of Standalone Financial Statement

### 37.11 Government Grant :

The Government of Uttar Pradesh has provided term loan under the Scheme for Financial Assistance to Sugar Undertakings, 2018, of Uttar Pradesh Government at concessional rates during the financial year 2018-19 which has been recognised in the following manners:

(Rs. in lakhs)

Description	Amount in lakhs	Year to which relates	Treatment in accounts
<b>Revenue related to Government Grant</b>			
Financial Assistance from the State Government	Nil	2021-2022	Nil
<b>Deferred Government Grant</b>			
Deferred income relating to term loans on concessional rate (difference between actual loan and its present value has been considered Deferred Government Grant)	266.33	2021-2022	A sum of Rs.113.37 lakhs considered for part of the year as government grant under Note-28. Deferred Income considered as Government grant over the period of 5 years being the tenure of loan.

### 37.12 Expenditure incurred on corporate social responsibilities (CSR)

Details of expenditure on corporate social responsibility activities as per Section 135 of Companies Act , 2013 read with schedule III are as below:

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Gross amount required to be spent by the company during the year	62.98	59.58
Amount spent during the year		
- For Covid 19 contribution to State Government	-	2.02
- For contribution towards school building and asset to Government schools to promote education	43.70	20.00
- For contribution in hospital construction and asset	100.00	232.64
- For supply of oxygen plants	28.12	
- For rural development etc.	1.20	1.68
<b>Total</b>	<b>173.02</b>	<b>256.34</b>
Excess balance as at 31st March	110.04	196.76
Less: To be carried forward for the next year	109.00	-
Not to be carried forward for the next year	1.04	196.76

**37.13** 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 31st March, 2022 shown under Note 16 of "Other equity".

**37.14** Certain balances in account of trade receivables, advances, deposit accounts and trade payables are subject to reconciliation and confirmation by the respective parties. The management reviewed these advances from time to time, 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.

**37.15** Other non-current liabilities (Note No.20) 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 has been kept with the District Magistrate, Ayodhya. In opinion of the management, the amount of interest accrued on this fixed deposit is adequate to meet the interest obligation liability of the Company on the said loan

## Notes forming part of Standalone Financial Statement

and therefore, no interest is being provided for in these financial statements.

**37.16** As per Bihar State Government directions, the operations of country liquor bottling unit remain discontinued during the year. However, the plant and machinery of that unit was moved in previous year to the Distillery Unit for manufacturing of country liquor. Thus, depreciation due to obsolescence has been provided on building amounting to Rs.12.19 lakhs in the current year. (Previous year – Rs.12.19 lakhs).

**37.17** 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.

**37.18** The Company has a subsidiary company namely K M Spirits and Allied Industries Ltd.

**37.19** The management is of the view that dividend payment is most probable to receive from the investments in the preference shares amounting to Rs.338.92 lakhs in K. M. Energy (P) Ltd., and Rs.385.00 lakhs in Brahma Properties (P) Ltd. considering dividend at 9% and in preference shares of Sonar Casting Ltd. considering dividend at 12% and this fact has been taken into account while determining the fair value of these investments. .

**37.20** 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. Nil (Previous year Rs.172.74 lakhs) has been adjusted as reduction in finance cost. Further, storage charges amounting to Rs. Nil (Previous year Rs.24.65 lakhs) shown as line item "Insurance and storage charges on buffer stock" under Revenue from operations.

**37.21** 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 cane price dues 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 and subsequent notifications 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 assistance receivable against such MAEQ sugar of Rs. Nil (Previous year Rs.843.60 lakhs) has been shown as line item "Assistance on sugar quota export" under Revenue from operations.

**37.22** The Central Government pursuant to Notification No. 1(6)/2020-SP-I dated 29th December, 2020 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 2020-21 thereby improving the liquidity position of sugar mills enabling them to clear cane price dues for sugar season 2020-21.

Pursuant to above notification, the Central Government pursuant to Notification No. 1(6)/2020-SP-I dated 31st December, 2020 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 23765 MT as per the said notification. The Company got exported 5125 MT (Previous year 18640 MT) sugar through merchant exporter. The assistance receivable against such MAEQ sugar of Rs.307.50 lakhs (Previous year Rs.1118.40 lakhs) has been shown as line item "Assistance on sugar quota export" under Revenue from operations and export facilitation charges payable to merchant exporter amounting to Rs.151.19 lakhs (Previous year Rs.549.88 lakhs) has been shown as line item MAEQ expenses under other expenses.

### 37.23 Imported and Indigenous Raw Materials, Packing Materials and Stores and Spares consumed

(Rs. In lakhs)

Description	As at 31st March, 2022		As at 31st March, 2021	
	% of total consumption	Amount	% of total consumption	Amount
<b>Raw Materials</b>				
Imported	-	-	-	-

## Notes forming part of Standalone Financial Statement

Indigenous	100%	42013.64	100%	43932.87
<b>Stores and packing material</b>				
Imported	-	-	-	-
Indigenous	100%	1372.19	100%	1218.63

### 37.24 Income in foreign currency on account of:

(Rs. in lakhs)

Description	As at 31st March, 2022	As at 31st March, 2021
Export sale	-	2415.48

### 37.25 Expenditure in foreign currency on account of:

(Rs. in lakhs)

Description	As at 31st March, 2022	As at 31st March, 2021
Travelling	33.52	8.02
Others	7.29	61.31

**37.26** 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.

### 37.27 Components of Other Comprehensive Income

The disaggregation of changes to OCI in equity is shown below

(Rs. in lakhs)

Description	Comprehensive Income ( Net of Tax)	
	Year ended 31st March, 2022	Year ended 31st March, 2021
Gain/(loss) on equity instruments	(77.22)	(5.55)
Re-measurement gain/(loss) on defined benefit plans	(0.86)	(7.43)
<b>Total</b>	<b>(78.08)</b>	<b>(12.98)</b>

### 37.28 Capital work in progress (Under property, plant and equipment, intangible asset) ageing schedule

For the year ended 31st March, 2022

(Rs. in lakhs)

Particulars	Amount in CWIP for period of				Total
	Less than 1 year	1 -2 year	2- 3 year	More than 3 year	
Plant and machinery in progress	14.47	-	-	-	14.47
Building work temporarily suspended*	-	-	0.39	9.69	10.08
<b>Total</b>	<b>14.47</b>	<b>-</b>	<b>0.39</b>	<b>9.69</b>	<b>24.55</b>

\* The completion of building is overdue as plan is under approval with development authority, hence completion date can not be estimated.

For the year ended 31st March, 2021

(Rs. in lakhs)

Particulars	Amount in CWIP for period of				Total
	Less than 1 year	1 -2 year	2- 3 year	More than 3 year	
Plant and machinery in progress	805.05	-	-	-	805.05
Building work temporarily suspended*	-	0.39	9.69	-	10.08
Intangible asset	0.63	-	-	-	0.63
<b>Total</b>	<b>805.68</b>	<b>0.39</b>	<b>9.69</b>	<b>-</b>	<b>815.76</b>

\* The completion of building is overdue as plan is under approval with development authority, hence completion date can not be estimated.

## Notes forming part of Standalone Financial Statement

### 37.29 Trade receivable ageing schedule

For the year ended 31st March, 2022

(Rs. in lakhs)

Particulars	Unbilled revenue*	Not due	Outstanding from due date of payment					Total
			Less than 6 months	6 months to 1 year	1 -2 year	2- 3 year	More than 3 year	
Undisputed Trade receivables - considered good	272.39	249.66	956.38	0.98	11.91	-	-	1,491.32
Undisputed Trade receivables - which have significant increase in credit risk		-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired		-	-	-	0.06	-	-	0.06
Disputed Trade receivables - credit impaired		-	-	-	-	-	15.91	15.91
<b>Total</b>	<b>272.39</b>	<b>249.66</b>	<b>956.38</b>	<b>0.98</b>	<b>11.97</b>	<b>-</b>	<b>15.91</b>	<b>1,507.29</b>

\* Represents bills for the month of March 2022 which were subsequently billed in the following month.

For the year ended 31st March, 2021

(Rs. in lakhs)

Particulars	Unbilled revenue*	Not due	Outstanding from due date of payment					Total
			Less than 6 months	6 months to 1 year	1 -2 year	2- 3 year	More than 3 year	
Undisputed Trade receivables - considered good	312.87	600.37	1,043.09	0.52	-	-	-	1,956.85
Undisputed Trade receivables - which have significant increase in credit risk		-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired		-	-	0.13	-	-	14.34	14.47
Disputed Trade receivables - credit impaired		-	-	-	-	-	15.91	15.91
<b>Total</b>	<b>312.87</b>	<b>600.37</b>	<b>1,043.09</b>	<b>0.65</b>	<b>-</b>	<b>-</b>	<b>30.25</b>	<b>1,987.23</b>

\* Represents bills for the month of March 2021 which were subsequently billed in the following month.

## Notes forming part of Standalone Financial Statement

### 37.30 Trade payable ageing schedule

For the year ended 31st March, 2022

(Rs. in lakhs)

Particulars	Not due	Outstanding from due date of payment				Total
		Less than 1 year	1-2 year	2- 3 year	More than 3 year	
MSME	-	57.17	-	-	-	57.17
Others	3,760.17	9,350.64	66.67	15.41	27.38	13,220.27
Disputed dues-MSME	-	-	-	-	-	-
Disputed dues-Others	-	-	-	-	-	-
<b>Total</b>	<b>3,760.17</b>	<b>9,407.81</b>	<b>66.67</b>	<b>15.41</b>	<b>27.38</b>	<b>13277.44</b>

For the year ended 31st March, 2021

(Rs. in lakhs)

Particulars	Not due	Outstanding from due date of payment				Total
		Less than 1 year	1-2 year	2- 3 year	More than 3 year	
MSME	-	45.16	-	-	0.09	45.25
Others	3,697.56	13,708.22	5.46	3.73	136.74	17,551.71
Disputed dues-MSME	-	-	-	-	-	-
Disputed dues-Others	-	-	-	-	-	-
<b>Total</b>	<b>3,697.56</b>	<b>13,753.38</b>	<b>5.46</b>	<b>3.73</b>	<b>136.83</b>	<b>17,596.96</b>

### 37.31 Details of shares held by promoter and promoter group of the Company

Equity Shares held by promoters as at 31st March, 2022 and 31st March, 2021

Promoter Name	As at 31st March, 2022			As at 31st March, 2021		
	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
<b>Promoters</b>						
Lakshmi Kant Jhunjunwala*	1,43,02,600	15.55%	-	1,43,02,600	15.55%	0.54%
Lakshmi Kant Dwarkadas -HUF	1,00,65,900	10.94%	-	1,00,65,900	10.94%	-
Aditya Jhunjunwala**	52,89,242	5.75%	0.49%	48,39,242	5.26%	-
Sanjay Jhunjunwala	24,94,600	2.71%	-	24,94,600	2.71%	-

## Notes forming part of Standalone Financial Statement

Promoter Name	As at 31st March, 2022			As at 31st March, 2021		
	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
<b>Promoter group</b>						
Naina Jhunjunwala	41,82,748	4.55%	0.01%	4180748	4.54%	-0.02%
Prakash Chandra Dwarkadas Jhunjunwala-HUF*	32,78,271	3.56%	-0.02%	32,98,271	3.59%	-0.54%
Umadevi Jhunjunwala	25,51,717	2.77%	-0.01%	25,62,717	2.79%	0.01%
Prakash Chandra Dwarkadas Jhunjunwala***	-	-	-1.70%	15,59,732	1.70%	-
Madhu Prakash Jhunjunwala***	15,71,660	1.71%	1.68%	21,928	0.02%	-
Vatsal Jhunjunwala	4,99,721	0.54%	-	4,99,721	0.54%	-
Vridhi Jhunjunwala**	-	-	-0.49%	4,50,000	0.49%	-
Vridhi Trust	1,88,780	0.21%	-	1,88,780	0.21%	-
Shivam Shorewala^	1,20,549	0.13%	0.13%	-	-	-
Shivam Trust^	-	-	-0.13%	1,20,549	0.13%	0.13%
Marvel Business Private Ltd.	1,20,65,975	13.12%	-0.19%	1,22,44,253	13.31%	0.11%
K M Vyapar Ltd.	22,83,364	2.48%	-	22,83,364	2.48%	-
Jhunjunwala Securities Pvt. Ltd.	5,00,000	0.54%	-	5,00,000	0.54%	-
Francoise Commerce Pvt. Ltd.	20	.	.	20	.	.

\* Shares inter transferred

\*\* Shares held by Vridhi jhunjunwala was transmitted to Mr. Aditya Jhunjunwala

\*\*\* Shares held by Prakash Chandra Dwarkadas Jhunjunwala was transmitted to Ms. Madhu Jhunjunwala after his sad demise

^ Shares held by Shivam Trust was vested to Mr. Shivam Shorewala

### 37.32 Loans to promoter, director and related parties etc.

#### For the year ended 31st March, 2022

Type of borrower	Amount of loan outstanding	% of total loan
Loan to promoter	-	-
Loan to Director	-	-
Loan to KMPs	-	-
Loan to related party	875.00	100%

#### For the year ended 31st March, 2021

Type of borrower	Amount of loan outstanding	% of total loan
Loan to promoter	-	-
Loan to Director	-	-
Loan to KMPs	-	-
Loan to related party	-	-

## Notes forming part of Standalone Financial Statement

### 37.33 Financial ratios

The following are analytical ratios for the year ended 31st March, 2022 and 31st March, 2021

Particulars	Numerator	Denominator	As at 31st March, 2022	As at 31st March, 2021	Change
Current Ratio	Current assets	Current liabilities	1.19	1.20	-0.83%
Debt-Equity Ratio	Total Debt(Note 1)	Total Equity	0.89	0.94	-5.32%
Debt Service Coverage Ratio	Earnings available for debt service	Debt Service (Note 2)	2.07	1.46	41.78%*
Return on Equity Ratio	Profit for the year	Average Total Equity	17.81	13.10	35.95%*
Inventory turnover ratio	Revenue from Operations	Average Inventory	1.51	1.65	-8.48%
Trade Receivables turn-over ratio	Revenue from Operations	Average Trade Receivable	31.80	24.91	27.66%**
Trade payables turnover ratio	Purchases and Other Services	Average Trade Payables	2.82	3.18	-11.32%
Net capital turnover ratio	Revenue from Operations	Working Capital	8.37	7.11	17.72%
Net profit ratio	Profit for the year	Revenue from Operations	7.56%	5.22%	234bps^
Return on Capital employed	EBIT (Note 3)	Capital Employed (Note 4)	14.02%	10.75%	327bps*
Return on investment	Profit for the year	Average Total Assets	6.55%	4.56%	199bps*

\* Higher profit earned during the year

\*\* Increased turnover and reduction in trade receivable

^ Led by higher operating margin

Note 1: Debt includes lease liabilities

Note 2: Debt service = Interest and Lease payments and Principal Repayments

Note 3: EBIT = Profit before exceptional items + Finance Costs

Note 4: Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liabilities

## Notes forming part of Standalone Financial Statement

**37.34 The difference between the value as per books of accounts and as per quarterly statement submitted with lenders are given below:**

(Rs. in lakhs)

Quarter ending	Value as per books of accounts	Value as per quarterly statement submitted with lenders	Difference	Reasons for difference
June 30, 2021	27,522.21	27,352.36	170.05	The differences are because, the statements filed with the lenders are based on financial statements prepared on provisional basis and also because of exclusion of certain current assets in the statements filed with the lenders.
September 30, 2021	9,949.11	9,673.70	275.41	
December 31, 2021	17,474.30	14,353.28	3,121.02	
March 31, 2022	39,827.55	36,401.21	3,426.34	

(Rs. in lakhs)

Quarter ending	Value as per books of accounts	Value as per quarterly statement submitted with lenders	Difference	Reasons for difference
June 30, 2020	24,827.58	21,711.47	3,116.11	The differences are because, the statements filed with the lenders are based on financial statements prepared on provisional basis and also because of exclusion of certain current assets in the statements filed with the lenders.
September 30, 2020	12,468.66	11,204.30	1,264.36	
December 31, 2020	12,993.08	10,033.90	2,959.18	
March 31, 2021	38,092.67	37,557.37	535.30	

### 37.35 Other statutory information

- i. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company.
- ii. The Company does not have any transactions with companies struck off.
- iii. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- vi. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vii. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- viii. The Company has not any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

## Notes forming part of Standalone Financial Statement

- 37.36** The company has opted to apply the tax rate as per newly introduced section 115BAA of the Income Tax Act, 1961 w.e.f. 01.04.2021 and made the current tax provision accordingly.
- 37.37** Effective from 1st April, 2019, UPERC, vide tariff order dated July 25, 2019, has reduced the tariff of power sold to Power Corporation. Accordingly the Company has accounted power sale at the reduced tariff notified by UPERC. The matter is challenged through UP Co-Gen Association before the appropriate forum and matter is sub-judice.
- 37.38** Events occurring after the balance sheet date:  
No adjusting or significant non adjusting events have occurred between the reporting date and the date of authorization of financial statements.
- 37.39** The previous year's figures have been regrouped, reclassified, reworked and rearranged wherever necessary to correspond with the current year classification/disclosures also considering the requirements of the amended Schedule III to the Companies Act, 2013 effective 1st April, 2021. 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 : Lucknow  
Date : 27th May, 2022

**For and on behalf of Board of Directors**

**S. C. Agarwal**  
Executive Director  
(DIN-02461954)

**A. K. Gupta**  
Chief Financial Officer

**Aditya Jhunjunwala**  
Managing Director  
(DIN-01686189)

**Pooja Dua**  
Company Secretary  
(M. No. A50996)

# CONSOLIDATED FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT

To,  
**The Members of K M Sugar Mills Limited**  
**Report on the Consolidated Financial Statements**

### Opinion

We have audited the accompanying consolidated financial statements of K M Sugar Mills Limited (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2022, 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.

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, 2022, 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 Act. 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	How our audit addressed the Key Audit Matter
1	<p><b>Valuation of inventory of sugar:</b></p> <p>As on March 31, 2022, the Company has inventory of sugar with a carrying value INR 37321 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, fluctuation in selling prices and related notifications of the Government in valuation of NRV.</p>	<p>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 and notifications of the Government of India, initiatives taken by the Government with respect to sugar industry as a whole.</p> <p>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>

<p>2</p>	<p><b>Contingent Liabilities :</b></p> <p>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.</p> <p>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>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"> <li>• understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases;</li> <li>• discussed with management regarding any material developments and latest status of legal matters;</li> <li>• 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;</li> <li>• examining management's judgements and assessments whether provisions are required;</li> <li>• considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote;</li> <li>• reviewing the adequacy and completeness of disclosures;</li> </ul> <p>Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable.</p>
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**Information other than the Consolidated Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, 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.

**Responsibilities of Management and Those Charged with Governance 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 Holding Company and its subsidiary company which is company 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 1 (One) subsidiary, i.e. K M Spirits and Allied Industries Limited. The financial statements of K M Spirits & Allied Industries Limited reflect total assets of Rs. 5.09 lakhs and net assets of Rs.4.91 lakhs as at 31st March, 2022, total revenues of Rs. 0.24 lakhs and total net profit after tax of Rs.0.14 lakhs, total comprehensive income of Rs. 0.14 lakhs and net cash flows amounting to Rs. 0.16 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has 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 Holding Company as on 31st March, 2022 taken on record by the Board of Directors of the Holding Company and its subsidiary 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, 2022 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 Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- 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 Holding Company and its subsidiary company 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:
- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note – 37.5 to the consolidated financial statements;
  - ii. the Group did not have any material foreseeable losses on long-term contracts including derivative contracts;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group;
  - iv.(a) The respective management of the Holding Company and its subsidiary which are the companies incorporated in India whose financial statements have been audited under the Act have represented that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in persons or entities identified in any manner whatsoever by or on behalf of the Group ("ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate Beneficiaries;
  - (b) The respective management of the Holding Company and its subsidiary which are the companies incorporated in India whose financial statements have been audited under the Act have represented, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under clause (a) and (b) above, contain any material misstatement.
  - v. In our opinion, the interim dividend declared and paid by the Group during the year is in accordance with Section 123 of the Act, as applicable.
  - vi. As required by paragraph (xxi) of the CARO 2020, we report that the auditors of the subsidiary company have not given any qualification or adverse remarks in their CARO report.

For **Agiwal & Associates**  
Chartered Accountants  
Firm Registration No.: 000181N

P. C. Agiwal  
Partner

Place: New Delhi  
Date: 27.05.2022

M. No.: 080475  
UDIN:22080475AKFBULU9628

## 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 Holding Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of K M Sugar Mills Limited ("the Holding Company") and its subsidiary company, which is a company incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company and its subsidiary company, 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 Holding 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 Holding 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 Holding Company and its subsidiary company, 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 2022, 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  
Firm Registration No.: 000181N

P. C. Agiwal  
Partner

Place: New Delhi

Date: 27.05.2022

M. No.: 080475

UDIN: 22080475AKFBLU9628

# Consolidated Balance sheet for the year ended 31st March 2022

(Rs. in lakhs)

Particulars	Notes No.	As at 31st March, 2022	As at 31st March, 2021
<b>ASSETS</b>			
<b>(1) Non current assets</b>			
(a) Property, plant and equipment	3	10,515.57	10,239.44
(b) Capital work in progress	3A	24.55	815.76
(c) Intangible assets	3B	4.57	0.57
(d) Right-of-use-assets	3C	5,345.83	5,591.36
(e) Financial assets			
(i) Loans	4	875.00	-
(ii) Investments	5	2,927.55	2,366.68
(iii) Other financial assets	6	496.03	615.68
(f) Non current tax assets (net)	7	-	24.45
(g) Other non current assets	8	2,485.72	172.15
<b>Total non current assets</b>		<b>22,674.82</b>	<b>19,826.09</b>
<b>(2) Current assets</b>			
(a) Inventories	9	38,336.23	36,135.82
(b) Financial assets			
(i) Investments	10	25.76	1.82
(ii) Trade and other receivables	11	1,491.32	1,956.85
(iii) Cash and cash equivalents	12	842.81	540.87
(iv) Bank balances other than cash and cash equivalents	12A	56.04	47.71
(v) Other financial assets	13	39.04	3,359.44
(c) Other current assets	14	785.51	591.14
<b>Total current assets</b>		<b>41,576.71</b>	<b>42,633.65</b>
<b>Total assets</b>		<b>64,251.53</b>	<b>62,459.74</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	15	1,840.00	1,840.00
(b) Other equity	16	23,390.90	19,503.83
<b>Total equity</b>		<b>25,230.90</b>	<b>21,343.83</b>
<b>LIABILITIES</b>			
<b>(1) Non current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	2,609.87	4,049.48
(ii) Lease liability	18	-	0.58
(iii) Other financial liabilities	19	96.39	122.17
(b) Other non current liabilities	20	162.57	280.83
(c) Deferred tax liabilities (net)	21	655.49	628.63
(d) Provisions	22	478.74	476.50
<b>Total non current liabilities</b>		<b>4,003.06</b>	<b>5,558.19</b>
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	23	19,805.31	16,050.57
(ii) Lease liability	18	0.58	6.59
(iii) Trade and other payables	24	13,277.59	17,597.10
(iv) Other financial liabilities	25	1,064.90	1,207.84
(b) Other current liabilities	26	832.20	660.26
(c) Current Tax liability (net)	7	2.47	-
(c) Provisions	22	34.52	35.36
<b>Total current liabilities</b>		<b>35,017.57</b>	<b>35,557.72</b>
<b>Total equity and liabilities</b>		<b>64,251.53</b>	<b>62,459.74</b>

## Corporate Information

1

Significant Accounting Policies and accompanying notes 2 to 37 form an integral part of consolidated 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 : Lucknow  
Date : 27th May, 2022

For and on behalf of Board of Directors

S. C. Agarwal  
Executive Director  
(DIN-02461954)

A. K. Gupta  
Chief Financial Officer

Aditya Jhunjunwala  
Managing Director  
(DIN-01686189)

Pooja Dua  
Company Secretary  
(M. No. A50996)

## Consolidated statement of profit and loss for the year ended 31st March 2022

(Rs. in lakhs)

Particulars	Note No.	Year Ended 31st March, 2022	Year Ended 31st March, 2021
<b>I Revenue From Operations</b>	27	54,834.10	50,273.15
II Other Income	28	991.27	451.56
<b>III Total Income (I+II)</b>		<b>55,825.37</b>	<b>50,724.71</b>
<b>IV EXPENSES</b>			
Cost of materials consumed	29	42,013.64	43,932.87
Purchase of stock in trade	30	179.24	1,823.67
Changes in inventories of finished goods, by-products and work-in-progress	31	(2,263.74)	(9,367.75)
Employee benefit expenses	32	1,403.84	1,411.50
Finance costs	33	1,179.22	1,098.79
Depreciation and amortisation expenses	34	1,517.62	1,486.65
Other expenses	35	6,201.98	6,915.83
<b>Total expenses</b>		<b>50,231.80</b>	<b>47,301.56</b>
V Profit/(loss) before exceptional items and tax (III-IV)		<b>5,593.57</b>	<b>3,423.15</b>
VI Exceptional Items		-	-
<b>VII Profit/(loss) before tax (V-VI)</b>		<b>5,593.57</b>	<b>3,423.15</b>
<b>VIII Tax expenses :</b>	36		
Current tax		1,393.51	635.56
Tax expense of earlier year		-	0.17
Deferred tax		53.12	163.20
		<b>1,446.63</b>	<b>798.93</b>
<b>IX Profit (Loss) for the period (VII-VIII)</b>		<b>4,146.94</b>	<b>2,624.22</b>
<b>X Other Comprehensive Income :</b>			
(i) Items that will not be reclassified to profit and loss :			
Gain / (Loss) arising on actuarial valuation arising on defined benefit obligation		(1.15)	(9.92)
Gain / (Loss) arising on fair valuation of fixed assets		-	-
Gain / (Loss) arising on fair valuation of equity instruments		(103.19)	(7.42)
(ii) Income tax relating to items that will not be reclassified to profit and loss		26.26	4.36
		<b>(78.08)</b>	<b>(12.98)</b>
<b>XI Total Comprehensive Income for the period (IX+X) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)</b>		<b>4,068.86</b>	<b>2,611.24</b>
<b>XII Earnings per equity share ( Equity share of Rs. 2/- each)</b>			
(1) Basic		<b>4.51</b>	<b>2.85</b>
(2) Diluted		<b>4.51</b>	<b>2.85</b>

### Corporate Information

1

Significant Accounting Policies and accompanying notes 2 to 37 form an integral part of consolidated 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 : Lucknow  
Date : 27th May, 2022

For and on behalf of Board of Directors

S. C. Agarwal  
Executive Director  
(DIN-02461954)

A. K. Gupta  
Chief Financial Officer

Aditya Jhunjunwala  
Managing Director  
(DIN-01686189)

Pooja Dua  
Company Secretary  
(M. No. A50996)

## Consolidated Statement of Cash Flows for the year ended 31st March, 2022

(Rs. in lakhs)

S.No.	Particulars	Year ended 31st March, 2022		Year ended 31st March, 2021	
<b>A.</b>	<b>Cash flow from operating activities</b>				
	<b>Profit/(loss) before tax</b>		<b>5,593.57</b>		<b>3,423.15</b>
	<i>Adjustment to reconcile profit before tax to net cash flow provided by operating activities:</i>				
	Depreciation and amortisation expense	1,517.62		1,486.65	
	Finance costs	1,179.22		1,098.78	
	Transfer to storage fund for molasses	2.21		3.34	
	Provision/(reversal) of doubtful debts	(191.40)		(2.46)	
	Balances written off	155.89		29.07	
	Interest Income	(122.76)		(23.42)	
	Government Grant	(113.37)		(179.75)	
	Fair valuation on investment and others	(76.93)		403.61	
	Loss/(Profit) on sale of property, plant and equipments	28.90		8.10	
	Unspent liabilities/balances written back	(131.36)		(56.39)	
	Other measurement expenses/(income)	(54.79)		(7.30)	
	Remeasurement of defined benefit obligation	(1.15)	<b>2,192.08</b>	(9.92)	<b>2,750.31</b>
	<b>Operating Profit before working capital changes</b>		<b>7,785.65</b>		<b>6,173.46</b>
	<i>Adjustment to reconcile operating profit to cash flow provided by change in working capital</i>				
	(Increase)/Decrease in trade and other receivables	465.53		122.64	
	(Increase) / Decrease in inventories	(2,200.41)		(9,364.21)	
	(Increase) / Decrease in Current & Non current Assets	(2,486.88)		392.95	
	(Increase) / Decrease in financial Assets	2,536.02		(515.15)	
	Increase / (Decrease) in trade payables & Others	(4,319.50)		5,737.47	
	Increase / (Decrease) in current & non current liabilities	298.41		(1,293.03)	
	Increase / (Decrease) in other financial liabilities	(93.87)		27.57	
	Increase / (Decrease) in provisions	1.41		(43.16)	
			<b>(5,799.29)</b>		<b>(4,934.92)</b>
	<b>Cash generated from operations</b>		<b>1,986.36</b>		<b>1,238.54</b>
	Tax expense		(1,392.87)		(531.64)
	<b>Net cash generated from operating activities (A)</b>		<b>593.49</b>		<b>706.90</b>
<b>B.</b>	<b>Cash Flow from investing activities</b>				
	Addition to property, plant and equipment (including capital work in progress) (Net)	(812.72)		(2,094.34)	
	Proceed from Sale of property, plant and equipment	22.80		26.14	
	Investment in equity and other (Net)	(584.80)		(40.28)	
	Interest income received	143.47		11.94	
	<b>Net cash used in investing activities (B)</b>		<b>(1,231.25)</b>		<b>(2,096.54)</b>

## Consolidated Statement of Cash Flows for the year ended 31st March, 2022

(Rs. in lakhs)

S.No.	Particulars	Year ended 31st March, 2022		Year ended 31st March, 2021	
<b>C.</b>	<b>Cash flow from financing activities</b>				
	Proceed/(Repayments) of long term borrowings	(2,166.56)		(721.28)	
	Proceeds/(Repayments) of short term borrowings	4,481.69		3,413.59	
	Dividend paid	(184.00)		-	
	Finance cost paid	(1,191.43)		(1,138.64)	
	<b>Net cash from financing activities (C)</b>		<b>939.70</b>		<b>1,553.67</b>
	<b>Net increase in cash &amp; cash equivalents (A+B+C)</b>		<b>301.94</b>		<b>164.03</b>
<b>D.</b>	<b>Opening cash and cash equivalents</b>		540.87		376.84
<b>E.</b>	<b>Closing cash and cash equivalents for the purpose</b>		<b>842.81</b>		<b>540.87</b>
	<b>Increase in cash &amp; cash equivalents (D-E)</b>		<b>301.94</b>		<b>164.03</b>
<b>Notes:</b>					
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		6.33		7.55
	Cheque on hand		39.68		0.69
	Balances with Banks		102.81		532.63
	Fixed deposit with Bank original maturity upto 3 months		693.99		-
	<b>Supplementary Information</b>		<b>842.81</b>		<b>540.87</b>
	- Restricted Cash Balance (NOTE 12A)*				
	<i>* amount not included in cash and cash equivalent</i>				

As per our report of even date attached

For Agiwal &amp; Associates

Chartered Accountants  
(F.R. No. 000181N)

CA P. C. Agiwal

Partner  
(M. No.080475)

Place : Lucknow

Date : 27th May, 2022

For and on behalf of Board of Directors

S. C. Agarwal

Executive Director  
(DIN-02461954)

A. K. Gupta

Chief Financial Officer

Aditya Jhunjunwala

Managing Director  
(DIN-01686189)

Pooja Dua

Company Secretary  
(M. No. A50996)

## Consolidated Statement of change in equity for the year ended 31st March, 2022

### (a) Equity Share Capital

(Rs. in lakhs)

Particulars	As at 31st March, 2022	Change during the year	As at 31st March, 2021	Change during the year	As at 1st April, 2020
Balance of Equity Share Capital	1,840.00	-	1,840.00	-	1,840.00
	<b>1,840.00</b>	<b>-</b>	<b>1,840.00</b>	<b>-</b>	<b>1,840.00</b>

### (b) Other equity

(Rs. in lakhs)

Description	General Reserve	Initial Depreciation Reserve	Molasses Storage Fund	Sugar Price Equalisation Reserve	Securities Premium Account	Retained Earning	Items of Other Comprehensive Income			Total
							Revaluation reserve	FVTOCI reserve	Gain / Loss arising on actuarial valuation of defined benefit	
As at April 01, 2020	1,178.18	1.72	19.31	12.40	2,688.01	6,990.00	6,072.54	(6.87)	(66.04)	16,889.25
Profit for the period	-	-	-	-	-	2,624.22	-	-	-	2,624.22
Other Comprehensive Income	-	-	-	-	-	-	-	(5.55)	(7.43)	(12.98)
Transfer to Molasses Fund	-	-	3.34	-	-	-	-	-	-	3.34
Transfer to retained earning	-	-	-	-	-	1.41	(1.41)	-	-	-
<b>As at 31st March, 2021</b>	<b>1,178.18</b>	<b>1.72</b>	<b>22.65</b>	<b>12.40</b>	<b>2,688.01</b>	<b>9,615.63</b>	<b>6,071.13</b>	<b>(12.42)</b>	<b>(73.47)</b>	<b>19,503.83</b>
Profit for the period	-	-	-	-	-	4,146.94	-	-	-	4,146.94
Interim dividend paid during the year	-	-	-	-	-	(184.00)	-	-	-	(184.00)
Transfer to General Reserve	1.72	(1.72)	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	(77.22)	(0.86)	(78.08)
<b>Total Comprehensive Income</b>	<b>1,179.90</b>	<b>-</b>	<b>22.65</b>	<b>12.40</b>	<b>2,688.01</b>	<b>13,578.57</b>	<b>6,071.13</b>	<b>(89.64)</b>	<b>(74.33)</b>	<b>23,388.69</b>
Transfer to Molasses Fund	-	-	2.21	-	-	-	-	-	-	2.21
Transfer to retained earning	-	-	-	-	-	1.19	(1.19)	-	-	-
<b>As at March 31, 2022</b>	<b>1,179.90</b>	<b>-</b>	<b>24.86</b>	<b>12.40</b>	<b>2,688.01</b>	<b>13,579.76</b>	<b>6,069.94</b>	<b>(89.64)</b>	<b>(74.33)</b>	<b>23,390.90</b>

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

For and on behalf of Board of Directors

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

S. C. Agarwal  
Executive Director  
DIN-02461954

Aditya Jhunjunwala  
Managing Director  
DIN-01686189

Place : Lucknow  
Date : 27th May, 2022

A. K. Gupta  
Chief Financial Officer

Pooja Dua  
Company Secretary  
M. No. A50996

# Notes forming part of Consolidated Financial Statement

## 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 a subsidiary; K M Spirits and Allied Industries Ltd. for the year ended 31st March, 2022.

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, Collectoranj, 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 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

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

In the case of subsidiary, 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 loses control of the subsidiary Assets, Liabilities, Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement from the date the group gains control until the date the group ceases to control the subsidiary

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

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

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

## Notes forming part of Consolidated Financial Statement

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 2022
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 company. The Consolidated financial statements have been prepared on the following basis:

- i. The financial statement of the company and its subsidiary 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 subsidiary and the carrying amount of its assets less liabilities as on date of disposal is recognized in Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.
- vi. Non-Controlling Interest's share of profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to owners of the Company.
- vii. Non-Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the owners of the Company.

### 2.3 Use of Estimates

The preparation of the 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

## Notes forming part of Consolidated Financial Statement

assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial year end.

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

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

### (iv) Estimated fair value of unlisted securities

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

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

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

- (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.

The estimated useful lives considered are as follows:

Category	31st March, 2022
Buildings	03-60 years
Roads	03-10 years
Plant & Machinery	05-25 years
Furniture & Fixtures	10 years
Vehicles	05-10 years
Office Equipments	05 years
Computers	03-06 years
Laboratory Equipments	05-10 years
Electrical Installations and Equipment	10 years

- (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. In the financial year 2018-19 and 2019-20, the company has revalued the lease hold assets as well as free hold assets considering entire class of land.

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.

## Notes forming part of Consolidated Financial Statement

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. However, in case of certain assets for staff individually costing more than Rs. 5,000/- are depreciated over the period of one year based on management estimates.

The residual value of an item of property, plant and equipment has been kept at  $\leq 5\%$  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.

### 2.5 Intangible assets (Computer Software)

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

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

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 and brand development is amortized over a period of five years.

### 2.6 Revenue Recognition and Expenses

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

amount that reflects the consideration we expect to receive in exchange for those products or services.

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

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

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

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

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

### 2.7 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.

## Notes forming part of Consolidated Financial Statement

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
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

### 2.8 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.

### 2.9 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.

#### A. 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.

# Notes forming part of Consolidated Financial Statement

## 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.

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.

## B. Financial liabilities

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

### Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method or at FVTPL.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### Derecognition of financial liabilities:

A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when, and only when the obligation specified in the contract is discharged or cancelled or expires.

## C. Offsetting of financial instruments

Financial assets and financial liabilities including derivative instruments are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 2.10 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.

## Notes forming part of Consolidated Financial Statement

### (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.

### 2.11 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.

### 2.12 Dividend payable

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.

### 2.13 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.

### 2.14 Financial Derivatives and Commodity Hedging Transactions

Financial Derivatives and commodity hedging contracts are accounted for on the date of their settlement and realized

## Notes forming part of Consolidated Financial Statement

gain/loss in respect of settled contracts are recognized in the Statement of Profit & Loss, along with the underlying transactions.

### 2.15 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.

### 2.16 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.

### 2.17 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.

### 2.18 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

## Notes forming part of Consolidated Financial Statement

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.

### 2.19 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.

### 2.20 Segment Reporting

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

### 2.21 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.

### 2.22 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

### 2.23 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.

### 2.24 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

## Notes forming part of Consolidated Financial Statement

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 : Lucknow  
Date : 27th May, 2022

### **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)

## Notes forming part of Consolidated Financial Statement

(Rs. in lakhs)

### Note 3: Property, Plant and Equipment

Particulars	Land (Free hold)	Building	Plant and equipment	Furniture & fixtures	Vehicles	Office equipments	Computers	Total
<b>Gross Block</b>								
Balance as at 1st April,20	873.76	997.07	27,640.89	487.77	989.23	141.40	131.60	31,261.72
Additions	31.41	177.53	1,059.05	13.21	0.45	14.37	5.93	1,301.95
Disposal/Deduction	-	-	412.36	-	27.17	0.45	-	439.98
<b>Balance as at 31st March,21</b>	<b>905.17</b>	<b>1,174.60</b>	<b>28,287.58</b>	<b>500.98</b>	<b>962.51</b>	<b>155.32</b>	<b>137.53</b>	<b>32,123.69</b>
Additions	25.61	181.96	1,215.20	20.97	128.30	15.31	11.02	1,598.37
Fair valuation	-	-	-	-	-	-	-	-
Disposal/Deduction	-	-	368.67	-	14.53	15.79	23.64	422.63
<b>Balance as at 31st March,22</b>	<b>930.78</b>	<b>1,356.56</b>	<b>29,134.11</b>	<b>521.95</b>	<b>1,076.28</b>	<b>154.84</b>	<b>124.91</b>	<b>33,299.43</b>
<b>Accumulated depreciation</b>								
Balance as at 1st April,20	-	586.94	19,111.16	346.54	760.62	119.24	124.76	21,049.26
Depreciation for the year	-	114.16	987.84	38.88	71.02	12.67	3.97	1,228.54
Depreciation due to obsolescence	-	12.19	-	-	-	-	-	12.19
Disposal/Deduction	-	-	378.83	-	26.48	0.43	-	405.74
<b>Balance as at 31st March,21</b>	<b>-</b>	<b>713.29</b>	<b>19,720.17</b>	<b>385.42</b>	<b>805.16</b>	<b>131.48</b>	<b>128.73</b>	<b>21,884.25</b>
Depreciation for the year	-	112.33	1,021.60	33.81	70.26	12.75	7.59	1,258.34
Amortisation (due to depletion in value)	-	12.19	-	-	-	-	-	12.19
Disposal/Deduction	-	-	319.91	-	12.41	15.03	23.57	370.92
<b>Balance as at 31st March,22</b>	<b>-</b>	<b>837.81</b>	<b>20,421.86</b>	<b>419.23</b>	<b>863.01</b>	<b>129.20</b>	<b>112.75</b>	<b>22,783.86</b>
<b>Net Carrying amount</b>								
<b>Property, Plant and Equipment</b>								
<b>Net Carrying Amount</b>								
As at 31st March, 2021	905.17	461.31	8,567.41	115.56	157.35	23.84	8.80	10,239.44
<b>As at 31st March, 2022</b>	<b>930.78</b>	<b>518.75</b>	<b>8,712.25</b>	<b>102.72</b>	<b>213.27</b>	<b>25.64</b>	<b>12.16</b>	<b>10,515.57</b>

The title deeds of all immovable properties are held in the name of the Company.

# Notes forming part of Consolidated Financial Statement

## Note 3A Capital work in progress

(Rs. in lakhs)

Description	Amount
<b>Balance as at 01st April, 2020</b>	<b>35.67</b>
Additions	1,916.88
Capitalisation	1,136.79
<b>Balance as at 31st March, 2021</b>	<b>815.76</b>
Additions	476.81
Capitalisation	1,268.02
<b>Balance as at 31st March, 2022</b>	<b>24.55</b>

Refer note no. 37.26 for ageing

## Note 3B Intangible Assets

(Rs. in lakhs)

Description	Amount
<b>Gross carrying amount as at 01st April, 2020</b>	<b>29.82</b>
Additions	-
Deductions	-
<b>Balance as at 31st March, 2021</b>	<b>29.82</b>
Additions	5.56
Deductions	-
<b>Balance as at 31st March, 2022</b>	<b>35.38</b>
<b>Accumulated depreciation as at 01st April, 2020</b>	<b>28.35</b>
Depreciation for the year	0.90
Deductions	-
<b>Balance as at 31st March, 2021</b>	<b>29.25</b>
Depreciation for the year	1.56
<b>Balance as at 31st March, 2022</b>	<b>30.81</b>
<b>Net carrying amount</b>	
<b>As at 31st March, 2021</b>	<b>0.57</b>
<b>As at 31st March, 2022</b>	<b>4.57</b>

## Note 3C Right-of-use-assets

(Rs. in lakhs)

Description	Amount
<b>Gross carrying amount as at 01st April, 2020</b>	<b>6,063.46</b>
Additions	12.30
Deductions	-
<b>Balance as at 31st March, 2021</b>	<b>6,075.76</b>
Additions	-
Deductions	-
<b>Balance as at 31st March, 2022</b>	<b>6,075.76</b>
<b>Accumulated depreciation as at 01st April, 2020</b>	<b>239.38</b>
Depreciation for the year	245.02
Deductions	-
<b>Balance as at 31st March, 2021</b>	<b>484.40</b>
Depreciation for the year	245.53
<b>Balance as at 31st March, 2022</b>	<b>729.93</b>
<b>Net carrying amount</b>	
<b>As at 31st March, 2021</b>	<b>5,591.36</b>
<b>As at 31st March, 2022</b>	<b>5,345.83</b>

## Notes forming part of Consolidated Financial Statement

### Note 4 Non-current Loans

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Carried at cost</b>		
<b>Unsecured considered good</b>		
Loan to related parties	875.00	-
<b>Total</b>	<b>875.00</b>	<b>-</b>

### Note 5 Non-current Investments

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>(i) Equity Instruments</b>		
<b>Designated at Fair Value through other comprehensive income</b>		
<b>Unquoted</b>		
(a) 1000 nos. of shares having face value Rs.10 each in Chamoli Hydro Power Pvt. Ltd.	0.10	0.10
(b) 25000 nos. of shares having face value Rs.10 each in K.M Shakar Karkhana Pvt Ltd.	0.47	4.70
(c) 2,000 nos. of shares having face value of Rs. 10 each in HH Foundation	-	-
(d) 10,90,000 nos. having face value of Rs. 10 each in Sonar Casting Ltd.	-	99.71
<b>(ii) Preference share (Measured at amortised cost)</b>		
<b>In 12% Non-cumulative redeemable preference shares fully paid up</b>		
2,04,00,000 nos. of Preference Share having face value of Rs.10 each in Sonar Casting Ltd.	1,785.71	1,634.39
<b>In 9% Non-cumulative redeemable preference shares fully paid up</b>		
(a) 38,50,000 nos. of preference shares having face value of Rs. 10 each in Brahma Properties Pvt. Ltd.	340.08	333.53
(b) 33,89,215 nos. of preference shares having face value of Rs. 10 each in K M Energy Pvt. Ltd.	301.19	294.25
<b>(iii) In 8% Optionally fully convertible debenture fully paid up</b>		
<b>Measured at cost</b>		
500 Nos. of Optionally fully convertible Debenture with face Value of Rs 1,00,000 each in K M Stratagic Investments & Holdings Pvt. Ltd.	500.00	-
<b>Total</b>	<b>2,927.55</b>	<b>2,366.68</b>
Aggregate carrying value of unquoted investments	2,927.55	2,366.68
Aggregate fair value of unquoted investments	2,927.55	2,366.68

### Note 6 Other non-current financial assets

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Unsecured, considered good:</b>		
Security deposits	341.79	369.97
<b>Fixed deposit with banks</b>		
Original maturity more than 12 months	14.50	14.50
<b>Fixed deposit for guarantee (Earmarked)</b>		
Original maturity more than 12 months *	136.98	214.58
Interest accrued	2.76	16.63
<b>Total</b>	<b>496.03</b>	<b>615.68</b>

\*Held as margin money with government departments and others.

## Notes forming part of Consolidated Financial Statement

### Note 7 Non current Tax Asset/(Liability) ( Net)

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Advance Tax	1,356.94	656.96
TDS Receivable	34.10	3.05
	1,391.04	660.01
Less:- Provision for Income Tax for current year	1,393.51	635.56
<b>Total</b>	<b>(2.47)</b>	<b>24.45</b>

### Note 8 Other Non Current Assets

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2022
Unsecured, considered good:		
Capital advances	2,320.13	19.19
Advance to suppliers and others		
Considered Good		
Considered doubtful	44.55	221.54
Less: Allowance for doubtful advance	44.55	-
Others	30.11	
Duties and Taxes Paid under protest	15.40	15.07
Prepaid Expenses	120.08	137.89
<b>Total</b>	<b>2,485.72</b>	<b>172.15</b>

### Note 9 Inventories

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>(As taken, valued and certified by the Management)</b>		
(a) Raw materials	11.28	2.72
(b) Finished Goods *	37,321.00	35,167.62
(c) Work in progress	522.96	412.60
(d) Stores and spares	480.99	552.88
<b>Total</b>	<b>38,336.23</b>	<b>36,135.82</b>

(Refer Note No. 2.7 for Method of Valuation)

### Note 10 Current Investments

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Designated at fair value through OCI</b>		
Investment in SBI Mutual Fund	25.76	1.82
2,49,987.501 units of SBI Balanced Advantage Fund (P.Y. 5316.206 units of SBI Savings Fund)		
<b>Total</b>	<b>25.76</b>	<b>1.82</b>

### Note 11 Trade and other receivables

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Unsecured, considered good:</b>		
Includes unbilled revenue of Rs.272.39 lakhs (previous year Rs. 312.87 Lakhs)	1,491.32	1,956.85
Credit impaired	15.97	30.38
	<b>1,507.29</b>	<b>1,987.23</b>
Less:- Allowance for doubtful debts	15.97	30.38
<b>Total</b>	<b>1,491.32</b>	<b>1,956.85</b>

Refer note no. 37.29 for ageing schedule

## Notes forming part of Consolidated Financial Statement

### Note 12 Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
Balances with Banks		102.81		532.63
Fixed deposit with Bank original maturity upto 3 months		693.99		-
Cheques on Hand		39.68		0.69
Cash on hand*		6.33		7.55
<b>Total</b>		<b>842.81</b>		<b>540.87</b>

\*As certified by the management

### Note 12A Bank balances other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Fixed deposits with banks (Earmarked)</b>		
Pledged with bank for bank guarantee original maturity period upto 12 months*	0.52	2.56
Pledged with bank for bank guarantee maturing within 12 months*	6.01	17.41
For security with Government authorities maturing within 12 months*	21.98	3.25
For molasses storage fund original maturity period upto 12 months**	20.96	20.04
Fixed deposits with bank	4.45	4.45
Unpaid dividend accounts	2.12	-
<b>Total</b>	<b>56.04</b>	<b>47.71</b>

\*Held as margin money with government departments and others.

\*\* As per Uttar Pradesh State Molasses Control Rules, 1974

### Note 13 Other financial assets

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Unsecured, considered good:		
Interest accrued/receivable	39.04	10.66
Assistance receivable from Government*	-	3,348.78
<b>Total</b>	<b>39.04</b>	<b>3,359.44</b>

\*Refer note no. 37.20 to 37.22

### Note 14 Other current assets

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
Security Deposit				
Unsecured, considered good	27.62		38.14	
Credit impaired	16.00		16.00	
		43.62		54.14
Less: Allowance for expected credit loss	16.00	27.62	16.00	38.14
Unsecured, considered good:				
Receivable from related parties		24.16		-
GST and other taxes receivable		84.91		201.85
Advance to employees		15.84		17.68
Advances for supply of goods & services		151.59		170.71
Prepaid Expenses		331.84		159.40
CSR Pre-Spent*		109.00		-
Others		40.55		3.36
<b>Total</b>		<b>785.51</b>		<b>591.14</b>

\*Refer note no. 37.12

## Notes forming part of Consolidated Financial Statement

### Note 15 Equity Share Capital

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	No. of shares	Amount	No. of shares	Amount
<b>Authorised</b>				
Equity Shares of Rs. 2/- each	10,00,00,000	2,000.00	10,00,00,000	2,000.00
<b>Issued, subscribed and fully paid up</b>				
Equity Shares of Rs. 2/- each	9,20,00,170	1,840.00	9,20,00,170	1,840.00

### Reconciliation of number and amount of shares outstanding

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	9,20,00,170	1,840.00	9,20,00,170	1,840.00
Change during the year	-	-	-	-
Outstanding at the end of the year	9,20,00,170	1,840.00	9,20,00,170	1,840.00

#### i) 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 Rs. 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.

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 dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### ii) Details of the Shareholders holding more than 5% shares in the Company

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares held	Percentage of shareholding	No. of Shares held	Percentage of shareholding
Equity shares of INR 2/- each fully paid up				
Mr. L. K. Jhunjhunwala	1,43,02,600	15.55	1,43,02,600	15.55
L. K. Jhunjhunwala (HUF)	1,00,65,900	10.94	1,00,65,900	10.94
Mr. Aditya Jhunjhunwala	52,89,242	5.75	48,39,242	5.26
M/s. Marvel Business Pvt. Ltd.	1,20,65,975	13.12	1,22,44,253	13.31

Refer note no.37.31 for details of shares held by promoter and promoter group of the Company

## Notes forming part of Consolidated Financial Statement

### Note 16 Other equity

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>General Reserve</b>		
Opening balance	1,178.18	1,178.18
Add: Transfer from Initial Depreciation Reserve	1.72	-
<b>Closing balance</b>	<b>1,179.90</b>	<b>1,178.18</b>
<b>Initial Depreciation Reserve</b>		
Opening balance	1.72	1.72
Less: Transfer to General Reserve	(1.72)	-
<b>Closing balance</b>	<b>-</b>	<b>1.72</b>
<b>Molasses Storage Fund</b>		
Opening balance	22.65	19.31
Add: Changes during the year	2.21	3.34
<b>Closing balance</b>	<b>24.86</b>	<b>22.65</b>
<b>Sugar Price Equalisation Reserve</b>		
Opening balance	12.40	12.40
Add: Changes during the year	-	-
<b>Closing balance</b>	<b>12.40</b>	<b>12.40</b>
<b>Securities Premium Account</b>		
Opening balance	2,688.01	2,688.01
Add: Changes during the year	-	-
<b>Closing balance</b>	<b>2,688.01</b>	<b>2,688.01</b>
<b>Retained Earnings</b>		
Opening balance	9,615.63	6,990.00
Add: Profit/ Loss during the year	4,146.94	2,624.22
Add: Transfer from Other Comprehensive Income	1.19	1.41
	<b>13,763.76</b>	<b>9,615.63</b>
Less: Interim dividend paid during the year	184.00	-
<b>Closing balance</b>	<b>13,579.76</b>	<b>9,615.63</b>
<b>Comprehensive Income</b>		
Opening balance	5,985.24	5,999.63
Add Changes during the year	(78.08)	(12.98)
Less: Transfer to Retained Earnings	(1.19)	(1.41)
<b>Closing balance</b>	<b>5,905.97</b>	<b>5,985.24</b>
<b>Total</b>	<b>23,390.90</b>	<b>19,503.83</b>

- General reserve represents the statutory reserve, this is in accordance with Indian corporate law wherein a portion of profit is appropriated to general reserve. Under the erstwhile Companies Act 1956, it was mandatory to transfer amount before a company can declare dividend, however Companies Act 2013, transfer of any amount to general reserve is at the discretion of the Company.
- The storage fund for molasses has been created to meet the cost of construction of molasses storage tank as required under Uttar Pradesh Sheera Niyantaran (Sansodhan) Adesh, 1974. The said storage fund is represented by investment in the form of fixed deposits with banks amounting to Rs.20.96 lakhs (Previous year: Rs.20.04 lakhs). [Refer Note No.12A].
- Sugar Price Equalisation Reserve: Refer note no.37.13
- Securities premium: securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares, write off equity related expenses like underwriting cost etc.

## Notes forming part of Consolidated Financial Statement

- v. Retained earnings represents the undistributed profit / amount of accumulated earnings of the Company.
- vi. Other comprehensive income (OCI) represents the balance in equity relating to re-measurement gain/(loss) of defined benefit obligation, gain or loss on equity investments and revaluation of fixed assets in earlier years prior to compliance of Ind AS and revaluation of land.

### Note 17 Long term borrowings

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Current	Non current	Current	Non current
<b>Secured term loans from banks</b>				
State Bank of India-U.P Govt. SEFASU Loan (At amortised cost)	955.19	1,075.73	955.19	1,907.74
State Bank of India GECL 2.0	462.20	1,502.19	136.56	2,048.44
Punjab National Bank Car Loan	19.24	31.95	-	-
Punjab National Bank Covid Loan	-	-	328.80	30.97
State Bank of India Covid Loan	-	-	743.03	62.33
<b>Total</b>	<b>1,436.63</b>	<b>2,609.87</b>	<b>2,163.58</b>	<b>4,049.48</b>

#### Details of securities offered

- (1) 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.
- (2) Rupee Term Loan of State Bank of India (GECL) is secured by second 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 and personal guarantee of three directors.
- (3) Rupee Term Loan of Punjab National Bank (Car Loan) is secured by first charge on car financed.
- (4) Rupee Term Loan, Common Covid 19 Emergency Credit Line loan (CCECL), from State Bank of India and Punjab National Bank are secured by way of hypothecation and pari passu first 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) and personal guarantee of three Directors.

#### Terms of Repayment

(Rs. in lakhs)

Name of the banks / entities	Interest Rate (%)	Amount Outstanding as on 31st March, 2022		Period of maturity as at 31st March, 2022	No. and amount of instalment outstanding
		Current	Non Current		
SBI SEFASU Loan-2018	5.00	955.19	1075.73*	2 years 3 months and 3 days	27 monthly instalments of Rs.79.60 lakhs
SBI GECL	7.00	462.20	1,502.19	3 years 9 months	45 monthly instalment of Rs.45.52 lakhs
PNB Car loan	7.40	19.24	31.95	2 years 5 months and 2 days	29 monthly instalment of Rs.1.86 lakhs including EMI interest
<b>Total</b>		<b>1,436.63</b>	<b>2,609.87</b>		

\* Excluding Rs.118.23 lakhs (Previous year Rs.241.43 lakhs) on account of effective interest rate adjustment being taken to deferred income.

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.

## Notes forming part of Consolidated Financial Statement

Subsidised loan taken from bank and Government has been amortised using effective interest rate and maturity profile of loan is as per repayment schedule.

Term loan raised during the year have been used for the same purpose for it was drawn.

### Note 18 Lease Liability

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Current	Non current	Current	Non current
Lease Liability	0.58	-	6.59	0.58
<b>Total</b>	<b>0.58</b>	<b>-</b>	<b>6.59</b>	<b>0.58</b>

### Note 19 Other non current financial liabilities

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Corporate Guarantees issued	96.39	122.17
<b>Total</b>	<b>96.39</b>	<b>122.17</b>

### Note 20 Other non current liabilities

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Deferred Government Grant	148.07	266.33
Other payable	14.50	14.50
<b>Total</b>	<b>162.57</b>	<b>280.83</b>

### Note 21 Deferred tax liabilities (net)

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Deferred Tax Liabilities</b>		
Depreciation	975.51	972.28
<b>Total A</b>	<b>975.51</b>	<b>972.28</b>
<b>Deferred Tax Assets</b>		
Expenses allowable on payment basis	80.55	79.03
Others	239.47	264.62
<b>Total B</b>	<b>320.02</b>	<b>343.65</b>
<b>Total A-B</b>	<b>655.49</b>	<b>628.63</b>

\*Refer Note 36

### Note 22 Provisions

(Rs. in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Current	Non current	Current	Non current
Provisions for employees benefits*				
Unavailed leave	11.78	26.90	11.02	24.66
Gratuity	22.74	-	24.34	-
Other Provision **	-	451.84	-	451.84
<b>Total</b>	<b>34.52</b>	<b>478.74</b>	<b>35.36</b>	<b>476.50</b>

\* Refer note no.37.4

\*\* Includes duties, taxes and penalty levied by Commissioner of Excise, Bihar

## Notes forming part of Consolidated Financial Statement

### Note 23 Short Term borrowings

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Secured</b>		
<b>Loan payable on demand</b>		
Cash credit from banks		
State Bank of India	7,847.61	8,952.58
Punjab National Bank	2,439.48	4,934.41
HDFC Bank Ltd.	5,980.93	-
<b>Unsecured</b>		
HDFC Bank Ltd.-WCL	2,100.66	-
Current maturities of long term borrowings*	1,436.63	2,163.58
<b>Total</b>	<b>19,805.31</b>	<b>16,050.57</b>

\* Refer note no.17 for nature of securities and terms of repayment respectively.  
The Company has used the borrowings for the purposes for which it was taken.

#### Details of securities offered of secured loan

- 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) and personal guarantee of two Directors.
- 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) and personal guarantee of three Directors.
- Working capital loans from HDFC Bank Ltd. is secured by way of hypothecation and first pari passu charge on entire present and future 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) and personal guarantee of three Directors.

#### Details of securities offered of unsecured loan

HDFC Bank Ltd. loan has been availed by providing post dated cheques and personal guarantee of three Directors.

### Note 24 Trade and other payables

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total outstanding dues of micro and small enterprises*	57.17	45.25
Total outstanding dues of other than micro and small enterprises	13,220.42	17,551.85
<b>Total</b>	<b>13,277.59</b>	<b>17,597.10</b>

\* Refer note no.37.7  
Refer note no.37.30 for ageing schedule

## Notes forming part of Consolidated Financial Statement

### Note 25 Other current financial liabilities

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Interest accrued but not due on borrowings	9.15	13.21
Interest accrued and due on borrowings	11.68	19.83
Payable to capital goods supplier	155.90	345.33
Security Deposit	382.64	293.53
Salary and other payables to employees	162.39	150.06
Unpaid dividend	2.12	-
Corporate guarantee	25.78	60.02
Other payable *	315.24	325.86
<b>Total</b>	<b>1,064.90</b>	<b>1,207.84</b>

\* Include liability of Rs.237.95 lakhs for lower supply of country liquor etc.

### Note 26 Other current liabilities

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Statutory liabilities	297.19	154.23
Deferred government grant	118.26	113.38
Advances from customers	72.07	54.76
Outstanding liability of related parties	344.68	337.89
<b>Total</b>	<b>832.20</b>	<b>660.26</b>

### Note 27 Revenue from operations

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
<b>Sale of goods</b>		
Sugar*	46,443.62	39,212.92
Molasses	122.90	85.30
Bagasse	1,917.11	1,489.74
Industrial alcohol	4,203.99	4,894.06
Power	1,347.51	1,603.63
Others	491.47	1,000.85
<b>Total A</b>	<b>54,526.60</b>	<b>48,286.50</b>
* Sugar sales includes export of Rs. NIL lakhs (Previous year of Rs.2415.48 lakhs)		
<b>Other operating revenue*</b>		
Insurance and storage charges on buffer stock	-	24.65
Assistance on sugar quota export	307.50	1,962.00
<b>Total B</b>	<b>307.50</b>	<b>1,986.65</b>
<b>Total revenue from operations</b>	<b>54,834.10</b>	<b>50,273.15</b>
	<b>Total A+B</b>	

\* Refer Note No. 37.20 to 37.22

## Notes forming part of Consolidated Financial Statement

### Note 28 Other income

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
<b>Interest income</b>		
From Banks and others	112.64	23.42
On income tax refund	10.12	-
Deferred Government Grant*	113.37	179.75
<b>Other non operating income</b>		
Net gain on foreign currency transactions and translations	-	5.56
Insurance claims	84.85	17.09
Profit on sale of fixed assets	1.22	1.30
Unspent liabilities/balances written back	131.36	56.39
Miscellaneous income	100.46	137.17
Gain on mutual funds	11.79	1.85
Duty draw back receipt	-	0.26
Reversal of provision for doubtful debts/Advances	191.40	2.46
Others	69.24	26.31
Fair valuation of financial instrument	164.82	-
<b>Total</b>	<b>991.27</b>	<b>451.56</b>

\* Refer Note No. 37.11

### Note 29 Cost of materials consumed

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Sugar cane	42,013.64	43,932.87
<b>Total</b>	<b>42,013.64</b>	<b>43,932.87</b>

### Note 30 Purchase of stock in trade

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Sugar	-	1,328.72
Other	179.24	494.95
<b>Total</b>	<b>179.24</b>	<b>1,823.67</b>

## Notes forming part of Consolidated Financial Statement

### Note 31 Changes in inventories of finished goods, by-products and work-in-progress

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
<b>Finished goods</b>		
<b>Opening stock</b>		
Sugar	33,518.51	24,386.46
Molasses	843.32	1,022.11
Bagasse	195.53	291.86
Industrial alcohol	561.93	125.28
Banked Power	36.57	25.09
Others	11.76	0.68
<b>Total (a)</b>	<b>35,167.62</b>	<b>25,851.48</b>
<b>Less : Closing stock</b>		
Sugar	35,735.86	33,518.51
Molasses	1,177.84	843.32
Bagasse	94.37	195.53
Industrial alcohol	260.45	561.93
Banked Power	42.62	36.57
Others	9.86	11.76
<b>Total (b)</b>	<b>37,321.00</b>	<b>35,167.62</b>
<b>Total (a-b)</b>	<b>(2,153.38)</b>	<b>(9,316.14)</b>
<b>Work-in-progress</b>		
Opening stock	412.60	360.99
Less : Closing stock	522.96	412.60
	<b>(110.36)</b>	<b>(51.61)</b>
<b>Increase / Decrease in Inventories Total</b>	<b>(2,263.74)</b>	<b>(9,367.75)</b>

### Note 32 Employee benefit expenses

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Salary, wages, bonus and other payments	1,263.38	1,259.86
Contribution to provident fund and other funds	90.53	85.51
Workmen and staff welfare expenses	21.23	37.66
Gratuity expense	28.70	28.47
<b>Total</b>	<b>1,403.84</b>	<b>1,411.50</b>

## Notes forming part of Consolidated Financial Statement

### Note 33 Finance costs

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
<b>Interest expenses</b>		
Cash credit*	643.28	322.60
Term loan	448.84	654.75
Others	15.23	12.37
<b>Other borrowing costs</b>	71.87	109.07
<b>Total</b>	<b>1,179.22</b>	<b>1,098.79</b>

\* Rs.Nil towards interest reimbursed/ to be reimbursed on buffer stock by the Central Government, (Previous year Rs.172.74 lakhs)

### Note 34 Depreciation and amortisation expenses

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Depreciation		
Depreciation of property, plant & equipments	1,258.34	1,228.54
Obsolescence	12.19	12.19
	1,270.53	1,240.73
Amortisation		
Amortisation of intangible assets	1.56	0.90
Amortisation of right to use assets	245.53	245.02
	247.09	245.92
<b>Total</b>	<b>1,517.62</b>	<b>1,486.65</b>

Note 35 Other Expenses

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Consumption of stores and spare parts	775.45	671.78
Packing materials	596.74	546.85
Power and fuel	153.29	179.64
Rent	210.40	194.78
Repairs to :		
Buildings	142.61	132.60
Plant & Machinery	1,454.48	1,081.88
Others	263.44	231.87
Insurance	116.01	106.15
Rates and taxes	49.35	72.82
Selling expenses :		
Commission to selling agents	186.59	172.95
Other selling expenses	418.35	815.89
Payments to auditors :		
Statutory audit fee	5.06	5.06
Tax audit fee	1.00	1.00
Reimbursement of expenses	0.14	0.08
Charity and donation	0.29	126.88
Printing and stationary	14.04	12.30
Communication expenses	15.01	14.38
Travelling expenses	311.52	164.74
Consultancy and legal expenses	190.25	185.34
Directors sitting fees	5.90	6.60
Directors remuneration	492.88	522.88
Miscellaneous expenses	395.75	417.71
CSR expenditure	64.02	256.34
Loss on sale/discard of property, plant and equipment	30.12	9.40
Transfer to storage fund for molasses	2.21	3.34
Balances written off	155.89	29.07
Fair valuation of financial instrument	-	403.62
MAEQ Expenses*	151.19	549.88
<b>Total</b>	<b>6,201.98</b>	<b>6,915.83</b>

\* Refer Note No. 37.22

## Notes forming part of Consolidated Financial Statement

### Note 36 : Tax Reconciliation

#### Income tax expenses :

The major components of income tax expenses for the year ended 31st March, 2022 and 31st March, 2021 are as follows:

#### (i) Profit or loss section

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current tax expense	1,393.51	635.73
Deferred tax expense	53.12	163.20
<b>Total</b>	<b>1,446.63</b>	<b>798.93</b>

#### (ii) OCI Section

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Net gain / (loss) on remeasurement of defined benefit plans	(1.15)	(9.92)
Gain / (Loss) arising on fair valuation of assets	-	-
Unrealised gain/(loss) on FVTOCI equity securities	(103.19)	(7.42)
Income tax charged to OCI	26.26	4.36
<b>Total</b>	<b>(78.08)</b>	<b>(12.98)</b>

#### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2022 and 31st March, 2021

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current tax	1,393.51	635.73
Deferred tax (Refer note no.20)	53.12	163.20
<b>Total</b>	<b>1,446.63</b>	<b>798.93</b>
Accounting profit before tax from continuing operations	5,593.57	3,423.15
Applicable tax rate (using Company's tax rate)	25.168%	34.944%
<b>Computed tax expense (A)</b>	<b>1,407.79</b>	<b>1,196.19</b>
Expenses not allowable for tax purpose	(11.74)	427.88
Effect of tax deduction	(11.38)	(362.82)
Changes in recognized deductible temporary differences	61.96	83.84
Recognition of MAT credit	-	(546.16)
<b>Net adjustment (B)</b>	<b>38.84</b>	<b>(397.26)</b>
<b>Tax expense (A+B)</b>	<b>1,446.63</b>	<b>798.93</b>

## Notes forming part of Consolidated Financial Statement

(Rs. in lakhs)

Particulars	As at 1st April, 2020	Provided during the year	As at 31st March, 2021	Provided during the year	As at 31st March, 2022
<b>Deferred tax liability:</b>					
Related to Fixed Assets (Depreciation)	1,311.13	(338.85)	972.28	3.23	<b>975.51</b>
<b>Total deferred tax liability (A)</b>	<b>1,311.13</b>	<b>(338.85)</b>	<b>972.28</b>	<b>3.23</b>	<b>975.51</b>
<b>Deferred tax assets:</b>					
MAT Recoverable	545.49	(545.49)	-	-	-
Expenses allowable on payment basis	136.98	(57.95)	79.03	1.52	<b>80.55</b>
Other Ind AS adjustments related to Financial Asset/Liabilities (Net)	158.87	105.75	264.62	(25.15)	<b>239.47</b>
<b>Total deferred tax assets (B)</b>	<b>841.34</b>	<b>(497.69)</b>	<b>343.65</b>	<b>(23.63)</b>	<b>320.02</b>
<b>Deferred Tax Liability / (Asset) (Net) (A - B)</b>	<b>469.79</b>	<b>158.84</b>	<b>628.63</b>	<b>26.86</b>	<b>655.49</b>

The ultimate realisation of deferred tax assets and unused tax credits is dependent upon the generation of future taxable income. Deferred tax assets including MAT credit entitlement is recognised on management's assessment of reasonable certainty for reversal/utilization thereof against taxable income.

### 37.1 Financial risk management objectives and policies

The Group's principal financial liabilities include Borrowings, Trade payables 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, Bank balances other than cash and cash equivalents and Other financial assets that arise 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, foreign 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 of 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. To mitigate the interest rate risks, the Group has established a periodical review procedure and ensures long term relations with the lenders to raise adequate funds at competitive rates.

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. 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 customers	NIL	NIL

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

## Notes forming part of Consolidated Financial Statement

### (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.

### (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

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's sugar sales are mostly on cash. Power and ethanol are sold to state government entities; thereby the credit default risk is significantly mitigated. The Central Govt. has fixed the minimum sale price of sugar w.e.f. 14.02.2019 at Rs.3,100 per Qtl. which has mitigated the price risk to the some extent. Similarly, ethanol and power are sold to 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.

### (i) Trade receivables

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	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Upto 6 months	1,478.42	1,956.33
6 to 12 Months	12.90	0.52
More than 12 months	15.97	30.38

The management has made provision for expected credit loss amounting to Rs.15.97 lakhs (Rs.30.38 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.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial assets disclosed under Note No. 11. The following table summarizes the change in the loss allowances measured using life time expected credit loss method for trade receivables:

(Rs. in lakhs)

Particulars	Amount
<b>Balance as at 01st April, 2021</b>	30.38
Provided during the year	-
Reversed during the year	14.41
<b>Balance as at 31st March, 2022</b>	<b>15.97</b>
<b>Balance as at 01st April, 2020</b>	30.24
Provided during the year	0.14
Reversed during the year	-
<b>Balance as at 31st March, 2021</b>	<b>30.38</b>

## Notes forming part of Consolidated Financial Statement

### 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 objectives are to meet the funding requirements and maintain flexibility in this respect through the use of cash credit facilities and term loans.

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

(Rs. in lakhs)

Liabilities	Less than 1 Year	1 to 5 years	More than 5 years	Total
<b>As at 31st March, 2022</b>				
Term loans	1,436.63	2,609.87	-	4,046.50
Lease liability	0.58	-	-	0.58
Loans repayable on demand	18,368.68	-	-	18,368.68
Trade payables	13,277.59	-	-	13,277.59
Other financial liabilities	1,064.90	78.15	18.24	1,161.29
<b>Total</b>	<b>34,148.38</b>	<b>2,688.02</b>	<b>18.24</b>	<b>36,854.64</b>

Liabilities	Less than 1 Year	1 to 5 years	More than 5 years	Total
<b>As at 31st March, 2021</b>				
Term loans	2,163.58	4,049.48	-	6,213.06
Lease liability	6.59	0.58	-	7.17
Loans repayable on demand	13,886.99	-	-	13,886.99
Trade payables	17,597.10	-	-	17,597.10
Other financial liabilities	1,207.84	89.09	33.08	1,330.01
<b>Total</b>	<b>34,862.10</b>	<b>4,139.15</b>	<b>33.08</b>	<b>39,034.33</b>

### 37.2 Capital Management

#### (i) Risk 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 shareholders 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 during the current period.

## Notes forming part of Consolidated Financial Statement

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2022 and 31st March, 2021: (Rs. in lakhs)

Description	Year ended 31 March, 2022	Year ended 31 March, 2021
Borrowings	22,415.18	20,100.05
Lease and other financial liabilities	1,161.87	1,337.18
Trade payables	13,277.59	17,597.10
Less: Cash and cash equivalents	842.81	540.59
Net debts	36,011.83	38,493.46
Equity share capital	1,840.00	1,840.00
Other equity	23,390.90	19,503.83
Total equity	25,230.90	21,343.83
Total equity and net debt	61,242.73	59,837.29
<b>Gearing ratio ₹ %)</b>	<b>58.80</b>	<b>64.33</b>

(ii) **Dividends** (Rs. in lakhs)

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Year to which dividend relates	2021-22	2020-21
Interim dividend paid per equity share (Rs.)	0.20	-
Gross amount of dividend paid (Rs. in lakhs)	184.00	-

### 37.3 Earnings per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders 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

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Profit attributable to equity shareholders of the Group:	4,146.94	2,624.22
Profit attributable to equity shareholders for basic earnings	4,146.94	2,624.22
Profit attributable to equity shareholders adjusted for dilution effect	4,146.94	2,624.22
Weighted average number of equity shares used for computing Earnings Per Share (Basic & Diluted)	9,20,00,170	9,20,00,170
<b>Earnings Per Share (Basic &amp; Diluted)</b>	<b>4.51</b>	<b>2.85</b>

### 37.4 Employee benefits

As per Ind AS 19 "Employee benefits", the disclosures of employee benefits are as follows:

(i) Employee benefits in the form of Provident Fund are considered as defined contribution plan. The contributions are made as per the relevant statute. The contributions to defined benefit plan, recognized as expense in the Statement of Profit & Loss is as under:

	31st March, 2022	31st March, 2021
Employers' contribution to provident fund	Rs. 90.53 lakhs	Rs. 85.51 lakhs

## Notes forming part of Consolidated Financial Statement

### (ii) Defined benefits plans

Long term employee benefits in the form of gratuity and leave encashment are considered as defined benefit plans. 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 leave encashment given below :

(Rs. in lakhs)

Description	Gratuity Year ended 31st March, 2022 (Funded)	Gratuity Year ended 31st March, 2021 (Funded)	Leave Encashment Year ended 31st March, 2022 (Non funded)	Leave Encashment Year ended 31st March, 2021 (Non funded)
<b>I. Expenses recognized in the Statement of Profit and Loss</b>				
Current service cost	26.93	25.75	11.72	10.74
Interest cost	19.91	20.15	2.59	4.51
Past service cost	-	-	-	-
Expected return on plan assets	(18.14)	(17.44)	-	-
<b>Net expenses recognized in Statement of Profit and Loss</b>	<b>28.70</b>	<b>28.46</b>	<b>14.31</b>	<b>15.25</b>
<b>II. Other comprehensive (income)/expenses (Re-measurement)</b>				
Accumulated (gain)/loss opening balance	23.56	27.69	95.36	81.31
Actuarial (gain)/loss – obligation	(2.27)	12.22	15.04	14.05
Actuarial (gain)/loss – plan assets	(11.63)	(16.35)	-	-
Total Actuarial (gain)/loss	(13.90)	(4.13)	15.04	14.05
Actuarial (gain)/loss at the end of the period	9.66	23.56	110.40	95.36
<b>III. Net liability/(assets) recognized in the balance sheet</b>				
Present value of obligations at the end of period	279.48	274.61	38.67	35.68
Fair value of the plan assets at the end of period	256.73	250.27	-	-
Funded status surplus/(deficit)	(22.75)	(24.34)	(38.67)	(35.68)
<b>Net liability/(asset) as at year end</b>	<b>22.75</b>	<b>24.34</b>	<b>38.67</b>	<b>35.68</b>
<b>IV. Changes in present value of obligations during the year</b>				
Present value of obligation at the beginning of the year	274.61	287.93	35.68	64.41
Current service cost				
Interest cost	26.93	25.75	11.72	10.74
Past service cost	19.91	20.15	2.59	4.51
Benefits paid if any	-	-	-	-
Actuarial loss/ (gain)	(39.70)	(71.45)	(26.36)	(58.03)
	(2.27)	12.23	15.04	14.05
<b>Present value of obligation at the year end</b>	<b>279.48</b>	<b>274.61</b>	<b>38.67</b>	<b>35.68</b>
<b>V. Changes in fair value of plan assets</b>				
Fair value of plan assets at the beginning of period	250.27	249.14	-	-
Expected return on plan assets	18.14	17.44	-	-
Contributions	16.39	38.79	-	-
Benefits paid	(39.70)	(71.45)	-	-
Actuarial Gain/(Loss) on plan assets	11.63	16.35	-	-
<b>Fair value of plan assets at the year end</b>	<b>256.73</b>	<b>250.27</b>	<b>-</b>	<b>-</b>

## Notes forming part of Consolidated Financial Statement

Description	Gratuity Current Year (Funded)	Gratuity Previous Year (Funded)	Leave Encashment Current Year (Non funded)	Leave Encashment Previous Year (Non funded)
<b>VI. Maturity profile of defined benefit obligation</b>				
Within in next 12 months	32.61	32.44	11.78	10.57
Between 2 and 5 years	65.08	65.33	26.89	25.11
5 years and above	181.79	176.84	-	-
<b>Total expected payments</b>	<b>279.48</b>	274.61	<b>38.67</b>	35.68
Weighted average duration (based on discounted cash flow) in years	8	8	-	-
<b>Details of plan asset</b>	<b>Gratuity Trust</b>	Gratuity Trust	<b>N/A</b>	N/A
<b>SBI Life Kalyan ULIP Plus (V02)</b>	<b>236.17</b>	245.94	-	-
<b>Bank Balance and Others</b>	<b>20.56</b>	4.33	-	-

The history of funded post retirement plans are as follows for gratuity:

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2018
Present value of Defined Benefit Obligation	279.48	274.61	287.93	271.65	268.38
Fair value of Plan Assets	256.73	250.27	249.14	240.10	245.28

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

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

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

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

### Actuarial Assumption

Particulars	Gratuity	Gratuity	Leave Encashment	Leave Encashment
	Current Year	Previous Year	Current Year	Previous Year
Discount rate (per annum)	7.25%	7.00%	7.25%	7.00%
Future salary increase (per annum)	5.00%	5.00%	5.00%	5.00%
Retirement/Superannuation Age (Year)	60	60	60	60
Expected rate of return on plan assets	0%	0%	0%	0%
Mortality	IALM 2012-14	IALM 2012-14	IALM 2012-14	IALM 2012-14

**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:

## Notes forming part of Consolidated Financial Statement

### Gratuity

Period	As at 31st March, 2022
Defined Benefit Obligation (Base)	279.48 lakhs @Salary increase rate: 5%, and discount rate: 7.25%
Liability with x% increase in Discount Rate	260.53 lakhs; x=1.00% [Change (7%)]
Liability with x% decrease in Discount Rate	301.02 lakhs; x=1.00% [Change 8%]
Liability with x% increase in Salary Growth Rate	301.30 lakhs; x=1.00% [Change 8%]
Liability with x% decrease in Salary Growth Rate	259.95 lakhs; x=1.00% [Change (7%)]
Liability with x% increase in Withdrawal Rate	281.86 lakhs; x=1.00% [Change 1%]
Liability with x% decrease in Withdrawal Rate	277.56 lakhs; 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 at 31st March, 2022
Defined Benefit Obligation (Base)	38.67 lakhs
Liability with x% increase in Discount Rate	36.01 lakhs; x=1% [Change (7%)]
Liability with x% decrease in Discount Rate	41.82 lakhs; x=1% [Change 8%]
Liability with x% increase in Salary Growth Rate	41.86 lakhs; x=1% [Change 8%]
Liability with x% decrease in Salary Growth Rate	35.93 lakhs; x=1% [Change (7%)]
Liability with x% increase in Withdrawal Rate	39.26 lakhs; x=1% [Change 2%]
Liability with x% decrease in Withdrawal Rate	38.11 lakhs; x=1% [Change (1%)]

### 37.5 Contingent liabilities and commitments (to the extent not provided for)

#### Contingent liabilities:

(Rs. in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(i) Claims against the Group not acknowledged as debts in respect of pending cases of employees under Labour laws	85.77	84.91
(ii) Claims against the Group not acknowledged as debts in respect of Criminal and Civil Cases	31.96	9.39
(iii) Bank guarantees given to the Central Government, Cane Commissioner, U. P. and oil manufacturing companies	100.14	373.15
(iv) Corporate guarantee given by the Group for loans sanctioned to Sonar Casting Ltd. State Bank of India (Lead Bank for consortium of banks).	7263.59	7263.59
(v) Disputed Sales Tax/Trade Tax/Entry Tax cases under appeal*	-	15.90
(vi) Income Tax cases under appeal	6.50	-
(vii) Penalty levied by Competition Commission of India, Regulatory fee and U P Pollution Control Board (Paid during 2021-22)	70.13	43.34

\* Amount after deducting Rs.1.34 lakhs (As on 31st March 2021 Rs.15.07 lakhs) paid under protest.

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.

## Notes forming part of Consolidated Financial Statement

The Cane Commissioner, Uttar Pradesh has passed an order dated 17.12.2021 for payment of 12% interest on late cane payment of sugar season 2013-14. The Group has filed appeal before Cane Commissioner, Uttar Pradesh. No impact has been considered in financial results as the interest amount is indeterminate and pending appeal.

The Group was liable to pay Purchase Tax @Rs.2/- per quintal on cane purchases. With GST implementation w.e.f. 01.07.2017 the purchase tax is not liable to be paid as all taxes got subsumed in GST. Sugar factories had received notices for payment of balance Cane Purchase Tax of season 2016-17 against which UPSMA has filed case in 2018 in the High Court, Lucknow and has also sought clarification from GST Council that Purchase Tax not to be demanded w.e.f. 01.07.2017 considering all taxes got subsumed in GST. The Group received a notice from District Magistrate, Ayodhya to pay the balance amount of Purchase Tax of season 2016-17. The liability of Purchase Tax for season 2016-17 is indeterminate.

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.

### Capital Commitments

(Rs. in lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for	3875.46	39.37
Less: Advances paid against above	382.36	30.99
<b>Net Amount</b>	<b>3493.10</b>	<b>8.38</b>

### 37.6 Leases

#### Group as lessee

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

The Group has adopted Ind AS-116 "Leases" w.e.f. 01.04.2019 and applied the standard to lease contracts existing on 1st April, 2019 using the modified retrospective method.

Consequent to this, such assets have been recognised as "Right-of-use" (ROU) assets and have been amortized over the term of the lease. The same has been shown under note no.3 of financial statements. Depreciation charge for ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss under note no.33.

Further, to above, the Group has certain lease agreement on short term basis, expenditure on which has been recognized under rent (other expenses).

The effect of adoption of Ind AS -116 "Leases" is not material on the profit before tax, profit for the year and earnings per share.

Following is the break-up of current and non-current lease liabilities as at 31 March, 2022

(Rs. in lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Current Lease Liabilities in respect of long term lease	0.58	6.59
Non-Current Lease Liabilities	-	0.58
<b>Total</b>	<b>0.58</b>	<b>7.17</b>

## Notes forming part of Consolidated Financial Statement

Following is the movement in long term lease liabilities during the year ended 31 March, 2022

(Rs. in lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Balance at the beginning	7.17	-
Additions during the year	-	12.30
Finance cost accrued during the year	0.38	0.73
Payment of Lease Liabilities during the year	6.97	5.86
Translation Differences	-	-
<b>Balance at the end</b>	<b>0.58</b>	<b>7.17</b>

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March, 2022 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Future Minimum Lease Payment		
Not later than one year	0.58	6.97
Later than one year but not later than five year	-	0.58
Later than five year	-	-
<b>Total</b>	<b>0.58</b>	<b>7.55</b>

### Group as lessor

The Group 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 is Rs.5.82 lakhs (previous year Rs.5.72 lakhs).

**37.7** 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	As at 31 March, 2022	As at 31 March, 2021
(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	57.17	45.13
	Interest due on above	0.01	0.12
(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	0.12
(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	-	-

# Notes forming part of Consolidated Financial Statement

## 37.8 Related Party Disclosures: -

Pursuant to compliance of Ind AS 24 on "Related Party Disclosures", the relevant information is provided here below:-

### I. 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 H. P. Singhanian\*\* -Independent Director
- Mrs. Madhu Mathur -Independent Director
- Shri S. K. Gupta -Independent Director
- Shri Sushil Solomon -Independent Director
- Shri Bibhash Kumar Srivastava\*\*\* -Independent Director

ii. Relatives of Key Management Personnel (Group B)

- Shri P. C. Jhunjhunwala
- Smt. Uma Jhunjhunwala
- L. K. Jhunjhunwala (HUF)
- P. C. Jhunjhunwala (HUF)
- Ms. Madhu Prakash Jhunjhunwala (Daughter of Late Shri P. C. Jhunjhunwala)
- Smt. Naina Jhunjhunwala (Wife of Shri L.K. Jhunjhunwala)
- Shri Vatsal Jhunjhunwala (Son of Shri Aditya Jhunjhunwala)

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

- Marvel Business (P) Limited
- Jhunjhunwala Securities (P) Ltd.
- Shri Shakti Credits Ltd.
- Zar International (P) Ltd.
- K M Energy Pvt. Ltd.
- K M Vyapar Ltd.
- Brahma Properties Pvt. Ltd.
- Sonar Casting Ltd.

## Notes forming part of Consolidated Financial Statement

- K M Strategic Investments and Holdings Pvt. Ltd.
- Shri Laxmi Public Charitable Trust
- Indian Sugar Exim Corporation Ltd.
- Shivam Trust
- Vridhi Trust.

### c) Transactions with the related parties:

(Rs . in lakhs)

Sl. no.	Nature of transaction/ Name of the related party	Subsidiary 2021-22 (2020-21)	Key Managerial Personnel (KMP) 2021-22 (2020-21)	Enterprises over which KMP and their relatives have substantial interest/ significant influence 2021-22 (2020-21)	Total 2021-22 (2020-21)
<b>i.</b>	<b>Investment made</b>				
	Sonar Casting Ltd.	- (-)	- (-)	-(40.00)	- (40.00)
	K M Strategic Investments and Holdings Pvt. Ltd.	- (-)	- (-)	500.00 (-)	500.00 (-)
<b>ii.</b>	<b>Remuneration including commission and PF#</b>				
	Shri L. K. Jhunjhunwala	- (-)	157.60 (179.93)	- (-)	157.60 (179.93)
	Shri Aditya Jhunjhunwala	- (-)	190.01 (200.36)	- (-)	190.01 (200.36)
	Shri Sanjay Jhunjhunwala	- (-)	108.48 (110.61)	- (-)	108.48 (110.61)
	Shri S. C. Agarwal	- (-)	40.80 (58.55)	-(-)	40.80 (58.55)
	Shri P. C. Jhunjhunwala	- (-)	- (-)	6.73 (24.00)	6.73 (24.00)
	Smt. Uma Jhunjhunwala	- (-)	- (-)	18.00 (-)	18.00 (-)
	Shri Vatsal Jhunjhunwala	- (-)	- (-)	6.00 (-)	6.00 (-)
	Shri Arvind Kumar Gupta	- (-)	18.66 (18.52)	- (-)	18.66 (18.52)
	Ms. Pooja Dua	- (-)	5.18 (4.30)	- (-)	5.18 (4.30)
<b>iii.</b>	<b>Education fee paid</b>				
	Shri Vatsal Jhunjhunwala	- (-)	-(-)	5.37 (59.24)	5.37 (59.24)
<b>iv.</b>	<b>Rent paid</b>				
	Sri Shakti Credits Ltd.	- (-)	- (-)	3.00 (3.00)	3.00 (3.00)
	Zar International Pvt. Ltd.	- (-)	- (-)	1.14 (1.14)	1.14 (1.14)
	K M Vyapar Ltd.	- (-)	- (-)	160.02 (1.14)	160.02 (1.14)
	Marvel Business Pvt. Ltd.	- (-)	- (-)	7.20 (7.20)	7.20 (7.20)
<b>v.</b>	<b>MAEQ export facilitation charges payable</b>				
	Indian Sugar Exim Corporation Ltd.	- (-)	- (-)	151.18 (549.88)	151.19 (549.88)
<b>vi.</b>	<b>Loans taken</b>				
	Marvel Business Pvt. Ltd.	- (-)	- (-)	100.00 (-)	100.00 (-)
<b>vii.</b>	<b>Loans repaid</b>				
	Marvel Business Pvt. Ltd.	- (-)	- (-)	100.00 (-)	100.00 (-)

## Notes forming part of Consolidated Financial Statement

Sl. no.	Nature of transaction/ Name of the related party	Subsidiary 2021-22 (2020-21)	Key Managerial Personnel (KMP) 2021-22 (2020-21)	Enterprises over which KMP and their relatives have substantial interest/ significant influence 2021-22 (2020-21)	Total 2021-22 (2020-21)
<b>viii.</b>	<b>Loans given</b>				
	Sonar Casting Ltd.	- (-)	- (-)	875.00 (-)	875.00 (-)
<b>ix.</b>	<b>Sitting fees paid</b>				
	Shri H. P. Singhania*	- (-)	- (0.95)	- (-)	- (0.95)
	Smt. Madhu Mathur	- (-)	1.55 (1.95)	- (-)	1.55 (1.95)
	Shri S. K. Gupta	- (-)	1.85 (2.25)	- (-)	1.85 (2.25)
	Shri Bibhash Kumar Srivastava**	- (-)	1.15 (0.20)	- (-)	1.15 (0.20)
	Shri Sushil Solomon	- (-)	1.35 (1.25)	- (-)	1.35 (1.25)
<b>x.</b>	<b>Donation paid</b>				
	Shri Laxmi Public Charitable Trust	- (-)	- (-)	- (100.00)	- (100.00)
<b>xi.</b>	<b>CSR paid</b>				
	Shri Laxmi Public Charitable Trust	- (-)	- (-)	100.00 (225.00)	100.00 (225.00)
<b>xii.</b>	<b>Interest paid</b>				
	Marvel Business Pvt. Ltd.	- (-)	- (-)	2.04 (-)	2.04 (-)
<b>xiii.</b>	<b>Interest received</b>				
	Sonar Casting Ltd.	- (-)	- (-)	16.40 (-)	16.40 (-)
	K M Strategic Investments and Holdings Pvt. Ltd.	- (-)	- (-)	10.44 (-)	10.44 (-)
<b>xiv.</b>	<b>Interim dividend paid</b>				
	Shri L. K. Jhunjunwala	- (-)	- (-)	28.61 (-)	28.61 (-)
	Shri Aditya Jhunjunwala	- (-)	- (-)	10.58 (-)	10.58 (-)
	Shri Sanjay Jhunjunwala	- (-)	- (-)	4.99 (-)	4.99 (-)
	Shri P. C. Jhunjunwala	- (-)	- (-)	3.10 (-)	3.10 (-)
	Smt. Uma Jhunjunwala	- (-)	- (-)	5.10 (-)	5.10 (-)
	Shri Vatsal Jhunjunwala	- (-)	- (-)	1.00 (-)	1.00 (-)
	Smt. Naina Jhunjunwala	- (-)	- (-)	8.36 (-)	8.36 (-)
	L. K. Jhunjunwala HUF	- (-)	- (-)	20.13 (-)	20.13 (-)
	P. C. Jhunjunwala HUF	- (-)	- (-)	6.56 (-)	6.56 (-)
	Madhu Prakash Jhunjunwala	- (-)	- (-)	0.04 (-)	0.04 (-)
	Marvel Business Pvt. Ltd.	- (-)	- (-)	24.13 (-)	24.13 (-)
	Jhunjunwala Securities Pvt. Ltd.	- (-)	- (-)	1.00 (-)	1.00 (-)
	K M Vyapar Ltd.	- (-)	- (-)	4.57 (-)	4.57 (-)
	Shivam Trust	- (-)	- (-)	0.24 (-)	0.24 (-)
	Vridhi Trust	- (-)	- (-)	0.38 (-)	0.38 (-)
<b>xv.</b>	<b>Balance outstanding</b>				
	<b>a. Amount payable</b>				
	Shri L K Jhunjunwala	- (-)	139.90 (123.12)	- (-)	139.90 (123.12)
	Shri Aditya Jhunjunwala	- (-)	78.15 (99.42)	- (-)	78.15 (99.42)
	Shri Sanjay Jhunjunwala	- (-)	118.67 (90.11)	- (-)	118.67 (90.11)

## Notes forming part of Consolidated Financial Statement

Shri S. C. Agarwal	- (-)	2.09 (0.49)	- (-)	2.09 (0.49)
Shri Vatsal Jhunjunwala	- (-)	(-)	1.72 (-)	1.72 (-)
Shri P. C. Jhunjunwala	- (-)	- (-)	- (1.60)	- (1.60)
Smt. Uma Jhunjunwala	- (-)	(-)	1.62 (-)	1.62 (-)
Sri Shakti Credits Ltd.	- (-)	- (-)	4.50 (2.76)	4.50 (2.76)
K M Vyapar Ltd.	- (-)	- (-)	14.81 (15.14)	14.81 (15.14)
Marvel Business Pvt. Ltd.	- (-)	- (-)	- (20.84)	- (20.84)
Zar International Pvt. Ltd.	- (-)	- (-)	1.14 (1.14)	1.14 (1.14)
Indian sugar Exim Corp. Ltd.	- (-)	- (-)	- (432.74)	- (432.74)
<b>b. Amount receivable</b>				
<b>Loan</b>				
Sonar Casting Ltd.	- (-)	- (-)	875.00 (-)	875.00 (-)
<b>Interest</b>				
Sonar Casting Ltd.	- (-)	- (-)	14.76 (-)	14.76 (-)
K M Strategic Investments and Holdings Pvt. Ltd.	- (-)	- (-)	9.40 (-)	9.40 (-)
<b>c. Corporate guarantee given by the company for loan sanctioned/availed by</b>				
Sonar Casting Limited.*	-(-)	- (-)	7263.59 (7263.59)	7263.59 (7263.59)
<b>d . Investment Held (Cost)</b>				
Equity share in Sonar Casting Limited	- (-)	- (-)	109.00 (109.00)	109.00 (109.00)
Preference share in Sonar Casting Limited			2040.00 (2040.00)	2040.00 (2040.00)
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)
OFCD in K M Strategic Investments and Holdings Pvt. Ltd.	- (-)	- (-)	500.00 (-)	500.00 (-)

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

\* Ceased on Board due to his sad demise on 16th September, 2020

\*\* Appointed w.e.f. 1st February, 2021

### #Directors Remuneration

(Rs. in lakhs)

S. No.	Particulars	Chairman	Managing Director and Joint Managing Director	Executive Director	TOTAL
1	Salary	96.00 (96.00)	192.00 (192.00)	36.00 (85.15)*	324.00 (373.15)
2	Commission	50.00 (70.00)	80.00 (90.00)	- (-)	130.00 (160.00)
3	Contribution to Provident Fund	11.52 (11.52)	23.04 (23.04)	4.32 (4.32)	38.88 (38.88)
4	Perquisites:				
	(i) Residence				
	-Unfurnished	7.21 (7.38)	- (-)	2.74 (6.40)	9.95 (13.78)

## Notes forming part of Consolidated Financial Statement

(ii) Medical Reimbursement	0.08 (2.41)	3.45 (4.86)	0.48 (0.23)	4.01 (7.50)
(iii) Other benefits	1.27 ( 1.27)	1.58 (1.58)	0.69 (0.71)	3.54 (3.56)
<b>Total</b>	<b>166.08 (188.58)</b>	<b>300.07 (311.48)</b>	<b>44.23 (96.81 )</b>	<b>510.38 (596.87)</b>

\* Including total gratuity amount received by him

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

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.

Transactions with Related Parties are made on the terms equivalent to those that prevail in arm's length transactions.

The remuneration to the Key Managerial Personnels are in line with the service rules of the Company.

The aforementioned related party transactions have been recommended by Audit Committee and approved by the Board in their respective meetings held during the year.

### 37.9 Segment Reporting: Information on the Segment Reporting is as under:

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

(Rs. in lakhs)

Particulars	Sugar		Distillery		Co-generation		Unallocable		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Revenue</b>										
Gross sales	52,770	48,296	4,502	5,364	3,179	3,575	-	-	60,451	57,235
Less: Inter segment sales	3,784	4,984	1	7	1,832	1,971			5,617	6,962
<b>External sales</b>	<b>48,986</b>	<b>43,312</b>	<b>4,501</b>	<b>5,357</b>	<b>1,347</b>	<b>1,604</b>	-	-	<b>54,834</b>	<b>50,273</b>
Add: Other income	811	382	176	62	4	8	-	-	991	452
<b>Total revenue</b>	<b>49,450</b>	<b>43,694</b>	<b>4,677</b>	<b>5,419</b>	<b>1,351</b>	<b>1,612</b>	-	-	<b>55,825</b>	<b>50,725</b>
<b>Segment results</b>	<b>6,051</b>	<b>3,007</b>	<b>216</b>	<b>848</b>	<b>505</b>	<b>667</b>	-	-	<b>6,772</b>	<b>4,522</b>
Less: Finance cost	1,165	1,084	14	15	-	-	-	-	1,179	1,099
<b>Profit before tax</b>	<b>4,886</b>	<b>1,923</b>	<b>202</b>	<b>833</b>	<b>505</b>	<b>667</b>	-	-	<b>5,593</b>	<b>3,423</b>
Current tax									1393	636
Deferred tax									53	163
<b>Profit after tax</b>									<b>4147</b>	<b>2,624</b>
<b>Other information</b>										
Segment assets	54,708	52,595	6,850	6,894	2,688	2,966	5	5	64,251	62,460
Segment liabilities	36,829	38,989	1,496	1,473	40	25	655	629	39,020	41,116
Capital Expenditure	454	1,173	359	919	-	2	-	-	813	2,094
Depreciation and amortisation	830	817	535	501	153	169	-	-	1,518	1,487

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

Inter-segment revenues are eliminated upon consolidation and reflected in the inter-segment sales column. Current taxes and deferred taxes are not allocated to individual segments as the same are dealt with at Group level.

The transactions between segments are primarily for materials which are transferred at market determined prices. Common costs are apportioned on a reasonable basis.

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

## Notes forming part of Consolidated Financial Statement

### 37.10 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 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
<b>Financial assets</b>				
<b>FVOCI financial instruments:</b>				
Unquoted equity shares	0.57	104.52	0.57	104.52
<b>Fair Value through Statement of Profit &amp; Loss</b>				
Investment in Preference Shares	2,426.98	2,262.16	2,426.98	2,262.16
Investment in OFCD	500.00	-	500.00	-
Corporate guarantee	122.17	182.19	122.17	182.19
<b>Fair value of assets through Other Comprehensive Income</b>				
Free hold Land	930.78	905.17	930.78	905.17
<b>Total</b>	<b>3,980.50</b>	<b>3,454.04</b>	<b>3,980.50</b>	<b>3,454.04</b>

(Rs. in lakhs)

Description	Carrying value		Fair Value	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
<b>Financial liabilities at amortized cost through statement of profit and loss</b>				
Loan taken from Bank, Government and others				
Fixed rate borrowings	4,046.50	6,213.06	4,046.50	6,213.06
Floating rate borrowings	-	-	-	-
<b>Total</b>	<b>4,046.50</b>	<b>6,213.06</b>	<b>4,046.50</b>	<b>6,213.06</b>

### 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 31st March, 2022:

Description	Date of valuation	Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
<b>Assets measured at fair value</b>				
<b>FVOCI financial instruments:</b>				
Unquoted equity shares	31st March, 2022	-	-	Yes
Preference Share	31st March, 2022	-	-	Yes

## Notes forming part of Consolidated Financial Statement

### 37.11 Government Grant :

The Government of Uttar Pradesh has provided term loan under the Scheme for Financial Assistance to Sugar Undertakings, 2018, of Uttar Pradesh Government at concessional rates during the financial year 2018-19 which has been recognised in the following manners:

Description	Amount in lakhs	Year to which relates	Treatment in accounts
<b>Revenue related to Government Grant</b>			
Financial Assistance from the State Government	Nil	2021-2022	Nil
<b>Deferred Government Grant</b>			
Deferred income relating to term loans on concessional rate (difference between actual loan and its present value has been considered Deferred Government Grant)	266.33	2021-2022	A sum of Rs.113.37 lakhs considered for part of the year as government grant under Note-28. Deferred Income considered as Government grant over the period of 5 years being the tenure of loan.

### 37.12 Expenditure incurred on corporate social responsibilities (CSR)

Details of expenditure on corporate social responsibility activities as per Section 135 of Companies Act , 2013 read with schedule III are as below:.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Gross amount required to be spent by the Group during the year	62.98	59.58
Amount spent during the year		
- For Covid 19 contribution to State Government	-	2.02
- For contribution towards school building and asset to Government schools to promote education	43.70	20.00
- For contribution in hospital construction and asset	100.00	232.64
- For supply of oxygen plants	28.12	-
- For rural development etc.	1.20	1.68
<b>Total</b>	<b>173.02</b>	<b>256.34</b>
Excess balance as at 31st March	110.04	196.76
Less: To be carried forward for the next year	109.00	-
Not to be carried forward for the next year	1.04	196.76

**37.13** 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 31st March, 2022 shown under Note 16 of "Other equity".

**37.14** Certain balances in account of trade receivables, advances, deposit accounts and trade payables are subject to reconciliation and confirmation by the respective parties. The management reviewed these advances from time to time, 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.

**37.15** Other non-current liabilities (Note No.20) 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 has been kept with the District Magistrate, Ayodhya. In opinion of the management, the amount of interest accrued on this fixed deposit is adequate to meet the interest obligation liability of the Group on the said loan and therefore, no interest is being provided for in these financial statements.

## Notes forming part of Consolidated Financial Statement

**37.16** As per Bihar State Government directions, the operations of country liquor bottling unit remain discontinued during the year. However, the plant and machinery of that unit was moved in previous year to the Distillery Unit for manufacturing of country liquor. Thus, depreciation due to obsolescence has been provided on building amounting to Rs.12.19 lakhs in the current year. (Previous year –Rs.12.19 lakhs).

**37.17** 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.

**37.18** The management is of the view that dividend payment is most probable to receive from the investments in the preference shares amounting to Rs.338.92 lakhs in K. M. Energy (P) Ltd., and Rs.385.00 lakhs in Brahma Properties (P) Ltd. considering dividend at 9% and in preference shares of Sonar Casting Ltd. considering dividend at 12% and this fact has been taken into account while determining the fair value of these investments. .

**37.19** 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 Group was allotted 164740 quintals of buffer stock. Accordingly Rs. Nil (Previous year Rs.172.74 lakhs) has been adjusted as reduction in finance cost. Further, storage charges amounting to Rs. Nil (Previous year Rs.24.65 lakhs) shown as line item "Insurance and storage charges on buffer stock" under Revenue from operations.

**37.20** 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 cane price dues 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 and subsequent notifications 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 assistance receivable against such MAEQ sugar of Rs. Nil (Previous year Rs.843.60 lakhs) has been shown as line item "Assistance on sugar quota export" under Revenue from operations.

**37.21** The Central Government pursuant to Notification No. 1(6)/2020-SP-I dated 29th December, 2020 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 2020-21 thereby improving the liquidity position of sugar mills enabling them to clear cane price dues for sugar season 2020-21.

Pursuant to above notification, the Central Government pursuant to Notification No. 1(6)/2020-SP-I dated 31st December, 2020 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 Group was allocated MAEQ of 23765 MT as per the said notification. The Group got exported 5125 MT (Previous year 18640 MT) sugar through merchant exporter. The assistance receivable against such MAEQ sugar of Rs.307.50 lakhs (Previous year Rs.1118.40 lakhs) has been shown as line item "Assistance on sugar quota export" under Revenue from operations and export facilitation charges payable to merchant exporter amounting to Rs.151.19 lakhs (Previous year Rs.549.88 lakhs) has been shown as line item MAEQ expenses under other expenses.

### 37.22 Imported and Indigenous Raw Materials, Packing Materials and Stores and Spares consumed

(Rs. In lakhs)

Description	As at 31st March, 2022		As at 31st March, 2021	
	% of total consumption	Amount	% of total consumption	Amount
<b>Raw Materials</b>				
Imported	-	-	-	-
Indigenous	100%	42013.64	100%	43932.87
<b>Stores and packing material</b>				
Imported	-	-	-	-
Indigenous	100%	1372.19	100%	1218.63

## Notes forming part of Consolidated Financial Statement

### 37.23 Income in foreign currency on account of:

(Rs. in lakhs)

Description	As at 31st March, 2022	As at 31st March, 2021
Export sale	-	2415.48

### 37.24 Expenditure in foreign currency on account of:

(Rs. in lakhs)

Description	As at 31st March, 2022	As at 31st March, 2021
Travelling	33.52	8.02
Others	7.29	61.31

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

### 37.26 Components of Other Comprehensive Income

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

(Rs. in lakhs)

Description	Comprehensive Income ( Net of Tax)	
	Year ended 31st March, 2022	Year ended 31st March, 2021
Gain/(loss) on equity instruments	(77.22)	(5.55)
Re-measurement gain/(loss) on defined benefit plans	(0.86)	(7.43)
<b>Total</b>	<b>(78.08)</b>	<b>(12.98)</b>

### 37.27 Capital work in progress (Under property, plant and equipment, intangible asset) ageing schedule

For the year ended 31st March, 2022

(Rs. in lakhs)

Particulars	Amount in CWIP for period of				Total
	Less than 1 year	1 -2 year	2- 3 year	More than 3 year	
Plant and machinery in progress	14.47	-	-	-	14.47
Building work temporarily suspended*	-	-	0.39	9.69	10.08
<b>Total</b>	<b>14.47</b>	<b>-</b>	<b>0.39</b>	<b>9.69</b>	<b>24.55</b>

\* The completion of building is overdue as plan is under approval with development authority, hence completion date can not be estimated.

For the year ended 31st March, 2021

Particulars	Amount in CWIP for period of				Total
	Less than 1 year	1 -2 year	2- 3 year	More than 3 year	
Plant and machinery in progress	805.05	-	-	-	805.05
Building work temporarily suspended*	-	0.39	9.69	-	10.08
Intangible asset	0.63	-	-	-	0.63
<b>Total</b>	<b>805.68</b>	<b>0.39</b>	<b>9.69</b>	<b>-</b>	<b>815.76</b>

\* The completion of building is overdue as plan is under approval with development authority, hence completion date can not be estimated.

## Notes forming part of Consolidated Financial Statement

### 37.28 Trade receivable ageing schedule

For the year ended 31st March, 2022

(Rs. in lakhs)

Particulars	Unbilled revenue*	Not due	Outstanding from due date of payment					Total
			Less than 6 months	6 months to 1 year	1 -2 year	2- 3 year	More than 3 year	
Undisputed Trade receivables - considered good	272.39	249.66	956.38	0.98	11.91	-	-	1,491.32
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	0.06	-	-	0.06
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	15.91	15.91
<b>Total</b>	<b>272.39</b>	<b>249.66</b>	<b>956.38</b>	<b>0.98</b>	<b>11.97</b>	<b>-</b>	<b>15.91</b>	<b>1,507.29</b>

\* Represents bills for the month of March 2022 which were subsequently billed in the following month.

For the year ended 31st March, 2021

(Rs. in lakhs)

Particulars	Unbilled revenue*	Not due	Outstanding from due date of payment					Total
			Less than 6 months	6 months to 1 year	1 -2 year	2- 3 year	More than 3 year	
Undisputed Trade receivables - considered good	312.87	600.37	1,043.09	0.52	-	-	-	1,956.85
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	0.13	-	-	14.34	14.47
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	15.91	15.91
<b>Total</b>	<b>312.87</b>	<b>600.37</b>	<b>1,043.09</b>	<b>0.65</b>	<b>-</b>	<b>-</b>	<b>30.25</b>	<b>1,987.23</b>

\* Represents bills for the month of March 2021 which were subsequently billed in the following month.

## Notes forming part of Consolidated Financial Statement

### 37.29 Trade payable ageing schedule

For the year ended 31st March, 2022

(Rs. in lakhs)

Particulars	Not due	Outstanding from due date of payment				Total
		Less than 1 year	1-2 year	2- 3 year	More than 3 year	
MSME	-	57.17	-	-	-	57.17
Others	3,760.17	9,350.71	66.74	15.42	27.38	13,220.42
Disputed dues-MSME	-	-	-	-	-	-
Disputed dues-Others	-	-	-	-	-	-
<b>Total</b>	<b>3,760.17</b>	<b>9,407.88</b>	<b>66.74</b>	<b>15.42</b>	<b>27.38</b>	<b>13,277.59</b>

For the year ended 31st March, 2021

(Rs. in lakhs)

Particulars	Not due	Outstanding from due date of payment				Total
		Less than 1 year	1-2 year	2- 3 year	More than 3 year	
MSME	-	45.16	-	-	0.09	45.25
Others	3,697.56	13,708.29	5.53	3.73	136.74	17,551.85
Disputed dues-MSME	-	-	-	-	-	-
Disputed dues-Others	-	-	-	-	-	-
<b>Total</b>	<b>3,697.56</b>	<b>13,753.45</b>	<b>5.53</b>	<b>3.73</b>	<b>136.83</b>	<b>17,597.10</b>

### 37.30 Details of shares held by promoter and promoter group of the Company

Equity Shares held by promoters as at 31st March, 2022 and 31st March, 2021

Promoter Name	As at 31st March, 2022			As at 31st March, 2021		
	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
<b>Promoters</b>						
Lakshmi Kant Jhunjhunwala*	1,43,02,600	15.55%	-	1,43,02,600	15.55%	0.54%
Lakshmi Kant Dwarkadas -HUF	1,00,65,900	10.94%	-	1,00,65,900	10.94%	-
Aditya Jhunjhunwala**	52,89,242	5.75%	0.49%	48,39,242	5.26%	-
Sanjay Jhunjhunwala	24,94,600	2.71%	-	24,94,600	2.71%	-

## Notes forming part of Consolidated Financial Statement

Promoter Name	As at 31st March, 2022			As at 31st March, 2021		
	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
<b>Promoter group</b>						
Naina Jhunjhunwala	41,82,748	4.55%	0.01%	4180748	4.54%	-0.02%
Prakash Chandra Dwarkadas Jhunjhunwala-HUF*	32,78,271	3.56%	-0.02%	32,98,271	3.59%	-0.54%
Umadevi Jhunjhunwala	25,51,717	2.77%	-0.01%	25,62,717	2.79%	0.01%
Prakash Chandra Dwarkadas Jhunjhunwala***	-	-	-1.70%	15,59,732	1.70%	-
Madhu Prakash Jhunjhunwala***	15,71,660	1.71%	1.68%	21,928	0.02%	-
Vatsal Jhunjhunwala	4,99,721	0.54%	-	4,99,721	0.54%	-
Vridhi Jhunjhunwala**	-	-	-0.49%	4,50,000	0.49%	-
Vridhi Trust	1,88,780	0.21%	-	1,88,780	0.21%	-
Shivam Shorewala^	1,20,549	0.13%	0.13%	-	-	-
Shivam Trust^	-	-	-0.13%	1,20,549	0.13%	0.13%
Marvel Business Private Ltd.	1,20,65,975	13.12%	-0.19%	1,22,44,253	13.31%	0.11%
K M Vyapar Ltd.	22,83,364	2.48%	-	22,83,364	2.48%	-
Jhunjhunwala Securities Pvt. Ltd.	5,00,000	0.54%	-	5,00,000	0.54%	-
Francoise Commerce Pvt. Ltd.	20	-	-	20	-	-

\* Shares inter transferred

\*\* Shares held by Vridhi jhunjhunwala was transmitted to Mr. Aditya Jhunjhunwala

\*\*\* Shares held by Prakash Chandra Dwarkadas Jhunjhunwala was transmitted to Ms. Madhu Jhunjhunwala after his sad demise

^ Shares held by Shivam Trust was vested to Mr. Shivam Shorewala

### 37.31 Loans to promoter, director and related parties etc.

For the year ended 31st March, 2022

(Rs. in lakhs)

Type of borrower	Amount of loan outstanding	% of total loan
Loan to promoter	-	-
Loan to Director	-	-
Loan to KMPs	-	-
Loan to related party	875.00	100%

For the year ended 31st March, 2021

Type of borrower	Amount of loan outstanding	% of total loan
Loan to promoter	-	-
Loan to Director	-	-
Loan to KMPs	-	-
Loan to related party	-	-

## Notes forming part of Consolidated Financial Statement

### 37.32 Financial ratios

The following are analytical ratios for the year ended 31st March, 2022 and 31st March, 2021

Particulars	Numerator	Denominator	As at 31st March, 2022	As at 31st March, 2021	Change
Current Ratio	Current assets	Current liabilities	1.19	1.20	-0.83%
Debt-Equity Ratio	Total Debt (Note 1)	Total Equity	0.89	0.94	-5.32%
Debt Service Coverage Ratio	Earnings available for debt service	Debt Service (Note 2)	2.07	1.46	41.78%*
Return on Equity Ratio	Profit for the year	Average Total Equity	17.81	13.10	35.95%*
Inventory turnover ratio	Revenue from Operations	Average Inventory	1.51	1.65	-8.48%
Trade Receivables turnover ratio	Revenue from Operations	Average Trade Receivable	31.80	24.91	27.66%**
Trade payables turnover ratio	Purchases and Other Services	Average Trade Payables	2.82	3.18	-11.32%
Net capital turnover ratio	Revenue from Operations	Working Capital	8.37	7.11	17.72%
Net profit ratio	Profit for the year	Revenue from Operations	7.56%	5.22%	234bps^
Return on Capital employed	EBIT (Note 3)	Capital Employed (Note 4)	14.02%	10.75%	327bps*
Return on investment	Profit for the year	Average Total Assets	6.55%	4.56%	199bps*

\* Higher profit earned during the year

\*\* Increased turnover and reduction in trade receivable

^ Led by higher operating margin

Note 1: Debt includes lease liabilities

Note 2: Debt service = Interest and Lease payments and Principal Repayments

Note 3: EBIT = Profit before exceptional items + Finance Costs

Note 4: Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liabilities

## Notes forming part of Consolidated Financial Statement

**37.33 The difference between the value as per books of accounts and as per quarterly statement submitted with lenders are given below:**

(Rs. in lakhs)

Quarter ending	Value as per books of accounts	Value as per quarterly statement submitted with lenders	Difference	Reasons for difference
June 30, 2021	27,522.21	27,352.36	170.05	The differences are because, the statements filed with the lenders are based on financial statements prepared on provisional basis and also because of exclusion of certain current assets in the statements filed with the lenders.
September 30, 2021	9,949.11	9,673.70	275.41	
December 31, 2021	17,474.30	14,353.28	3,121.02	
March 31, 2022	39,827.55	36,401.21	3,426.34	

(Rs. in lakhs)

Quarter ending	Value as per books of accounts	Value as per quarterly statement submitted with lenders	Difference	Reasons for difference
June 30, 2020	24,827.58	21,711.47	3,116.11	The differences are because, the statements filed with the lenders are based on financial statements prepared on provisional basis and also because of exclusion of certain current assets in the statements filed with the lenders.
September 30, 2020	12,468.66	11,204.30	1,264.36	
December 31, 2020	12,993.08	10,033.90	2,959.18	
March 31, 2021	38,092.67	37,557.37	535.30	

### 37.34 Other statutory information

- i. The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group.
- ii. The Group does not have any transactions with companies struck off.
- iii. The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v. The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- vi. The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vii. The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- viii. The Group has not any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

## Notes forming part of Consolidated Financial Statement

**37.35** The Company has opted to apply the tax rate as per newly introduced section 115BAA of the Income Tax Act, 1961 w.e.f. 01.04.2021 and made the current tax provision accordingly.

**37.36** Effective from 1st April, 2019, UPERC, vide tariff order dated July 25, 2019, has reduced the tariff of power sold to Power Corporation. Accordingly the Company has accounted power sale at the reduced tariff notified by UPERC. The matter is challenged through UP Co-Gen Association before the appropriate forum and matter is sub-judice.

**37.37** Events occurring after the balance sheet date:

No adjusting or significant non adjusting events have occurred between the reporting date and the date of authorization of financial statements.

**37.38** The previous year's figures have been regrouped, reclassified, reworked and rearranged wherever necessary to correspond with the current year classification/disclosures also considering the requirements of the amended Schedule III to the Companies Act, 2013 effective 1st April, 2021. 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 : Lucknow  
Date : 27th May, 2022

**For and on behalf of Board of Directors**

**S. C. Agarwal**

Executive Director  
(DIN-02461954)

**A. K. Gupta**

Chief Financial Officer

**Aditya Jhunjunwala**

Managing Director  
(DIN-01686189)

**Pooja Dua**

Company Secretary  
(M. No. A50996)

# K. M. SUGAR MILLS LIMITED

Regd. Office: 11 MOTI BHAWAN COLLECTOR GANJ,

KANPUR, Uttar Pradesh-208001

CIN: L15421UP1971PLC003492;

Website: www.kmsugar.com

Phone: 0512-2310762 ; 0522-4079561; E-mail: cs@kmsugar.in

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the 49th Annual General Meeting of the K. M. Sugar Mills Ltd. will be held through Video Conference / Other Audio Visual Means, on Thursday, the 22nd day of September, 2022 at 03.30 p.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, 2022 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, 2022 and the Reports of the Board of Directors and the Auditors thereon laid before the 49th 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 49th 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 Subhash Chandra Aggarwala, 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 Subhash Chandra Aggarwala (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 49th Annual General Meeting of the members of the Company, and being eligible, has offered himself for re-appointment, be and is hereby re-appointed as a Director on the Board of the Company, whose period of office shall be liable to retire by rotation."

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

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

**"RESOLVED THAT** pursuant to the provisions of Sections 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and pursuant to the recommendations of the Audit Committee and the Board of Directors, M/s. Mehrotra & Mehrotra., Chartered Accountants, New Delhi, having ICAI Firm Registration No.0226C, be and is hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of

this Annual General Meeting (AGM) till the conclusion of 54th AGM of the Company at the remuneration to be fixed by the Board of Directors of the Company, in addition to applicable taxes and actual out of pocket expenses incurred in connection with the audit of the accounts of the Company.”

**“RESOLVED FURTHER THAT** Shri Aditya Jhunjhunwala, Managing Director and Ms. Pooja Dua Company Secretary be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings, as may be required and to file necessary e-forms with ROC to give effect to the aforesaid resolution.”

#### **SPECIAL BUSINESS:**

5. To approve the remuneration of Cost Auditor appointed for the financial year 2022-23 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 2022-23 be and is hereby ratified.”

Place: Lucknow  
Dated: 08.08.2022

6. To appoint Shri Bakshi Ram as an Independent Director of the Company and in this regard, to consider and if thought fit, to pass the following resolution as Special Resolution: -

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160, Schedule IV and all other applicable provisions of the Companies Act, 2013 (the “Act”) read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “SEBI Listing Regulations”), Shri Bakshi Ram( Din:02235466), who was appointed as an Additional Director(Non-Executive Independent) of the Company in the meeting held on Monday, the 08th day of August,2022, pursuant to provisions of Section 161 of the Act and the Articles of Association of the Company and who holds office up-to the date of forthcoming ensuring Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act,2013 from a member proposing his candidature for the office of Independent Director and who meets the criteria of Independence as provided in Section 149(6) of the Act and Regulation 16 of SEBI Listing Regulations, be and is hereby appointed as an Independent Director of the Company for a period of Five (5) years w.e.f. 08th day of August,2022 up to 07th day of August,2027 not liable to retire by rotation during such term.”

**“RESOLVED FURTHER THAT** Shri Aditya Jhunjhunwala, Managing Director and Ms. Pooja Dua, Company Secretary of the Company be and is hereby severally authorized to do all such acts, deeds, things and matters from time to time in order to give effect to the above resolution.”

**By the Order of the Board  
For K. M. Sugar Mills Ltd.  
-Sd/-  
Pooja Dua  
Company Secretary**

#### **Notes:**

- 1) In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020, 13th April, 2020, 5th May, 2020, 13th January, 2021, General Circular No. 20/2021 dated 08th December 2021 and General Circular No. 02/2022 dated 05th May 2022 (collectively referred to as “MCA Circulars”) and SEBI Circular No.SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May 2022 permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM
- 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 MCA Circulars dated 8th April, 2020, 13th April, 2020 and 5th May, 2020, 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 first come- 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. 23.
- 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 Notice of the 49th 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). Notice will also be available on the Company's website [www.kmsugar.com](http://www.kmsugar.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://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 the 49th AGM being held pursuant to the MCA Circulars, through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the 49th 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](mailto:pragatics@gmail.com) and [cs@kmsugar.in](mailto:cs@kmsugar.in). 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
- 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 [cs@kmsugar.in](mailto:cs@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](mailto: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: [cs@kmsugar.in](mailto:cs@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 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 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 49th AGM along with requisite documents also be available on the Company's website [www.kmsugar.com](http://www.kmsugar.com). Members seeking to inspect such Documents can send an email to [cs@kmsugar.in](mailto:cs@kmsugar.in)
- 17) The remote e-voting facility will be available during the following voting period:

- i. Commencement of remote e-voting: From 09.00 a.m. IST of Monday, September 19, 2022.
  - ii. End of remote e-voting: Up to 5.00 p.m. IST of Wednesday, September 21, 2022.
- 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 16, 2022 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. Further, Register of member and share transfer books of the company will remain closed from Saturday, September 17, 2022 to Thursday, September 22, 2022 (both days Inclusive).
- 19) Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before September 16, 2022 through email on [cs@kmsugar.in](mailto:cs@kmsugar.in). The same will be replied by the Company suitably.
- 20) Pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 03, 2021 read with SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/687 dated December 14, 2021, the listed Companies have to record the PAN, Nominations and KYC details of all the shareholders and Bank Account details of first holder of all the security holders in physical mode. In this regard, the shareholders who are having physical shares are required to update their KYC i.e. PAN, Bank Details, Nomination before April 01, 2023, failing to which their folios will be frozen as per SEBI Circular.
- 21) Pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022, the Members holding shares in physical form are required to convert their shares into dematerialized form, failing which the RTA will not initiate and/or accept any request from such Members. Further, upon non-conversion, such shares will be credited to the Suspense Escrow Demat Account of the Company which shall be credited to the Members only upon furnishing their demat details.

**22) Remote e-Voting Instructions for shareholders: Remote e-Voting Instructions for shareholders post change in the Login mechanism for Individual shareholders holding securities in demat mode, pursuant to SEBI circular dated December 9, 2020:**

Pursuant to SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

**Login method for Individual shareholders holding securities in demat mode is given below:**

**1. Individual Shareholders holding securities in demat mode with NSDL**

1. Existing IDeAS user can visit the e-Services website of NSDL viz... <https://eservices.nsdl.com> either on a personal computer or on

a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period.

2. If you are not registered for IDeAS e-Services, option to register is available at <https://eservices.nsdl.com> Select "Register Online for IDeAS Portal" or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://eservices.nsdl.com> either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

**2. Individual Shareholders holding securities in demat mode with CDSL**

1. Existing users who have opted for Easi / Easiest, can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <https://web.cdslindia.com/myeasi/home/login> or [www.cdslindia.com](http://www.cdslindia.com) and click on New System Myeasi.
2. After successful login of Easi/Easiest the user will be able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.
3. If the user is not registered for Easi/Easiest, option to register is available at <https://web.cdslindia.com/myeasi/Registration/EasiRegistration>.
4. Alternatively, the user can directly access e-Voting page by providing demat account number and PAN No. from a link in [www.cdslindia.com](http://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.
3. Individual Shareholders (holding securities in demat mode) login through their depository participants You can also login using the

login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

**Login method for Individual shareholders holding securities in physical form is given below:**

Individual Shareholders of the company, holding shares in physical form as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>
2. Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: -
  - A. User ID: Shareholders 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) (Shareholders 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 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).
3. Click on 'Login' under 'SHARE HOLDER' tab.
  4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'.

**Cast your vote electronically:**

1. After successful login, you will be able to see the notification for e-voting. Select 'View' icon.
2. E-voting page will appear.
3. 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).
4. 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.

**Guidelines for Institutional shareholders:**

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.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 – 4918 6000.

**Helpdesk for Individual Shareholders holding securities in demat mode:**

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 22- 23058542-43.

Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders 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.

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

**Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:**

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- 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 this 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".

**23) Process and manner for attending the Annual General Meeting through InstaMeet**

1. 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)

**24) Instructions for Shareholders/ Members to Speak during 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.

**25) Instructions for Shareholders/ Members to Vote during the Annual General Meeting through Insta Meet:**

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](mailto:instameet@linkintime.co.in) or contact on: - Tel: 022-49186175.

Place: Lucknow  
Dated: 08.08.2022

**By the Order of the Board  
For K. M. Sugar Mills Ltd.  
-Sd/-  
Pooja Dua  
Company Secretary**

**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. 2 and 3**

Shri Sanjay Jhunjunwala and Sri Subhash Chandra Aggarwala, who were appointed as a Joint Managing director and Executive director of the Company respectively for the period of five years at 46th Annual General Meeting held on 20th August, 2019, retires by rotation under Section 152 and other applicable provisions, if any, of the Act and the Rules made thereunder read with the Articles of Association of the Company, at the conclusion of 49th Annual General Meeting of the members of the Company, and being eligible, has offered himself for re-appointment. The Board has recommended for their re-appointment as a Directors on the Board of the Company, whose period of office shall be liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company or their relatives, except they themselves and Mr. L.K Jhunjunwala, Chairman & Mr. Aditya Jhunjunwala, Managing Director are concerned or interested financially or otherwise in this resolution.

**Item No:4**

As per the provisions of section 139(2)(b) of the Companies Act 2013, M/s. Agiwal & Associates, Chartered Accountants, New Delhi (FRN no. 000181N) Statutory Auditors of the company, who retires as the Statutory Auditors at ensuing Annual General Meeting on completion of his tenure.

The Company received a letter from M/s Mehrotra & Mehrotra, Chartered Accountants, (Firm Registration No.000226C) proposing their candidature for the office of Statutory Auditors of the Company in place of M/s Agiwal & Associates, Chartered Accountants, who retires as the Statutory Auditors at ensuing Annual General Meeting on completion of their tenure.

M/s. Mehrotra & Mehrotra, Chartered Accountants also satisfied the criteria as laid down u/s 141 of The Companies Act 2013 in this regard.

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

**Statement containing additional disclosure as required under Regulation 36(5) of the Listing Regulations**

Proposed fees payable to the statutory auditor for the financial year 2023	Rs. 5,00,000/- p.a
Term of appointment	5 years
Material changes in the fee payable to new Statutory auditor	No material changes. The fees commensurate with the size of the Company, audit coverage and scope of work.
Basis of recommendation for appointment including the details in relation to and credentials of the Statutory auditor proposed to be appointed	M/s. Mehrotra & Mehrotra, New Delhi, Chartered Accountants, had a long and prestigious history given the nature, size and spread of Company's operations, it is required to have competent audit firm. The recommendations made by the Audit Committee, and the Board of Directors of the Company, are in fulfilment of the eligible criteria as prescribed under the Companies Act, 2013 and the applicable rules made thereunder.
Brief Profile of Statutory Auditor	M/s. Mehrotra & Mehrotra (FRN. 000226C), New Delhi, Chartered Accountants, had a long and prestigious history. It was formed in the year 1962 and since inception they have been rapidly growing on the sound footing of quality services and strong infrastructure. M&M is a technology oriented single focused multi skilled entity with presence in multiple locations with spacious controlling centre at India (Delhi, Mumbai, Kanpur and Jaipur), Singapore and Dubai. The firm is using latest technologies to cater the various requirements of the nation-wide clients from varied industries. The Firm has dedicated teams for Audit & Assurance, International Taxation and Transfer Pricing, GST, Start-up advisory, Valuations. The Firm has its talent pool from Big4 accounting firms.

**Item no. 5**

The Board of Directors approved the appointment of M/s. Aman Malviya & Associates, Cost Accountants, Lucknow, as a Cost Auditor of the Company for conducting cost audit for the financial year 2022-23 in the meeting held on May 27, 2022 at the remuneration of Rs. 35,000/- plus goods and services tax, as applicable, and reimbursement of out-of-pocket expenses, in line with the recommendation of the Audit Committee. Pursuant the provision of section 148 other applicable provisions if any of the Companies Act, 2013 and rule made thereunder, the remuneration payable

to the Cost Auditors has to be ratified by the members of the Company.

The Board recommends resolution set out in item no. 5 of the notice for approval and ratification to the members as an Ordinary Resolution.

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

## Item No.6

The Board of Directors, on the recommendation of the Nomination & Remuneration Committee, had appointed Shri Bakshi Ram (Din:02235466), as an Additional Director (Non-Executive Independent) in its meeting held on Monday, the 08th day of August,2022, who is not liable to retire by rotation, pursuant to Section 161 of the Companies Act, 2013 to hold office up-to the date of ensuing Annual General Meeting of the Company. The Board noted that Shri Bakshi Ram skills, knowledge and experience are aligned to the role and capabilities and that he is eligible for appointment as an Independent Director.

Shri Bakshi Ram has confirmed: (a) his eligibility and criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"); (b) he is not disqualified or debarred from holding the office of directors by virtue of any SEBI order or any other such authority; (c) he has undertaken registration in the Independent Director's data bank; and (d) he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence. Further, he has given his consent to be appointed as an Independent Director of the Company.

In terms of Section 160 of the Companies Act, 2013, the Company has received a Notice in writing from a Member of the Company signifying his intention for proposing the candidature of Shri Bakshi Ram, for the office of Independent Director of the Company.

He has an overall experience of more than 38 years. He was ex-Director of ICAR – Sugarcane Breeding Institute, Coimbatore – 641 007, Tamil Nadu, India and UP Council of Sugarcane Research, Shahjahanpur.

He has also held the post of Principal Scientist/Head of SBI, RC, Karnal and Asstt. Scientist H.A.U. Hisar. In the opinion of the Board, he fulfils the criteria of Independence and possesses appropriate skills, experience and knowledge for being appointed as an Independent Director of the Company. Considering his vast experience and knowledge in the field of Sugar Industries and strategic guidance his appointment would be in the great for the interest of the Company.

The Board is of the opinion that Shri Bakshi Ram rich and diverse experience is a valuable asset to the Company which adds value and enriched point of view during Board discussions and decision making.

The Board of Directors recommends the appointment of Shri Bakshi Ram as an Independent Director of the Company for a period of Five (5) years commencing from 08th day of August,2022, up to 07th day of August, 2027 who is not liable to retire by rotation during the term.

Save and except Shri Bakshi Ram and his relatives, none of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the above Resolution.

Your directors recommend the Resolution set out in Item No.6 as a Special Resolution for your approval.

## BRIEF RESUME OF DIRECTOR SEEKING APPOINTMENT AT THE ANNUAL GENERAL MEETING IN ACCORDANCE WITH THE SECRETARIAL STANDARDS ("SS-2") AND REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

Names	Mr. Bakshi Ram	Mr.Sanjay Jhunjunwala	Mr. S.C Agarwal
Age	63 years	47 years	62 years
Din	02235466	01777954	02461954
Date of first appointment on the Board	08st day of August,2022	19th Day of September,2015	19th Day of September,2015
Qualifications	Shri Bakshi Ram is Ph.D. (Agri.) (1996) from CCS, Haryana Agricultural University, Hisar and was the topper of the batch, M.Sc. (Agri.) (1983) from Haryana Agricultural University, Hisar, was awarded Dr. Ram Dhan Singh Gold Medal, for being the topper of the batch and B.Sc. (Hons.) Agri. (1981) Haryana Agricultural University, Hisar and was awarded Merit Gold Medal for being the topper of the programme.	He is a Commerce graduate and has also completed his MBA from the University of Wales, Cardiff, UK.	B.Sc. From National Sugar Institute

Names	Mr. Bakshi Ram	Mr.Sanjay Jhunjunwala	Mr. S.C Agarwal
Nature of Expertise & Experience	<p>He has an overall experience of more than 38 years. He was ex-Director of ICAR – Sugarcane Breeding Institute, Coimbatore – 641 007, Tamil Nadu, India and UP Council of Sugarcane Research, Shahjahanpur.</p> <p>He has also held the post of Principal Scientist/Head of SBI, RC, Karnal and Asstt. Scientist H.A.U. Hisar</p>	<p>Mr. Sanjay Jhunjunwala is responsible for the overall operations of the Distillery Unit of the Company. He has vast experience in the sugar industry and has implemented modern management techniques, which have proved immensely beneficial to the Company.</p>	<p>Mr. Subhash Chandra Aggarwal is a Science Graduate and Sugar Technologist from the National Sugar Institute, Kanpur (NSI), a very renowned institute of Asia in the field of Sugar Technology. He started his career from production lines and has worked for many renowned organizations. Due to his meticulous working, keenness about latest Technology, Development &amp; Leadership, he joined Piccadilly Agro Industries as General Manager in 1997. He is now the Executive Director since 2001 at KM Sugar. He is the key person who implements management policies decisions, setting targets for outputs and ensuring their achievement. He is also involved in the planning and coordination of various departments of the organization</p>
Skills and Capabilities	Business Strategy, Brand Building and Leadership, Sales and Marketing Strategic Planning and General Administration	Industry Experience, Industry Knowledge, Interpersonal Relations and Leadership	Industry Experience, Industry Knowledge, Agri -Research & Development;
Relationship with other Director/ Key Managerial Personnel	Not related to any Director / Key Managerial Personnel	He is related to Shri L.K Jhunjunwala, Chairman and Shri Aditya Jhunjunwala , Managing Director	Not related to any Director / Key Managerial Personnel
Terms and conditions of appointment/ re-appointment:	It is proposed to appoint Shri Bakshi Ram as an Independent Director of the Company for a period of Five (5) years w.e.f. 08th day of August, 2022, not liable to retire by rotation	Appointed as Whole Time Director designated as Joint Managing Director with effect from 19th September, 2019. His office is liable to retire by rotation. He is entitled to receive remunerations as per the provisions of the Companies Act, 2013	Appointed as Whole Time Director designated as Executive Director-cum- CEO of the company with effect from 19th September, 2019. His office is liable to retire by rotation. He is entitled to receive remunerations as per the provisions of the Companies Act, 2013
Remuneration last drawn	N/A	Total Remuneration of Rs. 109.26 Lakhs for Financial Year 2021-22.	Total Remuneration of Rs. 44.22 Lakhs for Financial Year 2021-22.
Remuneration proposed to be paid:	Shri Bakshi Ram being a Non-Executive Independent Director shall be paid sitting fees for attending Board and/or Committee Meetings of the company at par with other Independent Directors.	In terms of the Special Resolution passed by the Shareholders at the EGM held on 24th March, 2022	In terms of the Special Resolution passed by the Shareholders at the EGM held on 24th March, 2022
Number of meetings of the Board attended during the financial year (2021-22):	0	5	5

Names	Mr. Bakshi Ram	Mr.Sanjay Jhunjhunwala	Mr. S.C Agarwal
Directorships held in other companies	N.A.	1) Shri Shakti Credits Ltd., 2) Progressive Dealer Pvt. Ltd., 3) Promising Logistic Pvt. Ltd., 4) Jhunjhunwala Securities Pvt. Ltd., 5) Thermocraft (India) Pvt. Ltd., 6) Prakash Properties Pvt. Ltd., 7) Brahma Properties Pvt. Ltd., 8) KM Spirits And Allied Industries Limited 9) Marvel Business Pvt. Ltd., 10) Benaras Inorganics Private Limited	1) Sonar Casting Limited
Listed entities from which resigned in the past three years	None	None	None
Memberships/Chairmanships of committees of the Board of the Company	None	Member- Audit Committee Member- CSR Committee	Member- Finance Committee
Memberships/Chairmanships of committees of other companies	None	None	None
No. of shares in the Company	Nil	2494600	Nil

Dated: 08.08.2022  
Place: Lucknow

**By the Order of the Board  
For K. M. Sugar Mills Ltd.  
-Sd/-  
Pooja Dua  
Company Secretary**



**K.M. Sugar Mills Limited**

**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.in Website : www.kmsugar.com