

**A. VETRIVEL, B.Sc., F.C.A**  
Chartered Accountant



No. 1/1, Seth Narayandas Layout-II, Tatabad,  
Coimbatore - 641 012. Phone : 2495760, 4378813  
E-mail : vetrivelfca@gmail.com

Date : .....

**AUDITOR'S REPORT**

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF K.P.R. SUGAR MILL LIMITED**

**Report on the Financial statements**

I have audited the accompanying financial statements of M/S.K.P.R. SUGAR MILL LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2015, Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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.



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**Auditors Responsibility**

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

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the financial statements.



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**Opinion**

In my opinion and to the best of my information and according to the explanations given to me, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the company as at 31<sup>st</sup> March, 2015 and its profit and cash flows for the year ended on that date.:

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, I give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, I report that:

- a. I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
- b. In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books.
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In my opinion, the aforesaid financial statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



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- e. On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, 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 Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
- i. There were no pending litigations which would impact the financial position of the Company.
  - ii. The Company did not have any long-term contracts including derivative contracts on 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.

DATE : 24.04.2015  
PLACE : COIMBATORE

  
**A. VETRIVEL**  
CHARTERED ACCOUNTANT



M/s. K.P.R SUGAR MILL LIMITED  
COIMBATORE

**Annexure of the Auditor's Report for the year ended 31<sup>st</sup> March 2015**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**1. In respect of Fixed assets**

- a) The company has maintained proper records of the fixed assets showing full particulars including quantitative details and situation of the fixed assets.
- b) The fixed assets were physically verified by the management in accordance with program of verification, which in my opinion provides for the physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to me, no material discrepancies were noticed on such verification.

**2. In respect of inventories:**

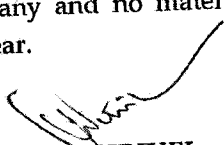
- a) As explained to me, the inventories were physically verified during the year by the Management at reasonable intervals.
  - b) In my opinion and according to the information and explanation given to me, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In my opinion and according to the information and explanations given to me, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. According to the information and explanations given to me, the Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 during the year.
4. In my opinion and according to the information and explanations given to me, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods and services and during the course of my audit, I have not observed any continuing failure to correct major weaknesses in such internal control system.
5. According to the information and explanations given to me, the Company has not accepted any deposit during the year.



M/s. K.P.R SUGAR MILL LIMITED  
COIMBATORE

6. I have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2014 as amended and prescribed by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. I have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to me, in respect of statutory dues:
  - a. The company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, income tax, sales tax, Wealth Tax, Service Tax, Duty of Customs, Excise Duty, Value Added Tax, Cess and any other material statutory dues applicable to it with the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
8. The Company does not have accumulated losses at the end of the financial year, and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
9. In my opinion and according to the information and explanations given to me, the company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures
10. In my opinion and according to the information and explanations given to me, the Company has given corporate guarantee (Note No.27.2) for loans taken by others from banks and financial institutions during the year.
11. In my opinion and according to the information and explanations given to me, the term loans have been applied by the company for the purposes for which they were obtained, other than temporary deployment pending application.
12. To the best of my knowledge and belief and according to the information and explanations given to me, no fraud by the company and no material fraud on the company has been noticed or reported during the year.

DATE : 24.04.2015  
PLACE : COIMBATORE

  
A.VETRIVEL  
CHARTERED ACCOUNTANT

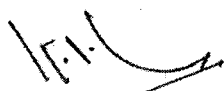
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TATABAD, COIMBATORE - 641 012  
Phone : 2495760, 4378813


**K.P.R. SUGAR MILL LIMITED**  
**BALANCE SHEET AS AT 31.03.2015**

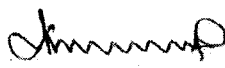
	Note	As at 31.03.2015	As at 31.03.2014
(₹ in Lakhs)			
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	3	583	583
(b) Reserves and Surplus	4	11,042	19,770
		11,625	20,353
<b>2 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	5	9,024	18,064
(b) Deferred Tax Liabilities (Net)	6	-	-
(c) Other Long - Term Liabilities	7	7,967	0
		16,991	18,064
<b>3 Current Liabilities</b>			
(a) Short-Term Borrowings	8	4,622	2,119
(b) Trade Payables	9	20,224	17,156
(c) Other Current Liabilities	10	7,199	2,673
(d) Short-Term Provisions	11	231	63
		32,276	22,011
		60,892	60,428
<b>B ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	26,988	29,428
(b) Long-Term Loans and Advances	13	387	2,649
		27,375	32,077
<b>2 Current Assets</b>			
(a) Current Investments	14	5,800	6,269
(b) Inventories	15	20,197	14,318
(c) Trade Receivables	16	4,819	1,520
(d) Cash and Cash Equivalents	17	1,323	5,248
(e) Short-Term Loans and Advances	18	676	974
(f) Other Current Assets	19	702	22
		33,517	28,351
		60,892	60,428
Accompanying notes forming part of the financial statements		60,892	60,428

For and on behalf of the Board of Directors

"To be read with my report of even date"

  
K.P. Ramasamy  
Director

  
A. Vetrivel  
Chartered Accountant

  
KPD Sigamani  
Director

  
P. Natara  
Director

  
P. Kandaswamy  
Company Secretary

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Coimbatore  
24.04.2015

**K.P.R. SUGAR MILL LIMITED**  
**STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED 31.03.2015**


(₹ in Lakhs)

	Note	Year Ended	
		31.03.2015	31.03.2014
<b>I. Revenue from Operations (Gross)</b>	20	56,463	33,902
Less: Excise Duty		1,074	1,019
<b>Revenue from Operations (Net)</b>		55,389	32,883
<b>II. Other Income</b>	21	316	226
<b>III. Total Revenue</b>		55,705	33,109
<b>IV. Expenses</b>			
Cost of Goods Consumed	22	44,721	20,400
Changes in Inventories of Finished Goods, Work- in-Progress and Stock in Trade	23	(3,722)	2,162
Employee Benefits Expenses	24	5,022	1,962
Finance Costs	25	1,269	3,013
Depreciation and Amortization Expenses	12	2,723	2,613
Other Expenses	26	4,486	2,311
<b>Total Expenses</b>		54,499	32,461
<b>V. Profit Before Tax</b>		1,206	648
<b>VI. Tax Expense</b>			
1. Current Tax Expense for Current Year		241	130
2. Less: MAT Credit Entitlement		241	130
3. Deferred Tax		-	(10)
<b>Net Tax Expenses</b>		-	(10)
<b>VII. Profit for the year</b>		1,206	658
<b>VIII. Earnings per equity share of ₹ 10 each</b>			
1. Basic & Diluted (in ₹)		76	60

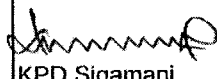
Accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors


"To be read with my report of even date"

  
K.P. Ramasamy  
Director

  
A. Vetrivel  
Chartered Accountant

  
KPD Sigamani  
Director

  
P. Nataraj  
Director

  
P. Kandaswamy  
Company Secretary

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Coimbatore  
24.04.2015



**K.P.R. SUGAR MILL LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2015**

(₹ in Lakhs)

PARTICULARS	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	1,206	648
Depreciation	2,723	2,613
Finance Costs	1,269	3,013
Interest Income	(26)	(213)
(Profit) / Loss from sale of Shares	-	-
Dividend from Mutual Funds	(205)	-
<b>Operating profit before Working Capital adjustments</b>	<b>4,967</b>	<b>6,061</b>
(Increase) / Decrease in Sundry Debtors	(3,299)	(1,028)
(Increase) / Decrease in Loans and Advances	2,329	(1,610)
(Increase) / Decrease in Inventories	(5,879)	2,748
(Increase) / Decrease in Other Current Assets	(691)	(11)
Increase / (Decrease) in Current Liabilities	17,601	12,141
Bank Balance not considered as Cash and Cash Equivalents	-	-
(i) Margin deposit account	(6)	-
<b>Cash Generated from Operations</b>	<b>15,023</b>	<b>18,301</b>
Net Income Tax (Paid) / Refunds	(71)	(113)
<b>Net Cash from Operating Activities</b>	<b>(A) 14,952</b>	<b>18,188</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(295)	(1,526)
Proceeds from Sale of Fixed Assets	10	-
Purchase of Investment	(5,800)	-
Proceeds from the sale of investment	6,269	-
Dividend income	205	-
Interest Receipts	37	203
<b>Net Cash flow used in Investing Activities</b>	<b>(B) 426</b>	<b>(1,323)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Capital	-	100
Proceeds from Securities Premium	(9,900)	9,900
Proceeds from Long-Term Borrowings	960	0
Repayment of Long-Term Borrowings	(12,040)	(2,199)
Proceeds from Other Short-Term Borrowings	2,503	0
Repayment of Other Short-Term Borrowings	-	(10,171)
Finance Costs	(1,269)	(3,357)
Dividend Paid	(26)	(28)
Tax on Dividend	(5)	(5)
<b>Net Cash used in Financing Activities</b>	<b>(C) (19,778)</b>	<b>(5,760)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(A+B+C) (4,400)</b>	<b>11,105</b>
Opening Balance of Cash and Cash Equivalents	11,517	412
<b>Closing Cash and Cash Equivalents</b>	<b>7,117</b>	<b>11,517</b>





Reconciliation of Cash and cash equivalents with the Balance Sheet: Cash and cash equivalents (Refer Note 16)		1,323	5,248
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements			
Add: Current investments considered as part of Cash and Cash equivalents (As defined in AS 3 Cash Flow Statements)		5,800	6,269
- Balances held as margin money or security against borrowings, guarantees and other commitments		6	0
<b>Closing Cash and Cash Equivalents</b>		<b>7,117</b>	<b>11,517</b>

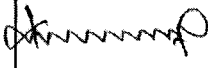
Accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors


"To be read with my report of even date"

  
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Coimbatore  
24.04.2015

## 1 Company Overview

K.P.R.Sugar Mill Limited is the Wholly owned Subsidiary Company of K.P.R.Mill Limited. Plant Located at Bijapur District, Karnataka State. It produces Sugar along with Green Energy viz., Co-Gen Power. The Company also has Garment manufacturing facility at Arasur,Coimbatore and commenced its operation from November 2013.

## 2 Significant Accounting Policies

### A) BASIS OF ACCOUNTING

(i) The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act) / Companies Act, 1956 ("the 1956 Act"), as applicable.

(ii) The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as more fully described in Note 38.

### B) USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### C) FIXED ASSETS AND DEPRECIATION

i) Fixed assets and intangibles are stated at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost includes all costs relating to acquisition and installation of fixed assets including any incidental costs of bringing the assets to their working condition for their intended use. The Company has adopted the provisions of para 46 / 46A of AS 11. The Effects of Changes in Foreign Exchange Rates, and accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

ii) Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Capital work-in-progress

iii) Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### D) DEPRECIATION

Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule II of the Companies Act, 2013, except 1) Plant & Machinery @ 10.34% and 2) Electricals @ 7.07% based on useful life ascertained for such asset through technical assessment by competent Professional.

### E) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Initial Recognition : Transactions in Foreign Currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transactions or at rates that closely approximate the rate at the date of the transaction or at the forward contract rate for the transaction.

Measurement at the Balance Sheet date : Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.



Treatment of exchange differences - when para 46 / 46A of AS 11 is adopted : Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Accounting for forward contracts : Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

#### F) INVENTORIES

i) Finished goods are valued at cost or net realisable value whichever is lower. The cost for the finished goods is inclusive of cost of purchase, cost of conversion, excise duty, cess, if any, and other costs incurred in bringing the inventories to their present location and condition.

ii) Stock-in-process, Stores, Spares, Consumables, Packing and Other Materials are valued at lower of Cost or Net Realizable Value.

iii) Waste and Scrap are valued at Net Realizable Value.

#### G) REVENUE RECOGNITION

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Job work income and revenue from sale of windmill power are recognised when services are rendered and related costs are incurred. Dividend Income is recognised when right to receive the income is established. Interest income is recognised on time proportion basis (accrual basis) taking into account the amount outstanding and rate applicable. Export incentives are accounted for in the year of exports based on eligibility and expected amount on realisation.

#### H) EXCISE DUTY

The Excise Duty on sale of finished goods is deducted from turnover to arrive at net sales as shown in the statement of profit and loss. The Excise Duty appearing in the statement of profit and loss as an expenditure represents excise duty provision for closing stock of finished goods.

#### I) INVESTMENTS

Long term investments (excluding investment properties) are carried at cost less provision for diminution other than temporary in the value of such investments. Current investments are stated at lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed Assets.

#### J) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

#### K) CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### L) CASH FLOW STATEMENT

Cash flow are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

