

**INDEPENDENT AUDITORS' REPORT**

To the Members of  
**KBK CHEM-ENGINEERING PVT LTD**

**Opinion**

We have audited the Ind AS financial statements of **KBK CHEM-ENGINEERING PVT LTD** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, 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 Ind AS financial statements give the information required by the Companies Act, 2013 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 2019, its loss, 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 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 opinion.

**Emphasis of Matter**

1. We draw attention to Note No.28(xi) in the Notes to the financial statements:  
The Holding Company has waived the interest effective January 01, 2018 towards their advances extended to the Company. Hence no interest is provided for the financial year.

Our opinion is not qualified in respect of these matters.

**Material Uncertainty Related to Going Concern**

1. We draw attention to Note No.28(xii) in the Notes to the financial statements:  
The Company has accumulated losses and its net worth has been fully eroded. The Company has incurred a net loss of Rs.0.35 Mn (Rs.650.10 Mn) during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date, due to which the Company may be unable to realise all its assets and discharge all its liabilities in the normal course of business. This condition indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons in the said note by the Management.

Our opinion is not qualified in respect of these matters.



### **Key Audit Matters**

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

- 1) Recoverability of Deferred Tax Assets: The Management has not recognised Deferred Tax Assets on Unabsorbed business losses as there is no reasonable certainty that such deferred tax assets can be realised against future taxable profits as per the management forecast for the business projections. We have reviewed the evaluation process of the management of the business projections with the underlying assumptions and judgements in arriving at the future taxable profits and found it to be satisfactory in not recognising the deferred tax assets on unabsorbed business losses.
- 2) Impairment and revaluation of property, plant and equipment (PPE): The Management has revalued its Property, Plant and Equipment during the year after getting the revaluation done and obtaining the revaluation reports from the certified valuer. The accounting has been done in the books in line with the applicable Indian Accounting Standards. We have obtained and verified the revaluation reports issued by the valuers and are of the opinion that the revaluation of PPE is done satisfactorily and the accounting in the books has been done in compliance with the applicable accounting standards.

### **Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the 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 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 in the 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.

### **Responsibility of Management and Those Charged with Governance for 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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. 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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



**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government 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.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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*"; and
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company have disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 28(ii) to the 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.

Place: Mumbai  
Date: May 03, 2019



For **Ashok Kumar, Prabhaskar & Co.,**  
Chartered Accountants  
Firm Regn No. 004982S

**K. N. Prabhaskar**  
Partner  
Membership No. 019575

**Annexure 'A' to the Auditors' Report**

The Annexure 'A' referred to in our report to the members of KBK Chem-Engineering Private Limited for the year ended March 31, 2019. We report that:

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, all fixed assets have been physically verified by the management during the year in phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) With regard to inventory, physical verification has been conducted by the management at reasonable intervals and no significant material discrepancies were noticed on the physical verification of stocks and the differences between the book stocks and the physical stocks have been properly dealt with in the books of account.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv) In respect of the loans, investments, guarantees, and security, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.
- v) According to the information and explanations given to us, the company has not accepted any deposits, hence reporting on clause (v) of the order is not applicable.
- vi) The Central Government has prescribed maintenance of cost records u/s. 148(1) of the Companies Act, 2013 for some products of the Company. We have broadly reviewed these records of the company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of such records.
- vii) a) According to the information and explanations given to us and as per books and records examined by us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with appropriate authorities outstanding as at March 31, 2019 for a period exceeding six months from the date they became payable.



b) According to the information and explanations given to us and as per the records examined by us, the disputed statutory dues aggregating to Rs. 313.77 Million that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

SI No	Name of the Statute	Nature of Dues	Amount (Rs in Mn)	Period	Forum where Dispute is pending
1	Central Excise Act 1944	Excise Duty	2.27	2004-07	Office of the Commissioner (Appeals) of Central Excise, Pune
			236.55	January 2007 to December 2010	Office of the Commissioner of Central Excise, Pune
			14.75	January 2011 to November 2011	Office of the Commissioner of Central Excise, Pune
			1.03	December 2011 to June 2012	Office of the Commissioner of Central Excise, Pune
			2.14	July 2012 to May 2013	Office of the Commissioner of Central Excise, Pune
			0.56	June 2013 To December 2013	Office of the Commissioner of Central Excise, Pune
			0.03	January 2014 to June 2014	Office of the Commissioner of Central Excise, Pune
			1.84	July 2014 to December 2014	Office of the Commissioner of Central Excise, Pune
			21.67	January 2015 to December 2015	Office of the Commissioner of Central Excise, Pune
			2.11	January 2016 to June 2016	Office of the Asst. Commissioner of Central Excise, Pune
5.84	July 2016 to June 2017	Office of the Asst. Commissioner of Central Excise, Pune			
2	The Maharashtra Value Added Tax Act, 2002	Sales Tax	12.70	2006-07	Sales Tax - Joint Commissioner Pune
			0.78	2010-11	Sales Tax - Joint Commissioner Pune
			0.79	2011-12	Sales Tax - Joint Commissioner Pune
3	The Karnataka Value Added Tax Act, 2003	Sales Tax	0.34	2010-11	Tribunal Appeal – Bangalore
4	Employees Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund	2.62	2010-12	Recovery Officer & Assistant PF Commissioner (Pune)
5	Income Tax Act, 1961	Income Tax	1.51	F.Y.2008-09	Dy Commissioner Income-Tax Appellate Tribunal Pune Versus Cir 11(1) Pune
6	Income Tax Act, 1961	TDS	6.24	FY.2007-08 to 2013-14	Dy Commissioner Income Tax (TDS), Pune
<b>Grand Total</b>			<b>313.77</b>		



- viii) The Company has borrowed funds from banks. They have not raised funds by way of debentures nor borrowed funds from financial institutions. There is no default in repayment of dues to the banks.
- ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.
- x) As per information and explanations given to us and on the basis of our examinations of books and records, there were no frauds on or by the company has been noticed or reported during the year.
- xi) Being a Private Limited Company, provisions of Section 197 read with Schedule V of the Companies Act, 2013 is not applicable.
- xii) This is not a Nidhi Company, hence reporting under clause (xii) does not apply.
- xiii) As per information and explanations given to us and on the basis of our examinations of books and records, all the transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- 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 any non-cash transactions with directors or persons connected with them and hence reporting on this clause is not applicable.
- xvi) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

Camp: Mumbai  
Date: May 03, 2019



**For Ashok Kumar Prabhaskar & Co.**

Chartered Accountants  
Firm Regn No: 004982S

**K. N. Prabhaskar**  
Partner

Membership No: 19575

**Annexure 'B' to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **KBK Chem-Engineering Private Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

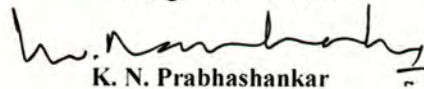
### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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.

Camp: Mumbai  
Date: May 03, 2019



**For Ashok Kumar, Prabhaskar & Co.,**  
Chartered Accountants  
Firm Regn. No. 004982S

  
K. N. Prabhaskar

Partner  
Membership No. 019575

o/c

**KBK CHEM ENGINEERING PVT. LTD.**

1st & 2nd Floor, Survey No.1/10 To 16, Amachi Colony, Plot No. 33 & 34, Bhavdhan Khurd, NDA-Pashan Road, Pune - 411021

**Balance Sheet as at 31st March, 2019**

(Amount in Rupees)

	Notes	As at 31st March, 2019	As at 31st March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	2	9,57,57,932	9,75,12,300
Other Intangible Assets	3	-	-
<b>Financial Assets</b>			
Other Advances	4	84,30,884	63,47,897
<b>Current assets</b>			
Inventories	5	8,40,87,226	3,51,34,346
<b>Financial Assets</b>			
Trade Receivables	6	12,70,40,663	10,78,24,023
Cash And Cash Equivalents	7	72,25,322	38,12,059
Other Advances	8	11,89,73,580	6,00,96,350
<b>Total Assets</b>		<b>44,15,15,607</b>	<b>31,07,26,975</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	9	1,69,14,300	1,69,14,300
Other Equity	10	(1,23,26,69,051)	(1,23,32,55,397)
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	11	1,34,80,46,191	1,34,80,46,191
<b>Provisions</b>			
Deferred Tax Liabilities (Net)	12 13	1,28,21,178 60,57,760	1,26,35,570 44,30,787
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	14	5,73,65,404	6,07,38,001
Trade Payables	15	8,18,02,818	7,91,03,763
Other Financial Liabilities	16	15,02,71,704	2,07,40,148
Provisions	17	9,05,303	13,73,612
<b>Total Equity and Liabilities</b>		<b>44,15,15,607</b>	<b>31,07,26,975</b>

Accompanying notes 1 to 28 form part of the financial statements

To be read with our report of even date  
For **Ashok Kumar, Prabhaskar & Co.**  
Chartered Accountants  
Firm Regn.No : 0049825

For and on behalf of the Board of directors of  
**KBK Chem Engineering Pvt. Ltd.**



**K.N. Prabhaskar**  
Partner  
Membership No.19575



Place : Mumbai  
Date : May 3, 2019



**Vijendra Singh**  
Director  
DIN : 03537522



**Sunil Kadam**  
Director  
DIN : 00212461

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**KBK CHEM ENGINEERING PVT. LTD.**

1st & 2nd Floor, Survey No.1/10 To 16, Amachi Colony, Plot No. 33 & 34, Bhavdhan Khurd, NDA-Pashan Road, Pune - 411021

**Statement of Profit & Loss for the period ended 31st March 2019**

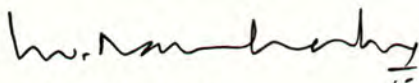
(Amount in Rupees)

	Notes	Year ended 31st March 2019	Year ended 31st March 2018
Revenue from Operations	18	34,30,09,176	14,76,49,308
Other Income	19	2,14,69,576	97,082
<b>Total Income</b>		<b>36,44,78,752</b>	<b>14,77,46,390</b>
<b>Expenses</b>			
Cost of Materials Consumed	20	31,31,17,097	12,17,22,635
Changes In Inventories of Finished Goods, Work-In-Progress & Stock in Trade	21	(3,51,73,082)	2,55,33,537
Excise Duty on Goods Sold During the year		-	21,22,194
Employee Benefit Expenses	22	1,81,07,063	2,06,19,228
Finance Costs	23	1,12,76,226	12,59,85,940
Depreciation and Amortisation Expenses	24	31,54,842	37,50,084
Foreign exchange (Gain)/Loss		(5,69,504)	(3,54,975)
Other Expenses	25	5,25,26,109	5,40,16,859
<b>Total Expenses</b>		<b>36,24,38,751</b>	<b>35,33,95,502</b>
<b>Profit/(Loss) Before Exceptional Items and Tax</b>		<b>20,40,001</b>	<b>(20,56,49,111)</b>
Exceptional Items		-	43,43,07,899
<b>Profit/(Loss) Before Tax</b>		<b>20,40,001</b>	<b>(63,99,57,010)</b>
Extraordinary Items		-	-
<b>Profit/(Loss) Before Tax</b>		<b>20,40,001</b>	<b>(63,99,57,010)</b>
<b>Tax Expenses:</b>			
Current Tax	26	7,65,830	1,10,91,310
Deferred Tax		16,26,974	(9,47,807)
<b>Total Tax Expenses</b>		<b>23,92,804</b>	<b>1,01,43,503</b>
<b>Profit/(Loss) for the period</b>		<b>(3,52,803)</b>	<b>(65,01,00,513)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of the net defined benefit liability / asset		2,83,310	2,82,074
Addition in revaluation reserve on revaluation of assets		6,55,839	-
<b>Total comprehensive income for the period</b>		<b>5,86,346</b>	<b>(64,98,18,439)</b>
<b>Earnings Per Equity Share:</b>	27		
Basic (in Rs.)		(2.09)	(3,843.50)
Diluted (in Rs.)		(2.09)	(3,843.50)
(Nominal value of shares Rs 100 each)			

Accompanying notes 1 to 28 form part of the financial statements

To be read with our report of even date  
For **Ashok Kumar, Prabhaskar & Co.**  
Chartered Accountants  
Firm Regn.No : 0049825

For and on behalf of the Board of directors of  
**KBK Chem Engineering Pvt. Ltd.**



**K.N. Prabhaskar**  
Partner  
Membership No.19575



Place : Mumbai  
Date : May 3, 2019



**Vijendra Singh**  
Director  
DIN : 03537522



**Sunil Kadam**  
Director  
DIN : 00212461



**KBK CHEM ENGINEERING PVT. LTD.**

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**Cash Flow Statement for the Year Ended 31st March , 2019**

*(Amount in Rupees)*

	As at 31st March, 2019	As at 31st March 2018
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before Tax	20,40,001	(63,99,57,010)
<b>Adjustments to reconcile profit before tax to net cash provided by operating activities:</b>		
Depreciation and Amortisation Expenses	31,54,842	37,50,084
Finance Costs	1,12,76,226	12,59,85,940
Loss/(Profit) on Sale of Fixed Assets	-	(39,865)
Receivable from Branches written off	-	78,11,416
Provision for Doubtful Debts	24,23,452	-
Bad debts/Advances written off	-	43,43,07,899
<b>Operating profit before working capital changes</b>	<b>1,88,94,521</b>	<b>(6,81,41,535)</b>
<b>Changes in operating assets and liabilities:</b>		
Trade Receivables	(2,16,40,092)	(11,27,01,097)
Other Receivables	(6,09,60,217)	22,57,32,060
Inventory	(4,89,52,880)	3,75,60,677
Trade and Other Payables	13,22,31,223	68,91,712
<b>Cash generated from operations</b>	<b>1,95,72,555</b>	<b>8,93,41,817</b>
Income Tax (net)	(7,65,830)	(1,10,91,310)
<b>Net cash flow from operating activities</b>	<b>1,88,06,725</b>	<b>7,82,50,507</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(7,44,635)	2,07,950
Proceeds from Sale of Fixed Assets	-	(1,138)
<b>Net cash flow from investing activities</b>	<b>(7,44,635)</b>	<b>2,06,812</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
(Proceeds)/Repayment from short-term borrowings	(33,72,597)	(6,36,56,047)
Proceeds/ Repayment of long-term borrowings	(0)	11,46,80,069
Finance Cost	(1,12,76,226)	(12,59,85,940)
<b>Net cash flow from financing activities</b>	<b>(1,46,48,823)</b>	<b>(7,49,61,917)</b>
<b>Net increase in cash and cash equivalents</b>	<b>34,13,264</b>	<b>34,95,400</b>
Opening Cash and Cash Equivalents	38,12,059	3,16,659
<b>Closing Cash and Cash Equivalents</b>	<b>72,25,323</b>	<b>38,12,059</b>

To be read with our report of even date  
For Ashok Kumar, Prabhashankar & Co.  
Chartered Accountants  
Firm Regn.No : 0049825

For and on behalf of the Board of directors of  
**KBK Chem Engineering Pvt. Ltd.**



**K.N. Prabhashankar**  
Partner  
Membership No.19575




**Vijendra Singh**  
Director  
DIN : 03537522



**Sunil Kadam**  
Director  
DIN : 00212461

Place : Mumbai  
Date : May 3, 2019



**KBK CHEM ENGINEERING PVT. LTD.**

1st & 2nd Floor, Survey No.1/10 To 16, Amachi Colony, Plot No. 33 & 34, Bhavdhan Khurd,  
NDA-Pashan Road, Pune – 411021

**Notes to Accounts forming part of Financial Statements for the year ended 31st March, 2019**

**Note: 1 - Significant Accounting Policies**

*(All amounts in Indian Rupees, unless otherwise stated)*

**a) Basis of preparation of financial statements**

The accompanying financial statements have been presented for the year ended 31<sup>st</sup> March, 2019 along with comparative information for the year ended 31<sup>st</sup> March, 2018. These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) on going concern basis under the historical cost convention on the accrual basis of accounting and the relevant provisions prescribed in the Companies Act 2013, besides the pronouncements/guidelines of the Institute of Chartered Accountants of India and of the Securities and Exchange Board of India. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The accounting policies have been consistently applied by the Company except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**b) Use of estimates**

In preparing the Company's financial statements in conformity with Ind AS, the Company's management is required to make estimates, judgements and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period, the actual results could differ from those estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise and if material, their effects are disclosed in the notes to the financial statements.

**c) Revenue recognition**

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018.

The cumulative effect of initially applying Ind AS 115 is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11 and Ind AS 18.



**d) Property, plant and equipment:**

- i. **Property, plant and equipment** (Tangible and Intangible) are stated at cost less accumulated depreciation. Cost comprises the purchase price and any cost attributable to bringing the asset to the location and condition necessary for its intended use. Expenditure incurred during construction period has been added to the cost of the assets. These expenses have been allocated to the sugar, power generation and ethanol units on a reasonable basis. Subsidy received from the Government has been recognised as deferred income and recognized in the profit and loss on a systematic basis over the useful life of assets.
- ii. Land, Building and Plant and Machinery are carried at revalued amount and the surplus on revaluation is credited to Revaluation Reserve account. The useful lives of the depreciable assets remain to be the same as that of prior to revaluation.

**e) Borrowing costs:**

Interest and other costs in connection with the borrowings of funds to the extent attributable to the acquisition or construction of qualifying assets or capitalized as part of the cost of such asset till such time the asset is ready for its intended use.

All other borrowings costs are recognised in the statement of profit and loss in the period in which they are incurred.

**f) Depreciation:**

- i. Depreciation is provided in the manner prescribed in Schedule II of the Companies Act, 2013. The Carrying Value of Fixed assets is depreciated over the revised remaining useful lives. Fixed assets having nil useful life has been charged to the opening balance of retained earnings as per the transitional provision prescribed in note 7 (b) of Schedule II of the Companies Act 2013.
- ii. Depreciation on the value of Revaluation is reduced from revaluation Reserve.

**g) Inventories :**

Inventories are valued as follows:

*Raw materials, stores and spares, and packing materials:*

Valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a Moving Weighted Average basis.

*Finished goods*

Valued at lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods excludes excise duty.

Excise duty is generally provided on manufacture of goods, which are not exempt from the payment of duty. However, since the Company's finished goods are not segregated at the time of production into those for sale in domestic markets and those for sale in export markets, the Company is unable to determine the exact liability towards excise duty on finished goods. Accordingly, excise duty is provided/ paid only at the time of clearance of the goods from the factory.

*Work-in-process*

Valued at lower of cost up to estimated stage of process and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

*By- products*

By-products are valued at cost. Inter-unit transfers of by- products also include the cost of transportation, duties, etc.

**h) Foreign currency transactions**

*Initial Recognition*

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.



### *Conversion*

Foreign currency monetary items are reported using the closing rate at the date of the Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and investments in foreign companies are recorded at the exchange rates prevailing on the date of making the investments.

### *Exchange Differences*

Exchange Differences is charged to the statement of profit and loss except arising on account of such conversion related to the purchase of fixed assets is adjusted therewith, and other long term monetary items is adjusted in the Foreign Currency Monetary Item Translation Difference Account.

### *Forward Exchange Contracts not intended for trading or speculation purposes*

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the period.

#### **i) Employee benefits:**

Short-term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

The eligible employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions as specified under the law are paid to "The Regional Provident Fund Commissioner and the Central Provident Fund under the Pension Scheme". The Company recognises such contributions as expense of the year in which the liability is incurred.

The Company has an obligation towards Gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to Gratuity Fund and the Company recognises the liability for Gratuity benefits payable in future based on an independent actuarial valuation.

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave for availment as well as encashment subject to the rules. As per the regular past practice followed by the employees, it is not expected that the entire accumulated leave shall be encashed or availed by the employees during the next twelve months and accordingly the benefit is treated as long-term defined benefit. The liability is provided for based on the number of days of unutilised leave at the Balance Sheet date on the basis of an independent actuarial valuation.

#### **j) Income taxes**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961

Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternate tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date.



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**k) Provisions, Contingent Liabilities and Contingent Assets :**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- The Company has a present obligation as a result of a past event
- A probable outflow of resources is expected to settle the obligation and
- The amount of the obligation can be easily estimated.

Contingent Liability is disclosed in the case of

- A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- A possible obligation, unless the probability of outflow of resources is remote.

Depending on facts of each case and after due evaluation of relevant legal aspects, claims against the Company not acknowledged as debts are disclosed as contingent liabilities. In respect of statutory matters, contingent liabilities are disclosed only for those demand(s) that are contested by the Company.

Contingent Assets are neither recognized nor disclosed.

**l) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**m) Impairment of assets**

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine,

- a. The provision for impairment loss, if any, required or
- b. The reversal, if any, required of impairment loss recognized in previous periods.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

**n) Classification of Assets and Liabilities as Current and Non-Current:**

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current, non-current classification of assets and liabilities.





Note 2 : Property, Plant and Equipment

(Amount in Rupees)

Particulars	Land Lease Hold	Land Free Hold	Building	Plant & Machinery	Computer and Computer Peripherals	Furniture & Fittings	Vehicles	Office Equipments	Total
<b>Gross Carrying Value</b>									
As at 1st April 2017	-	4,84,50,000	4,99,65,608	2,61,01,747	53,88,194	1,00,50,792	35,58,466	9,41,456	14,44,56,263
Additions	-	-	-	1,74,950	18,000	-	15,000	-	2,07,950
Disposals	-	-	-	-	-	7,43,592	-	-	7,43,592
<b>At 31st March 2018</b>	-	4,84,50,000	4,99,65,608	2,62,76,697	54,06,194	93,07,200	35,73,466	9,41,456	14,39,20,621
Additions	-	-	-	6,02,000	1,02,110	-	-	40,525	7,44,635
Disposals	-	-	-	-	5,01,124	-	-	-	5,01,124
Revaluation	-	(51,00,000)	44,41,200	13,14,639	-	-	-	-	6,55,839
<b>At 31st March 2019</b>	-	4,33,50,000	5,44,06,808	2,81,93,336	50,07,180	93,07,200	35,73,466	9,81,980	14,48,19,971
<b>Accumulated Depreciation</b>									
As at 1st April 2017	-	-	1,58,15,801	95,71,435	50,76,209	84,34,828	35,58,466	9,06,365	4,33,63,103
Depreciation charge for the year	-	-	16,42,999	10,21,677	1,22,501	9,52,407	1,389	9,111	37,50,084
Disposals	-	-	-	-	-	7,04,866	-	-	7,04,866
<b>At 31st March 2018</b>	-	-	1,74,58,799	1,05,93,112	51,98,710	86,82,370	35,59,855	9,15,476	4,64,08,321
Depreciation charge for the year	-	-	16,42,999	10,50,225	1,03,592	3,45,003	1,500	11,524	31,54,842
Disposals	-	-	-	-	5,01,124	-	-	-	5,01,124
<b>At 31st March 2019</b>	-	-	1,91,01,798	1,16,43,336	48,01,178	90,27,372	35,61,355	9,27,000	4,90,62,039
<b>Net Carrying Value</b>									
At 31st March 2019	-	4,33,50,000	3,53,05,010	1,65,50,000	2,06,002	2,79,828	12,111	54,980	9,57,57,932
At 31st March 2018	-	4,84,50,000	3,25,06,809	1,56,83,586	2,07,484	6,24,831	13,611	25,979	9,75,12,300
As at 1st April 2017	-	4,84,50,000	3,41,49,807	1,65,30,312	3,11,985	16,15,964	-	35,091	10,10,93,160

Note 3: Other Intangible Assets

(Amount in Rupees)

Particulars	Computer Software	Total
As at 1st April 2017	1,11,80,984	1,11,80,984
Additions	-	-
Disposals	-	-
<b>At 31st March 2018</b>	1,11,80,984	1,11,80,984
Additions	-	-
Disposals	-	-
<b>At 31st March 2019</b>	1,11,80,984	1,11,80,984
<b>Depreciation and Impairment</b>		
As at 1st April 2017	1,11,80,984	1,11,80,984
Depreciation charge for the year	-	-
Disposals	-	-
Impairment	-	-
<b>At 31st March 2018</b>	1,11,80,984	1,11,80,984
Depreciation charge for the year	-	-
Disposals	-	-
Impairment	-	-
<b>At 31st March 2019</b>	1,11,80,984	1,11,80,984
<b>Net Book Value</b>		
At 31st March 2019	-	-
At 31st March 2018	-	-
As at 1st April 2017	-	-

Information of revaluation model (gross of deferred tax):

(Amount in Rupees)

Opening balance as at 1st April 2017	4,46,75,890
Measurement recognised in reserves	-
Purchases	-
Depreciation	-
Disposed off	-
<b>Balance as at 31st March 2018</b>	4,46,75,890
Purchases	-
Depreciation	-
Disposed off	-
Revaluation (net)	6,55,839
<b>Closing balance as at 31st March 2019</b>	4,53,31,729

If freehold land was measured using the cost model. The carrying amount would be as follows:

(Amount in Rupees)

	As at 31st March 2019	As at 31st March 2018	As at 31st March 2017
<b>Cost</b>			
Freehold Land	37,74,110	37,74,110	37,74,110
Buildings	4,99,65,608	4,99,65,608	4,99,65,608
Plant, machinery and equipment	2,68,78,697	2,62,76,697	2,61,01,747
	8,06,18,415	8,00,16,415	7,98,41,465
<b>Accumulated depreciation</b>			
Freehold Land	-	-	-
Buildings	1,91,01,798	1,74,58,799	1,58,15,801
Plant, machinery and equipment	1,16,43,336	1,05,93,112	95,71,435
	3,07,45,134	2,80,51,911	2,53,87,235
<b>Net carrying amount</b>	4,98,73,281	5,19,64,504	5,44,54,230



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**Note 4: Other Advances**

(Amount in Rupees)

	As at 31st March, 2019	As at 31st March 2018
Deposit	17,98,036	18,41,536
Amount paid under protest to Government Authorities	66,32,848	45,06,361
	<b>84,30,884</b>	<b>63,47,897</b>

**Note 5: Inventories**

	As at 31st March, 2019	As at 31st March 2018
<b>Raw Materials:</b> Raw Materials and Components	3,60,82,522	2,23,02,723
<b>Work-in-Progress:</b> - at Workshop	4,80,04,705	1,28,31,623
- at Site	1,34,08,060	1,34,08,060
	9,74,95,286	4,85,42,406
Less: Provision for Obsolete Stock at site	1,34,08,060	1,34,08,060
	<b>8,40,87,226</b>	<b>3,51,34,346</b>

**Note 6: Trade Receivables**

	As at 31st March, 2019	As at 31st March 2018
<b>Unsecured and Considered Good :</b> Debts over six months	6,10,34,928	9,95,47,343
Others	6,60,05,735	82,76,680
<b>Considered Doubtful :</b> Debts over six months	9,23,95,506	5,85,51,143
Others	-	-
	21,94,36,169	16,63,75,166
Less: Provision for Doubtful Debts	9,23,95,506	5,85,51,143
	<b>12,70,40,663</b>	<b>10,78,24,023</b>

**Note 7: Cash & Cash Equivalents**

	As at 31st March, 2019	As at 31st March 2018
Cash on Hand	530	51,232
<b>Balances with Banks:</b> In Current accounts	41,993	9,201
In Margin for Bank Guarantees	71,72,527	37,41,354
In Cash Credit accounts	10,272	10,272
	<b>72,25,322</b>	<b>38,12,059</b>

**Note 8: Other Advances**

	As at 31st March, 2019	As at 31st March 2018
Advance to Vendors	3,61,67,203	2,80,64,647
Prepaid Expenses	2,23,329	2,01,214
Balances with customs, excise, etc. with Revenue Authorities	1,13,27,557	1,01,68,554
Income Tax Refund Due (Net)	87,44,499	1,05,08,440
Other Advances	11,81,94,778	10,91,11,825
	17,46,57,366	15,80,54,680
Less: Provision for Doubtful Debts (Advance to Vendors & Customer Retention/EMD)	5,56,83,786	9,79,58,330
	<b>11,89,73,580</b>	<b>6,00,96,350</b>

**Note 9: Equity Share Capital**

	As at 31st March, 2019	As at 31st March 2018
a) <b>Authorised :</b> 1,75,000 Equity Shares of Rs.100/- Each	1,75,00,000	1,75,00,000
	<b>1,75,00,000</b>	<b>1,75,00,000</b>
b) <b>Issued, Subscribed &amp; Paid up</b> 169,143 Equity shares of Rs.100/- each	1,69,14,300	1,69,14,300
	<b>1,69,14,300</b>	<b>1,69,14,300</b>

	As at 31st March, 2019	As at 31st March 2018
c) <b>Reconciliation of number of Equity Shares outstanding :</b>		
At the beginning of the year	1,69,143	1,69,143
Addition/deletion during the year	-	-
<b>At the end of the year</b>	<b>1,69,143</b>	<b>1,69,143</b>

- d) The Company has only one class of equity shares . The company declares and pays dividend in Indian rupees. The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share .
- e) 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.

**f) Details of Shareholders holding more than 5% of Equity Share Capital of the Company**

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
a) Shree Renuka Sugars Limited- Holding Company (including holding by representatives)	1,69,143	100.00	1,69,143	100.00



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**Note 10- Other Equity**

(Amount in Rupees)

	Attributable to Equity Share Holders			Total Equity attributable to the Equity holders of the Company
	Reserves and Surplus			
	Share Premium	Revaluation Reserve	Retained Earnings	
As on 31st Mar 2017	36,28,18,690	4,46,75,890	(99,87,42,954)	(59,12,48,374)
Retained Earnings - Branches (Closed)	-	-	78,11,416	78,11,416
Profit for the year	-	-	(65,01,00,513)	(65,01,00,513)
Other Comprehensive Income	-	-	2,82,074	2,82,074
As on March 31, 2018	36,28,18,690	4,46,75,890	(1,64,07,49,977)	(1,23,32,55,397)
Profit for the year	-	-	(3,52,803)	(3,52,803)
Other Comprehensive Income	-	6,55,839	2,83,310	9,39,149
As on 31st March, 2019	<b>36,28,18,690</b>	<b>4,53,31,729</b>	<b>(1,64,08,19,470)</b>	<b>(1,23,26,69,051)</b>

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**NON-CURRENT LIABILITIES****Note 11: Borrowings**

(Amount in Rupees)

	As at 31st March, 2019	As at 31st March 2018
<b>Unsecured:</b>		
Loan from Holding Company (Shree Renuka Sugars Ltd)	1,34,80,46,191	1,34,80,46,191
	<b>1,34,80,46,191</b>	<b>1,34,80,46,191</b>

**Note 12: Provisions**

	As at 31st March, 2019	As at 31st March 2018
<b>Provision For Employee Benefits:</b>		
Provision For Gratuity	26,36,971	24,35,338
Provision For Leave Encashment	11,98,200	16,82,534
Provision for Income Tax (Net)	98,91,310	98,91,310
	1,37,26,481	1,40,09,182
Less: Short-Term Liability (transferred to short-term provisions, Refer Note 17):		
Provision For Gratuity	4,18,217	4,77,877
Provision For Leave Encashment	4,87,086	8,95,735
	<b>1,28,21,178</b>	<b>1,26,35,570</b>

**Note 13: Deferred Tax Liabilities (Net)**

	As at 31st March, 2019	As at 31st March 2018
<b>i. Deferred Tax Liability</b>		
Depreciation	70,54,904	54,91,140
<b>Gross Deferred Tax Liability</b>	<b>70,54,904</b>	<b>54,91,140</b>
<b>ii. Deferred Tax Asset</b>		
Leave Encashment	3,11,532	4,33,253
Gratuity	6,85,612	6,27,100
<b>Gross Deferred Tax Asset</b>	<b>9,97,144</b>	<b>10,60,353</b>
<b>Net Deferred Tax Liability (Net)</b>	<b>60,57,760</b>	<b>44,30,787</b>

**CURRENT LIABILITIES****Note 14: Borrowings**

	As at 31st March, 2019	As at 31st March 2018
<b>Secured:</b>		
Working Capital Loan From Bank :		
IDBI Bank CC -007655100000268	5,73,65,404	6,07,38,001
(Secured by pari passu charge on movable and immovable assets of the company with corporate guarantee of holding company)		
	<b>5,73,65,404</b>	<b>6,07,38,001</b>

**Note 15: Trade Payables**

	As at 31st March, 2019	As at 31st March 2018
For Goods and Services*	8,12,56,856	7,91,03,763
Others	5,45,962	-
	<b>8,18,02,818</b>	<b>7,91,03,763</b>

\* There is no principal amount and interest overdue to the Micro and Small Enterprises.

During the year no interest has been paid to such parties. This information have been determined to the extent such parties have been identified on the basis of information available with the company.

**Note 16: Other Financial Liabilities**

	As at 31st March, 2019	As at 31st March 2018
Advance From Customers	13,58,51,967	1,74,82,702
Salary Payables	24,22,457	19,56,831
Statutory Dues payables	7,88,560	5,24,571
Other Payables	1,12,08,720	7,76,044
	<b>15,02,71,704</b>	<b>2,07,40,148</b>

**Note 17: Provisions**

	As at 31st March, 2019	As at 31st March 2018
<b>Provision for Employee Benefits : Current Portion of Liability (Refer Note 12)</b>		
Provision For Gratuity	4,18,217	4,77,877
Provision For Leave Encashment	4,87,086	8,95,735
	<b>9,05,303</b>	<b>13,73,612</b>



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**Note 18: Revenue from Operations**

(Amount in Rupees)

	Year ended 31st March 2019	Year ended 31st March 2018
Sale of Products (Gross)		
Sales- Domestic	29,20,39,319	13,30,16,851
Sales-export/overseas	2,66,38,573	-
Sales - Scrap	44,13,695	16,09,375
Sale of Services		
Sales- Domestic	1,99,17,589	1,30,23,082
	<b>34,30,09,176</b>	<b>14,76,49,308</b>

**Note 19: Other Income**

	Year ended 31st March 2019	Year ended 31st March 2018
Sundry balances Written Back	1,62,35,866	53,571
Insurance Claim Received	28,10,258	-
Profit on sale of assets	-	43,511
Excess Provision written back	24,23,452	-
	<b>2,14,69,576</b>	<b>97,082</b>

**Note 20: Cost of Materials Consumed**

	Year ended 31st March 2019	Year ended 31st March 2018
Opening stock	2,21,35,339	3,39,35,858
Add: Purchases & Related Expenses	32,68,78,026	10,99,22,116
	<b>34,90,13,365</b>	<b>14,38,57,974</b>
Less: Closing Stock	3,58,96,268	2,21,35,339
	<b>31,31,17,097</b>	<b>12,17,22,635</b>

**Note 21: Changes In Inventory of Finished Goods, Work-In-Progress & Stock in Trade**

	Year ended 31st March 2019	Year ended 31st March 2018
<b>Opening stock</b>		
Work in Progress at Site	-	2,90,57,912
Work in Progress at Work shop	1,28,31,623	93,07,248
	<b>A</b>	<b>3,83,65,160</b>
<b>Closing Stock</b>		
Work in Progress at Site	-	-
Work in Progress at Work shop	4,80,04,705	1,28,31,623
	<b>B</b>	<b>1,28,31,623</b>
Changes In Inventory of Finished Goods, Work-In-Progress & Stock in Trade	<b>(3,51,73,082)</b>	<b>2,55,33,537</b>

**Note 22: Employee Benefit Expenses**

	Year ended 31st March 2019	Year ended 31st March 2018
Salaries, Wages & Bonus	1,56,99,173	1,75,28,027
Contribution to Provident Fund & Others	8,62,968	10,31,437
Leave Encashment	1,74,257	4,63,364
Gratuity Expenses	6,76,667	6,79,654
Staff Welfare Expenses	6,93,998	9,16,746
	<b>1,81,07,063</b>	<b>2,06,19,228</b>



**Note 23: Finance Costs**

(Amount in Rupees)

	Year ended 31st March 2019	Year ended 31st March 2018
<b>Interest:</b>		
On Borrowings	-	11,36,48,003
On Working Capital	71,23,710	1,05,03,423
<b>Others:</b>		
Bank Charges	41,52,516	18,34,514
	<b>1,12,76,226</b>	<b>12,59,85,940</b>

**Note 24: Depreciation and Amortisation Expenses**

	Year ended 31st March 2019	Year ended 31st March 2018
Depreciation and Amortisation of Tangible Assets*	31,54,842	37,50,084
Depreciation and Amortisation of Intangible Assets*	-	-
	<b>31,54,842</b>	<b>37,50,084</b>

\*Refer Note 2 and 3

**Note 25: Other Expenses**

	Year ended 31st March 2019	Year ended 31st March 2018
<b>i. Manufacturing Expenses</b>		
Consumption of Stores & Spares	22,68,120	15,29,574
Labour Charges	2,42,94,218	2,07,15,476
Power & Fuel	31,69,751	28,79,319
Repair & Maintenance:		
Plant & Machinery	3,99,319	2,69,932
Buildings	1,01,324	34,000
	<b>3,02,32,733</b>	<b>2,54,28,301</b>
<b>ii. Administrative Expenses</b>		
Rent, Rates & Taxes	24,88,669	1,22,99,842
Insurance	2,40,414	3,60,638
Traveling & Conveyance	32,32,950	41,71,528
Printing & Stationery	2,45,512	1,95,570
Communication Expenses	5,15,307	6,14,883
Legal & Professional Fees	56,39,998	54,93,648
Repair & Maintenance-Others	11,57,451	9,13,741
Auditor's Remuneration	4,35,043	4,00,000
Safety & Security Expenses	11,76,454	15,60,575
Loss on Sale of Fixed Assets	-	3,646
Books, Subscription and Membership fees	4,000	3,405
Bad Debts Written Off	60,06,727	-
Less: Provision for Doubtful Debts withdrawn	60,06,727	-
Others	4,28,551	13,13,002
<b>B</b>	<b>1,55,64,349</b>	<b>2,73,30,478</b>
<b>iii. Selling and Distribution Expenses</b>		
Freight	66,91,528	10,14,886
Advertising & Sales Promotion	37,500	2,30,367
Discounts	-	12,825
<b>C</b>	<b>67,29,028</b>	<b>12,58,078</b>
<b>(A+B+C)</b>	<b>5,25,26,109</b>	<b>5,40,16,857</b>

**Note 26: Current Tax**

	Year ended 31st March 2019	Year ended 31st March 2018
Short Provision of Income Tax of Earlier years	7,65,830	1,10,91,310
	<b>7,65,830</b>	<b>1,10,91,310</b>

**Note 27: Earnings Per Equity Share**

The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below.

	Year ended 31st March 2019	Year ended 31st March 2018
<b>Reconciliation of earnings</b>		
Profit/(Loss) for the period ended December 31, 2018	(3,52,803)	(65,01,00,513)
<b>Net profit/(Loss) attributable to equity shareholders</b>	<b>(3,52,803)</b>	<b>(65,01,00,513)</b>
<b>Reconciliation of number of shares</b>	<b>Shares</b>	<b>Shares</b>
Shares outstanding at the beginning of the period	1,69,143	1,69,143
Shares outstanding at the end of the period	1,69,143	1,69,143
<b>Weighted average number of equity shares</b>	<b>1,69,143</b>	<b>1,69,143</b>
<b>Basic and Diluted Earnings Per Share (in rupees)</b> [Nominal value of shares Re. 10/- each]	<b>(2.09)</b>	<b>(3,843.50)</b>



**28. Other Notes to the Financial Statements:** (All amounts in Indian Rupees, unless otherwise stated)

i) **Outstanding Commitments:** As at 31st March, 2019, the Company had the following outstanding commitments:

S. No.	Outstanding Commitments	Year Ended 31st March 2019	Year Ended 31st March 2018
A	Bank Guarantee	13,579,309	10,891,950
B	Letter of Credit	38,312,977	18,709,922

ii) **Contingent Liabilities:**

Liabilities classified and considered contingent due to contested claims and legal disputes	Year Ended 31st March 2019	Year Ended 31st March 2018
Excise and Service Tax Demands (for ST, no demand)	288,786,190	329,655,793
Sales Tax/VAT Demands	14,603,483	17,675,907
PF Claim and Interest	2,618,681	2,618,681
Income Tax	7,759,197	7,759,197
Legal cases – Vendor and Customer	962,116,765	980,570,019

Company does not provide for warranty claims, as there are no precedents of such claim against company. There are no other contingent liabilities as on the date of balance sheet. As the company is involved in engineering industry, the liability towards completion of the project in progress is a contingent liability. However the liability cannot be quantified.

iii) **Contracts in Process:**

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
Net value of contracts in process	785,795,698	54,823,751

iv) **Consumption of Raw Materials:**

	Year Ended 31st March 2019	% of Total Consumption	Year Ended 31st March 2018	% of Total Consumption
Raw Material :				
Imported	Nil	Nil	Nil	Nil
Domestic	313,117,097	100%	121,722,635	100%
<b>Total-</b>	<b>313,117,097</b>	<b>100%</b>	<b>121,722,635</b>	<b>100%</b>

v) **Expenditure in Foreign Currency:**

Expenditure	Year Ended 31st March 2019	Year Ended 31st March 2018
Travel Expenses	2,08,357	486,284

vi) **Earnings in Foreign Currency:**

Earnings	Year Ended 31st March 2019	Year Ended 31st March 2018
Sale of Service/Material	26,638,573	NIL

vii) **Auditors Remuneration**

		Year Ended 31st March 2019	Year Ended 31st March 2018
A	<b>As Auditor</b>		
	Audit Fees	100,000	200,000
	Tax Audit Services	25,000	100,000
B	<b>In Other Capacity</b>		
	Certification Charges	25,000	100,000
	Other Services	100,000	NIL
	Reimbursement of Expenses	185,043	57,324



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## viii) Defined Benefits Plans

S.NO	Particulars	Gratuity Benefits		Compensated Absences	
		Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018
<b>1</b>	<b>Change in Benefit obligation</b>				
	Opening Defined Benefit Obligation	2,435,338	2,337,900	16,82,534	1,671,866
	Current service cost	4,98,887	464,946	417,330	359,221
	Interest cost	1,77,780	142,925	122,658	104,143
	Due to Change in Financial Assumption	38,238	(58,853)	12,934	(35,474)
	Due to experience adjustments	(321,548)	(51,210)	(703,754)	(136,517)
	Past Service Cost	-	71,763	-	-
	Actuarial loss/ (gain) on Obligation	-	-	-	-
	Benefits paid	(191,724)	(472,133)	(333,502)	(280,705)
	<b>Closing Defined Benefit Obligation</b>	<b>2,636,971</b>	<b>2,435,338</b>	<b>1,198,200</b>	<b>1,682,534</b>
<b>2</b>	<b>Change in Plan Assets</b>				
	Opening value of plan assets	-	-	-	-
	Interest Income	-	-	-	-
	Return on plan assets excluding amounts included interest income	-	-	-	-
	Contributions by employer	-	-	-	-
	Benefits paid	-	-	-	-
	<b>Closing value of plan assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3</b>	<b>Fund Status of Plan Assets</b>				
	Present value unfunded obligations	2,636,971	2,435,338	1,198,200	1,682,534
	Present value funded obligations	-	-	-	-
	Fair Value of plan assets	-	-	-	-
	<b>Net Liability (Assets)</b>	<b>2,636,971</b>	<b>2,435,338</b>	<b>1,198,200</b>	<b>1,682,534</b>
<b>4</b>	<b>Other Comprehensive Income for the current period</b>				
	Due to Change in financial assumptions	38,238	(58,853)	12,934	(35,474)
	Due to change in demographic assumption	-	-	-	-
	Due to experience adjustments	(3,21,548)	(51,210)	(703,754)	(136,517)
	Return on plan assets excluding amounts included in interest income	-	-	-	-
	<b>Amounts recognized in Other Comprehensive Income</b>	<b>(283,310)</b>	<b>(110,083)</b>	<b>(690,820)</b>	<b>(171,991)</b>
<b>5</b>	<b>Defined benefit liability</b>				
	Net opening provision in books of accounts	2,435,338	2,337,900	1,682,534	1,671,866
	Current service cost	498,887	464,946	417,330	359,221
	Net Interest cost	177,780	142,925	122,658	104,143
	Past Service Cost	-	71,763	-	-
	Actuarial Loss/(gain) recognized in Other Comprehensive Income	(283,310)	(110,083)	(690,820)	(171,991)
	Benefits paid by the Company	(191,724)	(472,113)	(333,502)	(280,705)
	<b>Closing provision in books of accounts</b>	<b>2,636,971</b>	<b>2,435,338</b>	<b>1,198,200</b>	<b>1,682,534</b>
<b>6</b>	<b>Principal Actuarial Assumption</b>				
	Discount rate (p.a.)	6.95%	7.30%	6.95%	7.30%
	Salary Growth rate (p.a.)	21.00%	21.00%	21.00%	21.00%
	Withdrawal Rates				
	Age upto 25 years	26.00%	26.00%	26.00%	26.00%
	Age 26 - 35 years	26.00%	26.00%	26.00%	26.00%
	Age 36 - 45 years	26.00%	26.00%	26.00%	26.00%
	Age 46 - 55 years	26.00%	26.00%	26.00%	26.00%
	Age above 56 years	26.00%	26.00%	26.00%	26.00%





ix) Related party disclosures:

Related parties

(a) Holding Companies

- i. Shree Renuka Sugars Limited

(b) Associate Companies

- i. Gokak Sugars Limited  
 ii. Renuka Vale Do Ivai S/A  
 iii. Adani Wilmar Limited  
 iv. Wilmar Sugars (Myanmar) Pvt Ltd  
 v. Wilmar Continental Edible Oils and Fats (Pvt) Ltd  
 vi. Ravindra Energy  
 vii. Jawanani Rafinasi (JMR)  
 viii. Irving Investments Limited (Wilmar) Mozambique  
 ix. Bright Agrocomm DMCC, Dubai  
 x. Great Wall – Wilmar Holding Limited, Myanmar

(c) Key Managerial Personnel

- i. Mr. Sidram Kaluti (Till Date 09.06.2018)  
 ii. Mr. Vishwanath Ladalemohan Mathur  
 iii. Mr. Vijendra Singh- President and Whole Time Director  
 iv. Mr. K. K. Kumbhat- Chief Financial Officer (Till Date 22.05.2018)

Transactions with Related Parties

a) Shree Renuka Sugars Limited (India)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
<b>Nature of transaction</b>	<b>Advances</b>	<b>Advances</b>
Other Advances Repaid/(Received)	(10,702)	2,430,139
Interest Paid on advances	-	(133,646,540)
Outstanding as at the end of the year	(1,348,056,893)	(1,348,046,191)
<b>Nature of transaction</b>	<b>Sales</b>	<b>Sales</b>
Sale of Plant & Machinery and other	263,053,402	18,224,231
Advance received for Sale	(181,228,482)	(6,317,352)
Receipts against Sales	(118,966,765)	(15,808,451)
Outstanding as at the end of the year	(36,793,616)	348,229

b) Gokak Sugars Limited-Gokak

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2019
<b>Nature of transaction</b>	<b>Sales</b>	<b>Sales</b>
Sale of Plant & Machinery & Others	1,371,626	-
Advance received for Sale	(108,514)	(1,176,306)
Receipt against Sale	(510,528)	-
Outstanding as at the end of the year	743,402	-



c) Renuka Vale Do Ivai S/A - Brazil

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
<b>Nature of transaction</b>	<b>Sales</b>	<b>Sales</b>
Volume of transactions during the year	-	-
Restatement of Forex	7,198	339
Outstanding as at the end of the year	121,026	113,827

d) Adani Wilmar Ltd. (India)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
<b>Nature of transaction</b>	<b>Sales</b>	<b>Sales</b>
Volume of transaction during the year		
Sale	2,58,15,330	(3,20,000)
Receipt Against Advance	(12,742,773)	-
Receipt Against Sale	(14,488,914)	320,000
Outstanding as at the end of the year	(1,386,608)	29,750

e) Ravindra Energy

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
<b>Nature of transaction</b>	<b>Sales</b>	<b>Sales</b>
Sale of Plant & Machinery & Others	-	-
Receipt against Sale	(2,591,011)	-
Outstanding as at the end of the year	12,540,000	15,131,011

f) Jawanani Rafinasi ( JMR)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
<b>Nature of transaction</b>	<b>Sales</b>	<b>Sales</b>
Sale of Plant & Machinery & Others	300,170	-
Receipt against Sale	-	(3,338,400)
Restatement of Forex	(9,714)	(33,799)
Outstanding as at the end of the year	290,455	-

g) Irving Investments Limited (Wilmar) Mozambique

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
<b>Nature of transaction</b>	<b>Sales</b>	<b>Sales</b>
Sale of Plant & Machinery & Others	6,028,050	-
Receipt against Advance	(10,272,482)	-
Receipt against Sale	(19,111)	-
Restatement of Forex	194,433	-
Outstanding as at the end of the year	(4,069,110)	-



h) **BRIGHT AGROCOMM DMCC; Dubai**

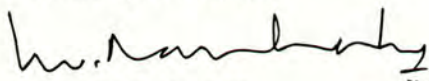
Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
<b>Nature of transaction</b>	<b>Sales</b>	<b>Sales</b>
Sale of Plant & Machinery & Others	20,310,354	-
Receipt against Advance	(24,979,801)	-
Receipt against Sale	-	-
Restatement of Forex	288,108	-
Outstanding as at the end of the year	(4,380,620)	-

i) **GREAT WALL - WILMAR HOLDINGS LIMITED. Mynamar**

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
<b>Nature of transaction</b>	<b>Sales</b>	<b>Sales</b>
Sale of Plant & Machinery & Others	234,845	-
Receipt against Advance	-	-
Receipt against Sale	(224,474)	-
Restatement of Forex	(6,861)	-
Outstanding as at the end of the year	3,510	-

- x) Balances appearing under the head trade payables, trade receivables, loans & advances and deposits are subject to confirmation, adjustments, if any, on the receipt/reconciliation of such accounts.
- xi) The Holding Company in its Board meeting held on March 12, 2018 decided that it will not charge interest to the Company from January 01, 2018.
- xii) The company has accumulated loss and its net worth has been fully eroded. The company has incurred net loss of Rs.0.35 Million during current year 2018-19 (Previous Year 2017-18 net loss of Rs.650.10 Million) and the company's current liabilities exceeded its current assets. This indicates existence of material uncertainty which may cast significant doubt on companies' ability to continue as a going concern. However the management has adopted going concern basis of preparation on the basis that the holding company will provide necessary financial support to enable it to realize all its asset and discharge all its liabilities as and when due.
- xiii) Previous year's figures have been regrouped/ rearranged wherever necessary to conform to the current year grouping.

To be read with our report of even date  
For **Ashok Kumar, Prabhashankar & Co.**  
Chartered Accountants  
Firm Reg. No : 004982S



**K. N. Prabhashankar**  
Partner  
Membership No :  
019575



**Date : May 3, 2019**  
**Place: Mumbai**

**For and on behalf of Board**



**Vijendra Singh**  
Director  
DIN : 03537522



**Sunil Kadam**  
Director  
DIN : 00212461