

KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED

Twentieth Annual Report *2018-2019*

CIN : U73100TN1998PLC041501

BOARD OF DIRECTORS

Chairperson	Smt. Irmgard Velagapudi
Directors	Shri. Vinod R. Sethi Shri. R. Ganesan
Auditors	M/s. Suri & Siva Chartered Accountants C-8, 3rd Floor, Shanti Apartments, New No.18, 1st Cross St, TTK Road Alwarpet, Chennai 600018.
Bankers	Corporation Bank
Registered and Corporate Office	"Ramakrishna Buildings" 239, Anna Salai, Chennai 600 006.
Farm	Thirupukuzhi and Melambi Villages Kanchipuram Dist, Tamil Nadu

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at No.239, Anna Salai, Chennai 600006, on Thursday, 12th day of September 2019 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2019 and the Profit and Loss Account for the period ended on that date and the Reports of the Directors and Auditors thereon.
- 2 To appoint a Director in place of Shri.R. Ganesan, who retires by rotation and is eligible for reappointment.
- 3 To appoint Suri & Siva, Chartered Accountants (FRN0042484S) as Statutory Auditors to hold office from the conclusion of this 20th Annual General Meeting till the conclusion of 21st Annual General Meeting on such remuneration as fixed by the Board of Directors.

NOTES :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The proxy form, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.

// By Order of the Board //

For **KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD.**

Place : Chennai

IRMGARD VELAGAPUDI

Date : 29.05.2019

CHAIRPERSON

DIRECTORS REPORT

Your Directors have pleasure in presenting the Twentieth Annual Report of your Company together with the Audited Accounts for the year ended 31st March 2019.

REVIEW OF OPERATIONS:

During the year ended 31.03.2019 the turnover and other income increased to Rs. 22.68 lakhs from Rs.18.45 lakhs. The Company earned a profit of Rs.0.89 lakhs as against the loss of Rs.0.78 lakhs in the previous year. The Reserves and Surplus as on 31.03.2019 was Rs.222.49 lakhs (P.Y.: Rs.227.58 lakhs), after adjusting the profit of Rs.0.89 lakhs and Other Comprehensive Income of Rs.(5.98) lakhs.

FIXED DEPOSITS:

Your Company has not accepted any fixed deposits during the period under review.

DIRECTORS:

In accordance with the Companies Act 2013 and the Articles of Association of the Company, Shri.Vinod R.Sethi, Director, retires by rotation and is eligible for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT :

Your Directors confirm:

- i that in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period ended 31st March 2018 and of the profit of the Company for that period ;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the annual accounts on a going concern basis.
- v. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATUTORY STATEMENTS

The Statement containing Particulars of Employees required in terms of Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have not been appended herewith as there is no employee covered by the same.

The statement pursuant to section 134(3)(m) of Companies Act, 2013, read with Companies (Disclosures of particulars in the Report of Directors) Rules, 1988, is not enclosed as the same does not apply to the Company.

AUDITORS:

In line with the holding Company, the Board of Directors recommends to the members, the appointment of M/s. Suri & Siva, Chartered Accountants (FRN 004284S) as the Statutory Auditor of the Company from the conclusion of this 19th AGM till the conclusion of 20th AGM.

As required under the provisions of section 141(3) of the Companies Act, 2013, the Company has obtained a written certificate from them to the effect that their appointment, if made, would be in conformity with the limits specified under the said section.

For and on behalf of the Board of Directors

Place: Chennai

Date: 29.05.2019

IRMGARD VELAGAPUDI

CHAIRPERSON

INDEPENDENT AUDITOR'S REPORT

To The Members of K.C.P SUGARS AGRICULTURAL RESEARCH FARMS LTD

Report on the Standalone Financial Statements**Opinion**

We have audited the standalone financial statements of **THE KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the 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 standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under the section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at March 31, 2019, its Loss (including other comprehensive Income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income/ loss, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, 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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, (including the statement of Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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" to this report;

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - 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.

For Suri & Siva
Chartered Accountants
Firm Regn No. 004284S

V.SIVAKUMAR
Partner
Membership No. 022379

Place: Chennai
Date: 29.05.2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of K.C.P SUGARS AGRICULTURAL RESEARCH FARMS LTD of even date)

- (i) (a) the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets,
- (b) the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets,
- (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) The Management has conducted physical verification of Inventory at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the company has not granted any loans, Secured or unsecured to the Companies, Firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and hence clause iii(a), iii(b) and iii (c) of the order are not applicable to the company for the year.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted deposits and hence the provisions of clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and hence we have no comments to offer.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of the books and records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, goods and service tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, income tax, sales tax, value added tax, goods and service tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at the yearend for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us and the records of the Company examined by us, there are no material dues of Income tax, sales tax, goods and service tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute.
- (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Suri & Siva
Chartered Accountants
Firm Regn No. 004284S

V.SIVAKUMAR
Partner
Membership No. 022379

Place: Chennai
Date: 29.05.2019

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **K.C.P SUGARS AGRICULTURAL RESEARCH FARMS LTD** of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **K.C.P SUGARS AGRICULTURAL RESEARCH FARMS LTD** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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.

Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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.

For Suri & Siva
Chartered Accountants
Firm Regn No. 004284S

V.SIVAKUMAR
Partner
Membership No. 022379

Place: Chennai
Date: 29.05.2019

KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD

BALANCE SHEET AS AT 31ST MARCH, 2019

Amount in Rs.			
Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	4630825	4683501
(b) Financial assets			
(i) Investments	4	33795412	34193347
Current assets			
(a) Inventories	5	516546	718220
(b) Financial Assets			
(i) Cash and cash equivalents	6	5426494	5229952
(c) Other current Assets	7	395072	447914
Total Assets		44764349	45272934
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share capital	8	22500000	22500000
(b) Other equity	9	22249599	22758184
LIABILITIES			
Non-current liabilities			
Current liabilities			
(a) Financial Liabilities			
(i) Other financial liabilities	10	14750	14750
Total Equity and Liabilities		44764349	45272934

The significant accounting policies and accompanying notes form an integral part of these financial statements

As per our report of even date attached

For Suri & Siva
Chartered Accountants
Firm Regn No. 004284S

For and on behalf of the Board of Directors
IRMGARD VELAGAPUDI
Chairperson

V.SIVAKUMAR
Partner
Membership No. 022379

Place: Chennai
Date: 29.05.2019

R. Ganesan
Director

Particulars	Note	Amount in Rs.	
		For Year Ended March 31, 2019	For Year Ended March 31, 2018
I Revenue from operations	11	1752147	1364457
II Other income	12	515555	480174
III Total Income (I+II)		2267702	1844631
IV Expenses			
Cost of material consumed	13	1351916	1554112
Changes in inventories of finished goods, work-in-progress and stock-in-trade	14	201674	(478991)
Employee benefits expense	15	248490	271192
Depreciation and Amortisation	16	57474	257098
Other expenses	17	318798	319556
Total expenses (IV)		2178352	1922967
V Profit/(loss) before exceptional items and tax (III-IV)		89350	(78336)
VI Exceptional items		-	-
VII Profit/(loss) before tax		89350	(78336)
VIII Tax expense			
- Current Tax		-	-
- Deferred Tax		-	-
IX Profit/(loss) for the period		89350	(78336)
X Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Equity instruments through other comprehensive income		(597935)	8565316
Remeasurements of defined benefit plan actuarial gains/ (losses)		-	-
Income tax expense on above		-	-
XI Total Other Comprehensive Income		(597935)	8565316
XII Total Comprehensive Income for the period (Comprising profit and other comprehensive income for the period)		(508585)	8486980
XIII Earnings per equity share			
(1) Basic		0.04	-0.03
(2) Diluted		0.04	-0.03

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For Suri & Siva
Chartered Accountants
Firm Regn No. 004284S

V.SIVAKUMAR
Partner
Membership No. 022379

Place: Chennai
Date: 29.05.2019

For and on behalf of the Board of Directors
IRMGARD VELAGAPUDI
Chairperson

R. Ganesan
Director

Other Equity			Amount in Rs.
Particulars	Retained Earnings	Other Components of Equity	Total
		Fair value changes in Investment (Net)	
Balance as at March 31, 2018	4281505	18476679	22758184
Dividend and taxes	-	-	-
Profit / (Loss) for the period	89350		89350
Other Comprehensive Income for the Year		-597935	-597935
Balance as at March 31, 2019	4370855	17878744	22249599

As per our report of even date attached

For Suri & Siva
Chartered Accountants
Firm Regn No. 004284S

For and on behalf of the Board of Directors
IRMGARD VELAGAPUDI
Chairperson

V.SIVAKUMAR
Partner
Membership No. 022379

Place: Chennai
Date: 29.05.2019

R. Ganesan
Director

Statement of Cash Flow for the year ended 31st March 2019 (CONTD.)

Particulars	Amount in Rs.	
	For Year Ended March 31, 2019	For Year Ended March 31, 2018
A. Cash flows from operating activities		
Total Income for the Period(PBT)	89350	-78336
Adjustments:		
- Fair Value Adjustment		
- Dividends Received	-219903	-162241
- OCI Adjustments	597935	-8565316
- Loss on Sale of Investments	-	-
- Interest received	-295652	-317933
- Fair Value Adjustment	-597935	8565316
- Depreciation and amortization	57474	257098
Operating cash flow before working capital changes	-368730	-301412
Changes in		
- Decrease/(Increase) In Trade Receivables	-	-
- Decrease/(Increase) In Inventory	201674	-478991
- Decrease/(Increase) In Other current Financial Asset(s)	-	100000
- (Decrease)/Increase In Other current financial liabilities	-	375
Cash generated from / (used in) operations	-167056	-680028
Less: Income tax paid	52842	-30713
Cash generated from / (used in) operations (Net)	-114214	-710741
B. Cash flows from investing activities		
Purchase of Fixed assets	-4798	-
Sale of investments	-	-
Investment made	-200000	-
Interest received	295652	317933
Dividend received	219903	162241
Net cash generated from/(used in) investing activities	310757	480174
C. Cash flows from financing activities		
Net cash used in financing activities	-	-
Increase in cash and cash equivalents	196542	-230567
Cash and cash equivalents at the beginning of the year	5229952	5460519
Cash and cash equivalents at the end of the year	5426494	5229952
Components of cash and cash equivalents (refer note 6)		
Cash on hand	102576	62522
Balances with banks	5323918	5167430
Total cash and cash equivalents	5426494	5229952

The notes referred to above form an integral part of the unaudited interim condensed consolidated financial statements

As per our report of even date attached

For Suri & Siva
Chartered Accountants
Firm Regn No. 004284S

V.SIVAKUMAR
Partner
Membership No. 022379

Place: Chennai
Date: 29.05.2019

For and on behalf of the Board of Directors
IRMGARD VELAGAPUDI
Chairperson

R. Ganesan
Director

Note 1. Company Information

KCP Sugars Agricultural Research Farms Limited is a wholly owned subsidiary of KCP Sugar and industries Corporation Limited. The core activity of the Companies is research relating to Agriculture.

Note 2. Significant Accounting Policies**(a) Statement of compliance:**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. The accounting policies as set out below have been applied consistently to all years presented in these financial statements.

(b) Basis of preparation and presentation:

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

(c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- Useful lives of property, plant and equipment and intangible assets: The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.
- Impairment testing: Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.
- Fair value measurement of derivative and other financial instruments: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the Balance Sheet date.
- Litigation: From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

(d) Revenue recognition :

Revenue is measured at fair value of consideration received or receivable. Revenue comprise of sale of agricultural products and bricks. Revenue from sale of goods is net of Indirect taxes, returns and discounts.

Revenue is recognised when following conditions are satisfied:

- The company transfers to the buyer the significant risks and rewards of ownership of the goods

- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

Dividend

Dividend income is recognized when the Company's right to receive the amount is established.

(e) Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs (refer note no. 2(p) below). Initial estimate shall also include costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is charged to profit or loss so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

In respect of Leasehold Buildings, depreciation on buildings on leased properties is based on the tenure which is lower of the life of the buildings or the expected lease period. Improvements to buildings are depreciated on the basis of their estimated useful lives.

Assets under finance leases are depreciated over the expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives of the depreciable assets are in line with the Schedule II of the Companies Act, 2013.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital work in progress represents projects under which the property, plant and equipment's are not yet ready for their intended use and are carried at cost determined as aforesaid.

(f) Impairment of assets:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

(g) Inventories:

Standing crops are valued at cost. Other inventories are valued at the lower of cost (computed on a Weighted Average basis) or net realisable value. Cost include the cost of fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

(h) Accounting for Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognized in the financial statements.

(i) Deferred Tax :

Since the company is having no taxable income, it has not recognized any deferred tax asset in the books of accounts considering the concept of Prudence.

(j) Cash and Cash Equivalent (for the purpose of cash flow statements):

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.

(k) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

(l) Earnings Per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

(m) Financial Instruments:

Financial Assets:

Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial Recognition and measurement:

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Investment in subsidiaries, joint ventures and associates are carried at cost less impairment, if any. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities**Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

3 - Property Plant and Equipments

Amount in Rs.

Description	Land	Buildings	Plant and Machinery	Fencing	Vehicles	Total
As at 31 March 2017	3686503	835179	847465	15321	9784	5394252
Additions during the year	-	-	-	-	-	-
Deletions during the year	-	-	-	-	-	-
As at 31 March 2018(At Cost)	3686503	835179	847465	15321	9784	5394252
Additions during the year	-	-	-	-	4798	4798
Deletions during the year	-	-	-	-	-	-
As at 31 March 2019 (At Cost)	3686503	835179	847465	15321	14582	5399050
Depreciation and amortization						
Opening Depreciation as on 01.04.2017	-	16586	434498	-	2569	453653
Charge for the year ended March 31, 2018	-	16586	237987	-	2568	257098
Deletions during the year	-	-	-	-	-	-
As at 31 March 2018 (At Cost)	-	33129	672485	-	5137	710751
Charge for the year	-	16545	40929	-	-	57474
Deletions during the year	-	-	-	-	-	-
As at 31 March 2019	-	49674	713414	-	5137	768225
Net Book Value						
As at 31 March 2019	3686503	785505	134051	15321	9445	4630825
As at 31 March 2018	3686503	802050	174980	15321	4647	4683501

4 - Investments (Non- Current)

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in Quoted Equity Instruments (Fair valued through OCI)	33595412	34193347
Investments in Partnership Firm	200000	-
Total	33795412	34193347

Additional Information :

4.1 Aggregate amount of quoted investments		
- Cost	12411108	12411108
- Market Value	33595412	34193347

4.2 Name of the partners, their share and their capital in Quality Engineering Works (Firm) As at 31.03.2019

Name of the Partners	% Share	Capital Share
Mr. K. Rajendra Prasad	5.15%	2500000
The EIMCO KCP Ltd	94.44%	45800000
KCP Sugars Agricultural Researchs Farms Limited	0.41%	200000
Total	100.00%	48500000

5 - Inventories

Standing Crops & Others	516546	718220
Total	516546	718220

6 - Cash and cash equivalents

i) Balances with banks:		
-In current accounts	716216	820526
-In Fixed Deposits	4607702	4346904
ii) Cash on hand	102576	62522
Total	5426494	5229952

7 - Other Current Financial Assets

Income tax Refund receivable	395072	447914
Total	395072	447914

8 - Equity Share Capital

Amount in Rs.

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised Share Capital		
50,00,000 Equity Shares of Rs.10/- each	50000000	50000000
Total	50000000	50000000
Issued, Subscribed And Paid Up		
22,50,000 Equity Shares of Rs.10/- each	22500000	22500000
Total	22500000	22500000

8.1 Movement in respect of Equity Shares is given below :

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos.	Amount in Rs.	Nos.	Amount in Rs.
At the beginning of the period	2250000	22500000	2250000	22500000
(+) Issued during the period	-	-	-	-
(-) Redeemed during the period	-	-	-	-
Outstanding at the end of the period	2250000	22500000	2250000	22500000

8.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

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

8.3 Details of Shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos.	% of Holding	Nos.	% of Holding
K.C.P Sugar and Industries Corporation Ltd	2250000	100%	2250000	100%
Total	2250000	100%	2250000	100%

9. Other Equity

For the year ended March 31, 2019

Particulars	Reserves and Surplus	Other Components of Equity	Total
	Retained Earnings	Remeasurement of Net Defined benefit Liability/ Asset	
Balance as at April 01,2018	4281505	18476679	22758184
Profit / Loss for the period	89350	-	89350
Other Comprehensive Income for the Year	-	-597935	-597935
Balance as at March 31, 2019	4370855	17878744	22249599

Other Equity

Amount in Rs.

For the year ended March 31, 2018

Particulars	Other Components of Equity		Total
	Retained Earnings	Remeasurement of Net Defined benefit Liability/ Asset	
Balance as at April 01,2017	4359841	9911363	14271204
Profit / Loss for the period	-78336	-	-78336
Other Comprehensive Income for the Year		8565316	8565316
Balance as at March 31, 2018	4281505	18476679	22758184

10 - Other Financial Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Outstanding Liabilities for Expenses	14750	14750
Total	14750	14750

11 - Revenue From Operations

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products	1752147	1364457
Total	1752147	1364457

12 - Other Income

Interest income from financial asset measured at amortised cost	295652	317933
Dividend Income	219903	162241
Total	515555	480174

13 - Cost of material consumed

Cultivation Charges	92945	44712
Labour charges	306883	369225
Brick work expenses	952088	1140175
Total	1351916	1554112

14 - Changes in Inventories of Finished Goods , Work-in-Progress and stock in trade

Opening Balance		
Standing Crops	718220	239229
Less Closing Balance		
Standing Crops	-516546	-718220
Total	201674	-478991

15 - Employee benefits expense

Amount in Rs.

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	237500	249000
Staff welfare expenses	10990	22192
Total	248490	271192

16 - Depreciation and Amortisation

Depreciation / Amortisation for the year		
- Tangible Assets	57474	257098
Total	57474	257098

17 - Other expenses

Pesticides / Fertilizers	67610	135886
Repairs and maintenance		
- Tractor	55327	91685
- Others	103304	39146
Payment made to auditors (Refer note below)	14750	14750
Legal and Professional Charges	51330	17730
Miscellaneous expenses	26477	20359
Total	318798	319556

Payment made to statutory auditors :		
i. As Audit Fee	14750	14750
ii. For taxation matters	-	-
iii. For other services	-	-
iv. For reimbursement of expenses	-	-

Disclosure requirements of Indian Accounting Standards**18. Disclosures in respect of Ind AS 107 - Financial Instruments****18.1 Financial Instruments by Categories**

The carrying value and fair value of financial instruments by categories were as follows:

March 31, 2019

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI
Assets:			
Investment	200000		33595412
Cash & Cash Equivalents	5426494		
Liabilities:			
Other Financial Liabilities	14750		

Amount in Rs.
March 31, 2018

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI
Assets:			
Investment			34193347
Cash & Cash Equivalents	5229952		
Liabilities:			
Other Financial Liabilities	14750		

19. Fair Value Hierarchy

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

19.1 Valuation Technique used to determine Fair Value:

Specific valuation techniques used to value financial instruments include:

- Use of quoted market prices for Listed instruments

19.2 The following tables present fair value hierarchy of assets and liabilities measured at fair value:

(Amount in Rs.)

Particulars	For the year 31.03.2019				For the year 31.03.2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Investments in Quoted Securities	33795412	-	-	33795412	34193347	-	-	34193347

20. Disclosure in respect of Indian Accounting Standard (Ind AS)-33 "Earnings Per Share(EPS)"**a) Basic and Diluted EPS**

The earnings and weighted average number of ordinary shares used in the calculation of Basic and Diluted EPS is as follows:

(Amount in Rs.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit (loss) for the year, attributable to the owners of the company	89350	(78336)
Earnings used in calculation of basic earnings per share(A)		
Weighted average number of ordinary shares for the purpose of basic earnings per share(B)	2250000	2250000
Basic and Diluted EPS (A/B)	0.04	(0.03)

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For and On behalf of the Board

For Suri & Siva
Chartered Accountants
Firm Regn No. 004284S

For and on behalf of the Board of Directors
IRMGARD VELAGAPUDI
Chairperson

V.SIVAKUMAR
Partner
Membership No. 022379

Place: Chennai
Date: 29.05.2019

R. Ganesan
Director

NOTES TO FINANCIAL STATEMENTS (CONTD.)
