# Notes to Financial Statements for the year ended 31 March 2018

## 1. Reporting entity

Avadh Sugar & Energy Limited is a public company domiciled and headquartered in India, having its registered office situated at Hargaon, District Sitapur in the state of Uttar Pradesh. The Company was originally incorporated on 19 March 2015 under the provisions of Indian Companies Act, 2013, as a joint venture of The Oudh Sugar Mills Limited (OSML) and Upper Ganges Sugar and Industries Limited (UGSIL). Consequent to a composite scheme of arrangement approved by the National Company Law Tribunal (NCLT) on 2 March 2017, and its filing with the Registrar of Companies, Kanpur on 23 March 2017, the residual OSML comprising of the business undertakings located at Hargaon District Sitapur, Dhadha Bujurg (Hata) District Kushinagar and Rosa District Shahjahanpur in the state of Uttar Pradesh and the residual UGSIL comprising of the business undertaking located at Seohara, District Bijnor in the state of Uttar Pradesh of OSML and UGSIL respectively had been transferred and amalgamated with the Company from the appointed date i.e. 1 April 2015. Its shares are listed on National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE) with effect from 28 July 2017.

The Company is primarily engaged in the manufacture and sale of sugar and its By-products (Molasses and Bagasse), Spirits including Ethanol and Power. The Company has operations in India.

## 2. Basis of preparation

### (a) Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act.

The financial statements upto and for the year ended 31 March 2017 were prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company had prepared the financial statements to comply in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 on an accrual basis under the historical cost convention after giving the impact of scheme of arrangement as detailed in Note 47(C).

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101 First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 47(C).

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 14 May 2018.

Details of the Company's accounting policies are included in Note 3.

### (b) Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded off to the nearest lakhs, unless otherwise indicated.

### (c) Basis of measurement

The financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

| | Items | Measurement basis |
|---|---|---|
| (i) | Certain financial assets and financial liabilities | Fair value |
| (ii) | Biological assets other than bearer plants | Fair value less costs to sell |
| (iii) | Employee's defined benefit plan | As per actuarial valuation |

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

### (d) Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included in the following notes:

## Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

- Note 4 and 6 - Useful life and residual value of property, plant and equipment and other intangible assets;
- Note 7 - Determining the fair values of investments;
- Note 9 - Determining the fair values of biological assets other than bearer plants on the basis of significant unobservable inputs;
- Note 15 - Recognition of deferred tax assets: availability of future taxable profit against which carried forward tax losses can be used;
- Notes 24 and 37 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 40 - Measurement of defined benefit obligations: key actuarial assumptions;
- Note 45 - Impairment of financial assets: key assumptions used in estimating recoverable cash flows.

### (e) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 2(c).

## 3. Significant accounting policies

### (a) Current and Non-current classification

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 the Schedule III to the Act.

**Assets**

An asset is classified as current when it satisfies any of the following criteria :

i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

ii) it is held primarily for the purpose of being traded;

iii) it is expected to be realised within 12 months after the reporting date; or

iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

**Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

i) it is expected to be settled in the Company's normal operating cycle;

ii) it is held primarily for the purpose of being traded;

iii) it is due to be settled within 12 months after the reporting date; or

iv) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

**Operating cycle**

For the purpose of current / non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

## (b) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of initial transaction.

Exchange differences are recognised in the Statement of Profit and Loss in the period in which they arise.

## (c) Financial instruments

**i) *Recognition and initial measurement***

Trade Receivables issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii) *Classification and subsequent measurement***

***Financial assets***

On initial recognition, a financial asset is classified and measured at:

- amortised cost; or
- fair value through other comprehensive income (FVOCI) - Equity Investment; or
- fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

***Financial assets at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the Statement of Profit and Loss. This category generally applies to long-term deposits and long-term trade receivables.

***Financial assets at fair value through other comprehensive income (FVOCI)***

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

In accordance with Ind AS 101, the Company has irrevocably designated its investment in equity instruments as FVOCI on the date of transition to Ind AS.

***Financial assets at fair value through profit or loss (FVTPL)***

All financial assets which do not meet the criteria for categorisation as at amortised cost or FVOCI as described above are classified as at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI).

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

***Financial assets: Subsequent measurement and gains and losses***

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method (EIR). |
| | The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Statement of Profit and Loss. |

***Financial liabilities: Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortised cost or FVTPL.

***Financial liabilities through fair value through profit or loss (FVTPL)***

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

***Financial liabilities at amortised cost***

Other financial liabilities are subsequently measured at amortised cost using the effective interest (EIR) method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss.

Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

***iii) Derecognition***

***Financial assets***

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

***Financial liabilities***

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

***iv) Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## (d) Property, plant and equipment [PPE]

***i) Recognition and measurement***

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

The cost of an item of property, plant and equipment comprises its purchase price inclusive of duties, taxes, after deducting trade discounts and rebates, incidental expenses, erection/ commissioning expenses, borrowing cost, any directly attributable cost of bringing the item to its working condition for its intended use and costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate components of property, plant and equipment.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

Property, plant and equipment under construction are disclosed as Capital work-in- progress.

***ii) Transition to Ind AS***

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and used that carrying value as the deemed cost of such property, plant and equipment [Note 4].

***iii) Subsequent expenditure***

Subsequent costs are capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

***iv) Depreciation***

Depreciation for the year is recognised in the Statement of Profit and Loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets.

The useful lives have been determined based on technical evaluation done by the management's expert, supported by independent assessment by professionals, and are in line with the useful life specified in Part C of Schedule II to the Companies Act; 2013, except for certain plant and equipments as 5-40 years, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Depreciation on additions / (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

The range of estimated useful lives of items of property, plant and equipment are as follows:

| Class of assets | Management estimate of useful life (in years) |
|---|---|
| Factory buildings | 5 - 30 |
| Non factory buildings | 5 - 60 |
| Plant and equipments | 5 - 40 |
| Computer and data processing equipment | 3 - 6 |
| Furniture and fixtures | 10 |
| Vehicles | 8 - 10 |
| Office equipments | 5 |

Freehold land is not depreciated.

Leasehold land are depreciated on a straight line basis over the primary period of lease.

Depreciation method, useful lives and residual values of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

***v) Capital work-in-progress (CWIP)***

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Directly attributable expenditure (including finance costs relating to borrowed funds for construction or acquisition of fixed assets) incurred on project under implementation are

## Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

treated as Pre-operative expenses pending allocation to the asset and are shown under CWIP.

### (e) Intangible assets

***i) Computer software***

Computer software are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

***ii) Amortisation***

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

| Class of assets | Management estimate of useful life (in years) |
|---|---|
| Computer software | 5 |

Amortisation method and useful lives are reviewed at the end of each financial year and adjusted, if appropriate.

***iii) Subsequent expenditure***

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Statement of Profit and Loss as incurred.

***iv) Transition to Ind AS***

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and used that carrying value as the deemed cost of such intangible assets [Note 6].

### (f) Biological assets other than bearer plants

Biological assets other than bearer plants comprise standing crops of sugarcane and other agriculture products.

On initial recognition and at the end of each reporting period, Biological assets other than bearer plants are measured at fair value less estimated costs to sell. Changes in fair value are recognised in the Statement of Profit and Loss.

The fair value of these assets excludes the land upon which the crops are planted or the items of property, plant and equipment utilised in the upkeep of planted areas.

The biological process starts with preparation of land for planting, seedlings and ends with the harvesting of crops. For biological assets, where little biological transformation has taken place since the initial cost was incurred (for example seedlings planted immediately before the balance sheet date), such biological assets are measured at cost i.e. the total expenses incurred on such plantation upto the balance sheet date.

When harvested, sugarcane is transferred to inventory at fair value less costs to sell.

### (g) Inventories

Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on annual weighted average method / moving average method.

Work-in-progress, Finished goods (including Power banked) and Traded goods are valued at lower of cost and net realizable value. Work-in-progress and Finished goods include cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity. Cost is determined on weighted average basis.

By products and Saleable scraps, whose cost is not identifiable, are valued at estimated net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

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

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount so written-down is adjusted in terms of policy as stated above.

### (h) Impairment

***i) Impairment of financial instruments : financial assets***

At each reporting date, the Company assess whether financial assets, than those at FVTPL are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more; or

## Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

The Company recognises loss allowances using the expected credit losses (ECL) model for the financial assets which are fair valued through profit or loss.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Statement of Profit and Loss.

In case of trade receivables, the Company follows the simplified approach permitted by *Ind AS 109 Financial Instruments* for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

For all other financial assets, expected credit losses are measured unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

***Measurement of expected credit losses***

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

***Presentation of allowance for expected credit losses in the balance sheet***

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

***ii) Impairment of non-financial assets***

The Company's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of financial assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (i) Employee benefits

***i) Short-term employee benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

***ii) Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Statement of Profit and Loss in the periods during which the related services are rendered by employees. The Company makes specified periodically contribution to the following defined contribution plans :

a) Provident / Pension funds;

b) Superannuation fund.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

***iii) Defined benefit plans***

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plans ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements. The Company recognises all actuarial gains and losses arising from defined benefit plan immediately in the Statement of Profit and Loss.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The contributions are deposited with the Life Insurance Corporation of India based on information received by the Company. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested.

***iv) Compensated absences***

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature.

The expected cost of accumulating compensated absences is measured on the basis of an annual independent actuarial valuation using the projected unit credit method, for the unused entitlement that has accumulated as at the balance sheet date. Remeasurement gains or losses are recognised in the Statement of Profit and Loss in the period in which they arise.

Non-accumulating compensated absences are recognised in the period in which the absences occur.

## (j) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Expected future operating losses are not provided for.

## (k) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is possible. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

## (l) Revenue recognition

Revenue is recognised to the extent it is probable that economic benefits would flow to the Company and the revenue can be reliably measured, regardless of when the revenue proceeds is received from customers.

Revenue is measured at the fair value of the consideration received / receivable taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

The specific recognition criteria for revenue recognition are as follows:

***a) Sale of goods***

Sale of goods is recognised at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration. It includes excise duty and cess and excludes GST, Sales Tax / VAT, Trade discounts and rebates.

***b) Sale of Power***

Earning from sale of power is accounted for on tariff rates agreed with respective Electricity Board and are net of discounts for prompt payment of bills.

***c) Income from Renewable Energy Certificates (RECs)***

Income from Renewable Energy Certificates (RECs) is recognised at estimated realisable value on confirmation of RECs by the concerned Authorities.

***d) Interest income***

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest is recognosed on time proportion basis.

Interest income is included in "Other Income" in the Statement of Profit and Loss.

***e) Dividend Income***

Dividend income is recognised when the Company's right to receive the dividend is established i.e. in case of interim dividend, on the date of declaration by the Board of Directors; whereas in case of final dividend, on the date of approval by the shareholders.

***f) Insurance claims***

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

## (m) Expenses

All expenses are accounted for on accrual basis.

## (n) Government grants

Grants from Government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with the conditions attached thereto.

Government grants related to revenue are recognised in the Statement of Profit and Loss on a systematic and rational basis in the periods in which the Company recognises the related costs for which the grants are intended to compensate and are netted off with the related expenditure. If not related to a specific expenditure, it is taken as income and presented under "Other Operating Revenue".

Government grants relating to property, plant and equipment are treated as deferred income and are credited to the statement of profit and loss on a systematic basis over the expected useful life of the related asset to match them with the costs for which they are intended to compensate and presented within other income.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates and is being recognised in the Statement of Profit and Loss by netting with the related finance cost. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

## (o) Leases

***(i) Determining whether an arrangement contains a lease***

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

***(ii) Assets held under leases***

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet. Payments made under

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

operating leases are recognised in the Statement of Profit or Loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with general inflation.

***(iii) Lease payments***

Payments made under operating leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## (p) Income tax

Income tax expense comprises of current tax and deferred tax. Current tax and deferred tax is recognised in the Statement of profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

***i) Current tax***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are off set only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

***ii) Deferred tax***

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to off set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

***iii) Minimum Alternative Tax (MAT) Credit***

In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid 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 period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

## (q) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. Refer Note 41 for segment information presented.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

Operating segments are reported in manner consistent with the internal reporting provided to the chief operating decision maker.

The Company's Whole-Time Director (WTD) has been identified as being the chief operating decision maker. Refer Note 41 for segment information presented.

**(r) Borrowing costs**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**(s) Cash and cash equivalents**

Cash and cash equivalents include cash and cash-on-deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**(t) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**(u) Earnings per share**

Basic earnings per share is 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.

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.

**(v) Determination of fair values**

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

***i) Financial assets***

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI.

Investments in equity instruments are measured at FVOCI and combination of different methodologies i.e. discounted cash flow method, comparable companies method and net assets method with different weightage has been used for fair valuations of investment in unquoted securities.

***ii) Trade and other receivables***

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

***iii) Financial liabilities***

Financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

**(w) Recent accounting pronoucement**

**Ind AS 115- Revenue from Contract with Customers:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The Company has done a preliminary assessment and do not expect a significant impact due to the adoption of the standard.

The Company plans to apply Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018) in retained earnings. As a result, the Company will not present relevant individual line items appearing under comparative period.

**Amendment to Existing issued Ind AS:**

Ind AS 12 - Income Taxes;

Ind AS 21 - The Effects of Changes in Foreign Exchange Rates;

Ind AS 28 - Investment in Associates and Joint Ventures; and

Ind AS 112 - Disclosure of Interests in Other Entities.

The impact of the above standards on the financial statements, as assessed by the Company, is not expected to be material.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 4. Property, Plant and Equipment

(₹ in lakhs)

| Particulars | Freehold Land (a) and (b) | Leasehold Land (a) | Buildings | Plant and Equipments | Computer and Data Processing Equipments | Furniture and Fixtures | Vehicles | Office Equipments | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Reconciliation of carrying amount** | | | | | | | | | |
| **Cost or deemed cost** | | | | | | | | | |
| **(gross carrying amount)** | | | | | | | | | |
| Balance at 1 April 2016 | 25,360.00 | 17.30 | 14,524.94 | 61,239.28 | 52.89 | 80.74 | 141.76 | 34.93 | 1,01,451.84 |
| Additions during the year | - | - | 418.72 | 1,734.31 | 21.50 | 17.07 | 53.57 | 7.26 | 2,252.43 |
| Disposals / discard during the year | - | - | 89.17 | 417.64 | 0.21 | 0.02 | 6.99 | 0.43 | 514.46 |
| Balance at 31 March 2017 | 25,360.00 | 17.30 | 14,854.49 | 62,555.95 | 74.18 | 97.79 | 188.34 | 41.76 | 1,03,189.81 |
| Additions during the year | **186.67** | **-** | **221.95** | **3,563.61** | **23.70** | **29.56** | **68.50** | **6.30** | **4,100.29** |
| Disposals / discard during the year | **22.10** | **-** | **31.45** | **92.44** | **0.13** | **0.82** | **8.51** | **0.70** | **156.15** |
| **Balance at 31 March 2018** | **25,524.57** | **17.30** | **15,044.99** | **66,027.12** | **97.75** | **126.53** | **248.33** | **47.36** | **1,07,133.95** |
| **Accumulated depreciation** | | | | | | | | | |
| Depreciation for 2016-17 (c) | - | 0.78 | 698.22 | 3,771.76 | 23.33 | 13.84 | 30.31 | 14.58 | 4,552.82 |
| Disposals / discard during 2016-17 | - | - | 4.76 | 89.86 | - | - | 5.13 | - | 99.75 |
| Balance at 31 March 2017 | - | 0.78 | 693.46 | 3,681.90 | 23.33 | 13.84 | 25.18 | 14.58 | 4,453.07 |
| Depreciation for the year (c) | **-** | **0.78** | **677.78** | **3,659.63** | **28.69** | **18.35** | **40.83** | **12.50** | **4,438.56** |
| Disposals / discard during the year | **-** | **-** | **4.02** | **31.16** | **0.12** | **0.78** | **4.27** | **0.61** | **40.96** |
| **Balance at 31 March 2018** | **-** | **1.56** | **1,367.22** | **7,310.37** | **51.90** | **31.41** | **61.74** | **26.47** | **8,850.67** |
| **Carrying amount (net)** | | | | | | | | | |
| At 1 April 2016 | 25,360.00 | 17.30 | 14,524.94 | 61,239.28 | 52.89 | 80.74 | 141.76 | 34.93 | 1,01,451.84 |
| At 31 March 2017 | 25,360.00 | 16.52 | 14,161.03 | 58,874.05 | 50.85 | 83.95 | 163.16 | 27.18 | 98,736.74 |
| **At 31 March 2018** | **25,524.57** | **15.74** | **13,677.77** | **58,716.75** | **45.85** | **95.12** | **186.59** | **20.89** | **98,283.28** |

(a) Title deeds of freehold and leasehold land of ₹ **24,276.25 lakhs** (31 March 2017: ₹ 24,298.35 lakhs), transferred to the Company pursuant to the Scheme of Arrangement (refer Note 1), are in the name of erstwhile OSML and UGSIL and the Company is in the process of getting the title deeds transferred in its name.

(b) Title deeds of land of ₹ **1,078.95 lakhs** (31 March 2017: ₹ 1,078.95 lakhs) are yet to be executed pending for registration in favour of the Company.

(c) Includes ₹ **3.08 lakhs** (31 March 2017 ₹ 2.80 lakhs) in relation to biological assets other than bearer plants.

(d) Property, Plant and Equipment given as security for borrowings [Note 21].

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 5. Capital Work-in-Progress

(₹ in lakhs)

| Particulars | Capital Work-in-Progress |
|---|---|
| **Reconciliation of carrying amount** | |
| Balance at 1 April 2016 | 472.64 |
| Add : Additions during the year | 1,132.69 |
| Less : Transfer to Property, Plant and Equipment | 1,468.64 |
| Balance at 31 March 2017 | 136.69 |
| Add : Additions during the year | **3,304.02** |
| Less : Transfer to Property, Plant and Equipment | **2,474.19** |
| **Balance at 31 March 2018** | **966.52** |
| **Carrying amount (net)** | |
| At 1 April 2016 | 472.64 |
| At 31 March 2017 | 136.69 |
| **At 31 March 2018** | **966.52** |

## 6. Other Intangible Assets

(₹ in lakhs)

| Particulars | Capital Work-in-Progress |
|---|---|
| **Reconciliation of carrying amount** | |
| **Cost or deemed cost :** | |
| **(gross carrying amount)** | |
| Balance at 1 April 2016 | 57.37 |
| Add : Additions during the year | 9.83 |
| Balance at 31 March 2017 | 67.20 |
| Add : Additions during the year | **13.54** |
| **Balance at 31 March 2018** | **80.74** |
| **Accumulated amortisation :** | |
| Amortisation for 2016-17 | 43.58 |
| Balance at 31 March 2017 | 43.58 |
| Amortisation for the year | **10.87** |
| **Balance at 31 March 2018** | **54.45** |
| **Carrying amount (net)** | |
| At 1 April 2016 | 57.37 |
| At 31 March 2017 | 23.62 |
| **At 31 March 2018** | **26.29** |

## 7. Investments

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **A. Non-current Investments** | | | |
| **Equity instruments carried at fair value through other comprehensive income (FVOCI) - (Quoted from 28 July 2017)** | | | |
| 1,061,539 (31 March 2017: Nil; 1 April 2016: Nil) equity shares of Magadh Sugar & Energy Limited (face value - ₹ 10 each, fully paid) | 1,271.73 | - | - |
| | **1,271.73** | **-** | **-** |
| **Equity instruments carried at fair value through other comprehensive income (FVOCI) - (Unquoted till 27 July 2017)** | | | |
| Nil (31 March 2017: 1,061,539*; 1 April 2016: 1,061,539*) equity shares of Magadh Sugar & Energy Limited (face value - ₹ 10 each, fully paid) | - | 2,094.42 | 1,295.29 |
| | **-** | **2,094.42** | **1,295.29** |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 7. Investments (Contd.)

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Investment in Co-operative farming societies (unquoted) carried at amortised cost** | | | |
| 5 units (31 March 2017: 5; 1 April 2016: 5) in Krishna Sahakari Kheti Samiti Limited (face value - ₹ 100 each) | 0.01 | 0.01 | 0.01 |
| 1 unit (31 March 2017: 1; 1 April 2016: 1) in Kuri Sanyukta Sahakari Kheti Samiti Limited (face value - ₹100 each)** | - | - | - |
| 1 unit (31 March 2017: 1; 1 April 2016: 1) in Keshopur Sanyukta Sahakari Kheti Samiti Limited (face value - ₹100 each)** | - | - | - |
| 1 unit (31 March 2017: 1; 1 April 2016: 1) in Pandia Sanyukta Sahakari Kheti Samiti Limited (face value - ₹ 100 each)** | - | - | - |
| 1 unit (31 March 2017: 1; 1 April 2016: 1) in Seohara Co-operative Cane Development Union Limited (face value - ₹100 each)** | - | - | - |
| 1 unit (31 March 2017: 1; 1 April 2016: 1) in Najibabad Co-operative Cane Development Union Limited (face value - ₹ 10 each)** | - | - | - |
| 1 unit (31 March 2017: 1; 1 April 2016: 1) in Nagina Co-operative Cane Development Union Limited (face value - ₹ 10 each)** | - | - | - |
| 1 unit (31 March 2017: 1; 1 April 2016: 1) in Moradabad Co-operative Cane Development Union Limited (face value - ₹ 10 each)** | - | - | - |
| | **0.01** | **0.01** | **0.01** |
| **Government securities (unquoted) carried at amortised cost ***** | | | |
| 12 Years National Savings Certificates | 0.01 | 0.01 | 0.01 |
| 12 Years National Plan Savings Certificates | 0.08 | 0.08 | 0.08 |
| 6 Years National Savings Certificates | 2.17 | 2.17 | 2.17 |
| | **2.26** | **2.26** | **2.26** |
| | **1,274.00** | **2,096.69** | **1,297.56** |
| Aggregate book value of quoted investments | 1,271.73 | - | - |
| Aggregate market value of quoted investments | 1,271.73 | - | - |
| Aggregate value of unquoted investments | 2.27 | 2,096.69 | 1,297.56 |

* received under the Scheme [Note 47(C)(V)].

** the figures, being less than ₹ 500, have been shown above as ₹ Nil.

*** Deposited / pledged with various Government authorities.

### B. Equity shares designated at fair value through other comprehensive income (FVOCI)

As at 1 April 2016, the Company designated the investments shown below as equity instruments at FVOCI because these equity instruments represent investments that the Company intends to hold on long-term basis for strategic purposes.

(₹ in lakhs)

| Particulars | Fair value at 31 March 2018 | Dividend income recognised during 2017-18 | Fair value at 31 March 2017 | Dividend income recognised during 2016-17 | Fair value at 1 April 2016 |
|---|---|---|---|---|---|
| Investment in Magadh Sugar & Energy Limited | 1,271.73 | 21.23 | 2,094.42 | - | 1,295.29 |
| | **1,271.73** | **21.23** | **2,094.42** | **-** | **1,295.29** |

No strategic investment was disposed off during 2017-18 and there were no transfer of any cumulative gain or loss within equity relating to these investment.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 8. Inventories

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| (*Valued at lower of cost and net realisable value*) | | | |
| Raw materials | 1,077.90 | 561.00 | 659.92 |
| Work-in-progress | 1,907.62 | 1,569.66 | 1,190.40 |
| Finished goods* | 94,802.02 | 1,01,058.78 | 80,207.23 |
| Stock-in-trade | 24.56 | 11.34 | 5.24 |
| Stores, chemicals and spare parts* | 2,016.79 | 1,955.88 | 1,714.28 |
| Power - Banked | 116.46 | 153.32 | 144.03 |
| (*Valued at estimated net realisable value*) | | | |
| By-Products | 851.96 | 4,891.71 | 5,120.96 |
| Scrap | 72.02 | 53.53 | 32.71 |
| | **1,00,869.33** | **1,10,255.22** | **89,074.77** |
| *** includes stock in transit:** | | | |
| Finished goods | - | 1,672.74 | - |
| Stores, chemicals and spare parts | 97.13 | 88.03 | 54.31 |

a) The write-down of inventories to net realisable value during the year amounted to ₹ **11,659.20 lakhs** (31 March 2017: ₹ Nil; 1 April 2016: ₹ Nil). These are recognised as expenses during the respective period and included in changes in inventories of finished goods and work in progress.

b) Inventories of ₹ **97,518.60 lakhs** (31 March 2017: ₹ 1,06,472.07 lakhs; 1 April 2016: ₹ 84,319.33 lakhs) are hypothecated / pledged against borrowings [Note 21].

## 9. Biological assets other than bearer plants

(₹ in lakhs)

| Particulars | Sugar cane and others |
|---|---|
| **Reconciliation of carrying amount** | |
| Balance at 1 April 2016 | 4.95 |
| Expenditure during the year | 16.27 |
| Change in fair value | 7.02 |
| New Crop Plantations | 3.74 |
| Decrease due to harvested sugarcane transferred to inventory [including captive consumption of ₹ 14.18 lakhs] | (28.24) |
| **Balance at 31 March 2017** | **3.74** |
| Expenditure during the year | 13.29 |
| Change in fair value | 11.06 |
| New Crop Plantations | 4.74 |
| Decrease due to harvested sugarcane transferred to inventory [including captive consumption of ₹ 19.21 lakhs] | (28.09) |
| **Balance at 31 March 2018** | **4.74** |
| **Carrying amount (net)** | |
| At 1 April 2016 | 4.95 |
| At 31 March 2017 | 3.74 |
| **At 31 March 2018** | **4.74** |

### A. Measurement of fair values

The fair value of the sugarcane and other agriculture products at harvest is determined by the quantities harvested, it is valued at the rate fixed by the Uttar Pradesh Government (Level 1). The fair value of the harvested sugarcane is the cost of the raw material used in the production of sugar including captive consumption. For biological assets, where little biological transformation has taken place since the initial cost was incurred (for example seedlings planted immediately before the balance sheet date), such biological assets are measured at cost i.e. the total expenses incurred on such plantation upto the balance sheet date (Level 3).

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 9. Biological assets other than bearer plants (Contd.)

**B. Risk management strategy related to agricultural activities**

The Company is exposed to a number of risks related to its sugarcane plantations.

**i. Regulatory and environmental risks**

The Company has established environmental policies and procedures, aimed for compliance, with local environmental and other laws.

**ii. Supply and demand risk**

The Company is exposed to risks arising from fluctuations in the sale price and quantity of sugarcane produced. When possible the Company manages this risk by aligning its harvest volume to market supply and demand.

**iii. Climate and other risks**

The Company's sugar cane plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks.

## 10. Trade receivables

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Unsecured, considered good | 8,284.96 | 6,547.39 | 8,931.38 |
| | **8,284.96** | **6,547.39** | **8,931.38** |
| Non-current | - | - | - |
| Current | 8,284.96 | 6,547.39 | 8,931.38 |

a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

(b) Information about the Company's exposure to credit risks and loss allowances related to trade receivables are disclosed in Note 45(C).

(c) Trade receivable are hypothecated against borrowings [Note 21].

## 11. Cash and cash equivalents

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Cash and cash equivalents** | | | |
| Cash on hand | 24.59 | 41.39 | 49.94 |
| Cheques on hand | - | 2,043.09 | - |
| Balances with banks | | | |
| - Current accounts | 365.57 | 914.24 | 209.50 |
| - Savings accounts | 0.03 | 0.03 | 0.03 |
| | **390.19** | **2,998.75** | **259.47** |

## 12. Other bank balances

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Bank deposits due to mature after 3 months of original maturities but within 12 months of the reporting date* | 137.66 | 125.38 | 64.58 |
| Earmarked balances with bank for unpaid dividend account | 2.36 | - | 5.19 |
| In Post office Saving bank account * | 0.29 | 0.29 | 0.29 |
| | **140.31** | **125.67** | **70.06** |

* Pledged / lodged with various Government Authorities and Banks as security / earmarked / margin money.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 13. Loans

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| *(Unsecured, considered good)* | | | |
| **Non-current** | | | |
| Security and other deposits | 33.08 | 11.55 | 11.45 |
| Loans to employees | - | 1.80 | 4.09 |
| | **33.08** | **13.35** | **15.54** |
| **Current** | | | |
| Security and other deposits | 101.10 | 25.64 | 17.23 |
| Loans to employees | 20.86 | 12.51 | 13.26 |
| | **121.96** | **38.15** | **30.49** |

## 14. Other Financial Assets

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| Bank deposits due to mature after 12 months of the reporting date* | 30.58 | - | 30.01 |
| | **30.58** | **-** | **30.01** |
| **Current** | | | |
| *(Unsecured, considered good)* | | | |
| Renewable Energy Certificates Entitlement | 0.03 | 1,739.86 | 2,884.51 |
| Interest accrued on Loans, deposits, investments etc. | 11.25 | 15.53 | 12.59 |
| | **11.28** | **1,755.39** | **2,897.10** |

* Pledged / lodged with various Government Authorities and Banks as security / earmarked / margin money.

## 15. Deferred Tax Assets (net)

(₹ in lakhs)

| Particulars | As at 31 March 2017 | Recognised in profit or loss | Recognised in other comprehensive income | As at 31 March 2018 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Carried forward tax losses / unabsorbed depreciation | 18,873.51 | (4,812.76) | - | 14,060.75 |
| MAT credit entitlement | 4,616.18 | 2,593.64 | - | 7,209.82 |
| Investments | - | - | 34.66 | 34.66 |
| Provisions - employee benefits | 288.31 | 23.86 | 6.26 | 318.43 |
| Provisions - others | 0.11 | 0.06 | - | 0.17 |
| | 23,778.11 | (2,195.20) | 40.92 | 21,623.83 |
| Less : Deferred tax assets not recognised* | 4,067.58 | (1,719.68) | 40.92 | 2,388.82 |
| | **19,710.53** | **(475.52)** | **-** | **19,235.01** |
| **Deferred tax liabilities** | | | | |
| Property, plant and equipments including intangible assets | 19,710.53 | (475.52) | - | 19,235.01 |
| | **19,710.53** | **(475.52)** | **-** | **19,235.01** |
| **Net deferred tax assets** | **-** | **-** | **-** | **-** |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 15. Deferred Tax Assets (net) (Contd.)

(₹ in lakhs)

| Particulars | As at 1 April 2016 | Recognised in profit or loss | Recognised in other comprehensive income | As at 31 March 2017 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Carried forward tax losses / unabsorbed depreciation | 28,590.40 | (9,716.89) | - | 18,873.51 |
| MAT credit entitlement | 290.36 | 4,325.82 | - | 4,616.18 |
| Provisions - employee benefits | 215.17 | 19.32 | 53.82 | 288.31 |
| Provisions - others | - | 0.11 | - | 0.11 |
| | 29,095.93 | (5,371.64) | 53.82 | 23,778.11 |
| Less : Deferred tax assets not recognised* | 8,599.30 | (4,585.54) | 53.82 | 4,067.58 |
| | **20,496.63** | **(786.10)** | **-** | **19,710.53** |
| **Deferred tax liabilities** | | | | |
| Property, plant and equipments including intangible assets | 20,496.63 | (786.10) | - | 19,710.53 |
| | **20,496.63** | **(786.10)** | **-** | **19,710.53** |
| **Net deferred tax assets** | **-** | **-** | **-** | **-** |

* Deferred tax assets have been recognised to the extent of Deferred tax liabilities.

a) MAT credit entitlement is the amount which can be recovered and set off in subsequent years as per the provisions of the Income Tax Act, 1961. The MAT credit entitlement recognised will expire as follows:

(₹ in lakhs)

| Particulars | Amount | Year of expiry # |
|---|---|---|
| As at 31 March 2018 | 113.35 | **Assessment Year (AY) 2024-25** |
| | 177.01 | **Assessment Year (AY) 2031-32** |
| | 4,325.82 | **Assessment Year (AY) 2032-33** |
| | 2,593.64 | **Assessment Year (AY) 2033-34** |
| | **7,209.82** | |
| As at 31 March 2017 | 113.35 | Assessment Year (AY) 2024-25 |
| | 177.01 | Assessment Year (AY) 2031-32 |
| | 4,325.82 | Assessment Year (AY) 2032-33 |
| | **4,616.18** | |
| As at 31 March 2016 | 113.35 | Assessment Year (AY) 2024-25 |
| | 177.01 | Assessment Year (AY) 2031-32 |
| | **290.36** | |

# Expiry date has been stated based on the last day of the financial year for which MAT credit is available for use as per prevailing tax laws as at the reporting date.

## 16. Non-Current Tax Assets (net) / Current Tax (Liabilities) (net)

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Advance tax and tax deducted at sources | 7,408.68 | 20.62 | 41.05 |
| Less: Provision for taxation | 7,096.47 | 4,488.69 | 165.69 |
| | **312.21** | (4,468.07) | (124.64) |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 17. Other Non-current Assets

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| *(Unsecured, considered good)* | | | |
| **Capital Advances** | 56.17 | - | 5.39 |
| **Advances other than Capital Advances** | | | |
| Other advances | | | |
| - Deposits against demand under appeal and / or under dispute | 188.96 | 295.74 | 316.36 |
| - Prepaid Expenses | 9.38 | 7.73 | 7.01 |
| | **198.34** | **303.47** | **323.37** |
| | **254.51** | **303.47** | **328.76** |

## 18. Other Current Assets

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| *(Unsecured, considered good except stated otherwise)* | | | |
| **Advances other than Capital Advances** | | | |
| Advances to suppliers | | | |
| - Unsecured, considered good | 435.55 | 498.80 | 620.70 |
| - Unsecured, considered doubtful | 0.49 | 0.32 | - |
| | **436.04** | **499.12** | **620.70** |
| Less : Provision for loss allowances | 0.49 | 0.32 | - |
| | **435.55** | **498.80** | **620.70** |
| **Other advances** | | | |
| - Claims / refunds receivable | 127.36 | 266.59 | 1,701.13 |
| - Balance with Excise and other Government Authorities | 434.96 | 530.15 | 609.72 |
| - Prepaid Expenses | 73.85 | 114.63 | 82.43 |
| | **636.17** | **911.37** | **2,393.28** |
| | **1,071.72** | **1,410.17** | **3,013.98** |

## 19. Share Capital

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Authorised:** | | | |
| 5,60,50,000 (31 March 2017: 5,60,50,000; 1 April 2016: 50,000) equity shares of ₹ 10 each | 5,605.00 | 5,605.00 | 5.00 |
| 34,00,000 (31 March 2017: 34,00,000; 1 April 2016: Nil) preference shares of ₹ 100 each | 3,400.00 | 3,400.00 | - |
| 8,00,00,000 (31 March 2017: 5,00,00,000; 1 April 2016: Nil) preference shares of ₹10 each | 8,000.00 | 5,000.00 | - |
| Nil (31 March 2017: 3,00,00,000; 1 April 2016: Nil) unclassified shares of ₹ 10 each | - | 3,000.00 | - |
| | **17,005.00** | **17,005.00 *** | **5.00** |
| **Issued, subscribed and fully paid-up:** | | | |
| 1,00,09,210 (31 March 2017: 1,00,09,210**; 1 April 2016: Nil***) equity shares of ₹10 each | 1,000.92 | 1,000.92 | - |
| | **1,000.92** | **1,000.92** | **-** |

* includes ₹ 12,000 lakhs and ₹ 5,000 lakhs transferred from OSML and UGSIL respectively by virtue of the Scheme [Note 47(C)(II)].

** issued pursuant to the Scheme [Note 47(C)(II)].

*** after considering cancellation of 50,000 shares of ₹ 10 each pursuant to the Scheme [Note 47(C)(I)].

17,00,000 12% Non-convertible Cumulative Redeemable Preference Shares of ₹ 100 each issued are classified as financial liability. [Note 21]

4,87,00,000 8.5% Non-convertible Cumulative Redeemable Preference Shares of ₹ 10 each issued are classified as financial liability. [Note 21]

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 19. Share Capital (Contd.)

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:**

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | No. of shares | (₹ in lakhs) | No. of shares | (₹ in lakhs) |
| **Equity shares** | | | | |
| At the beginning of the year | 1,00,09,210 | 1,000.92 | 50,000 | 5.00 |
| Share cancelled pursuant to the Scheme [Note 47(C)(I)] | - | - | (50,000) | (5.00) |
| Issued pursuant to the Scheme during the year [Note 47(C)(II)] # | - | - | 1,00,09,210 | 1,000.92 |
| **At the end of the year** | **1,00,09,210** | **1,000.92** | **1,00,09,210** | **1,000.92** |

# Pending allotment, the same has been disclosed as **Share Capital Suspense** as on 1 April 2016 in the Balance Sheet.

**(b) Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares with par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

**(c) Particulars of shareholders holding more than 5% shares of fully paid up equity shares**

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | No. of shares | % of total shares in the class | No. of shares | % of total shares in the class |
| **Equity shares of ₹ 10 each fully paid up held by** | | | | |
| New India Retailing & Investment Limited | 9,72,652 | 9.72 | 9,72,652 | 9.72 |
| SCM Investment & Trading Co. Limited | 7,49,945 | 7.49 | 7,49,945 | 7.49 |
| Uttar Pradesh Trading Co. Limited | 7,39,312 | 7.39 | 7,39,312 | 7.39 |
| RTM Investment & Trading Co. Limited | 6,72,596 | 6.72 | 6,72,596 | 6.72 |
| SIL Investments Limited | 5,67,240 | 5.67 | 5,67,240 | 5.67 |

**(d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

(₹ in lakhs)

| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2015 |
|---|---|---|---|---|
| Equity shares of ₹ 10 each allotted as fully paid-up pursuant to the Scheme [Note 47(C)(II)] | - | 1,00,09,210 | - | - |
| Preference shares of ₹ 100 each allotted as fully paid-up pursuant to the Scheme [Note 47(C)(II)] | - | 17,00,000 | - | - |
| Preference shares of ₹ 10 each allotted as fully paid-up pursuant to the Scheme [Note 47(C)(II)] | - | 4,87,00,000 | - | - |

**Note:** As the Company was incorporated on 19 March 2015, disclosure of number of shares issued for consideration other than cash for the year ended 31 March 2014 is not applicable and hence not disclosed.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 20. Other Equity

(₹ in lakhs)

| Particulars | Note | As at 1 April 2016 | Movement during the year | As at 31 March 2017 | Movement during the year | As at 31 March 2018 |
|---|---|---|---|---|---|---|
| Capital Reserve | a | 25,761.69 | - | 25,761.69 | **-** | 25,761.69 |
| Capital Redemption Reserve | b | - | 1,700.00 | 1,700.00 | **4,870.00** | 6,570.00 |
| Molasses Storage and Maintenance Reserve | c | 176.66 | 9.34 | 186.00 | **11.67** | 197.67 |
| Retained Earnings | d | (17,863.04) | 18,476.75 | 613.71 | **3,687.37** | 4,301.08 |
| Equity Instruments through OCI | e | 1,290.29 | 799.13 | 2,089.42 | **(822.69)** | 1,266.73 |
| | | **9,365.60** | **20,985.22** | **30,350.82** | **7,746.35** | **38,097.17** |

**The description, nature and purpose of each reserve within equity are as follows:**

**(a) Capital Reserve**

The difference between the net fair value of assets and liabilities of the sugar business undertakings acquired and shares issued to the shareholders of OSML and UGSIL under the Scheme had been credited to Capital Reserve [Note 47(C)(IV)].

**(b) Capital Redemption Reserve**

The Company had created Capital Redemption Reserve on Non-convertible cumulative redeemable preference shares in accordance with the Companies Act, 2013.

**(c) Molasses Storage & Maintenance Reserve**

Molasses Storage & Maintenance Reserve is a fund, which is required under Uttar Pradesh Sheera Niyantran Adhiniyam, 1964 read with Uttar Pradesh Sheera Niyantran Niyamavali, 1974. This fund may be utilised against the cost of construction / maintenance of molasses storage tanks under the requisite permission.

**(d) Retained Earnings**

It comprise of accumulated profit / (loss) of the Company. The movement is on account of following:

(₹ in lakhs)

| Particulars | | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| (i) | Profit for the year | 8,816.39 | 20,332.26 |
| (ii) | Remeasurement of defined benefit liability / (asset) | (18.08) | (155.51) |
| (iii) | Dividend (including dividend distribution tax) on equity shares (refer details below) | (240.94) | - |
| (iv) | Transfer to Capital Redemption Reserve | (4,870.00) | (1,700.00) |
| | | **3,687.37** | **18,476.75** |

**Dividends (including dividend distribution tax) on Equity Shares**

The following dividends were declared and paid by the Company:

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| ₹ 2 per equity share (31 March 2017: ₹ Nil) as final dividend | 200.18 | - |
| Dividend distribution tax on final dividend to equity shareholders | 40.76 | - |
| | **240.94** | **-** |

After the reporting date, the following dividends (excluding dividend distribution tax) were proposed by the board of directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| Proposed dividend for the year ended 31 March 2018 ₹ 1 per share (31 March 2017: ₹ 2 per share) | 100.09 | 200.18 |
| | **100.09** | **200.18** |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 20. Other Equity (Contd.)

**(e) Equity Instruments through other comprehensive income**

The Company has elected to recognise changes in the fair value of certain non-current investments in equity securities in other comprehensive income. These changes are accumulated within the equity instruments through OCI shown under the head other equity. The Company transfers amounts therefrom to retained earnings when the relevant equity securities are derecognised.

## 21. Borrowings

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current Borrowings** | | | |
| **Term Loans (secured)** | | | |
| From banks - | | | |
| Term loan | 3,993.06 | 16,695.56 | 19,999.58 |
| Rupee term loan | 32,131.44 | - | - |
| Under corporate loan scheme | - | 2,183.26 | 3,262.55 |
| Under financial assistance scheme (SEFASU 2014) | 3,519.70 | 6,989.19 | 10,470.30 |
| Under financial assistance scheme (SOFT 2015) | 248.53 | 8,520.95 | 8,498.96 |
| From Sugar Development Fund | - | 601.61 | 1,249.34 |
| **Term Loans (unsecured)** | | | |
| From a bank - | | | |
| Medium term loan | 1,500.00 | - | - |
| | **41,392.73** | **34,990.57** | **43,480.73** |
| **Non-convertible Cumulative Redeemable Preference Shares (unsecured)** | | | |
| **(Including interest accrued, as per effective interest method)** | | | |
| 17,00,000 12% preference shares of ₹ 100/- each | - | 2,316.85 | 2,071.99 |
| 4,87,00,000 8.5% preference shares of ₹10/- each | 5,367.06 | 7,692.79 | 7,195.94 |
| | **5,367.06** | **10,009.64** | **9,267.93** |
| | **46,759.79** | **45,000.21** | **52,748.66** |
| Less : Current portion of Non-current borrowings [Note 23] | 7,076.32 | 10,885.18 | 8,535.90 |
| | **39,683.47** | **34,115.03** | **44,212.76** |
| **Current Borrowings** | | | |
| **Secured** | | | |
| From banks (repayable on demand) | | | |
| Cash credit including working capital demand loan | 54,634.07 | 73,275.71 | 64,570.95 |
| **Unsecured** | | | |
| Short term loan from a bank | 25,000.00 | - | - |
| Inter-corporate deposits | | | |
| From others | 8,850.00 | 18,059.00 | 15,944.50 |
| | **88,484.07** | **91,334.71** | **80,515.45** |

Information about the Company's exposure to interest and liquidity risk is included in Note 45(C).

### A. Nature of Securities and Terms of repayment

**(i) Term Loans**

(a) Term loan from banks carry interest in the range of 10.25% to 14.83% p.a. and is repayable in 32 quarterly instalments by 30th June 2020. This loan is secured by first mortgage / charge created / to be created on all the fixed assets, present and future, of the Company's Sugar & Co-generation Units at Hargaon, Seohara, Dhadha Bujurg (Hata) and Sugar Unit at Rosa, ranking pari-passu amongst the various lenders.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 21. Borrowings (Contd.)

The above term loan are further secured as follows:

(i) Second charge on current assets of Sugar Unit at Dhadha Bujurg (Hata) ranking pari-passu amongst the various lenders;

(ii) Pledge of 25% of total issued equity shares of the Company held by the promoter group companies, ranking pari-passu amongst the various lenders.

(b) Rupee Term Loans from banks, carry interest in the range of 10.10% to 10.30% p.a. and are repayable in 14/28 quarterly installments starting from December 2018 and ending by March 2026. These Loans are secured by first mortgage / charge created / to be created on entire fixed assets, present and future, of the Company, ranking pari passu amongst the various lenders.

(c) Term loans from banks under Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU 2014) carry interest rate in the range of 11.05% to 12.00% p.a. and are repayable in monthly/quarterly installments by March 2019. The Company is entitled to Interest subvention from Government of India upto 12% p.a. as per the terms of Scheme and the same will be directly reimbursed to banks by the Department of Food & Public Distribution and hence, no liability towards interest has been provided for in these financial statements. The above loans are secured by first pari-passu charge created / to be created on all the fixed assets, both present and future, of the Company's Sugar units at Seohara, Hargaon (including Co-generation plant), Dhadha Bujurg (Hata) (including Co-generation plant) and Rosa, ranking pari-passu amongst the various lenders. The term loan from Punjab National Bank is further secured by 3rd pari-passu charge on all current assets of the sugar unit at Seohara.

Some of the above SEFASU loans are also secured by first pari-passu charge on all the fixed assets, both present and future, of Sugar units at Sidhwalia, Hasanpur and / or Narkatiaganj, and the term loan from Punjab National Bank is further secured by 3rd pari-passu charge on all current assets of the sugar units at Sidhwalia and Hasanpur, which are now part of Magadh Sugar and Energy Limited, pursuant to the Scheme. However, the company has requested the banks to modify / amend the security clause, as per the term of the scheme of arrangement.

(d) Term loan from a bank under Financial Assistance Scheme of the Government of India (SOFT Loan 2015), carry interest range of 10% to 11.75% p.a. and repayable in 20 equal quarterly instalments by 1st July, 2022. The Company had availed interest subvention from the Government of India upto 10% p.a. for the first year as per terms of the Scheme. The above loan is secured by first pari-passu charge created / to be created on all the fixed assets, both present and future, of the Company's Sugar & Co-generation Units at Hargaon, Seohara, Dhadha Bujurg (Hata) and Sugar Unit at Rosa, ranking pari-passu amongst the various lenders.

(e) Medium Term loan (Unsecured) from a bank carry interest @ 9.10% p.a. and is repayable in 3 (three) quarterly instalments from October, 2018 to April, 2019.

**(ii) Cash credit including working capital demand loan**

(a) Cash credit from banks, other than from District Co-operative Banks, is secured by hypothecation of current assets of Sugar Units of the Company ranking pari passu amongst the various lenders and also by way of 1st / 2nd and 3rd charge created / to be created on the fixed assets of the Company.

Further, cash credit other than from District Co-operative Bank , DCB Bank and Punjab National Bank, is also secured by pledge of 25% of total issued equity shares of the Company held by promoter group companies, ranking pari-passu amongst the various lenders.

(b) Cash credit of ₹ **24,043.88 lakhs** (31 March 2017: ₹ 33,968.26 lakhs, 1 April 2016: ₹ 24,040.15 lakhs) from District Co-operative Banks is secured by pledge of the stock of sugar pertaining to Sugar units at Seohara, Hargaon and Rosa.

(c) Cash Credit borrowings including Working Capital Demand Loan (WCDL) carry interest in the range of 8.65% to 11.65% p.a.. However working capital demand loans are repayable within a period range from one month to six months.

(d) Short Term loan (Unsecured) from a bank carry interest @ 9.30% p.a. and is repayable in 3 (three) quarterly instalments from November, 2018 to January, 2019.

(e) Inter-corporate deposits carry interest range of 8% to 10.20% p.a. and are repayable on demand.

**(iii)** As per Composite Scheme of Arrangement, the Company has already initiated its process to create charge in favour of the respective lenders against borrowings, which were hitherto created by OSML and UGSIL.

### B. Non-convertible Cumulative Redeemable Preference Shares

**(i) Rights, preferences and restrictions attached to 12% Non-convertible cumulative redeemable preference shares of ₹ 100 each**

The Non-convertible Cumulative Redeemable Preference Shares (NCCRPS) of ₹ 100 each carries dividend @ 12% per annum. NCCRPS were redeemable at par on 24 September 2019 being five years from the date of the original allotment i.e. 25 September 2014 with a right vested to the Board of Directors to redeem it earlier. The same has been redeemed during the year.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 21. Borrowings (Contd.)

**(ii) Rights, preferences and restrictions attached to 8.5% non-convertible cumulative redeemable preference shares of ₹ 10 each**

The Non-convertible Cumulative Redeemable Preference Shares (NCCRPS) of ₹ 10 each carries dividend @ 8.50% per annum. NCCRPS shall be redeemable at par on 2 August 2023 being twelve years and one day from the date of the original allotment i.e. 1 August 2011 with a right vested to the Board of Directors to redeem it earlier, subject to consent of the lenders. The Dividend is payable at the time of redemption of the NCCRPS. However, the Board reserves the right to pay dividend earlier subject to the availability of the profit.

## 22. Trade Payables

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Dues to micro enterprises and small enterprises [Note 43] | 82.51 | 131.03 | 184.07 |
| Trade payables (other than micro enterprises and small enterprises) | 33,470.21 | 21,563.64 | 42,408.41 |
| | **33,552.72** | **21,694.67** | **42,592.48** |

The Company's exposure to currency and liquidity risk related to trade payable are disclosed in Note 45(C).

## 23. Other Financial Liabilities

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| Trade and other deposits | 95.52 | 105.63 | 69.78 |
| Interest accrued but not due | - | - | 143.69 |
| | **95.52** | **105.63** | **213.47** |
| **Current** | | | |
| Current portion of Non-current borrowings [Note 21] | 7,076.32 | 10,885.18 | 8,535.90 |
| Interest accrued but not due | 196.11 | 1,607.35 | 1,006.60 |
| Payable towards deduction against crop loan | - | 17,963.19 | 13,043.38 |
| Payable to employees | 968.71 | 1,441.91 | 728.47 |
| Liability for capital goods | 231.19 | 131.93 | 119.67 |
| Unclaimed dividend * | 2.36 | - | 5.19 |
| Other payables | 27.28 | 24.19 | 121.54 |
| | **8,501.97** | **32,053.75** | **23,560.75** |

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Information about the Company's exposure to liquidity risks related to the above financial liabilities is disclosed in Note 45(C).

## 24. Provisions

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Provision for employee benefits** | | | |
| Net defined benefit liability - Gratuity [Note 40] | 665.93 | 586.52 | 422.11 |
| Liability for compensated absences | 254.17 | 246.54 | 199.62 |
| | **920.10** | **833.06** | **621.73** |
| Non-current | 262.56 | 336.86 | 331.10 |
| Current | 657.54 | 496.20 | 290.63 |
| | **920.10** | **833.06** | **621.73** |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 25. Other Current Liabilities

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Advance from customers | 368.37 | 1,428.56 | 91.58 |
| Statutory dues | 1,370.65 | 889.17 | 296.74 |
| Excise duty on closing stock of finished goods and by-products* | - | 6,143.82 | 5,339.80 |
| Deferred Income on Government Grant | - | 26.83 | - |
| | **1,739.02** | **8,488.38** | **5,728.12** |

* not applicable due to applicability of GST laws w.e.f. 1 July 2017.

## 26. Revenue from Operations

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Sale of Goods (including excise duty) (A)** | | |
| Finished goods | 2,24,077.97 | 1,87,422.60 |
| Stock-in-trade | 1,220.76 | 1,038.76 |
| Power | 8,209.54 | 6,080.95 |
| By products | 2,910.38 | 2,319.13 |
| Others | 108.87 | 134.15 |
| | **2,36,527.52** | **1,96,995.59** |
| **Other operating revenue (B)** | | |
| Cane Purchase Tax Remission | - | 295.28 |
| Subsidy towards Export Quota (net) | - | 7.41 |
| Renewable Energy Certificates Credit | 210.28 | 317.98 |
| Scrap Sales | 106.55 | 26.94 |
| | **316.83** | **647.61** |
| **Total revenue from operations (A+B)** | **2,36,844.35** | **1,97,643.20** |

## 27. Other Income

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Interest income on: | | |
| - Loans and deposits | 12.86 | 12.42 |
| - Refund from income tax department | 0.75 | 4.65 |
| Dividend income on investment in equity instruments | 21.23 | - |
| Insurance and other claims | 53.05 | 39.06 |
| Unspent liabilities, Provisions no longer required and Unclaimed balances written back | 164.41 | 27.78 |
| Income from investments in co-operative farming societies | 104.82 | 69.94 |
| Change in fair value of biological assets other than bearer plants [Note 9] | 11.06 | 7.02 |
| Miscellaneous receipts | 44.34 | 81.45 |
| | **412.52** | **242.32** |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 28. Cost of Materials Consumed

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Inventory of materials at the beginning of the year | 561.00 | 659.92 |
| Add : Purchases and procurement expenses | 1,76,566.24 | 1,42,072.80 |
| | **1,77,127.24** | **1,42,732.72** |
| Less: Inventory of materials at the end of the year | 1,077.90 | 561.00 |
| | **1,76,049.34** | **1,42,171.72** |

## 29. Changes in inventories of Finished Goods, Work-in-progress and Stock-in-Trade

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Inventories at the end of the year** | | |
| Finished goods | 94,802.02 | 1,01,058.78 |
| Stock-in-trade | 24.56 | 11.34 |
| Power - Banked | 116.46 | 153.32 |
| By Products | 851.96 | 4,891.71 |
| Work-in-progress | 1,907.62 | 1,569.66 |
| Scrap | 72.02 | 53.53 |
| | **97,774.64** | **1,07,738.34** |
| **Inventories at the beginning of the year** | | |
| Finished goods | 1,01,058.78 | 80,207.23 |
| Stock-in-trade | 11.34 | 5.24 |
| Power - Banked | 153.32 | 144.03 |
| By Products | 4,891.71 | 5,120.96 |
| Work-in-progress | 1,569.66 | 1,190.40 |
| Scrap | 53.53 | 32.71 |
| | **1,07,738.34** | **86,700.57** |
| | 9,963.70 | (21,037.77) |
| Increase / (Decrease) of excise duty on inventories | (6,706.26) | 772.35 |
| | **3,257.44** | **(20,265.42)** |

## 30. Employee benefits expense

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Salaries, wages, bonus etc. | 6,801.76 | 6,871.34 |
| Contribution to provident and other funds | 610.86 | 543.15 |
| Expenses related to post-employment defined benefit plans [Note 40] | 227.02 | 143.03 |
| Staff welfare expenses | 177.05 | 158.30 |
| | **7,816.69** | **7,715.82** |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 31. Finance costs

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Interest expense on financial liabilities measured at amortised cost * | 10,666.88 | 12,797.82 |
| Dividends on Redeemable Preference Shares classified as financial liabilities measured at amortised cost (including related dividend distribution tax) | 654.49 | 741.71 |
| Interest on income tax | 106.58 | 238.00 |
| | **11,427.95** | **13,777.53** |

* Net of Government Grant [Note 44].

## 32. Depreciation and amortization expense

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Depreciation of property, plant and equipment * [Note 4] | 4,435.48 | 4,550.02 |
| Amortisation of intangible assets [Note 6] | 10.87 | 43.58 |
| | **4,446.35** | **4,593.60** |

* excluding ₹ 3.08 lakhs (31 March 2017: ₹2.80 lakhs) in relation to biological assets other than bearer plants.

## 33. Other expenses

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Consumption of stores and spares | 2,230.96 | 1,806.88 |
| Packing materials | 2,112.43 | 1,672.43 |
| Power and fuel | 912.55 | 739.60 |
| Repairs to: | | |
| - Buildings | 636.84 | 425.55 |
| - Machinery | 3,780.89 | 3,246.19 |
| - Others | 188.97 | 96.35 |
| Rent | 174.78 | 59.62 |
| Rates and taxes | 911.36 | 531.41 |
| Insurance | 137.13 | 139.45 |
| Payment to auditors [refer Note (a) below] | 58.39 | 72.68 |
| Payment to cost auditors | 0.55 | 1.67 |
| Commission on sales | 728.73 | 587.12 |
| Freight and forwarding charges | 4,035.46 | 2,026.71 |
| Charity and donations | 22.96 | 7.76 |
| Provision for bad and doubtful advances | 0.17 | 0.32 |
| Bad debts, irrecoverable claims and advances written off | 0.21 | 0.73 |
| Loss on sale / discard of Property, Plant and Equipment (net) | 72.24 | 403.82 |
| Molasses storage and maintenance fund | 11.67 | 9.34 |
| Contribution towards Corporate Social Responsibility expenses [refer Note (b) below] | 174.99 | - |
| Director's commission | 42.00 | - |
| Director's sitting fees | 17.00 | - |
| Miscellaneous expenses | 2,125.60 | 2,037.95 |
| | **18,375.88** | **13,865.58** |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 33. Other expenses (Contd.)

### (a) Payment to auditors

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **As Auditors** | | |
| - Statutory audit | 32.00 | 22.50 |
| - Limited review of quarterly results | 19.50 | 13.50 |
| **In other capacity** | | |
| - Tax audit | - | 7.75 |
| - For certificates and other services | 1.80 | 17.00 |
| **Reimbursement of expenses** | 5.09 | 11.93 |
| | **58.39** | **72.68** |

₹ 72.68 lakhs of previous year paid to erstwhile auditors.

### (b) Contribution towards Corporate Social Responsibility expenses

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **(A) Gross amount required to be spent by the Company during the year** | 171.22 | - |
| **(B) Amount spent during the year on:** | | |
| (i) Construction / acquisition of any asset | | |
| - In Cash | - | - |
| - Yet to be paid in cash | - | - |
| **Total** | **-** | **-** |
| (ii) On purpose other than (i) above | | |
| - In Cash | 174.99 | - |
| - Yet to be paid in cash | - | - |
| **Total** | **174.99** | **-** |

## 34. Tax expense

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Current tax** | 2,593.64 | 4,323.00 |
| **Provision for tax related to earlier years** | 14.14 | - |
| **Deferred tax** | | |
| Attributable to origination and reversal of temporary differences | - | - |
| **Total tax expense for the year** | **2,607.78** | **4,323.00** |

**Reconciliation of effective tax rate**

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|---|
| | Rate | (₹ in lakhs) | Rate | (₹ in lakhs) |
| **Profit before tax** | | **11,424.17** | | **24,655.26** |
| Tax using the Company's domestic tax rate | 34.608% | 3,953.68 | 34.608% | 8,532.69 |
| Tax effect of: | | | | |
| - Deferred tax expense adjusted with deferred tax assets not recognised in earlier years | -15.053% | (1,719.68) | -18.599% | (4,585.54) |
| - Interest expense on Preference shares classified as liability not deductible for tax purposes | 1.983% | 226.51 | 1.041% | 256.69 |
| - Amount related to earlier years | 0.124% | 14.14 | 0.000% | - |
| - Other permanent differences | 1.111% | 126.87 | 0.265% | 65.34 |
| **Effective tax rate** | **22.773%** | **2,601.52** | **17.315%** | **4,269.18** |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 35. Earnings per equity share (EPS)

### Basic and Diluted earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and diluted earnings per share calculation are as follows:

| Particulars | | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| (i) | Profit attributable to equity shareholders (₹ in lakhs) | 8,816.39 | 20,332.26 |
| (ii) | Weighted average number of equity shares for the year | | |
| | At the beginning and at the end of the year | 1,00,09,210 | 1,00,09,210 |
| (iii) | Earning per equity share [Nominal value of share ₹ 10] [(i)/(ii)] | | |
| | Basic and Diluted (₹) | 88.08 | 203.14 |

There is no dilutive potential equity share.

## 36. Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ **459.90 lakhs** (31 March 2017: ₹ 159.57 lakhs, 1 April 2016: ₹ 62.42 lakhs).

## 37. Contingent Liabilities

*(to the extent not provided for)*

(₹ in lakhs)

| Particulars | | | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|---|
| **(a)** | **Claims against the Company not acknowledged as debt** | | | | |
| | (i) | Excise duty and service tax | 1,011.96 | 7,427.75 | 11,843.16 |
| | (ii) | Sugarcane Society Commission pertaining to Sugar Season 2012-13, 2014-15 and partly for 2015-16 | 3,962.62 | - | - |
| | (iii) | Sales and entry tax | 60.05 | 76.10 | 310.75 |
| | (iv) | Duty under state acts | 6.45 | 6.45 | 43.87 |
| | (v) | Others | 356.45 | 410.27 | 424.72 |
| | **Total *** | | **5,397.53** | **7,920.57** | **12,622.50** |

*** Notes:**

a. Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments / decisions pending with various forums / authorities.

b. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

(₹ in lakhs)

| Particulars | | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| **(b)** | **Corporate guarantees given to a bank** | - | - | 703.50 |

**(c)** A civil suit is pending against the Company's sugar unit at Dhadha Bujurg (Hata), which is already in operation. The Company has been legally advised that the said civil suit is not tenable as per law.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

**38.** The Central Government, pursuant to notification dated May 9, 2018 issued by Ministry of Consumer Affairs, Food and Public Distribution, has notified a Scheme for financial assistance of ₹ 5.50 per quintal of actual sugarcane crushed during sugar season 2017-18 or the proportionate inter-se allocation of 28,000 lakhs quintals of sugarcane to be crushed (for sugar season 2017-18) on the basis of their average sugar production of last two sugar seasons and current season (upto February, 2018), whichever is lower. Such financial assistance is subject to fulfillment of certain eligibility conditions as specified therein. Pending compliance of such conditions, no accounting adjustment in this regard has been made in the books of account.

## 39. Operating Lease

Certain office premises, godowns, cane purchasing centre etc. are held on operating lease. The lease term is ranging up to 3 years and are renewable for further year either mutually or at the option of the Company. There are no escalation clause in the lease agreement. There are no restrictions imposed in lease agreements. There are no subleases. The leases are cancellable.

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Amount recognised in the Statement of Profit and Loss | 174.78 | 59.62 |

## 40. Assets and Liabilities relating to employee defined benefits

### Defined benefits - Gratuity Plan

The Company has a defined benefit gratuity plan. Every employee who has completed continuously at least five years or more of service is entitled to Gratuity on terms as per the provisions of The Payment of Gratuity Act, 1972. The approved gratuity fund of erstwhile companies (UGSIL & OSML) in respect of transferred business undertakings has been transferred to the Company and which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

### Net defined benefit liabilities / (assets)

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Present value of defined benefit obligations | 1,894.26 | 1,727.53 | 1,474.66 |
| Fair value of plan assets | 1,228.33 | 1,141.01 | 1,052.55 |
| **Net defined benefit liabilities / (assets)** | **665.93** | **586.52** | **422.11** |

### Defined contribution plans

(₹ in lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Contribution to Provident / Pension Funds | 594.73 | 522.34 |
| Contribution to Superannuation Fund | 16.13 | 20.81 |
| | **610.86** | **543.15** |

These defined benefit plans expose the Company to actuarial risks, such as currency risk, interest risk and market (investment) risk.
The Company expects to contribute ₹ 262.56 lakhs to Gratuity Fund in the next year.

### Inherent risk

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.

The following tables analyse present value of defined benefit obligations, fair value of defined plan assets, actuarial gain / (loss) on plan assets, expense recognised in the Statement of Profit and Loss and Other Comprehensive Income, actuarial assumptions and other information:

* Net of Government Grant [Note 44].



# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 40. Assets and Liabilities relating to employee defined benefits (Contd.)

**Reconciliation of the net defined benefit liabilities / (assets):**

(₹ in lakhs)

| Particulars | | | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|---|---|
| **(i)** | **Reconciliation of present value of defined benefit obligations** | | | |
| | (a) | Balance at the beginning of the year | 1,727.53 | 1,474.66 |
| | (b) | Current service cost | 110.15 | 110.32 |
| | (c) | Past service cost | 74.35 | - |
| | (d) | Interest cost | 125.81 | 114.28 |
| | (e) | Benefits paid | (166.49) | (127.82) |
| | (f) | Actuarial (gain) / loss on defined benefit obligations: | | |
| | | - due to change in financial assumptions | (59.45) | 56.88 |
| | | - due to change in demographic assumptions | 34.03 | - |
| | | - due to experience changes | 48.33 | 99.21 |
| | **Balance at the end of the year** | | **1,894.26** | **1,727.53** |
| **(ii)** | **Reconciliation of fair value of plan assets** | | | |
| | (a) | Balance at the beginning of the year | 1,141.01 | 1,052.55 |
| | (b) | Actual return on plan assets | 88.12 | 82.15 |
| | (c) | Contributions by the employer | 165.69 | 134.13 |
| | (d) | Benefits paid | (166.49) | (127.82) |
| | **Balance at the end of the year** | | **1,228.33** | **1,141.01** |
| **(iii)** | **Actuarial gain / (loss) on plan assets** | | | |
| | (a) | Expected Interest Income | 83.29 | 81.57 |
| | (b) | Actual return on plan assets | 88.12 | 82.15 |
| | **Actuarial gain / (loss) on plan assets** | | **4.83** | **0.58** |
| **(iv)** | **Expense recognised in Statement of Profit or Loss** | | | |
| | (a) | Current service cost | 110.15 | 110.32 |
| | (b) | Past service cost | 74.35 | - |
| | (c) | Interest cost | 125.81 | 114.28 |
| | (d) | Interest income | 83.29 | 81.57 |
| | **Amount charged to Profit or Loss** | | **227.02** | **143.03** |
| **(v)** | **Remeasurement recognised in Other Comprehensive Income** | | | |
| | (a) | Actuarial gain / (loss) on defined benefit obligations | (22.91) | (156.09) |
| | (b) | Actuarial gain / (loss) on plan assets | 4.83 | 0.58 |
| | **Amount recognised in Other Comprehensive Income** | | **(18.08)** | **(155.51)** |
| **(vi)** | **Plan assets** | | | |
| | Plan assets comprise of the following: | | | |
| | (a) | Investments with LIC | 100% | 100% |
| **(vii)** | **Actuarial assumptions** | | | |
| | Principal actuarial assumptions at the reporting date (expressed as weighted averages) | | | |
| | (a) | Discount rate | 7.75% | 7.30% |
| | (b) | Future salary growth | 5.00% | 5.00% |
| | (c) | Attrition rates | Less than 40 Years – 4.2% | |
| | | | 40 and Above – 1.8% | |

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08).

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 40. Assets and Liabilities relating to employee defined benefits (Contd.)

**(viii) Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

(₹ in lakhs)

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| (a) Discount rate (0.50% movement) | 57.74 | (61.10) | 63.01 | (67.02) |
| (b) Future salary growth (1% movement) | (123.05) | 112.14 | (135.11) | 121.64 |
| (c) Withdrawal assumption (4% movement) | (76.88) | 61.97 | (11.94) | 21.65 |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions as shown.

## 41. Operating Segments

### A. Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments and its operating results are reviewed regularly by the Company's Whole-Time Director (WTD) as the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

The Company has three reportable segments as described below, which are the Company's strategic business:

| Reportable segments | Operations |
|---|---|
| Sugar | Manufacture and sale of sugar, molasses and bagasse |
| Distillery | Manufacture and sale of industrial spirits (including ethanol), fusel oil and bio-compost |
| Co-generation | Generation and transmission of power |
| Others | Trading of petroleum products business comprising of less than 10% revenues. |

### B. Information about reportable segments

Information related to each reportable segment is set-out below. The Company's WTD reviews the results of each segment on a quarterly basis. The Company's WTD uses Earning Before Interest and Tax (EBITA) to assess the performance of the operating segments. Segment is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within same industries. Inter-segment pricing is determined on an arm's length basis.

(₹ in lakhs)

| Particulars | Reportable segments | | | Others | Total |
|---|---|---|---|---|---|
| | Sugar | Distillery | Co-generation | | |
| **Year ended 31 March 2018** | | | | | |
| **Revenue:** | | | | | |
| **Segment revenue** | 2,24,496.40 | 19,460.26 | 16,000.54 | 1,220.76 | 2,61,177.96 |
| Less: Inter-segment revenue | 16,510.81 | 31.80 | 7,791.00 | - | 24,333.61 |
| **Total revenue from operations** | **2,07,985.59** | **19,428.46** | **8,209.54** | **1,220.76** | **2,36,844.35** |
| **Year ended 31 March 2018** | | | | | |
| **Segment profit before income tax** | 14,254.98 | 5,715.78 | 3,998.33 | 38.60 | 24,007.69 |
| Finance costs | - | - | - | - | 11,427.95 |
| Unallocable expenses (net of unallocable income) | - | - | - | - | 1,155.57 |
| **Profit before tax** | | | | | **11,424.17** |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 41. Operating Segments (Contd.)

(₹ in lakhs)

| Particulars | Reportable segments | | | Others | Total |
|---|---|---|---|---|---|
| | Sugar | Distillery | Co-generation | | |
| **As at 31 March 2018** | | | | | |
| **Segment assets** | 1,61,454.64 | 19,240.74 | 28,431.44 | 33.65 | 2,09,160.47 |
| Unallocated assets | | | | | 2,914.49 |
| **Total assets** | | | | | **2,12,074.96** |
| **Segment liabilities** | 36,489.58 | 1,044.66 | 169.12 | - | 37,703.36 |
| Unallocated liabilities | | | | | 1,35,273.51 |
| **Total liabilities** | | | | | **1,72,976.87** |
| **Year ended 31 March 2018** | | | | | |
| **Other segment information** | | | | | |
| Capital expenditure | | | | | |
| - Property, Plant and Equipments | 4,728.83 | 185.33 | 15.96 | - | 4,930.12 |
| - Intangible assets | 13.54 | - | - | - | 13.54 |
| Depreciation | 2,853.30 | 900.96 | 681.22 | - | 4,435.48 |
| Amortization | 10.87 | - | - | - | 10.87 |
| Non-cash expenses | 11.67 | - | - | - | 11.67 |
| **Year ended 31 March 2017** | | | | | |
| **Revenue:** | | | | | |
| **Segment revenue** | 1,83,913.66 | 25,538.91 | 14,236.59 | 1,038.76 | 2,24,727.92 |
| Less: Inter-segment revenue | 18,907.15 | 21.93 | 8,155.64 | - | 27,084.72 |
| **Total revenue from operations** | **1,65,006.51** | **25,516.98** | **6,080.95** | **1,038.76** | **1,97,643.20** |
| **Segment profit before income tax** | 31,228.31 | 4,742.12 | 3,361.07 | 29.36 | 39,360.86 |
| Finance costs | | | | | 13,777.53 |
| Unallocable expenses (net of unallocable income) | | | | | 928.07 |
| **Profit before tax** | | | | | **24,655.26** |
| **As at 31 March 2017** | | | | | |
| **Segment assets** | 1,74,550.40 | 20,270.30 | 27,402.97 | 25.18 | 2,22,248.85 |
| Unallocated assets | | | | | 2,196.19 |
| **Total assets** | | | | | **2,24,445.04** |
| **Segment liabilities** | 31,408.98 | 894.51 | 139.60 | 0.63 | 32,443.72 |
| Unallocated liabilities | | | | | 1,60,649.58 |
| **Total liabilities** | | | | | **1,93,093.30** |
| **Year ended 31 March 2017** | | | | | |
| **Other segment information** | | | | | |
| Capital expenditure | | | | | |
| - Property, Plant and Equipments | 1,070.23 | 818.19 | 28.06 | - | 1,916.48 |
| - Intangible assets | 9.83 | - | - | - | 9.83 |
| Depreciation | 2,951.59 | 888.21 | 710.22 | - | 4,550.02 |
| Amortization | 43.58 | - | - | - | 43.58 |
| Non-cash expenses | 9.34 | - | - | - | 9.34 |

**C. Geographical information**

The Company at present, operates in India only and therefore the analysis of geographical segments is not applicable to the Company.

**D. Major customer**

No single customer contributed 10% or more of the total revenue of the Company for the year ended 31 March 2018 and 31 March 2017.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 42. Related Party Disclosures

In accordance with the requirements of Indian Accounting Standard (Ind-AS) 24 "Related Party Disclosures", names of the related parties, related party relationships, transactions and outstanding balances, where control exist and with whom transactions have taken place during the reported periods are:

### A. Names of related parties and related party relationship

**Related parties with whom transactions have taken place during the year**

| | | |
|---|---|---|
| Key management personnel | Mrs. Nandini Nopany | – Chairperson / Non-Executive Director |
| | Mr. Chandra Shekhar Nopany | – Co-Chairperson / Non-Executive Director |
| | Mr. Anand Ashvin Dalal | – Independent / Non-Executive Director |
| | Mr. Sunil Kanoria | – Independent / Non-Executive Director |
| | Mr. Gaurav Swarup | – Independent / Non-Executive Director |
| | Mr. Pradip Kumar Bishnoi | – Independent / Non-Executive Director |
| | Mr. Kalpataru Tripathy | – Independent / Non-Executive Director |
| | Mr. Devendra Kumar Sharma | – Whole-Time Director |
| | Mr. Dilip Patodia | – Chief Financial Officer |
| | Mr. Anand Sharma | – Company Secretary |
| Relatives of key management personnel | Mrs. Shalini Nopany | – Wife of Mr. Chandra Shekhar Nopany |

### B. The following transactions were carried out with related parties in the ordinary course of business

**a. Dividend paid**

(₹ in lakhs)

| Particulars | Year ended | Dividend on Equity Shares | Dividend on Preference Shares | Amount owed to related parties |
|---|---|---|---|---|
| Mrs. Nandini Nopany | **31 March 2018** | **6.00** | **-** | **-** |
| | 31 March 2017 | - | - | - |
| Mr. Chandra Shekhar Nopany | **31 March 2018** | **0.62** | **-** | **-** |
| | 31 March 2017 | - | - | - |

**b. Director's sitting fees / commission**

(₹ in lakhs)

| Particulars | Year ended | Director's sitting fees | Director's commission | Amount owed to related parties |
|---|---|---|---|---|
| Mrs. Nandini Nopany | **31 March 2018** | **2.20** | **6.00** | **6.00** |
| | 31 March 2017 | - | - | - |
| Mr. Chandra Shekhar Nopany | **31 March 2018** | **2.40** | **6.00** | **6.00** |
| | 31 March 2017 | - | - | - |
| Mr. Anand Ashvin Dalal | **31 March 2018** | **3.60** | **6.00** | **6.00** |
| | 31 March 2017 | - | - | - |
| Mr. Sunil Kanoria | **31 March 2018** | **0.40** | **6.00** | **6.00** |
| | 31 March 2017 | - | - | - |
| Mr. Gaurav Swarup | **31 March 2018** | **2.40** | **6.00** | **6.00** |
| | 31 March 2017 | - | - | - |
| Mr. Pradip Kumar Bishnoi | **31 March 2018** | **3.40** | **6.00** | **6.00** |
| | 31 March 2017 | - | - | - |
| Mr. Kalpataru Tripathy | **31 March 2018** | **2.60** | **6.00** | **6.00** |
| | 31 March 2017 | - | - | - |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 42. Related Party Disclosures (Contd.)

**c. Remuneration to key managerial personnel**

**(i) Short term employee benefits**

(₹ in lakhs)

| Particulars | Year ended | Transaction during the year | Amount owed by related parties | Amount owed to related parties |
|---|---|---|---|---|
| Mr. Devendra Kumar Sharma | **31 March 2018** | **77.94** | **-** | **3.30** |
| | 31 March 2017 | 68.72 | - | 1.91 |
| Mr. Dilip Patodia | **31 March 2018** | **109.90** | **-** | **-** |
| | 31 March 2017 | 87.22 | - | - |
| Mr. Anand Sharma | **31 March 2018** | **64.69** | **-** | **-** |
| | 31 March 2017 | 57.77 | - | - |

**(ii) Post employment benefits**

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

### C. Details of loans, investments and guarantee covered under Section 186(4) of the Companies Act, 2013

(i) The Company has neither given any loan nor has advanced any amount either during the year ended 31 March 2018 or year ended 31 March 2017.

(ii) Particulars of investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed in Note 7.

### D. Terms and conditions of transactions with related parties

(i) The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.

(ii) The amounts outstanding are unsecured and will be settled in cash and cash equivalent. No guarantees have been given or received.

(iii) For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by a related parties. This assessment is undertaken in each financial year through examining the financial position of the related parties and the market in which the related party operates.

(iv) The remuneration of directors is determined by the Nomination & Remuneration Committee having regard to the performance of individuals and market trends.

## 43. Due to Micro enterprises and small enterprises

(₹ in lakhs)

| | Particulars | 31 March 2018 | 31 March 2017 |
|---|---|---|---|
| (i) | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year: | | |
| | Principal amount due to micro and small enterprises | 64.25 | 112.32 |
| | Interest due on above | 0.24 | 2.36 |
| | **Total** | **64.49** | **114.68** |
| (ii) | The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act 2006) along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year | 243.78 | 215.04 |
| (iii) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006. | 6.98 | 5.87 |
| (iv) | The amount of interest accrued and remaining unpaid at the end of the accounting year. | 18.26 | 18.71 |
| (v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | 11.04 | 10.48 |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 44. Government Grants

The Company is eligible to receive various government grants by way of society commission, purchase tax remission, production subsidy and interest subvention on certain term loans. Accordingly, the Company has recognised these government grants in the following manner:

(₹ in lakhs)

| Sr. No. | Particulars | Treatment in Financial Statements | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|---|
| **Revenue related Government Grants:** | | | | |
| (i) | Remission of Society Commission on Sugarcane purchased [Note (a) below] | Deducted from "Cost of Material Consumed" in Note 28 | 1,315.91 | 1,030.00 |
| (ii) | Remission of Sugarcane Purchase Tax [Note (b) below] | Shown as "Cane Purchase Tax Remission" in Note 26 | - | 295.28 |
| (iii) | Production subsidy [Note (c) below] | Shown as "Subsidy towards Export Quota (net)" in Note 26 | - | 7.41 |
| (iv) | Interest subvention on term loans [Note (d) below] | Deducted from "Finance costs" in Note 31 | 674.27 | 1534.63 |
| **Deferred Government Grants:** | | | | |
| (i) | Interest subvention on term loans [Note (d) below] | Shown as "Deferred income on Government Grant" in Note 25 | - | 26.83 |

**Notes :**

(a) As per U.P. Sugarcane (Regulation on Supply and Purchase) Act, 1953 and its Rules 1954, society commission is payable on sugarcane purchased at the rate of three percent of Fair and Remunerative Price (F.R.P.) fixed by the Government of India. However, the same was reduced by the Government of Uttar Pradesh for the sugar season 2015-16, 2016-17 and 2017-18 by ₹ 3.90, ₹ 2.40 and ₹ 2.55 per quintal of sugarcane purchased respectively. In accordance with the accounting policy, the above reduction in society commission applicable on sugarcane purchased during the periods has been netted with the Cost of Material Consumed.

(b) The Government of Uttar Pradesh vide order dated 29 April 2016 has exempted purchase tax @ ₹ 2/- per quintal of sugarcane purchased during the sugar season 2012-13. Accordingly, the Company has recognised income in 2016-17 towards sugarcane purchase tax paid in earlier years and the same has been disclosed as "Purchase Tax Remission" under the head Other Operating Revenue.

(c) The Government of India vide its Notification No. 1(10)/2015-SP-I dated 18 September 2015 announced Minimum Indicative Export Quota (MIEQ) under tradeable export scrip scheme in order to export surplus sugar inventory out of the country. Further, the Government of India vide its Notification No. 20(43)/2015-SP - 1 dated 2 December 2015 announced a scheme for extending production subsidy @ ₹ 4.50 per quintal of actual sugarcane crushed during sugar season 2015-16 or the proportionate sugarcane crushed for the average sugar production of the Company's each unit in last three sugar seasons, whichever is lower. Under the said scheme ₹ 7.41 lakhs being net-off expenses has been disclosed as "Subsidy towards Export Quota (net)" under the head Other Operating Revenue.

(d) The Company has obtained certain term loans from banks under financial assistance schemes (SEFASU 2014 and SOFT 2015) and Sugar Development Fund at below market rate of interest. The difference between the fair value of the loans based on prevailing market interest rates and interest paid on such loans has been recognised in the Statement of Profit and Loss by netting with the related finance cost. The Loan is subsequently measured as per accounting policy applicable to financial liabilities.

## 45. Financial instruments - fair values and risk management

### A. Accounting classification and fair values

**The following table shows the carrying amounts and fair values of financial assets and financial liabilities:**

(₹ in lakhs)

| Particulars | Carrying amount | | | | Fair value |
|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost | Total carrying amount | |
| **As at 31 March 2018** | | | | | |
| **Financial assets measured at fair value** | | | | | |
| Investment in equity instruments (Quoted) | - | 1,271.73 | - | 1,271.73 | 1,271.73 |
| | **-** | **1,271.73** | **-** | **1,271.73** | **1,271.73** |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 45. Financial instruments - fair values and risk management (Contd.)

### A. Accounting classification and fair values (Contd.)

(₹ in lakhs)

| Particulars | Carrying amount | | | | Fair value |
|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost | Total carrying amount | |
| **As at 31 March 2018** | | | | | |
| **Financial assets not measured at fair value** | | | | | |
| Investment in Co-operative Farming Societies | - | - | 0.01 | 0.01 | 0.01 |
| Investment in Government Securities | - | - | 2.26 | 2.26 | 2.26 |
| Trade receivables | - | - | 8,284.96 | 8,284.96 | 8,284.96 |
| Cash and cash equivalents | - | - | 390.19 | 390.19 | 390.19 |
| Other bank balances | - | - | 140.31 | 140.31 | 140.31 |
| Loans | - | - | 155.04 | 155.04 | 155.04 |
| Other financial assets | - | - | 41.86 | 41.86 | 41.86 |
| | **-** | **-** | **9,014.63** | **9,014.63** | **9,014.63** |
| **Financial liabilities not measured at fair value** | | | | | |
| Borrowing | - | - | 1,35,243.86 | 1,35,243.86 | 1,35,243.86 |
| Trade payables | - | - | 33,552.72 | 33,552.72 | 33,552.72 |
| Other financial liabilities | - | - | 1,521.17 | 1,521.17 | 1,521.17 |
| | **-** | **-** | **1,70,317.75** | **1,70,317.75** | **1,70,317.75** |
| **As at 31 March 2017** | | | | | |
| **Financial assets measured at fair value** | | | | | |
| Investment in equity instruments (Unquoted) | - | 2,094.42 | - | 2,094.42 | 2,094.42 |
| | **-** | **2,094.42** | **-** | **2,094.42** | **2,094.42** |
| **Financial assets not measured at fair value** | | | | | |
| Investment in Co-operative Farming Societies | - | - | 0.01 | 0.01 | 0.01 |
| Investment in Government Securities | - | - | 2.26 | 2.26 | 2.26 |
| Trade receivables | - | - | 6,547.39 | 6,547.39 | 6,547.39 |
| Cash and cash equivalents | - | - | 2,998.75 | 2,998.75 | 2,998.75 |
| Other bank balances | - | - | 125.67 | 125.67 | 125.67 |
| Loans | - | - | 51.50 | 51.50 | 51.50 |
| Other financial assets | - | - | 1,755.39 | 1,755.39 | 1,755.39 |
| | **-** | **-** | **11,480.97** | **11,480.97** | **11,480.97** |
| **As at 31 March 2017** | | | | | |
| **Financial liabilities not measured at fair value** | | | | | |
| Borrowing | - | - | 1,36,334.92 | 1,36,334.92 | 1,36,334.92 |
| Trade payables | - | - | 21,694.67 | 21,694.67 | 21,694.67 |
| Other financial liabilities | - | - | 21,274.20 | 21,274.20 | 21,274.20 |
| | **-** | **-** | **1,79,303.79** | **1,79,303.79** | **1,79,303.79** |
| **As at 1 April 2016** | | | | | |
| **Financial assets measured at fair value** | | | | | |
| Investment in equity instruments (Unquoted) | - | 1,295.29 | - | 1,295.29 | 1,295.29 |
| | **-** | **1,295.29** | **-** | **1,295.29** | **1,295.29** |
| **Financial assets not measured at fair value** | | | | | |
| Investment in Co-operative Farming Societies | - | - | 0.01 | 0.01 | 0.01 |
| Investment in Government Securities | - | - | 2.26 | 2.26 | 2.26 |
| Trade receivables | - | - | 8,931.38 | 8,931.38 | 8,931.38 |
| Cash and cash equivalents | - | - | 259.47 | 259.47 | 259.47 |
| Other bank balances | - | - | 70.06 | 70.06 | 70.06 |
| Loans | - | - | 46.03 | 46.03 | 46.03 |
| Other financial assets | - | - | 2,927.11 | 2,927.11 | 2,927.11 |
| | **-** | **-** | **12,236.32** | **12,236.32** | **12,236.32** |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 45. Financial instruments - fair values and risk management (Contd.)

### A. Accounting classification and fair values (Contd.)

(₹ in lakhs)

| Particulars | Carrying amount | | | | Fair value |
|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost | Total carrying amount | |
| **As at 1 April 2016** | | | | | |
| **Financial liabilities not measured at fair value** | | | | | |
| Borrowing | - | - | 1,33,264.11 | 1,33,264.11 | 1,33,264.11 |
| Trade payables | - | - | 42,592.48 | 42,592.48 | 42,592.48 |
| Other financial liabilities | - | - | 15,238.32 | 15,238.32 | 15,238.32 |
| | **-** | **-** | **1,91,094.91** | **1,91,094.91** | **1,91,094.91** |

The management assessed that trade receivables, cash and cash equivalent, other bank balances, trade payable, cash credits including working capital loan, inter corporate deposits and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

**The following methods and assumptions were used to estimate the fair values:**

(a) The fair value of the quoted investments are based on market price at the respective reporting date.

(b) The fair value of the unquoted investments is determined using combination of different methodologies i.e. discounted cash flow method, comparable Companies method and net assets method with different weightage. The discount rate used is based on management estimates.

### B. Measurement of fair values

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

The Company has established the following fair value hierarchy that categories the value into 3 levels.

**Financial assets and liabilities measured at fair value - recurring fair value measurements as under:**

(₹ in lakhs)

| Particulars | Note | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **As at 31 March 2018** | | | | | |
| Investment in equity instruments (Quoted) | 7 | 1,271.73 | - | - | 1,271.73 |
| **As at 31 March 2017** | | | | | |
| Investment in equity instruments (Unquoted) | 7 | - | - | 2,094.42 | 2,094.42 |
| **As at 1 April 2016** | | | | | |
| Investment in equity instruments (Unquoted) | 7 | - | - | 1,295.29 | 1,295.29 |

Investments in quoted equity instruments, which are classified as FVOCI are based on market price at the respective reporting date.

The following table shows a reconciliation from the opening balance to the closing balance for Level 3 fair values: (₹ in lakhs)

| Particulars | FVOCI Equity instruments |
|---|---|
| Balance at 1 April 2016 | 1,295.29 |
| Gain included in OCI | |
| - Net change in fair value (unrealised) | 799.13 |
| **Balance at 31 March 2017** | **2,094.42** |
| Balance at 1 April 2017 | 2,094.42 |
| Transfer out of Level 3 | (2,094.42) |
| **Balance at 31 March 2018** | **-** |

**Transfer out of Level 3**

The Company holds an investment in equity shares of Magadh Sugar and Energy Limited, (MSEL) which is classified as FVOCI, with a fair value of ₹ **1,271.73 lakhs** at 31 March 2018 (31 March 2017: ₹ 2,094.42 lakhs; 1 April 2016: ₹ 1,295.29 lakhs). The fair value of this investment was categorised as Level 3 upto 27 July 2017 since equity shares were listed on 28 July 2017 in National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE) and before such listing there were no recent observable arm's length transactions in the shares.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 45. Financial instruments - fair values and risk management (Contd.)

### B. Measurement of fair values (Contd.)

Since the equity shares of MSEL now have published price quotation in an active market, the fair value measurement has been transferred from Level 3 to Level 1 of the fair value hierarchy at 31 March 2018.

### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

**Risk management framework**

The Company's principal financial liabilities includes borrowings, trade payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, cash and cash equivalents, other bank balances, investments, loans and other financial assets that derive directly from its operations.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal auditor undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The sources of risks which the Company is exposed to and their management is given below:

| Risk | Exposure Arising from | Measurement | Management |
|---|---|---|---|
| **Credit risk** | Trade receivables | Ageing analysis, credit rating | Credit limit and credit worthiness monitoring, credit based approval process. |
| **Liquidity risk** | Borrowings and Other liabilities | Rolling cash flow forecasts | Adequate unused credit lines and borrowing facilities |
| **Market risk**<br>Interest rate | Long term borrowings at variable rates | Sensitivity analysis<br>Interest rate movements | Fund management |
| Regulatory risk | Commercial traction | Impact of policies | Monitoring of Policies and assessing impact |
| Commodity price risk | Commercial traction | Cash flow forecasting<br>Sensitivity analysis | Business diversification<br>Inventory management |
| Security prices | Investment in equity securities | Sensitivity analysis | Long term investment |

### (i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers and loans. The Company has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

**Trade receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry also has an influence on credit risk assessment. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers. Outstanding receivables and the credit worthiness of its counter parties are periodically monitored and taken up on case to case basis. There is no material expected credit loss based on the past experience. However, the Company assesses the impairment of trade receivable on case to case basis and has accordingly created loss allowance on trade receivables.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 45. Financial instruments - fair values and risk management (Contd.)

### C. Financial risk management (Contd.)

**Exposure to credit risks**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. The Company evaluates the concentration of risk with respect to trade receivables as low, as the Company sugar sales are mostly on cash. Power and Ethanol are sold to Government entities, thereby the credit default risk is significantly mitigated.

**The Company's exposure to credit risk for trade receivables by type of counterparty is as follows.**

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Government concerns (including government undertakings) | 7,782.20 | 6,251.63 | 8,665.82 |
| Others | 502.76 | 295.76 | 265.56 |
| | **8,284.96** | **6,547.39** | **8,931.38** |

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit loss on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

**Ageing of trade receivables are as under:**

(₹ in lakhs)

| Particulars | Not yet due | Less than 60 days | 61- 180 days | 181-365 days | More than 1 year | Total |
|---|---|---|---|---|---|---|
| As at 31 March 2018 | 4,654.24 | 3,373.79 | 241.68 | 1.44 | 13.81 | 8,284.96 |
| As at 31 March 2017 | 3,883.00 | 2,646.59 | - | 4.07 | 13.73 | 6,547.39 |
| As at 1 April 2016 | 4,809.25 | 3,600.15 | 486.33 | 14.20 | 21.45 | 8,931.38 |

During the period, the Company has made no write-offs of trade receivables. The Company's management also pursue all legal option for recovery of dues, wherever necessary based on its internal assessment.

**(ii) Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 45. Financial instruments - fair values and risk management (Contd.)

**Exposure to liquidity risks**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

(₹ in lakhs)

| Particulars | Carrying amount | Total | Less than 1 years | 1 to 2 years | 2 to 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| **As at 31 March 2018** | | | | | | |
| Secured term loan from banks and others* | 39,892.73 | 55,278.32 | 9,438.03 | 9,358.41 | 19,849.03 | 16,632.85 |
| Unsecured term loan from a bank* | 1,500.00 | 1,604.64 | 1,153.52 | 451.12 | - | - |
| Non-convertible Cumulative Redeemable Preference Shares* | 5,367.06 | 8,024.49 | 498.22 | 498.22 | 1,494.66 | 5,533.39 |
| Cash credit including working capital demand loan | 54,634.07 | 54,634.07 | 54,634.07 | - | - | - |
| Unsecured short term loan from a bank | 25,000.00 | 25,000.00 | 25,000.00 | - | - | - |
| Inter-corporate deposits | 8,850.00 | 8,850.00 | 8,850.00 | - | - | - |
| Trade payables | 33,552.72 | 33,552.72 | 33,552.72 | - | - | - |
| Other financial liabilities | 1,521.17 | 1,521.17 | 1,425.65 | - | - | 95.52 |
| | **1,70,317.75** | **1,88,465.41** | **1,34,552.21** | **10,307.75** | **21,343.69** | **22,261.76** |
| **As at 31 March 2017** | | | | | | |
| Secured term loan from banks and others* | 34,990.57 | 41,073.71 | 17,101.34 | 12,670.39 | 10,790.81 | 511.17 |
| Non-convertible Cumulative Redeemable Preference Shares* | 10,009.64 | 13,776.30 | 3,441.68 | 743.75 | 3,559.26 | 6,031.61 |
| Cash credit including working capital demand loan | 73,275.71 | 73,275.71 | 73,275.71 | - | - | - |
| Inter-corporate deposits | 18,059.00 | 18,059.00 | 18,059.00 | - | - | - |
| Trade payables | 21,694.67 | 21,694.67 | 21,694.67 | - | - | - |
| Other financial liabilities | 21,274.20 | 21,274.20 | 21,168.57 | - | - | 105.63 |
| | **1,79,303.79** | **1,89,153.59** | **1,54,740.97** | **13,414.14** | **14,350.07** | **6,648.41** |
| **As at 1 April 2016** | | | | | | |
| Secured term loan from banks and others* | 43,480.73 | 57,597.37 | 12,229.65 | 14,074.79 | 29,930.16 | 1,362.77 |
| Non-convertible Cumulative Redeemable Preference Shares* | 9,267.93 | 13,776.30 | 2,697.93 | 743.75 | 3,804.79 | 6,529.83 |
| Cash credit including working capital demand loan | 64,570.95 | 64,570.95 | 64,570.95 | - | - | - |
| Inter-corporate deposits | 15,944.50 | 15,944.50 | 15,944.50 | - | - | - |
| Trade payables | 42,592.48 | 42,592.48 | 42,592.48 | - | - | - |
| Other financial liabilities | 15,238.32 | 15,238.32 | 15,168.54 | - | - | 69.78 |
| | **1,91,094.91** | **2,09,719.92** | **1,53,204.05** | **14,818.54** | **33,734.95** | **7,962.38** |

* including estimated interest.

**(iii) Market risk**

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, regulatory changes, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

**Foreign currency risks**

All transactions of the Company are in Indian currency, consequently Company is not exposed to foreign currency risk. The Company has no outstanding foreign currency exposure or related derivative contract.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 45. Financial instruments - fair values and risk management (Contd.)

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long term and short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

**Exposure to interest rate risks**

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Fixed rate instruments** | | | |
| Financial assets | 168.24 | 125.38 | 94.59 |
| Financial liabilities | 14,312.58 | 28,775.88 | 26,531.55 |
| **Variable rate instruments** | | | |
| Financial assets | - | - | - |
| Financial liabilities | 1,21,026.80 | 1,07,664.67 | 1,06,802.34 |

**Cash flow sensitivity analysis**

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

A reasonably possible change of 50 basis points in interest rate at the reporting dates would have increased or decreased equity and profit or loss by the amounts shown below:

(₹ in lakhs)

| Particulars | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| **31 March 2018** | | | | |
| Variable rate instruments | (605.13) | 605.13 | (395.71) | 395.71 |
| **31 March 2017** | | | | |
| Variable rate instruments | (538.32) | 538.32 | (352.02) | 352.02 |

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date, have been outstanding for the entire reporting period and all other variables.

**Equity risk**

The Company's quoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The senior management reviews and approves all equity investment decisions.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 45. Financial instruments - fair values and risk management (Contd.)

**Sensitivity analysis**

Investment in equity instruments of the Company are listed on the Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Calcutta Stock Exchange (CSE) in India. The table below summaries the impact of increase/decrease of the Nifty 50 index on the Company's equity and profit for the period. The analysis is based on the assumption that the BSE had increased / decreased by 10% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

(₹ in lakhs)

| Particulars | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| BSE - increase by 10% | 127.17 | N.A. | 83.16 | N.A. |
| BSE - decrease by 10% | (127.17) | N.A. | (83.16) | N.A. |

**Regulatory risk**

Sugar industry is regulated both by Central Government as well as State Government. Central and State Governments policies and regulations affects the Sugar industry and the Company's operations and profitability. Spirit business is also dependent on the Government policy.

However, with the removal of major regulatory control on sugar sales by the Central Government, the regulatory risk are moderated.

**Commodity price risk**

The Company is exposed to the risk of price fluctuations of raw material as well as finished goods. Sugar industry being cyclical in nature, realisations get adversely affected during downturn. Higher cane price or higher production than the demand ultimately affect profitability. The Company has mitigated this risk by well integrated business model by diversifying into co-generation and distillation, thereby utilizing the by-products. The Company manage its commodity price risk by maintaining adequate inventory of raw materials and finished goods considering future price movement.

**Inventory sensitivity analysis (raw material, work-in-progress and finished goods)**

A reasonably possible change of 10% in prices of inventory at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

(₹ in lakhs)

| Particulars | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| **31 March 2018** | | | | |
| Inventories (raw material, work-in-progress and finished goods) | 9,778.75 | (9,778.75) | 6,394.52 | (6,394.52) |
| **31 March 2017** | | | | |
| Inventories (raw material, work-in-progress and finished goods) | 10,318.94 | (10,318.94) | 6,747.76 | (6,747.76) |

## 46. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders.

**The Company's objective when managing capital are to:**

(a) to maximise shareholders value and provide benefits to other stakeholders, and

(b) maintain an optimal capital structure to reduce the cost of capital.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Company has complied with these covenants and there have been no breaches in the financial covenants of any interest-bearing loans and borrowings.

For the purpose of the Company's capital management, capital includes issued equity share capital and other equity reserves attributable to the equity holders.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 46. Capital management (Contd.)

The Company monitors capital using debt-equity ratio, which is total debt divided by total equity.

(₹ in lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Total debt (Bank and other borrowings) | 1,35,243.86 | 1,36,334.92 | 1,33,264.11 |
| Total Equity | 39,098.09 | 31,351.74 | 10,366.52 |
| Debt to equity ratio | 3.46 : 1 | 4.35 : 1 | 12.86 : 1 |

## 47. Explanation of transition to Ind AS

As stated in Note 2(a), the Company has prepared its first financial statements in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2014 read with the Companies (Accounting Standards) Amendment Rules, 2016 notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

### Optional exemptions availed and mandatory exceptions

In preparing the financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

### A. Optional exemptions availed

**(a) Property, plant and equipment and intangible assets**

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of revaluation, provided the revaluation was, at the date of revaluation, broadly comparable to:

- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also. There is no decommissioning liabilities to be incurred by the Company relating to property, plant and equipment.

**(b) Determining whether an arrangement contains a lease**

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement).

The Company has elected to avail of above exemption.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 47. Explanation of transition to Ind AS (Contd.)

**(c) Designation of previously recognised financial instruments**

Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVOCI) based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). Other equity investments are classified at fair value through profit or loss (FVTPL).

The Company has opted to avail this exemption to designate certain equity investments as FVOCI on the date of transition i.e. 1 April 2016 on the basis of facts and circumstances existed at the date of transition to Ind AS.

**(d) Business combinations**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated, accordingly Company has elected not to apply Ind-AS 103 on the scheme of arrangement, the effective date of which was 1 April 2015 [Note 2(a)].

**(e) Fair value measurement of financial assets or liabilities at initial recognition**

The Company has applied the requirements of Ind AS 109, "Financial Instruments: Recognition and Measurement", wherever applicable.

### B. Mandatory exceptions

**(a) Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement.

**(b) Derecognition of financial assets and liabilities**

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

**(c) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 47. Explanation of transition to Ind AS (Contd.)

### C. Reconciliation of equity

(₹ in lakhs)

| Particulars | Note | As at 31 March 2017 | | |
|---|---|---|---|---|
| | | Previous GAAP * | Adjustment on transition to Ind AS | Ind AS |
| **ASSETS** | | | | |
| **1 Non-Current Assets** | | | | |
| (a) Property, Plant and Equipment | | 98,736.74 | - | 98,736.74 |
| (b) Capital Work-in-Progress | | 136.69 | - | 136.69 |
| (c) Other Intangible Assets | | 23.62 | - | 23.62 |
| (d) Financial Assets | | | | |
| (i) Investments | a | 7.27 | 2,089.42 | 2,096.69 |
| (ii) Loans | | 13.35 | - | 13.35 |
| (iii) Other Financial Assets | | - | - | - |
| (e) Other Non-Current Assets | c | 303.47 | | 303.47 |
| **Total Non-current Assets** | | **99,221.14** | **2,089.42** | **1,01,310.56** |
| **2 Current Assets** | | | | |
| (a) Inventories | b | 1,10,255.22 | - | 1,10,255.22 |
| (b) Biological assets other than bearer plants | b | 3.74 | - | 3.74 |
| (c) Financial Assets | | | | |
| (i) Trade Receivables | | 6,547.39 | - | 6,547.39 |
| (ii) Cash and Cash Equivalents | | 2,998.75 | - | 2,998.75 |
| (iii) Bank Balances other than (ii) above | | 125.67 | - | 125.67 |
| (iv) Loans | | 38.15 | - | 38.15 |
| (v) Other Financial Assets | | 1,755.39 | - | 1,755.39 |
| (d) Other Current Assets | c | 1,410.17 | - | 1,410.17 |
| **Total Current Assets** | | **1,23,134.48** | **-** | **1,23,134.48** |
| **TOTAL ASSETS** | | **2,22,355.62** | **2,089.42** | **2,24,445.04** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| (a) Equity Share Capital | | 1,000.92 | - | 1,000.92 |
| (b) Other Equity | f | 31,698.32 | (1,347.50) | 30,350.82 |
| **TOTAL EQUITY** | | **32,699.24** | **(1,347.50)** | **31,351.74** |
| **LIABILITIES** | | | | |
| **1 Non-Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | c | 30,704.94 | 3,410.09 | 34,115.03 |
| (ii) Other Financial Liabilities | | 105.63 | - | 105.63 |
| (b) Provisions | | 336.86 | - | 336.86 |
| (c) Deferred Tax Liabilities (net) | | - | - | - |
| **Total Non-current Liabilities** | | **31,147.43** | **3,410.09** | **34,557.52** |
| **2 Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | | 91,334.71 | - | 91,334.71 |
| (ii) Trade Payable | | 21,694.67 | - | 21,694.67 |
| (iii) Other Financial Liabilities | | 32,053.75 | - | 32,053.75 |
| (b) Provisions | | 496.20 | - | 496.20 |
| (c) Other Current Liabilities | c | 8,461.55 | 26.83 | 8,488.38 |
| (d) Current Tax Liabilities (net) | | 4,468.07 | - | 4,468.07 |
| **Total Current Liabilities** | | **1,58,508.95** | **26.83** | **1,58,535.78** |
| **TOTAL LIABILITIES** | | **1,89,656.38** | **3,436.92** | **1,93,093.30** |
| **TOTAL EQUITY AND LIABILITIES** | | **2,22,355.62** | **2,089.42** | **2,24,445.04** |

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 47. Explanation of transition to Ind AS (Contd.)

### C. Reconciliation of equity (Contd.)

(₹ in lakhs)

| Particulars | Note | As at 1 April 2016 | | | Ind AS |
|---|---|---|---|---|---|
| | | Previous GAAP | Effect of scheme of arrangement # | Adjustment on transition to Ind AS | |
| **ASSETS** | | | | | |
| **1 Non-Current Assets** | | | | | |
| (a) Property, Plant and Equipment | | - | 1,01,451.84 | - | 1,01,451.84 |
| (b) Capital Work-in-Progress | | - | 472.64 | - | 472.64 |
| (c) Other Intangible Assets | | - | 57.37 | - | 57.37 |
| (d) Financial Assets | | | | | |
| (i) Investments | a | - | 7.27 | 1,290.29 | 1,297.56 |
| (ii) Loans | | - | 15.54 | - | 15.54 |
| (iii) Other Financial Assets | | - | 30.01 | - | 30.01 |
| (e) Other Non-Current Assets | c | - | 328.76 | - | 328.76 |
| **Total Non-current Assets** | | **-** | **1,02,363.43** | **1,290.29** | **1,03,653.72** |
| **2 Current Assets** | | | | | |
| (a) Inventories | b | - | 89,074.77 | - | 89,074.77 |
| (b) Biological assets other than bearer plants | b | - | 4.95 | - | 4.95 |
| (c) Financial Assets | | | | | |
| (i) Trade Receivables | | - | 8,931.38 | - | 8,931.38 |
| (ii) Cash and Cash Equivalents | | 3.72 | 255.75 | - | 259.47 |
| (iii) Bank Balances other than (ii) above | | - | 70.06 | - | 70.06 |
| (iv) Loans | | - | 30.49 | - | 30.49 |
| (v) Other Financial Assets | | - | 2,897.10 | - | 2,897.10 |
| (d) Other Current Assets | c | - | 3,013.98 | - | 3,013.98 |
| **Total Current Assets** | | **3.72** | **1,04,278.48** | **-** | **1,04,282.20** |
| **TOTAL ASSETS** | | **3.72** | **2,06,641.91** | **1,290.29** | **2,07,935.92** |
| **EQUITY AND LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| (a) Equity Share Capital | I | 5.00 | (5.00) | - | - |
| (b) Share Capital Suspense | II | - | 1,000.92 | - | 1,000.92 |
| (c) Other Equity | III, f | (1.57) | 10,732.99 | (1,365.82) | 9,365.60 |
| **TOTAL EQUITY** | | **3.43** | **11,728.91** | **(1,365.82)** | **10,366.52** |
| **LIABILITIES** | | | | | |
| **1 Non-Current Liabilities** | | | | | |
| (a) Financial Liabilities | | | | | |
| (i) Borrowings | c | - | 41,556.65 | 2,656.11 | 44,212.76 |
| (ii) Other Financial Liabilities | | - | 213.47 | - | 213.47 |
| (b) Provisions | | - | 331.10 | - | 331.10 |
| (c) Deferred Tax Liabilities (net) | | - | - | - | - |
| **Total Non-current Liabilities** | | **-** | **42,101.22** | **2,656.11** | **44,757.33** |
| **2 Current Liabilities** | | | | | |
| (a) Financial Liabilities | | | | | |
| (i) Borrowings | | - | 80,515.45 | - | 80,515.45 |
| (ii) Trade Payable | | 0.29 | 42,592.19 | - | 42,592.48 |
| (iii) Other Financial Liabilities | | - | 23,560.75 | - | 23,560.75 |
| (b) Provisions | | - | 290.63 | - | 290.63 |
| (c) Other Current Liabilities | c | - | 5,728.12 | - | 5,728.12 |
| (d) Current Tax Liabilities (net) | | - | 124.64 | - | 124.64 |
| **Total Current Liabilities** | | **0.29** | **1,52,811.78** | **-** | **1,52,812.07** |
| **TOTAL LIABILITIES** | | **0.29** | **1,94,913.00** | **2,656.11** | **1,97,569.40** |
| **TOTAL EQUITY AND LIABILITIES** | | **3.72** | **2,06,641.91** | **1,290.29** | **2,07,935.92** |

# Represents effect of composite scheme of arrangement approved by National Company Law Tribunal from the appointed date i.e. 1 April 2015 (Refer Note 1) including impact of operation for the year 2015-16 and the relevant impact are as under:

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 47. Explanation of transition to Ind AS (Contd.)

### C. Reconciliation of equity (Contd.)

**I. Equity Share Capital**

50,000 equity shares of ₹ 10 each of the Company, held by OSML and UGSIL stand cancelled and has been consequently credited to Capital Reserve.

**II. Share Capital Suspense**

The Company has issued the following shares to the shareholders of OSML and UGSIL:

i) 57,67,301 equity shares of ₹ 10 each to the shareholders of OSML aggregating ₹ 576.73 lakhs, in the ratio of 2 equity shares of face value of ₹ 10 each of the Company for every 9 equity shares of face value of ₹ 10 each held in OSML, and

ii) 42,41,909 equity shares of ₹ 10 each to the shareholders of UGSIL aggregating ₹ 424.19 lakhs, in the ratio of 11 equity shares of face value of ₹ 10 each of the Company for every 30 equity shares of face value of ₹ 10 each held in UGSIL, and

iii) 4,87,00,000 fully paid up 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCCRPS) of ₹10 each to the preference shareholders of OSML aggregating ₹ 4,870.00 lakhs, in lieu of each original shares earlier issued by OSML [classified as financial liabilities (refer Note 19).

iv) 17,00,000 fully paid up 12% Non-Convertible Cumulative Redeemable Preference Shares (NCCRPS) of ₹100 each to the preference shareholders of UGSIL aggregating ₹1,700.00 lakhs, in lieu of each original shares earlier issued by UGSIL [classified as financial liabilities (refer Note 19).

The details of share capital to be issued are as below:

| Particulars | Amount (₹ in lakhs) |
|---|---|
| 1,00,09,210 equity shares of ₹ 10 each * | 1,000.92 |
| 4,87,00,000 8.5% NCCRPS of ₹ 10 each (classified as financial liabilities) | 4,870.00 |
| 17,00,000 12% NCCRPS of ₹ 100 each (classified as financial liabilities) | 1,700.00 |
| | **7,570.92** |

Note: ₹ 12,000 lakhs and ₹ 5,000 lakhs has been added to the authorised share capital from OSML and UGSIL respectively by virtue of the scheme.

* Pending allotment, these have been shown as share capital suspense in the Balance sheet as at 1 April 2016 and the same have been subsequently allotted on 30 March 2017.

**III. Other Equity**

| | Particulars | Amount (₹ in lakhs) |
|---|---|---|
| i) | Reserve and Retained Earning arisen / transferred pursuant to the Scheme: | |
| | Capital Reserve (details given below) | 25,761.69 |
| | Molasses Storage & Maintenance Reserve | 166.70 |
| ii) | Reserve provided during the year 2015-16: | |
| | Molasses Storage & Maintenance Reserve | 9.96 |
| iii) | Net Loss for the year 2015-16 | (15,205.36) |
| **Total** | | **10,732.99** |

**IV. Capital Reserve (included in other equity above)**

i) ₹ 5.00 lakhs has been credited to Capital Reserve towards cancellation of 50,000 equity shares of ₹10 each of the Company, held by OSML and UGSIL pursuant to the scheme of arrangement.

ii) The difference of ₹ 25,756.69 lakhs between the Net fair value of assets and liabilities of the sugar business undertakings and shares issued to the shareholders of OSML and UGSIL has been credited to Capital Reserve.

**V.** 10,61,539 equity shares of Magadh Sugar & Energy Limited was received under the scheme in lieu of slump sale of one business undertaking located at Narkatiaganj, District West Champaran in the state of Bihar of OSML.

**Note :**

The Previous GAAP figures as on 1 April 2016 and effect of scheme of arrangement have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 47. Explanation of transition to Ind AS (Contd.)

### D. Reconciliation of total comprehensive income for the year ended 31 March 2017

(₹ in lakhs)

| | Particulars | Note | Year ended 31 March 2017 | | |
|---|---|---|---|---|---|
| | | | Previous GAAP * | Adjustment on transition to Ind AS | Ind AS |
| I. | **Revenue from Operations** | d | 1,87,286.13 | 10,357.07 | 1,97,643.20 |
| II. | **Other Income** | | 242.32 | - | 242.32 |
| III. | **Total Income (I + II)** | | **1,87,528.45** | **10,357.07** | **1,97,885.52** |
| IV. | **Expenses** | | | | - |
| | Cost of Materials Consumed | | 1,42,171.72 | - | 1,42,171.72 |
| | Purchases of Stock-in-Trade | | 1,014.36 | | 1,014.36 |
| | Changes in inventories of Finished Goods, Stock-in-Trade and Goods under process | | (20,265.42) | - | (20,265.42) |
| | Excise duty and cess | d | - | 10,357.07 | 10,357.07 |
| | Employee benefits expense | e | 7,871.33 | (155.51) | 7,715.82 |
| | Finance costs | c | 12,996.72 | 780.81 | 13,777.53 |
| | Depreciation and amortization expense | | 4,593.60 | - | 4,593.60 |
| | Other expenses | | 13,865.58 | - | 13,865.58 |
| | **Total Expenses (IV)** | | **1,62,247.89** | **10,982.37** | **1,73,230.26** |
| V. | **Profits before tax (III - IV)** | | **25,280.56** | **(625.30)** | **24,655.26** |
| VI. | **Tax expense** | | | | - |
| | Current tax | | 4,323.00 | - | 4,323.00 |
| | Deferred tax | | - | - | - |
| | **Total Tax expenses (VI)** | | **4,323.00** | **-** | **4,323.00** |
| VII. | **Profit for the year (V-VI)** | | **20,957.56** | **(625.30)** | **20,332.26** |
| VIII. | **Other comprehensive income** | | | | - |
| | Items that will not be reclassified subsequently to profit or loss | | | | - |
| | (a) Remeasurement of defined benefit liability / (asset) | e | - | (155.51) | (155.51) |
| | (b) Equity investments through other comprehensive income - net change in fair value | a | - | 799.13 | 799.13 |
| | **Other comprehensive income for the year, net of income tax** | | **-** | **643.62** | **643.62** |
| IX. | **Total comprehensive income for the year (VIII+IX)** | | **20,957.56** | **18.32** | **20,975.88** |

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**E.** There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

**F. Notes to the reconciliations of equity as at 1 April 2016 and 31 March 2017 and total comprehensive income for the year ended 31 March 2017:**

**(a) Investments:**

In accordance with Ind AS, financial assets representing investment in equity shares of entities have been fair valued. The Company has designated equity investments as at fair value through other comprehensive income as permitted by Ind AS 109. Under the previous GAAP, the application of the relevant accounting standard resulted in these investments being carried at cost.

The impact arising from the change is summarised as follows:

(₹ in lakhs)

| Particulars | Year ended 31 March 2017 |
|---|---|
| **Other comprehensive income** | |
| Equity instruments through other comprehensive income - net change in fair value | 799.13 |
| **Adjustment before income tax** | **799.13** |

# Notes to Financial Statements for the year ended 31 March 2018 (Contd.)

## 47. Explanation of transition to Ind AS (Contd.)

(₹ in lakhs)

| Particulars | As at 1 April 2016 | As at 31 March 2017 |
|---|---|---|
| **Balance sheet** | | |
| Investments - Equity instruments carried at fair value through other comprehensive income (FVOCI) | 1,290.29 | 2,089.42 |
| **Adjustment to other comprehensive income** | **1,290.29** | **2,089.42** |

### (b) Biological assets

Under the previous GAAP, biological assets was measured at cost. Ind AS requires biological assets other than bearer plants and agricultural produce within its scope to be measured at fair value less cost to sell at each balance sheet date and to be presented as separate line item on the face of the balance sheet with corresponding gain or loss to be recognized in the Statement of Profit and Loss.

### (c) Borrowings at amortised cost:

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method.

The impact arising from the change is summarised as follows:

(₹ in lakhs)

| Particulars | Year ended 31 March 2017 |
|---|---|
| **Statement of Profit and Loss** | |
| Finance costs | |
| - Interest expense | (39.10) |
| - Dividends on redeemable preference shares classified as financial liabilities measured at amortised cost (including related dividend distribution tax) | (741.71) |
| **Adjustment before income tax** | **(780.81)** |

(₹ in lakhs)

| Particulars | As at 1 April 2016 | As at 31 March 2017 |
|---|---|---|
| **Balance sheet** | | |
| Borrowings at amortised cost | 41.82 | 29.55 |
| Dividend (including tax thereon) on preference shares classified as financial liabilities | (2,697.93) | (3,439.64) |
| Other current liabilities - Government Grant | - | (26.83) |
| **Adjustment to retained earnings** | **(2,656.11)** | **(3,436.92)** |

### (d) Excise duty

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and expenses for the year ended 31 March 2017. The total comprehensive income for the year ended and equity as at 31 March 2017 has remained unchanged.

The impact arising from the change is summarised as follows:

(₹ in lakhs)

| Particulars | Year ended 31 March 2017 |
|---|---|
| **Statement of Profit and Loss** | |
| Profit or loss: | |
| Revenue from operations | 10,357.07 |
| Excise duty and Cess | (10,357.07) |
| **Adjustment before income tax** | - |

# **Notes to Financial Statements** for the year ended 31 March 2018 (Contd.)

## 47. Explanation of transition to Ind AS (Contd.)

### (e) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2016 or as on 31 March 2017.

### (f) Retained earnings

The above changes (decreased) / increased total equity as follows:

(₹ in lakhs)

| Particulars | Note | As at 1 April 2016 | As at 31 March 2017 |
|---|---|---|---|
| Investments - Equity instruments carried at fair value through other comprehensive income (FVOCI) | a | 1,290.29 | 2,089.42 |
| Borrowings at amortised cost | c | 41.82 | 29.55 |
| Dividend (including tax thereon) on preference shares classified as financial liabilities | c | (2,697.93) | (3,439.64) |
| Other current liabilities - Deferred income on Government Grant | c | - | (26.83) |
| | | **(1,365.82)** | **(1,347.50)** |

**48.** The financial statements of the previous years were audited by a firm of chartered accountants other than B S R & Co. LLP. The previous year's including figures as at the date of transition have been reworked, regrouped, rearranged and reclassified wherever necessary on transition to Ind AS. Amounts and other disclosures for the preceding years including figures as at the date of transition are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm's Registration No.: 101248W/W-100022

**Jayanta Mukhopadhyay**
*Partner*
Membership No.: 055757

Place: Kolkata
Date: 14 May 2018

**For and on behalf of the Board of Directors**
**Avadh Sugar & Energy Limited**

**Devendra Kumar Sharma**
Whole-time Director
DIN: 06498196

**Chandra Shekhar Nopany**
Co-Chairperson
DIN: 00014587

**Anand Sharma**
Company Secretary

**Dilip Patodia**
Chief Financial Officer