

# KRISHNA INDUSTRIAL CORPORATION LIMITED



**ANNUAL REPORT 2018 - 2019**



## KRISHNA INDUSTRIAL CORPORATION LIMITED

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### BOARD OF DIRECTORS

#### WHOLETIME DIRECTORS

Dr.S.R.K.Prasad, D.Sc., (USA)(DIN.01276634)

<sup>2</sup>- Managing Director

#### NON-EXECUTIVE PROMOTOR DIRECTORS:

Smt. Rajeswary Ramakrishnan, B.A.,(DIN.01385665)

- Chairman -cum- Director

#### NON-EXECUTIVE INDEPENDENT DIRECTORS:

Sri.N.Prasad (DIN.01276626)

- Independent Director

Finance Manager

: Sri. M. Swaminathan

Auditors

: M/s.Brahmayya & Co.

Chartered Accountants

33-25-33/B, Govindarajulu Naidu Street

Suryaraopeta

Vijayawada - 520 003

Krishna Dist. A.P.

Bankers

: Andhra Bank

Registered & Corporate Office

: "Ramakrishna Buildings"

No.239, Anna Salai, Chennai - 600 006

Phone: 044-43567599

Email-ID: kicllimitedho@gmail.com

Registrars & Share Transfer Agent & Depository

: M/s.Cameo Corporate Services Limited

Registrars

'Subramanain Building'

No.1, Club House Road

Chennai - 600 002.

Phone: 044-28460390

## **KRISHNA INDUSTRIAL CORPORATION LIMITED**

Registered. Office : "Ramakrishna Buildings", 239, Anna Salai, Chennai-600 006.

### **NOTICE TO SHARE HOLDERS**

NOTICE is hereby given that the Seventy First Annual General Meeting of the Members of the Company will be held at No. 48, Dr B.N. Road, 2nd Floor, Mahabubani Towers, T.Nagar, Chennai - 600 017 on Wednesday, 29th August, 2019 at 03.05 P.M to transact the following business.

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2019 the profit and Loss Account for the accounting period ended on that date, and the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Siva Rama Krishna Prasad, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint Auditors (M/S. Brahmayya & Co., Chartered Accountants, Firm Registration No. 000513S) to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting 2019-20, on such remuneration as shall be fixed by the Board of Directors.

Place : Chennai

Date : 13-07-2019

for **KRISHNA INDUSTRIAL CORPORATION LIMITED.**

**(Sd.) Dr. S.R.K. PRASAD**

Managing Director

## IMPORTANT NOTES:

1. The Register of Members, Register of Beneficial Owners and Share Transfer Books of the Company will remain closed from 22nd August, 2019 to 29th August, 2019 (both days inclusive).
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY.  
  
A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. The instrument of Proxy, in order to be effective should be deposited the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution / authority, as applicable.
4. **Members holding shares in dematerialized form**, may please note that while opening a depository account with participants they might have given **their bank account details**, which will be printed on their dividend warrants. However, if members want to change / correct the Bank details, they should send the same immediately to the concerned Depository Participant. Members are also requested to give MICR code of their bank to their Depository Participant. **The Company will not entertain any direct request from members for addition / deletion / change in bank account details furnished by Depository Participant to the Company.**
5. **Members who hold shares in the physical form** can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail the **nomination facility** by filling **Form 2B** which can be obtained from the company. Members holding shares in dematerialized form may please contact their Depository Participants for recording nomination in respect of their shares.
6. Under Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection fund (IEPF), constituted by the Central Government.
7. The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. Any member who has not claimed dividend in respect of the said financial year 2011-2012 is requested to approach the Company / Registrar and Share Transfer Agents of the Company for claiming the same as early as possible but not later than 16-9-2019.
8. The Unclaimed Dividend for the year(s) 2011-2012 are held in separate Bank Accounts and

Shareholders who have not received the dividend / encashed the said warrants, are in their own interest advised to write to the Company / Registrar and share transfer agent of the company immediately with complete details for encashment of those dividends.

9. In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate the Company / Company's Registrars and Transfer Agents, M/s. Cameo Corporate Services Limited, Chennai, under the signature of the sole / first joint holder, the following information to be incorporated on dividend warrants.
  - i. Name of the Sole / first holder and the Folio Number.
  - ii. Particulars of Bank Account, viz. Name of the Bank, Name of the Branch, Complete address of the Bank with PIN code, Account type and the Bank Account Number.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Company's Registrars and Transfer Agents, M/s. Cameo Corporate Services Limited, Chennai.
11. Electronic copy of the Annual Report for the year 2018-2019 is being sent to all the members whose email IDs are registered with the company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2018-2019 is being sent in the permitted mode.
12. Electronic copy of the Notice of the **71st Annual** General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the **71st Annual** General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

Members may also note that the Notice of the 71st Annual General Meeting and the Annual Report for the year 2018-2019 will also be available on the Company's website [www.kic.ind.in](http://www.kic.ind.in) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office at Chennai during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may

## KRISHNA INDUSTRIAL CORPORATION LIMITED

also sent requests to the Company's investor email id: [shareskielimited@gmail.com](mailto:shareskielimited@gmail.com)

13. Members / proxy holders must bring the **Attendance Slip duly filled and signed**, the meeting and hand it over at the entrance. Xerox copy / torn attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested **to bring their copy of the Annual Report to the Meeting**, as copies will not be distributed at the Meeting hall, as measure of austerity. Corporate Members are requested to send to the Company's Registrar and Transfer Agents, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM.
14. **Members desirous of obtaining any information** concerning the accounts and operations of the Company are requested to **address their queries in writing** to the Secretarial Division at least Ten days **before the Meeting** so that the information may be made available at the meeting.
15. The members are requested to register their e-mail address / any change in the already registered e-mail address, to the Company / Registrar and Transfer Agents to enable service of documents through electronic mode, in line with the Green Initiatives in Corporate Governance taken by the Ministry of Corporate Affairs, allowing paperless compliance by the Companies.
16. M/s. Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 are the Registrar and Share Transfer Agent and Depository Participants of the Company for physical / electronic shares and all correspondences with regard to transfer of shares etc may be addressed to them directly.

### **Profile of the retiring and rotation directors.**

**Dr. SRK Prasad** was born in Chennai, India in 1951. He holds a Bachelor of Technology (B.Tech) with distinction in Chemical Engineering from Madras University. He obtained his Post Graduate Diploma in Operations Research also from Madras University and pursued his Master of Science (MSc) in Advanced Chemical Engineering from Imperial College, London.

He was awarded Doctor of Science degree (DSc) from City University Los Angeles, USA in Operations Research. He also holds a Diploma in Textile Management awarded by SITRA (Southern India Textile Research Association), Coimbatore.

**Dr. Prasad** is currently Correspondent of Coimbatore Institute of Technology(CIT), Managing Trustee of V.Rangaswamy Naidu Educational trust, Chairman Governing Council of CIT. He is also Managing Director of Krishna Industrial Corporation Ltd a company with annual sales of 400 Million rupees engaged in the manufacture of Chemicals, Fertilisers and Bio Fertilisers. Dr. Prasad is also Managing Director of Kasbah Systems Software, a I.T Company based in Chennai/Coimbatore, which has produced world class products and services both for the domestic market and exports in the field of CAD/CAM/CAE, ERP, Optimisation, Client/Server & Web technologies.

### **Professional Attributes**

**Dr. Prasad** has a wealth of industrial experience in Textiles, Information Technology, Chemical, Fertilizers and Bio-Technology.

**Dr. Prasad** was appointed as Alumni representative of Imperial College in India for Coimbatore, 1999.

**Dr. Prasad** is Associate Editor & Paper Referee Of Asia Pacific Journal of Operational Research, published from Singapore. He was the National President of Operations Research Society of India, 1990. He has published number of research papers in Mathematical Modelling and Computer Simulation in leading International Journals.

### **Achievements as Entrepreneur**

**Dr. Prasad** started and built very high technology IT Company in 1988 involved in high-end product development. Kasbah Systems Software began developing the Optimal Feed mix program for the Poultry industry, and this software package is widely being used by the Poultry industry in India, resulting in huge savings for the various poultry farms in the country. The software company has recently released the SHINE Point of Sale system and the complete retail solution being marketed in Europe, Middle East and India.

The IT Company has also developed GENIUS University Management System which involves complete automation of a college or university process. This system is being effectively marketed in Malaysia. Kasbah Systems Software is the one of the prime offshore contractors for CCH Inc, U.S.A, a US 6 billion dollar company. The Document Management System (ProSystemfx Document) developed by the IT Company (100% offshore in India), won CCH the CODIE award 2008, the most Prestigious award for Software in U.S.A. The CODIE award is for the software industry what the OSCAR award is for films.

**Dr. Prasad** is also currently Managing Director of Krishna Industrial Corporation Ltd at 50 Crore enterprise involved in the manufacturing of Single Super Phosphate, Carbon dioxide gas, Chemicals and Bio-Fertilizers. He plans to take this company to 100 Crores in the next three years. He has widely employed process plant optimization methods to improve the efficiency and working of all units of the company. This is the first Indian company to win the Prestigious Gold Medal award for Excellence in Business Practice given by foundation for Excellence in Business Practice, headquartered in Geneva, Switzerland, September 2007.

He is also a Director of the Jeypore sugar Company Limited, headquartered in Chennai, 500 Crore enterprise involved in the manufacture of Sugar, Alcohol, Ethanol and Power generation.

### **Awards Received**

## **KRISHNA INDUSTRIAL CORPORATION LIMITED**

Dr Prasad is the recipient of many awards for his outstanding services, achievements and contributions, to include

- INDIRA PRIYADARSHINI AWARD.
- VIJAY RATTNA AWARD.
- HINDU GAURAV AWARD.
- RASHTRIYA GAURAV AWARD.
- VIKAS JYOTI GOLD MEDAL AND AWARD.
- BEST CITIZEN OF INDIA.
- INDIAN ACHIEVERS AWARD.
  - Dr. Prasad was awarded the International Socrates Award for 'Manager of the Year' by the Europe Business Assembly (EBA), Oxford, U.K. on 12 December 2011.
  - Dr. Prasad was awarded HIND RATTAN AWARD by CITIZENS INTEGRATION PEACE SOCIETY for excellence in promoting Global Integration & Economic Development at the International Conference on Celebrating the Global Indian, at Mauritius, May 2012.
  - International Socrates Committee has granted the title "The Name in Science", to Dr. Prasad, at the meeting of the Rectors of Europe at Trinity College, Dublin, Ireland, UK, during July 2012, an International Award in the field of Scientific Researches. Name of Dr. Prasad has been recorded in the world register of outstanding scientists of the 21st century with awarding a medal of fame "For contribution to world science".
  - Dr. Prasad was awarded the prestigious Dr. L.V. Mitrokhin Award by Russian Centre of Science and Culture jointly with Indo- Russian Cultural and Friendship Society, at the Russian Cultural Festival at Chennai, December 2012.

### **Membership of Professional Bodies**

- Fellow Member of Operational Research Society of India.
- Has the distinction of being the only one in Tamil Nadu, one of the four in South India and one among the elite seventeen in the entire country.
- Fellow Member of Chartered Computer Professionals of India.
- Member of New York Academy of Sciences, U.S.A.

### **Academic Board Memberships**



- Chairman Board of Governors National Institute of Technical Teachers Training and Research, Chennai.
- NATIONAL BOARD OF ACCREDITATION - (An Autonomous Body of All India Council for Technical Education) - Member to the Committee for facilitating India to be a full member of Washington Accord.
- Ex-Member of Board of Governors IIT, Bombay
- Ex-Member of Board National Institute of Technology, Warangal (NIT)
- Ex-Member of Board of Governors Indian Institute of Management, Kozikode.

### **Research Publications**

- Operations Research - An important tool in managerial decision making, INFORM, June 1978. Vol 2, No 12.
- Cotton Yarn sales forecast in a spinning mill, The Indian Textile Journal, November 1978.
- Computer simulation technique in a spinning mill, The Indian Textile journal, October 1980.
- Two phase stochastic model for a fluidized bed reactor - 33 rd Annual session of Indian Institute of Chemical Engineers, New Delhi 1980.
- Probabilistic models for packed beds - 33rd Annual session of Indian Institute of Chemical Engineers, New Delhi, 1980.
- Scheduling of production in a seasonal sales industry, Proc.I.S.T.A.M (Indian Society of Theoretical and Applied Mechanics), India, December 1980.
- Three phase stochastic model for a fluidized bed reactor, CHISA 81, Praha, Czechoslovakia, September, 1981.
- A mathematical model for the resident time distribution studies in fluid-solid systems - 2nd World Congress of Chemical Engineers, Montreal, Canada, October 1981.
- Markov chain model for residence time distribution studies in fluid-solid systems,
- Proc. symposium series, 10 th congress on stochastic processes and their applications, Montreal, Canada , August 1981.
- Probabilistic mixing cell model-PACHEC'83, Seoul, S.Korea, 1983.
- Residence time distribution studies in fluid- solid systems using Markov Chain analysis, 35th Annual Session of Indian Institute of Chemical Engineers, Waltair, January 1983.
- Software package for optimal utilization of scrap in a foundry - National seminar on development of micro-computers in India, Madras,India , October 1983.

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

- Microprocessor based multi-processing techniques - National seminar on Development of micro-computers in India, Madras, India, October 1983.
- Optimal cotton mix in a spinning mill, 16 th Annual Convention of ORSI, I.I.T. Kanpur, December 1983.
- Budgeting in a textile industry with cash constraints, I.F.O.R.S., Washington, D.C., August 1984.
- Stochastic modelling of fluidized bed reactors and packed beds, 14 th Conference on stochastic processes and their applications, Gothenburg, Sweden, June 1984.
- Investment allocation in a textile mill - A goal programming model, 3 rd Latin-Ibero American Congress on Operations Research and Systems Engineering, Chile, August, 1986.
- Chaired the session on 'Project Management' at EURO X, the X th European Conference on Operational Research, Beograd, Yugoslavia, June, 1989.
- Project Management on Micro-Computers, S R K Prasad, R Prabhakar, G Subramanian, EURO X, Yugoslavia, June 1990.
- OR and Rule-based Expert Systems, S R K Prasad, R Prabhakar, OR and the Social Sciences, edited by M C Jackson, et-al, Plenum Publishing Corporation U S A, 1989.
- Operations Research, Artificial Intelligence and Micros - Paper presented at AITA '91, the 1st National Conference on Artificial Intelligence Technology and Applications, University of Kuala Lumpur, Kuala Lumpur, Malaysia, August 1991.
- OR and Expert Systems Integration - A conceptual framework, S R K Prasad, R Prabhakar - Paper presented at AITA 91, Kuala Lumpur, Malaysia August 1991.
- Case Studies in Metal Cutting Optimization - I.F.O.R.S. (SPC - 4) on Operations Research and Engineering Designing in St. Louis, Missouri, U.S.A., on October 24 - 27, 1995
- Honorary Advisor for publication of 'Encyclopedia of Operations Research' to be published by Kluwer Academic Publishers, U S A, under the Editorship of Professors Gass and Harris.

Cluster Chairman for TIMS XXXIII International for the Meeting held in Singapore in July 1995.

Place : Chennai  
Date : 13-07-2019

\\ By Order of the Board //  
for **KRISHNA INDUSTRIAL CORPORATION LIMITED.**  
**(Sd.) Dr. S.R.K. PRASAD**  
Managing Director

## KRISHNA INDUSTRIAL CORPORATION LIMITED

### Report of the Directors to the Shareholders for the year ended 31st March, 2019.

1 Your Directors have pleasure in submitting herewith their report together with the statement of accounts for the year ended 31st March, 2019.

2. Profit Appropriations :

Loss Before Depreciation and Interest		1,48,63,211
Add : Interest	5,09,22,561	
Depreciation	35,84,026	
	-----	5,45,06,587
Loss Before Tax		6,93,69,798
Add : Exceptional Items		2,87,13,587
Loss After Tax		4,06,56,211
Less : Comprehensive Income for the year		1,51,317
		-----
		4,05,04,894
Add : Balance of Loss brought forward from last year		17,80,47,691
		-----
Balance of Loss before appropriations		Nil
Loss taken to Balance Sheet		21,85,52,585
		-----

3. **Capital and Reserves :**

The Reserves and Surplus stood at Rs.-20,52,12,016/- as against Rs.-16,47,07,122/- at the end of last year.

4. **WORKING RESULTS**

a) **FERTILISER DIVISION :**

During the year, the production of Super phosphate was Nil MT as against 678MT respectively during the previous year and sale of Super Phosphate was Nil MT as against 1353 MT respectively during the previous year.

b) **NPK GRANULATION UNIT :**

The production of NPK Granulation Mixtures at this unit during the year was Nil MT as against 137

## **KRISHNA INDUSTRIAL CORPORATION LIMITED**

MT during last year and sales were Nil MT as against 172 MT during the previous year.

### **c) BIO-FERTILISER UNIT :**

The production of Bio-Fertiliser at this unit during the year was **54 MT** as against 37 MT during the previous year and sales were 55 MT as against 37 MT during the previous year.

The production of CMS at this unit during the year was Nil MT as against 540 MT during the previous year and sales were Nil MT as against 578 MT during the previous year.

### **d) CO2 DIVISION - JANGAREDDIGUDEM:**

The production of Co2 Gas at this unit during the year was 1048 MT as against 1006 MT during the last year and sales were 1048 MT as against 1006 MT during the previous year. The division was sold during the year.

## **5. Safety and pollution Control :**

### **a) Nidadavole Units**

The company has adhered to the pollution limits prescribed by the Andhra Pradesh Pollution Control Board.

## **6. Conservation of Energy :**

A statement giving details of conservation of energy and technology absorption in accordance with company's (disclosure of particulars in the report of Board of Directors) Rules, 1988 is annexed. The details regarding total energy consumption per unit is given in the FORM "A" of the Annexure.

## **Research and Development:**

No specific Research and Development activity was carried out during the year.

## **Foreign Exchange Earnings and outgo:**

The company has earned foreign currency from export of IT products Rs.Nil and incurred traveling expenses in foreign currency Rs.Nil.

## **7. Directors :**

The following Director retire at the conclusion of the Annual General Meeting and, being eligible, offer themselves for re-election.

**Dr. SIVA RAMA KRISHNA PRASAD**

## **8. Management Staff:**

There were no employees during the year under report who were in receipt of such remuneration, the particulars of which are required to be disclosed in this report in accordance with section 217 (2A), and the rules made thereunder.

**9. Staff Relations:**

The relationship with the staff and workers continued to be cordial during the year. The Directors wish to place on record their appreciation of the valuable work done and co-operation extended by them at all levels.

**10. Directors' Responsibility Statement :**

Pursuant to the requirement u/s 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the accounts for the financial year ended 31st March, 2019 the applicable accounting standards have been followed.
- ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review;
- iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) That the directors have prepared the accounts for the financial year ended 31st March, 2019 on a 'going concern' basis.

**11. Auditors:**

- a) The Auditors of the company M/s. Brahmayya & Co., Chartered Accountants, Vijayawada retire at this meeting and are eligible for reappointment.

**12.** The Board wishes to place on record its appreciation for the co-operation and assistance extended to the company by the company's bankers and Andhra Pradesh State Financial Corporation. The Board also places on record its appreciation for the services of the staff of the company.

Place : Chennai

Date : 13-07-2019

By Order of the Board  
for **KRISHNA INDUSTRIAL CORPORATION LIMITED.**  
**(Sd.) Dr. S.R.K. PRASAD**  
Managing Director

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

**FORM "A"**

(See Rule 2)

Form for disclosure of particulars with respect to consumption of Energy

Power & Fuel Consumption	FERTILISER - NIDADAVOLE		NPKGRANUALS - NIDADAVOLE		CO2 - JANGAREDDYGUDEM	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1. Electricity :						
a. Purchased Units (KWH)	<b>70461</b>	110880	<b>17693</b>	27888	<b>44250</b>	44772
Total Amount Rs.	<b>2692341</b>	2758114	<b>1160040</b>	1171272	<b>693764</b>	611101
Rate/Unit Rs.	<b>38.21</b>	24.87	<b>65.56</b>	42.00	<b>15.68</b>	13.65
b. Own Generation						
Diesel Oil Consumed (Litres)	-	-	-	-	-	-
No. of Units Generated (KWH)	-	-	-	-	-	-
Units/Litre	-	-	-	-	-	-
2 Furnace Oil Consumption/ Unit of production :						
a. Electricity KWH						
I) For Sulphuric Acid (per MT)	-	-	-	-	-	-
II) For Superphosphate (per MT)	-	-	-	-	-	-
III) For Co2 Gas (per MT)	-	-	-	-	-	-
IV) For Acetic Acid (per MT)	-	-	-	-	-	-
V) For NPK Granuls (per MT)	-	-	-	-	-	-

## **INDEPENDENT AUDITORS' REPORT**

To

The Members of

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

**Report on the Ind AS financial statements**

### **Opinion**

We have audited the accompanying financial statements of **KRISHNA INDUSTRIAL CORPORATION LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

### **Basis for Qualified opinion**

#### **Attention is invited to the following:**

- a) Confirmation of borrowings from banks/company, current account balances with some of the banks, trade receivables, trade payables and advances to suppliers and advances from customers against sales is pending for confirmation and subject to reconciliation which might require financial adjustments. The impact of the said adjustments on the loss for the year and its impact on assets/liabilities, if any, is unascertainable.
- b) Some of the balances in trade receivables and advances to suppliers accounts are outstanding for a long period and we are unable to comment on the extent of realisability of these debts and consequently the adequacy of the provisions for doubtful debts and advances made by the company. The impact of this on the loss for the year is unascertainable.
- c) No provision for impairment of trade receivables amounting to Rs. 11.12 crores (Overseas customers) has been made which in our opinion is required to be done due to its long outstanding and absence of confirmation from parties.
- d) The company's deferred tax asset (Net) comprises mainly of tax effect on Unabsorbed losses and the company has recognized the same in anticipation of reasonable certainty that sufficient future taxable income will be available against which aforesaid deferred tax can be adjusted and considering the present status of company, its profitability and discontinuance of operations in almost all of its business, we are unable to comment on such recognition.
- e) Statutory dues such as PF/ESI/TDS and other taxes could not be paid on due dates due to

## KRISHNA INDUSTRIAL CORPORATION LIMITED

cash flow issues. Delayed payment charges (Penalty and damages) will be accounted for as and when paid by the company on demand.

- f) The company has not physically verified its inventories during the year and also in the immediate previous year and hence we are unable to comment about their existence, its utilization status and provision if any required for their impairment.
- g) During the year, the company disposed one of its undertaking located at Jangareddygudem which generates more than twenty percent of the total income during the current and previous financial year. However, the company has not obtained consent of the members of the company by a special resolution which is not in accordance with the provisions of section 180(1)(a) of the Companies Act, 2013.
- h) Certain secretarial records including signed minutes books pursuant to the Act could not be made available to the auditors for their verification.

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of above matters on Ind AS financial statements which are not quantifiable in the absence of information, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

### **Material uncertainty relating to going concern**

The company has prepared its financial statements on "going concern basis" notwithstanding the fact that the company is incurring continuous losses, made default in payment of statutory dues and defaulted in repayment of installments due to banks and company in respect of term loans and working capital, current liabilities are in excess of current assets, disposal of undertakings generating revenues etc., These conditions indicate the existence of material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our



other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. However, the company has not provided any of these reports as on the date of this report and is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, which is not available to us as on the date of this report. In the absence of the said other information, we are unable to comment upon whether the other information is materially misstated or not.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

## KRISHNA INDUSTRIAL CORPORATION LIMITED

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

### **Report on other legal and regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that :
  - a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) Except for the effects of matter described in the para Basis for qualified opinion, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss (including Other Comprehensive

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

Income), the Statement of changes in equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account read with our comments in para b above;

- d) Except for the effects of matter described in the para 'Basis of Qualified opinion paragraph', in our opinion, the Balance Sheet, Statement of Profit and Loss(including Other Comprehensive Income), the Statement of changes in equity and the Statement of Cash Flows comply with the accounting standards specified under section 133 of the Act.
- e) The company has not obtained any written representation from its directors regarding their qualification for appointment as directors u/s 164(2) of the Act and in the absence of said confirmation, we are unable to comment whether the directors of the company are eligible for re-appointment as directors or appointed as directors of other company in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-B.
- g) With respect to the other matters to be included in the Auditors report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration has been provided/ paid by the company to its Managing directors in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the basis of our information and according to the explanations given to us:
  - i. The company does not have any pending litigations which would impact its financial position except those which are disclosed in the notes to the financial statements
  - ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education Protection Fund by the company.

Place : Chennai  
Date : 13-07-2019

For BRAHMAYYA & CO  
Chartered Accountants  
Firm Regn.no.000513S

**(Sd) (P. Lakshmana Rao)**  
Partner  
ICAI Membership No.13254

**ANNEXURE - A**  
**TO THE INDEPENDENT AUDITORS' REPORT**

The Annexure referred to in our report to the members of **KRISHNA INDUSTRIAL CORPORATION LIMITED** ("the Company") for the year ended March 31, 2019.

**We report that :**

**1. In respect of its fixed assets:**

- a) The Company's register of fixed assets remains to be updated with the required particulars at the date of balance sheet.
- b) According to the information and explanations furnished to us, the Company has not physically verified its fixed assets during the year.
- c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/confirmation from lenders confirming the deposit of original title deeds, we report that title deeds comprising of all the immovable properties of land and buildings are held in the name of the company as at the balance sheet date.

**2. In respect of its inventories:**

- a) According to the information and explanations furnished to us, the Company has not physically verified its inventories during the year.
3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Consequently reporting under clauses (iii) (a), (b) and (c) of paragraph 3 of the Order are not applicable.
4. The company has not granted any loans, made investments or provided any guarantees and hence reporting under clause (iv) of the Order is not applicable.
5. The Company has not accepted any fresh deposits during the year. However, an amount of Rs. 79 lakhs being the amount received against supply of goods is outstanding for more than a year. The company has complied with the directives issued by the RBI and the provisions of section 73 to 76 or any other relevant provisions of Companies Act and the rules framed thereunder. According to the information furnished to us, no order has been passed on the Company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provisions of sections 73 to 76 of the Act.
6. We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the said records with a view to determine where they are accurate or complete.
7. a) According to the information furnished to us, the Company made substantial delays in depositing with appropriate authorities, the undisputed statutory dues of Provident Fund, ESI Income-tax (TDS), VAT/GST, Excise duty and Professional tax and is regular in

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

depositing Investor Education and Protection Fund.

According to the information and explanation given to us, the details of undisputed statutory dues payable as at the date of the Balance Sheet under report outstanding for a period of more than six months from the date they became payable are as under.

<b>SL. NO</b>	<b>NAME OF THE STATUTE</b>	<b>NATURE OF DUES</b>	<b>TOTAL AMOUNT</b>	<b>PERIOD TO WHICH THE AMOUNT RELATES</b>	<b>DUE DATE</b>
1	Employees' Provident Fund Act, 1952	Provident Fund	16,05,337	Nov 17-Aug 18	15th of next month
2	The Employees State Insurance Act, 1948	ESI	1,90,957	Apr-Aug 18	15th of next month
3	Income-tax Act, 1961	TDS	53,485	On various dates	7th of next month
4	Finance Act, 1994	Service tax	2,22,420	On various dates	6th of next month
5	Professional tax	Professional tax	1,75,815	On various dates	Last date of the month
6	GST	GST	6,14,709	On various dates	Within 20 days of next month

- b) According to the information furnished to us and records of the Company examined by us, at the date of Balance Sheet, there were no amounts of Income-tax, VAT, service tax, customs duty and Excise duty have been disputed by the Company and hence were not remitted to the authorities concerned.
8. In our opinion and according to the information and explanations furnished to us and as per the books and records examined by us, the company made considerable delays in repayment of its dues to APSFC aggregating to Rs. 189 lakhs during the year which varies for a period from 30-455 days and the said amount was outstanding as at the Balance sheet date. The company has not borrowed any amount by way of issue of debentures.
9. The Company has not raised any funds by way of initial public offer and no term loans were obtained by the company during the year under report.

10. According to the information and explanations given to us, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.
11. According to the information and explanation given to us and based on examination of the records of the company, no remuneration has been paid/provided to managerial personnel during the year under report.
12. The company is not a nidhi company. Accordingly reporting under provisions of para 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on examination of records of the company, transactions with the related parties are in compliance with the provisions of section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures of the company.
15. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly paragraph 3(xv) of the Order is not applicable.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place : Chennai  
Date : 13-07-2019

For BRAHMAYYA & CO  
Chartered Accountants  
Firm Regn.no.000513S  
**(Sd) (P. Lakshmana Rao)**  
Partner  
ICAI Membership No.13254

## **Annexure-B**

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

We have audited the internal financial controls over financial reporting of KRISHNA INDUSTRIAL CORPORATION LIMITED ("the Company") as of 31 March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.



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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

**Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as on 31st March, 2019.

- a) Confirmation of borrowings from banks/company, current account balances with some of the banks, trade receivables, trade payables and advances to suppliers and advances from customers against sales is pending for confirmation.
- b) Statutory dues such as PF/ESI/TDS and other taxes could not be paid on due dates due to cash flow issues and there are delays in filing of certain statutory returns with the respective authorities. The company needs to strengthen internal control systems in this regard.
- c) The company has not physically verified its fixed assets and inventories during the year.

A material weakness is a deficiency in Company's internal financial controls over financial reporting such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described in above paras, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit for the financial year ended 31.3.2019 and these material weakness affect our opinion on Ind AS financial statements of the company for the said year.

Place : Chennai  
Date : 13-07-2019

For BRAHMAYYA & CO  
Chartered Accountants  
Firm Regn.no.000513S  
**(Sd) (P. Lakshmana Rao)**  
Partner  
ICAI Membership No.13254

## BALANCE SHEET AS AT 31ST MARCH, 2019

PARTICULARS	NOTE NO.	As at 31-03-2019 Rs.	As at 31-03-2018 Rs.
<b>ASSETS</b>			
1 Non-Current Assets			
(a) Property, Plant and Equipment	4	46,144,386	57,511,776
(b) Capital Work-in-progress		-	-
(c) Intangible Assets	5	272,548	476,634
(d) Financial Assets			
(i) Investments	6	226,395	347,333
(ii) Loans	7	3,374,599	4,198,944
(iii) Other financial assets	8	-	-
(e) Deferred Tax Asset (Net)	18	56,776,376	56,776,376
(f) Other Non-current Assets	9	-	-
Total Non-Current assets		<u>106,794,304</u>	<u>119,311,063</u>
2 Current Assets			
(a) Inventories	10	4,343,011	32,393,121
(b) Financial Assets			
(i) Trade receivables	11	111,468,921	111,100,951
(ii) Cash and cash equivalents	12	4,259,168	2,448,839
(iii) Other bank balances	12	381,998	453,082
(iv) Loans	7	89,434	269,108
(v) Other financial assets	8	284,964	279,792
(c) Other Current assets	9	27,183,548	36,242,420
(d) Current tax Assets (Net)	22	45,146	68,791
Total Current assets		<u>148,056,190</u>	<u>183,256,104</u>
Total Assets		<u>254,850,494</u>	<u>302,567,167</u>
<b>EQUITY AND LIABILITIES</b>			
1 Equity			
(a) Equity Share Capital	13	20,145,410	20,145,410
(b) Other Equity	14	(205,212,016)	(164,707,122)
		<u>(185,066,606)</u>	<u>(144,561,712)</u>
2 Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Long-term borrowings	15	7,238,854	12,807,642
(ii) Other financial liabilities	16	747,350	11,880,317
(b) Provisions	17	16,022,632	14,262,215
(c) Deferred Tax Liability	18	-	-
(d) Other non-current liabilities	19	-	-
Total non-current liabilities		<u>24,008,836</u>	<u>38,950,174</u>
3 Current liabilities			
(a) Financial Liabilities			
(i) Short-term borrowings	20	262,902,879	226,624,386
(ii) Trade payables	21	16,826,978	36,188,915
(iii) Other financial liabilities	16	123,327,484	130,114,708
(b) Other current liabilities	19	12,850,923	15,250,696
(c) Provisions	17	-	-
Total current liabilities		<u>415,908,264</u>	<u>408,178,705</u>
Total Liabilities		<u>439,917,100</u>	<u>447,128,879</u>
Total Equity and Liabilities		<u>254,850,494</u>	<u>302,567,167</u>

Note: The accompanying notes form an integral part of the Financial statements.

As per our report of even date  
for BRAHMAYYA & CO  
Firm Regn.no.000513S  
Chartered Accountants  
**(Sd.) P. Lakshmana Rao**  
Partner  
ICAI Membership No.13254  
Place : Chennai  
Date : 13-07-2019

For and on behalf of the Board  
**(Sd.) Dr. S.R.K. PRASAD**  
Managing Director

**(Sd.) N. PRASAD**  
Director

**M.Swaminathan**  
Manager-Finance

KRISHNA INDUSTRIAL CORPORATION LIMITED

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019**

PARTICULARS	NOTE NO.	Year ended 31-03-2019	Year ended 31-03-2018
I Revenue from Operations	23	17,668,904	45,522,079
II Other Income	24	21,001,762	2,952,248
III Total Income (I+II)		<u>38,670,666</u>	<u>48,474,327</u>
IV Expenses			
Cost of Material Consumed	25	7,625,434	11,948,387
"(Increase)/Decrease in Inventories of Finished goods. Stock in-Trade and "Work-in-progress "	26	410,889	6,275,274
Excise Duty		-	412,073
Employee benefits expense	27	22,508,444	33,276,727
Finance costs	28	50,922,561	45,422,531
Depreciation and Amortization expense	29	3,584,026	4,957,858
Other expenses	30	22,989,110	16,590,981
<b>Total Expenses (IV)</b>		<u>108,040,464</u>	<u>118,883,831</u>
V Loss before exceptional items and tax (III-IV)		<u>(69,369,798)</u>	<u>(70,409,504)</u>
VI Exceptional items			
- Profit on sale of assets		28,713,587	-
- Capital Work-in-progress written off		-	6,983,676
VII Loss before tax (V-VI)		<u>(40,656,211)</u>	<u>(77,393,180)</u>
VIII Tax expense:	22		
Current tax		-	-
Deferred tax charge/(credit)		-	(21,211,611)
IX Loss after tax for the Period (VII-VIII)		<u>(40,656,211)</u>	<u>(56,181,569)</u>
X Other Comprehensive Income			
A. Items that will not be re-classified to statement of Profit and loss (net of tax)			
a) Changes in fair value of investments		(120,938)	102,284
b) Remeasurement of defined employee benefit plans		272,255	352,388
Total Other comprehensive income		<u>151,317</u>	<u>454,672</u>
XI Total Comprehensive Income for the year (IX+X)		<u>(40,504,894)</u>	<u>(55,726,897)</u>
XII Earnings per Equity Share of Rs. 10/- each			
Basic and Diluted		(20.18)	(27.89)

Note: The accompanying notes form an integral part of the Financial statements.

As per our report of even date  
for BRAHMAYYA & CO  
Firm Regn.no.000513S  
Chartered Accountants  
**(Sd.) P. Lakshmana Rao**  
Partner  
ICAI Membership No.13254  
Place : Chennai  
Date : 13-07-2019

**(Sd.) N. PRASAD**  
Director

**For and on behalf of the Board**  
**(Sd.) Dr. S.R.K. PRASAD**  
Managing Director

**M.Swaminathan**  
Manager - Finance

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

PARTICULARS	2018-19 Rs.	2017-18 Rs.
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	(40,656,211)	(77,393,180)
Add/Less: Adjustments for :		
Depreciation	3,584,026	4,957,858
Interest and Finance charges	50,922,561	45,422,531
Dividend received	(14,880)	(13,020)
Interest income	(218,475)	(249,234)
Profit on sale of assets	(28,713,587)	(200,500)
Capital Work-in-progress writtenoff	-	6,983,676
" Remeasurement benefits on defined benefit Plans/Obligations " considered in Other Comprehensive Income "	272,255	352,388
Operating profit/(Loss) before working capital changes	<u>(14,824,311)</u>	<u>(20,139,481)</u>
Movements in Working Capital		
Adjustments for (increase)/decrease in operating assets:		
- Trade Receivables	(367,970)	215,405
- Inventories	28,050,110	(13,467,968)
- Other Assets	10,057,718	11,927,799
Adjustments for increase/(decrease) in operating liabilities:		
- Trade Payables and Other Liabilities	(26,624,116)	51,066,103
Cash generated from operations	(3,708,569)	29,601,858
Less: Direct taxes paid	23,645	(24,595)
Net cash from / (used in) Operating activities ( A )	<u>(3,684,924)</u>	<u>29,577,263</u>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets/Capital works-under progress	-	(765,929)
Proceeds from sale of fixed assets	36,701,038	200,500
Interest received	218,475	283,804
Dividend Received	14,880	13,020
Net cash from/(used) in Investing activities ( B )	<u>36,934,393</u>	<u>(268,605)</u>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from/(Repayment of) borrowings	19,412,337	12,612,695
Interest and Finance charges paid	(50,922,561)	(43,815,584)
Net cash from/(used in) financing activities ( C )	<u>(31,510,224)</u>	<u>(31,202,889)</u>
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	1,739,245	(1,894,231)
Cash and cash equivalents at the beginning of the period	2,901,921	4,796,152
Cash and cash equivalents at the end of the period	<u>4,641,166</u>	<u>2,901,921</u>
Net Increase/(Decrease) in cash and cash equivalents	<u>1,739,245</u>	<u>(1,894,231)</u>
Components of cash and cash equivalents		

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

**Components of cash and cash equivalents**

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
Cash on hand	<b>109,018</b>	118,329
In Current accounts	<b>4,150,150</b>	1,554,888
Deposits having maturity period for less than 3months	<b>322,177</b>	1,097,799
Earmarked balances with banks towards unclaimed dividends	<b>59,821</b>	130,905
	<b>4,641,166</b>	2,901,921

As per our report of even date  
for BRAHMAYYA & CO  
Firm Regn.no.000513S  
Chartered Accountants  
**(Sd.) P. Lakshmana Rao**  
Partner  
ICAI Membership No.13254

**(Sd.) N. PRASAD**  
Director

**For and on behalf of the Board**  
**(Sd.) Dr. S.R.K. PRASAD**  
Managing Director

**M.Swaminathan**  
Manager-Finance

Place : Chennai  
Date : 13-07-2019

## **NOTES TO THE FINANCIAL STATEMENTS**

**Note No.1**

### **CORPORATE INFORMATION**

Krishna Industrial Corporation Ltd is incorporated in the year 1947 and is engaged in the business of manufacturing of Single superphosphate, NPK mixtures, Bio-Fertilisers and CO<sub>2</sub> gas. The company is also engaged in the business of developing computer software. The company's registered and Administrative office is located at Chennai and is having manufacturing facilities at Nidadavole and Jangareddygudem. The company's shares are listed in Madras Stock Exchange.

### **BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND STATEMENT ONSIGNIFICANT ACCOUNTING POLICIES 2018-19**

**Note No. 2**

#### **2.1 Basis of Preparation of Financial Statements**

##### **a) Preparation of Financials under Ind AS**

The Equity Shares of KIC limited were listed on Madras Stock Exchange (MSE) and the said stock exchange was derecognised by SEBI. Pursuant to such de-recognition, the company lost its status as a Listed company and has been referred to Dissemination Board. SEBI vide its circular No. SEBI/HO/MRD/DSA/CIR/P/2016/110 dt.10.10.2016 has advised companies listed in MSE to either approach any stock exchange having nationwide trading platform for listing the shares or shall provide an exit option to the public shareholders by the promoters.

The promoters of the company, KIC Limited has decided to provide an exit opportunity to all the public shareholders of the company and the said process is under progress. Pending completion of procedures for exit option, the company has prepared its financial statements by adopting Ind AS as notified Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 with effect from 01.04.2017.

##### **b) Basis of measurement**

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) under historical cost convention on accrual basis of accounting except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013('the Act') and guidelines issued by the Securities and Exchange Board of India (SEBI). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting policies have been consistently applied except a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### **c) Use of estimates**

The preparation of the financial statements in conformity with Ind AS requires management of the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities and commitments. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

## KRISHNA INDUSTRIAL CORPORATION LIMITED

The following are the critical judgements and estimates that have been made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognized in the financial statements.

### **i) Depreciation and useful lives of property, plant and equipment and intangible assets:**

Property, plant and equipment are depreciated based on the useful lives specified under schedule II of Companies Act, 2013. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is revised if there are significant changes from previous estimates.

### **ii) Recoverability of trade receivable:**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, past history of receivables, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

### **iii) Fair value measurement of financial instruments:**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent available. Where Level 1 inputs are not available, the fair value is measured using valuation techniques, including the discounted cash flow model, which involves various judgments and assumptions. The appropriateness of valuation techniques and inputs to the valuation model are reviewed by the Management.

### **iv) Provisions:**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

### **v) Impairment of non-financial assets :**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transaction are taken into account, if no such transactions can be identified, an appropriate valuation model is used.



**vi) Impairment of financial assets:**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**vii) Income Taxes:**

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.

**viii) Defined benefit obligations:**

The Company uses actuarial assumptions viz., discount rate, mortality rates, salary escalation rate etc., to determine such employee benefit obligations.

**ix) Other estimates:**

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

The judgments, estimates and underlying assumptions are made with the management's best knowledge of the business environment and are reviewed on an ongoing basis. Accounting estimates could change from period to period. Actual results could differ from these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**2.2 Significant accounting policies**

**a) PROPERTY, PLANT AND EQUIPMENT**

An item of Property, Plant and Equipment that qualified as an asset is measured at initial recognition at Cost. Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the management.

The company identifies and determines cost of each part of PPE separately, if the part has a cost which is significant to the total cost of that items of PPE and has useful life that is materially different from that of the remaining items.

Advances paid for acquisition of Property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets. Cost of the assets not put to use before such date are disclosed under 'Capital Work-in-progress'. Any subsequent expenditure relates to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured

## KRISHNA INDUSTRIAL CORPORATION LIMITED

reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. Items of spare parts are recognized as Property, plant and equipment when they meet the definition of Property, plant and equipment. The cost and related depreciation are eliminated from the property, plant and equipment upon sale or retirement of the asset and the resultant gain or losses are recognized in statement of profit and loss.

### b) INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition less accumulated amortization. Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis from the date they are available for use.

For transition to Ind AS, the company has elected to continue with the carrying value of all of its intangible assets recognized as of 1st April, 2016, being transition date, measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### c) BORROWING COSTS

Borrowing Costs, that are directly attributable to the acquisition or construction of assets, that necessarily take a substantial period of time to get ready for its intended use, are capitalised as part of the cost of qualifying asset when it is possible that they will result in future economic benefits and the cost can be measured reliably.

### d) DEPRECIATION

The company has computed depreciation on fixed assets based on the useful lives as specified in Schedule II of Companies Act, 2013 under straight line method and WDV method.

Depreciation methods, useful lives and residual values are reviewed periodically at the end of each financial year with the effect of any change in estimate accounted for on a prospective basis.

### e) IMPAIRMENT OF ASSETS

#### i) Financial assets (other than at fair value)

The company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The company recognizes lifetime expected losses for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

#### ii) Non-financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amount may not be recoverable. If any such indication exists, the recoverable amount (i.e higher of the fair value less cost of sale and value in use) is determined on an individual asset basis unless the asset does not generates cash flows

that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount and the carrying amount of the asset is increased to its revised recoverable amount subject to maximum of carrying amount.

**f) INVENTORIES**

- i) All finished goods are valued at the lower of cost or market value.
- ii) Work -in- process, Raw-materials, Stores, Spares and Materials in transit are valued at cost except where net realisable value of the finished goods they are used in is less than the cost of finished goods and in such an event, if the replacement cost of such materials etc., is less than their book values, they are valued at replacement cost.
- iii) Valuation of Computer Software packages and work-in-progress relating thereto is based on technical assessment by the management.
- iv) Scrap as and when sold is adjusted in the accounts.

**g) REVENUE RECOGNITION**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- i) Revenue from sale of products is recognised when the goods are delivered and titles have passed i.e time when the risks and rewards of ownership are transferred to the buyer under the terms of the contract and the company retains no effective control over the goods sold. Revenue is measured at the fair value of the consideration taking into account contractually defined terms of payment. Revenue is reduced for discounts, rebates and other similar allowances.

When there is any uncertainty as to the measurement or collectability of consideration, revenue recognition to the extent of amount of uncertainty is postponed until such uncertainty is resolved.

- ii) GST and other taxes is not received by the company on its own account as it is collected on behalf of government. Accordingly it is excluded from revenue.
- iii) Interest on investments and deposits is booked on a time proportion basis taking into account the amounts invested and the rate of interest.
- iv) Dividend income is accounted for in the year in which the right to receive the payment is established.

**h) TAXES ON INCOME**

Income tax expense comprises the sum of tax currently payable and deferred tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current tax is determined at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

## **KRISHNA INDUSTRIAL CORPORATION LIMITED**

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The carrying amount of deferred tax assets is reviewed at the end of each year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities are recognized as income or expense in the year of enactment. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

### **i) SEGMENT REPORTING**

The operating segments of the entity are identified based on the revenues earned and expenses incurred whose operating results are regularly reviewed by the entity's decision maker to make decisions about resources to be allocated to the segment and assess its performance for which discrete financial information is available.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

Inter segment revenue has been accounted for based on the market related prices.

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenses".

### **j) RETIREMENT BENEFITS**

The company provides retirement benefit in the form of provident fund and group gratuity. Contributions to the Provident Fund, a defined contribution scheme, is made at the prescribed rates to the provident fund commissioner and is charged to the Profit and Loss account. There is no other obligation other than the contribution payable.

The company's liability to gratuity on retirement of its eligible employees is funded with the Life Insurance Corporation of India through and approved trust, under a Defined Benefit Plan. The incremental expense thereon for each year is arrived at as per actuarial valuation and is recognized and charged to the Profit and Loss Account in the year in which the employee has rendered service.

Expense on account of unutilized/unencashed leave is arrived at as per actuarial valuation and is recognized and charged to the Profit and Loss Account in the year in which employee has rendered services in lieu of such leave.

Gains/ losses arrived at in the above actuarial valuations are charged to the profit and loss account immediately in each year.

### **k) FOREIGN EXCHANGE TRANSACTIONS**

The functional currency of the company is the Indian rupee and the financial statements are presented in Indian rupee.

Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately, with the difference in the rate of exchange arising on actual receipt/payment during the year.

**At each Balance Sheet date**

- i) Foreign currency denominated monetary items are translated into the relevant functional currency at exchange rate at the balance sheet date. The gains and losses resulting from such translations are included in net profit in the statement of profit and loss.
- ii) Foreign currency denominated non-monetary items are reported using the exchange rate at which they were initially recognized.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in statement of profit and loss.

In respect of forward exchange contracts in the nature of hedges

- i) Premium or discount on the contract is amortized over the term of the contract
- ii) Exchange differences on the contract are recognized as profit or loss in the period in which they arise.

**l) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognised when there is a present obligation as a result of past event, it is probable that the company will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Where the effect of time value of money is material, the amount of provision is the present value of the expenditure to be required to settle the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The company does not recognise contingent liabilities but the same are disclosed in the notes.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

**m) FINANCIAL INSTRUMENTS**

**Initial recognition:**

The company recognizes financial assets and liabilities when it becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than the financial assets and liabilities at fair value through profit and loss) are added to or deducted from the fair value of financial assets and liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of

## KRISHNA INDUSTRIAL CORPORATION LIMITED

financial assets and liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### **Subsequent measurement:**

i) Financial assets carried at amortized cost:

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income.

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial assets at fair value through profit or loss A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

### **De-recognition of financial asset**

The company de-recognises financial assets when the contractual right to the cash flows from the asset expires or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

### **(iv) Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. The effective method is a method of calculating the amortization cost of a financial liability and of allocating interest expense over the relevant period. The effective interest is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

### **De-recognition of financial liability**

The company de-recognises financial liabilities when the company's obligations are discharged, cancelled or expired. The difference between the initial carrying amount of the financial liabilities and their redemption value is recognized in the statement of profit and loss over the contractual terms using the effective interest method.

### **n) EARNING PER EQUITY SHARE**

Basic earning per equity share is computed by dividing the net profit attributable to the equity shareholders of the company by the weighted average number of equity shares during the period. The company did not have any potentially dilutive securities in any of the years presented.

The number of equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of financial

statements by the board of directors.

**o) CASH FLOW STATEMENT**

Cash flows are reported using indirect method whereby the 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 items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financial activities of the company are segregated.

**p) DIVIDENDS**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders i.e the year in which the dividends are approved and interim dividends are recorded as a liability on the date of declaration by the company's board of directors.

**2.3 Standards Issued but not effective**

**Ind AS - 116 Leases:**

On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 - Leases and related amendments to other Ind AS. Ind AS 116 replaces Ind AS 17 'Leases' and related interpretation and guidance.

The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

**Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:**

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

**Amendment to Ind AS 12 'Income Taxes':**

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend.

The income tax consequences of dividends are linked more directly to past transactions or events

## **KRISHNA INDUSTRIAL CORPORATION LIMITED**

that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

### **Amendment to Ind AS 19, 'Employee Benefits':**

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

The Company is evaluating the effect of the above on its financial statements.



**Statement of Changes in Equity for the year ended 31.03.2019**

**Note No.3**

**A. Equity share capital**

Particulars	No's	INR
<b>As at 1st April, 2017</b>	2,014,541	20,145,410
Changes in equity during the year:-	-	-
<b>As at 31st March, 2018</b>	2,014,541	20,145,410
Changes in equity during the year	-	-
<b>As at 31st March, 2019</b>	<b>2,014,541</b>	<b>20,145,410</b>

**B. Other Equity**

Particulars	Reserves and Surplus Items of Other Comprehensive Income				Total
	General Reserve	Retained Earnings	Equity instruments through Other Comprehensive Income	Actuarial Gains/ (Losses)	
Balance at the end of reporting period - 31st March 2017	13,340,569	(120,822,087)	(638,900)	(859,807)	(108,980,225)
Profit/(Loss) for the period	-	(56,181,569)	-	-	(56,181,569)
Other Comprehensive Income	-	-	102,284	352,388	454,672
Total Comprehensive Income for the year	-	(56,181,569)	102,284	352,388	(55,726,897)
Less: Appropriations					
Transfer to General Reserve	-	-	-	-	-
Balance at the end of reporting period 31st March 2018	13,340,569	(177,003,656)	(536,616)	(507,419)	(164,707,122)
Profit/(Loss) for the period	-	(40,656,211)	-	-	(40,656,211)
Other Comprehensive Income	-	-	(120,938)	272,255	151,317
Total Comprehensive Income for the year	13,340,569	(217,659,867)	(657,554)	(235,164)	(205,212,016)
Less: Appropriations					
Transfer to General Reserve	-	-	-	-	-
Balance at the end of reporting period 31st March 2019	13,340,569	(217,659,867)	(536,616)	(507,419)	(205,212,016)

As per our report of even date for BRAHMAYYA & CO Firm Regn.no.000513S Chartered Accountants **(Sd.) P. Lakshmana Rao** Partner ICAI Membership No.13254

For and on behalf of the Board **(Sd.) Dr. S.R.K. PRASAD** Managing Director

**(Sd.) N. PRASAD** Director

**M.Swaminathan** Manager-Finance

Place : Chennai  
Date : 13-07-2019

KRISHNA INDUSTRIAL CORPORATION LIMITED

Notes to the Financial Statements

PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

Note No. 4

Particulars	As at 31-03-2019	As at 01-04-2018
Carrying Amounts of:		
Land	<b>1,081,284</b>	1,477,579
Factory Buildings	<b>4,420,858</b>	5,913,414
Non-Factory Buildings	<b>26,622,531</b>	28,450,523
Plant and Equipment	<b>12,846,076</b>	16,284,557
Electrical Installations	<b>113,488</b>	192,646
Roads	<b>117,915</b>	129,189
Water works	<b>23,851</b>	66,702
Gas Cylinders	-	135,143
Weigh Machine	<b>26,800</b>	28,777
Workshop Equipment	<b>766</b>	21,636
Labaratory Equipment	<b>49,321</b>	56,199
Furniture and Fixtures	<b>89,655</b>	105,527
Computers	<b>200,699</b>	218,329
Office Equipment	<b>143,489</b>	176,776
Vehicles	<b>407,651</b>	4,254,779
	<b>46,144,386</b>	57,511,776
Capital Work-in-progress	-	-

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

**Property, Plant and Equipment**

Particulars	Land	Factory Building	Non-Factory Building	Plant & Equipment	Electrical Installation	Roads	Water Works	Gas Cylinders	weighing Machine	Workshop Equipment	Laboratory Equipment	Furniture and Fixtures	Computers	Office Equipment	Vehicles	Total
Gross Carrying value - At Cost/Deemed Cost																
As at 31st March, 2017	1,477,579	6,718,008	31,114,660	18,493,147	452,463	139,421	118,379	135,143	28,777	21,636	82,541	152,120	376,073	285,895	8,262,521	67,868,363
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70,650	70,650
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2018	1,477,579	6,718,008	31,114,660	18,493,147	452,463	139,421	118,379	135,143	28,777	21,636	82,541	152,120	376,073	285,895	8,333,171	67,929,013
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	396,295	1,602,557	550,168	2,683,472	83,241	6,158	42,851	135,143	1,977	20,870	-	1,450	15,654	32,376	7,354,451	12,936,661
As at 31st March, 2019	1,081,284	5,115,451	30,564,492	15,799,675	369,222	133,263	75,528	-	26,800	766	82,541	150,670	360,419	253,519	978,720	54,992,352
Accumulated Depreciation																
As at 31st March, 2017	-	402,297	1,333,375	1,104,766	259,817	5,116	34,221	-	-	-	15,888	27,221	135,207	71,220	2,405,888	5,795,016
Depreciation charge for the year	-	402,297	1,330,762	1,103,824	-	5,116	17,456	-	-	-	10,454	19,372	22,537	37,899	1,672,504	4,622,221
On disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2018	-	804,594	2,664,137	2,208,590	259,817	10,232	51,677	-	-	-	26,342	46,593	157,744	109,119	4,078,392	10,417,237
Depreciation charge for the year	-	401,360	1,328,186	1,103,219	-	5,116	-	-	-	-	6,878	14,422	1,976	18,596	500,186	3,379,939
On disposals	-	511,361	50,362	358,210	4,083	-	-	-	-	-	-	-	-	17,685	4,007,509	4,949,210
As at 31st March, 2019	-	694,593	3,941,961	2,963,599	255,734	15,348	51,677	-	-	-	33,220	61,015	159,720	110,030	571,069	8,847,966
Net carrying amount																
As at 31st March, 2019	1,081,284	4,420,858	26,622,531	12,846,076	113,488	117,915	23,851	-	26,800	766	49,321	89,655	200,689	143,489	407,651	46,144,386
As at 31st March, 2018	1,477,579	5,913,414	28,450,523	16,284,557	192,646	129,189	66,702	135,143	28,777	21,636	56,199	105,527	218,329	176,776	4,284,779	57,511,776
As at 31st March, 2017	1,477,579	6,315,711	29,781,285	17,388,381	192,646	134,305	84,158	135,143	28,777	21,636	66,653	124,899	240,866	214,675	5,886,633	62,063,347

**Notes:**

**Assets Pledged as Security**

- 1) Land and Buildings and all the fixed assets of the company situated at Nidadavole were hypothecated against Term Loan] taken from APSFC.
- 2) Cars/Lorries are hypothecated against the term loans taken for respective assets.
- 3) Working Capital Loans from banks are secured by way of second charge on Property, Plant and Equipment of the company both present and future.

KRISHNA INDUSTRIAL CORPORATION LIMITED

**Capital Work-in-Progress**

PARTICULARS	Amount
Carrying value - At Cost <b>As at 1st April, 2017</b>	6,983,676
Additions	-
Written off during the year	<b>6,983,676</b>
<b>As at 31st March, 2018</b>	-
Additions	-
Capitalised during the year	-
<b>As at 31st March, 2019</b>	-

**INTANGIBLE ASSETS**

**Note No. 5**

PARTICULARS	As at 31-03-2018	As at 01-04-2017
Computer Software	272,548	476,634
<b>Total</b>	<b>272,548</b>	<b>476,634</b>

PARTICULARS	Computer Software	Total
<b><u>Gross Carrying value - At Cost/Deemed Cost</u></b>		
<b>As at 1st April, 2017</b>	<b>222,612</b>	<b>222,612</b>
Additions	695,279	695,279
Disposals	-	-
<b>As at 31st March, 2018</b>	<b>917,891</b>	<b>917,891</b>
Additions	-	-
Disposals	-	-
<b>As at 31st March, 2019</b>	<b>917,891</b>	<b>917,891</b>
<b><u>Accumulated Amortization</u></b>		
<b>As at 1st April, 2017</b>	<b>105,621</b>	<b>105,621</b>
Depreciation charge for the year	335,636	335,636
On disposals	-	-
<b>As at 31st March, 2018</b>	<b>441,257</b>	<b>441,257</b>
Depreciation charge for the year	204,086	204,086
On disposals	-	-
<b>As at 31st March, 2019</b>	<b>645,343</b>	<b>645,343</b>
<b><u>Net carrying Value</u></b>		
As at 31st March, 2019	272,548	272,548
As at 31st March, 2018	476,634	476,634
As at 31st March, 2017	116,991	116,991

**INVESTMENTS (NON-CURRENT)**
**Note No. 6**

PARTICULARS	As at 31-03-2019 Rs.	As at 01-03-2018 Rs.
Investment in Equity Instruments		
<b>(a) Quoted - Non Trade (Carried at fair value through OCI)</b>		
a) 3720 Equity Shares of Rs. 10/- each in Lakshmi Finance Industrial Corporation Ltd.,	215,760	336,474
b) 52 Equity Shares of Rs. 10/- each in The Andhra Cement Co. Ltd.	205	504
c) 100 Equity Shares of Rs. 10/- each in Bank of India.	10,430	10,355
<b>(b) Quoted - Trade (Carried at fair value through OCI)</b>		
a) 84,618 Equity Shares of Rs. 10/- each in The Jeypore Sugar Co. Ltd. (Fair Value to be considered - Rs. Nil)	-	-
<b>Total</b>	<b>226,395</b>	<b>347,333</b>
<b>Aggregate amount of : Quoted investments -</b>		
- At cost	<b>883,949</b>	<b>883,949</b>
- Market value	<b>226,395</b>	<b>347,333</b>

**Category wise - Investments as per Ind AS 109 Classification**

PARTICULARS	As at 31-03-2019 Rs.		As at 01-03-2018 Rs.	
	Fair value of Investments	Dividends recognised	Fair value of Investments	Dividends recognised
Investments measured at:				
<b>(i) Fair value through Other Comprehensive Income</b>				
a) 3720 Equity Shares of Rs. 10/- each in Lakshmi Finance Industrial Corporation Ltd	<b>215,760</b>	<b>14,880</b>	336,474	13,020
b) 52 Equity Shares of Rs. 10/- each in The Andhra Cement Co. Ltd.	<b>205</b>	-	504	-
c) 100 Equity Shares of Rs. 10/- each in Bank of India.	<b>10,430</b>	-	10,355	-
d) 84,618 Equity Shares of Rs. 10/- each in The Jeypore Sugar Co. Ltd.	-	-	-	-
<b>Total</b>	<b>226,395</b>	<b>14,880</b>	<b>347,333</b>	<b>13,020</b>

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

**LOANS**

**Note No. 7**

PARTICULARS	NON-CURRENT		CURRENT	
	As at 31-03-2019 Rs.	As at 01-04-2018 Rs.	As at 31-03-2019 Rs.	As at 01-04-2018 Rs.
Unsecured, Considered Good				
a) Security deposits with Govt. authorities and others	3,374,599	4,198,944	-	-
b) Employee related advances	-	-	89,434	269,108
<b>Total</b>	<b>3,374,599</b>	<b>4,198,944</b>	<b>89,434</b>	<b>269,108</b>

**OTHER FINANCIAL ASSETS**

**Note No. 8**

PARTICULARS	NON-CURRENT		CURRENT	
	As at 31-03-2019 Rs.	As at 01-04-2018 Rs.	As at 31-03-2018 Rs.	As at 01-04-2017 Rs.
Other advances	-	-	100,000	100,000
Interest accrued on deposits and Others	-	-	184,964	179,792
<b>Total</b>	<b>-</b>	<b>-</b>	<b>284,964</b>	<b>279,792</b>

**OTHER ASSETS**

**Note No. 9**

PARTICULARS	NON - CURRENT		CURRENT	
	As at 31-03-2019 Rs.	As at 01-04-2018 Rs.	As at 31-03-2019 Rs.	As at 01-04-2018 Rs.
Unsecured, Considered Good				
a) Advances to creditors against supplies	-	-	275,340	360,560
b) Balances with Statutory Authorities: GST and other taxes receivable	-	-	-	1,215,064
c) Subsidy receivable from Government	-	-	26,908,208	34,258,192
d) Prepaid Expenses	-	-	-	408,604
<b>Total</b>	<b>-</b>	<b>-</b>	<b>27,183,548</b>	<b>36,242,420</b>

**INVENTORIES (At lower of cost and NRV)****Note No. 10**

<b>PARTICULARS</b>	<b>As at 31-03-2019 Rs.</b>	<b>As at 01-03-2018 Rs.</b>
a) Raw Materials	-	9,481,030
b) Raw Materials in Transit	-	17,234,377
c) Work in Progress	-	-
d) Finished Goods	-	391,240
e) Stock in Trade	-	19,649
f) Stores and Spares	<b>4,343,011</b>	5,251,809
g) Loose Tools	-	15,016
<b>Total</b>	<b>4,343,011</b>	<b>32,393,121</b>

**Mode of Valuation:**

- (i) The mode of valuation of inventories has been stated in Note No.2.2 (f) in Accounting Policies.
- (ii) The cost of inventories recognised as an expense for the year ended 31st March, 2019 has“ been disclosed on the face of the statement of P&L in note no.25 and 30.
- (iii) All the above inventories are offered as security in respect of working capital loans availed by“ the company.
- (iv) There are no inventories expected to be liquidated after more than twelve months.

**TRADE RECEIVABLES****Note No. 11**

<b>PARTICULARS</b>	<b>As at 31-03-2019 Rs.</b>	<b>As at 01-04-2018 Rs.</b>
Trade receivables considered good- Secured	-	-
Trade receivables considered good- Unsecured	111,468,921	111,100,951
Trade receivables which have significant increase in credit risk	-	-
	11,468,921	111,100,951
Trade receivables - Credit impaired	-	-
<b>Total</b>	<b>111,468,921</b>	<b>111,100,951</b>

- a) The average credit period is 45 days which is due from the date of invoice. No interest is charged on overdue receivables.
- b) Of the trade receivables balance, Rs. 10,22,27,853/- (as at March 31, 2018 : 9,59,54,245) is due from one of the Company's largest customers DTOP Solution, Malaysia and the above mentioned is the only customer who represents more than 5% of total outstanding receivables.

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

**CASH AND CASH EQUIVALENTS**

**Note No. 12**

<b>PARTICULARS</b>	<b>As at 31-03-2019 Rs.</b>	<b>As at 01-03-2018 Rs.</b>
i) Balances with banks in Current accounts		
a. In Current accounts	<b>4,150,150</b>	1,554,888
ii) Cash on hand	<b>109,018</b>	118,329
iii) Fixed Deposits with original maturity period of less than 3 months	-	775,622
<b>Total</b>	<b>4,259,168</b>	<b>2,448,839</b>

**Other bank balances**

**Note No. 12**

<b>PARTICULARS</b>	<b>As at 31-03-2019 Rs.</b>	<b>As at 01-03-2018 Rs.</b>
a. Earmarked balances with banks held as margin money or security against the borrowings, guarantees, other commitments "	322,177	322,177
b. Earmarked balances with banks towards unclaimed dividends	59,821	130,905
<b>Total</b>	<b>381,998</b>	<b>453,082</b>

**SHARE CAPITAL**

**Note No.13**

**Authorised Share Capital**

<b>PARTICULARS</b>	<b>Cumulative Preference Shares of Rs. 100/- each</b>		<b>Equity Shares of Rs. 10/- each</b>	
	<b>No's</b>	<b>INR</b>	<b>No's</b>	<b>INR</b>
As at 1st March, 2017	50,000	5,000,000	2,500,000	25,000,000
Changes during the year	-	-	-	-
As at 31st March, 2018	50,000	5,000,000	2,500,000	25,000,000
Changes during the year	-	-	-	-
<b>As at 31st March, 2019</b>	<b>50,000</b>	<b>5,000,000</b>	<b>2,500,000</b>	<b>25,000,000</b>

**Issued Share Capital**

**Equity shares of INR 10 each issued, subscribed and fully paid**

<b>PARTICULARS</b>	<b>No's</b>	<b>INR</b>
As at 1st March, 2017	2,014,541	20,145,410
Changes during the year	-	-
As at 31st March, 2018	<b>2,014,541</b>	<b>20,145,410</b>
Changes during the year	-	-
<b>As at 31st March, 2019</b>	<b>2,014,541</b>	<b>20,145,410</b>



Rights, Preferences and restrictions attached to Equity shares

The company has only one class of share holders i.e Equity share holders. They have right to vote and present in person and shall have one vote on show of hands and shall have one vote for every share held by them on a poll. If on winding up of the company, the surplus, if any, after making payment to "preferential creditors shall be distributed to the members in proportion to their shares.

**Details of share holders holding more than 5% of total number of shares**

PARTICULARS	As at 31- 03-2019		As at 01- 03-2018	
	No of Shares held	% out of total number of shares of the Company	No of Shares held	% out of total number of shares of the Company
Smt. Rajeswary Ramakrishnan	151,200	7.51%	151,200	7.51%
Dr. S R K Prasad	293,455	14.57%	293,455	14.57%
Smt. S Nalini	208,435	10.35%	208,435	10.35%
Mr. Rajiv Rangaswamy	409,144	20.31%	409,144	20.31%
Ms. S Nanditha	150,000	7.45%	150,000	7.45%
	<b>1,212,234</b>		<b>1,212,234</b>	

**Aggregate number of bonus shares issued during the period of 5 years immediately preceding the reporting date:**

No shares were issued and allotted by way of bonus shares during the last five financial years.  
No shares were issued pursuant to a contract without payment being received in cash.

**OTHER EQUITY**

**Note No.14**

**General Reserve**

PARTICULARS	Amount
<b>As at 1st April, 2017</b>	13,340,569
Transfers during the year	-
<b>As at 31st March, 2018</b>	13,340,569
Transfers during the year	-
<b>As at 31st March, 2019</b>	13,340,569

**Retained Earnings**

PARTICULARS	Amount
<b>As at 1st April, 2017</b>	<b>(122,320,794)</b>
Add: Total comprehensive income for the year transferred from statement of profit and loss	(55,726,897)
<b>As at 31st March, 2018</b>	<b>(178,047,691)</b>
Add: Total comprehensive income for the year transferred from statement of profit and loss	(40,504,894)
<b>As at 31st March, 2019</b>	<b>(218,552,585)</b>

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

**Summary of Other Equity**

<b>PARTICULARS</b>	<b>As at 31-03-2019</b>	<b>As at 01-03-2018</b>
General Reserve	<b>13,340,569</b>	13,340,569
Retained Earnings	<b>(218,552,585)</b>	(178,047,691)
	<b>(205,212,016)</b>	<b>(164,707,122)</b>

**Nature of reserves:**

**a) General reserve**

The general reserve is created by way of transfer of part of the profits before declaring dividend pursuant to the provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

**b) Retained Earnings:**

Retained earnings are the profits that the company has earned till date less transfers to general reserves and dividends paid to share holders.

**LONG TERM BORROWINGS**
**Note No.15**

PARTICULARS	Non - Current		Current	
	As at 01- 03-2019	As at 31- 03-2018	As at 31- 03-2019	As at 01- 04-2018
<b>B. Unsecured</b>				
i. Term loans				
a) From Andhra Pradesh State Financial Corporation :	<b>438,854</b>	7,843,854	<b>7,405,000</b>	15,408,000
<b>b) From Companies :</b>				
i) Hinduja Leyland Finance Limited	-	-	-	1,108,997
ii) Cholamandalam Finance & Investment Co. Limited	-	163,788	<b>163,788</b>	349,159
<b>Total (a)</b>	<b>438,854</b>	<b>8,007,642</b>	<b>7,568,788</b>	<b>16,866,156</b>
<b>B. Unsecured</b>				
a) Fixed Deposits				
- From Directors	<b>3,800,000</b>	1,800,000	<b>4,800,000</b>	6,800,000
- From Company	<b>3,000,000</b>	3,000,000	-	-
<b>Total (b)</b>	<b>6,800,000</b>	4,800,000	<b>4,800,000</b>	6,800,000
<b>Total (a+b)</b>	<b>7,238,854</b>	12,807,642	<b>12,368,788</b>	23,666,156

**Details of Securities against the Secured Loans Outstanding and Year wise repayment schedule for the balance outstanding as at 31st March, 2019**

BANK/COMPANY SECURITY	RATE OF INTEREST	TOTAL OUTSTANDING	REPAYMENT SCHEDULE		
			OVER DUE	2019-20	2020-21
APSFC - Secured by equitable mortgage of land and buildings & hypothecation of all the fixed assets of the Company, present and future, situated at Nidadavole and further guaranteed by the Chairman and the Managing Director of the company in their individual capacities  The company made default in repayment of said loan to the extent of Rs.1,89,39,689/- as on date of 31.3.2019.	15.50%	7,843,854	18,939,689	7,405,000	438,854
Cholamandalam Finance - Secured against cars/lorries purchased out & Investment Co. Limited of loan proceeds of said loan  Fixed deposits carries interest @9% and are repayable Rs.48,00,000 in 2019-20. The company made default in repayment of interest due on said deposits to the extent of Rs.28,250,86/-  In case of loan from company, no terms of repayment has been stipulated and the said loan is interest free. (V.R.K. Grandsons Investment (P) Limited Loan obtained Rs.30,00,000/-)	14.50%	163,788	-	163,788	-
		<b>8,007,642</b>	<b>18,939,689</b>	<b>7,568,788</b>	<b>438,854</b>

**KRISHNA INDUSTRIAL CORPORATION LIMITED**
**OTHER FINANCIAL LIABILITIES**
**Note No. 16**

PARTICULARS	Non - Current		Current	
	As at 01- 03-2019	As at 31- 03-2018	As at 31- 03-2019	As at 01- 03-2018
a) Refundable Security deposits from Customers	747,350	11,880,317	-	-
b) Current maturities of long-term debt	-	-	12,368,788	23,666,156
c) Overdue installments of Long Term Borrowings				
- APSFC	-	-	18,939,689	23,281,689
- Hinduja Leyland Finance Limited	-	-	-	365,646\
- Interest accrued and due on above loans	-	-	8,059,254	4,459,779
d) Unclaimed dividend*	-	-	59,821	130,905
e) Employee related payments	-	-	13,532,135	11,040,220
f) Interest accrued and due on fixed deposits	-	-	2,825,086	2,128,424
g) Other Liabilities	-	-	19,849,818	18,614,996
h) Due to Directors	-	-	47,692,893	46,426,893
<b>Total</b>	<b>747,350</b>	<b>11,880,317</b>	<b>123,327,484</b>	<b>130,114,708</b>

Note: \*The unclaimed dividends represents those relating to the year 2011-12 and no part thereof has remained unclaimed for a period of 7 years or more from the date they became due for payment requiring transfer to Investor Education Protection Fund.

**PROVISIONS**
**Note No. 17**

PARTICULARS	Non - Current		Current	
	As at 01- 03-2019	As at 31- 03-2018	As at 31- 03-2019	As at 01- 03-2018
a) Provision for employee benefits				
- Group gratuity (Net of plan assets)	12,884,197	11,657,871	-	-
- Leave Encashment (Unfunded)	3,138,435	2,604,344	-	-
<b>Total</b>	<b>16,022,632</b>	<b>14,262,215</b>	<b>-</b>	<b>-</b>

**EMPLOYEE BENEFITS**
**a. Defined contribution plans**

The Company makes Provident Fund and Employees State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. The Company recognised Rs.14,99,770 (Year ended March 31, 2018: Rs. 19,19,508) for provident fund contributions, and Rs.3,95,870 (Year ended March 31, 2018: Rs. 4,65,381/- towards Employees' State Insurance Scheme contributions in the Statement of Profit and Loss.

**b. Defined benefit plans**

The Company provides to the eligible employees defined benefit plans in the form of gratuity. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or

on termination of employment of an amount equivalent to 15 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The measurement date used for determining retirement benefits for gratuity is March 31.

**(i) Balance Sheet**

The assets, liabilities and surplus / (deficit) position of the defined benefit plans at the Balance Sheet date were:

PARTICULARS	As at 31-03-2019	As at 01-03-2018
Present value of obligation	<b>12,982,994</b>	12,451,577
Fair Value of plan assets	<b>98,797</b>	793,706
(Asset)/Liability recognised in the Balance Sheet	<b>12,884,197</b>	11,657,871

**(ii) Movements in Present Value of Obligation and Fair Value of Plan Assets**

PARTICULARS	Plan Obligation	Plan Assets	Deficit / (Surplus)
<b>As at March 31, 2017</b>	<b>12,563,337</b>	<b>2,025,865</b>	<b>10,537,472</b>
Current service cost	545,246	-	545,246
Interest cost	1,005,067	-	1,005,067
Interest Income	-	77,526	(77,526)
Actuarial (gain)/loss arising from changes in financial assumptions	(352,388)	-	(352,388)
Contributions by employer	-	-	-
Benefit payments	(1,309,685)	(1,309,685)	-
Return on plan assets, excluding interest income	-	-	-
<b>As at March 31, 2018</b>	<b>12,451,577</b>	<b>793,706</b>	<b>11,657,871</b>
Current service cost	556,046	-	556,046
Interest cost	996,126	-	996,126
Interest Income	-	53,591	(53,591)
Actuarial (gain)/loss arising from changes in financial assumptions	(272,255)	-	(272,255)
Contributions by employer	-	-	-
Benefit payments	(748,500)	(748,500)	-
Return on plan assets, excluding interest income	-	-	-
<b>As at March 31, 2019</b>	<b>12,982,994</b>	<b>98,797</b>	<b>12,884,197</b>

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

**(iii) Statement of Profit and Loss**

The charge to the Statement of Profit and Loss comprises :

<b>PARTICULARS</b>	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
<b>Employee Benefit Expenses</b>		
Current service cost	556,046	545,246
Interest cost	996,126	1,005,067
Interest Income	(53,591)	(77,526)
<b>Net impact on profit before tax</b>	<b>1,498,581</b>	<b>1,472,787</b>
Remeasurement of the net defined benefit plans:		
Actuarial (gain)/loss arising from changes in financial assumptions	(272,255)	(352,388)
Return on plan assets, excluding interest income	-	-
<b>Net impact on other comprehensive income before tax</b>	<b>272,255</b>	<b>(352,388)</b>

**(iv) Assets**

The major categories of plan assets as a % of the total plan assets

<b>PARTICULARS</b>	<b>As at 31-03-2019</b>	<b>As at 01-03-2018</b>
Funded with Life Insurance Corporation of India	100%	100%

**Note:** In the absence of detailed information regarding the plan assets, which is funded with LIC, the composition of each category of plan assets and experience adjustments on plan assets and liabilities has not been disclosed.

**(v) Assumptions**

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

<b>PARTICULARS</b>	<b>As at 31-03-2019</b>	<b>As at 01-04-2018</b>
Discount rate	7.50%	8.00%
Salary escalation rate	5.00%	5.00%

**Note:** In the absence of detailed information from LIC, the preparation of sensitivity analysis and its impact due to possible change of the respective actuarial assumptions occurring at the end of the reporting period and also information on maturity analysis of the benefit payments has not been disclosed.

**DEFERRED TAX****Note No. 18**

The following is the analysis of deferred tax assets / (liabilities) presented in the Balance Sheet

PARTICULARS	COMPONENTS	
	As at 31-03-2019	As at 01-03-2018
Liability:		
Towards depreciation	(11,693,808)	(11,693,808)
Asset:		
Disallowances under Income-tax	7,025,112	7,025,112
Unabsorbed Depreciation and Business Loss	61,445,072	61,445,072
<b>Total</b>	<b>56,776,376</b>	<b>56,776,376</b>

Movement in Deferred Tax Assets / (Liabilities)

COMPONENT	As at 01-04-2017	Charge/ (Credit) in Statement of P&L	As at 31-03-2018	Charge/ (Credit) in Statement of P&L	As at 31-03-2019
Deferred tax assets/(liabilities) in relation to: \					
Depreciation	(12,223,986)	(530,178)	(11,693,808)	-	(11,693,808)
Expenses allowable under Income tax when paid	5,448,070	(1,577,042)	7,025,112	-	7,025,112
Unabsorbed Depreciation and Business Loss	42,340,681	(19,104,391)	61,445,072	-	61,445,072
	<b>35,564,765</b>	<b>(21,211,611)</b>	<b>56,776,376</b>	<b>-</b>	<b>56,776,376</b>

**OTHER LIABILITIES****Note No. 19**

PARTICULARS	Non - Current		Current	
	As at 01- 04-2019	As at 31- 03-2018	As at 31- 03-2019	As at 01- 04-2018
a) Advances received from customers against supplies	-	-	8,547,886	10,039,534
b) Statutory Liabilities	-	-	4,303,037	5,211,162
<b>Total</b>	<b>-</b>	<b>-</b>	<b>12,850,923</b>	<b>15,250,696</b>

**SHORT TERM BORROWINGS****Note No. 20**

PARTICULARS	As at 31-03-2019	As at 01-04-2018
A. Secured		
Loans repayable on demand :		
a) Working capital loans from a Company {Refer Note - (C)}	262,902,879	226,624,386
<b>Total</b>	<b>262,902,879</b>	<b>226,624,386</b>

**KRISHNA INDUSTRIAL CORPORATION LIMITED****Note:**

- a) Secured by Hypothecation of Raw Materials, Finished and semi Finished Goods, spares, book debts and subsidy receivable from the Government, and further secured by a second charge on the fixed assets of the company present and future and guaranteed by the Chairman and the Managing Director of the company in their individual capacities.
- b) The above Loan carries interest @ 15.90%.
- c) During the year 2017-18, the working capital loan from Andhra bank was taken over by and assigned in favour of Maximus ARC Limited under SARFAESI Act, 2002. All the securities offered to the bank were handed over to the said company by the bank. The said company has initiated action for settlement of debt u/s 13(2) of SARFAESI Act, 2002. Confirmation of balance outstanding was provided by company upto 18.8.2017. Interest for the balance period upto 31.3.2018 and 31.3.2019 has been provided at the applicable rate of interest. The lender vide their letter 30.03.2019 proposed for settlement of debt under OTS at Rs.12 Crores towards full and final settlement which is to be repayable in 7 instalments on or before 30.06.2019. The company paid an amount of Rs.25 lakhs till 31.03.2019.

**TRADE PAYABLES****Note No. 21**

<b>PARTICULARS</b>	<b>As at 31-03-2019</b>	<b>As at 01-03-2018</b>
Dues to : Small and Micro Enterprises*	-	-
: Other than Small and Micro Enterprises	16,826,978	36,188,915
<b>Total</b>	<b>16,826,978</b>	<b>36,188,915</b>

**\*Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006.**

The Company has no information about the status of their creditors fallen under Micro, Small and Medium Enterprises Development Act, 2006. Hence the disclosure requirement under the said Act has not been furnished.

**CURRENT INCOME-TAX LIABILITIES (Net)****Note No. 22**

<b>PARTICULARS</b>	<b>As at 31-03-2019</b>	<b>As at 01-03-2018</b>
Provision for Income-tax	-	-
Less: Advance Income-tax and TDS	45,146	68,791
	(45,146)	(68,791)

**Income-tax recognised in profit or loss**

<b>PARTICULARS</b>	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
<b>Current Tax</b>		
Tax expense in respect of current year Income	-	-
	-	-
<b>Deferred Tax</b>		
Deferred Tax credit in respect of Current year	-	(2,121,161)
	-	(2,121,161)
<b>Total income tax expense recognised</b>	<b>-</b>	<b>(21,21,161)</b>



**REVENUE FROM OPERATIONS****Note No. 23**

<b>PARTICULARS</b>	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
<b>Revenue from Operations</b>		
Sale of Goods - Finished Goods	17,668,904	35,157,163
Sale of Services - Annual Maintenance Charges	-	10,364,916
Other operating revenue :	-	-
<b>TOTAL</b>	<b>17,668,904</b>	<b>45,522,079</b>

## Particulars of Sale of Products (Finished Goods)

<b>PARTICULARS</b>	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
Super Phosphate	-	11,289,451
NPK Granules	-	1,923,291
Bio-Fertiliser	1,641,572	8,377,167
CO2 Gas	16,027,332	13,567,254
	<b>17,668,904</b>	<b>35,157,163</b>

**OTHER INCOME****Note No. 24**

<b>PARTICULARS</b>	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
Interest from banks and others	218,475	249,234
Dividend received	14,880	13,020
Others:		
Credit balances written back	11,390,266	536,242
Miscellaneous receipts	-	743,300
Exchange differences (Gain)	7,010,378	1,209,952
Profit on Sale of Raw Materials	2,367,763	-
Profit on Sale of Assets	-	200,500
<b>TOTAL</b>	<b>21,001,762</b>	<b>2,952,248</b>

KRISHNA INDUSTRIAL CORPORATION LIMITED

**COST OF MATERIALS CONSUMED**

**Note No. 25**

<b>PARTICULARS</b>	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
Opening Stock	9,481,030	6,370,855
Add:Purchases of materials	24,795,816	15,153,694
	<b>34,276,846</b>	<b>21,524,549</b>
Less : Cost of Raw Material issued for sale	22,563,996	95,132
Less : Damaged Stocks Written off	4,087,416	-
Less : Closing Stock	-	9,481,030
<b>TOTAL</b>	<b>7,625,434</b>	<b>11,948,387</b>

**COMPONENTS OF MATERIAL CONSUMED**

<b>PARTICULARS</b>	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
Rock Phosphate	-	2,032,691
Sulphuric Acid	-	970,042
Urea, MOP, DAP, etc.,	-	1,246,062
Lignite and Chemicals	207,362	2,029,367
CO2 Gas	7,418,072	5,670,225
	<b>7,625,434</b>	<b>11,948,387</b>

**CHANGES IN INVENTORIES OF WORK -IN- PROGRESS, FINISHED GOODS AND STOCK-IN-TRADE**

**Note No. 26**

<b>PARTICULARS</b>	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
<b>Opening Stock</b>		
Finished Goods	391,240	6,666,514
Stock-in-Trade	19,649	19,649
Work-in-Process	-	-
	<b>410,889</b>	<b>6,686,163</b>
<b>Closing Stock</b>		
Finished Goods	-	391,240
Stock-in-Trade	-	19,649
Work-in-Process	-	-
	<b>-</b>	<b>410,889</b>
<b>Increase / (Decrease) in inventories</b>	<b>410,889</b>	<b>6,275,274</b>

**COMPONENTS OF WORK -IN- PROGRESS, FINISHED GOODS AND STOCK-IN-TRADE**

PARTICULARS	Year ended 31-03-2019	Year ended 31-03-2018
<b>A. OPENING STOCK</b>		
Super Phosphate	<b>370,089</b>	6,133,881
NPK Granules	-	371,874
Bio-Fertiliser	<b>20,228</b>	159,703
CO2 Gas	<b>923</b>	1,056
Stock-in-Trade Neem Powder	<b>19,649</b>	19,649
	<b>410,889</b>	<b>6,686,163</b>
<b>B. CLOSING STOCK</b>		
Super Phosphate	-	370,089
NPK Granules	-	-
Bio-Fertiliser	-	20,228
CO2 Gas	-	923
Stock-in-Trade Neem Powder	-	19,649
	-	<b>410,889</b>

**EMPLOYEE BENEFIT EXPENSES**

**Note No. 27**

PARTICULARS	Year ended 31-03-2019	Year ended 31-03-2018
Salaries and Wages	<b>18,784,607</b>	29,136,161
Contribution to provident funds	<b>1,499,770</b>	1,919,508
Staff welfare expenses	<b>725,486</b>	748,271
Contribution to Group Gratuity	<b>1,498,581</b>	1,472,787
<b>TOTAL</b>	<b>22,508,444</b>	<b>33,276,727</b>

**FINANCE COSTS**

**Note No. 28**

PARTICULARS	Year ended 31-03-2019	Year ended 31-03-2018
Interest paid to banks and others		
- On Working Capital Loans	<b>38,912,958</b>	35,055,58
- On Term Loans	<b>10,903,019</b>	9,570,564
- Finance Charges	<b>1,106,584</b>	796,379
<b>TOTAL</b>	<b>50,922,561</b>	<b>45,422,531</b>

KRISHNA INDUSTRIAL CORPORATION LIMITED

**DEPRECIATION AND AMORTISATION**

**Note No. 29**

<b>PARTICULARS</b>	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
Depreciation	<b>3,379,940</b>	4,622,222
Amortization	<b>204,086</b>	335,636
<b>TOTAL</b>	<b>3,584,026</b>	<b>4,957,858</b>

**OTHER EXPENSES**

**Note No. 30**

<b>PARTICULARS</b>	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
Consumption of Stores and Spares (incl Packing Material)	<b>158,586</b>	855,643
Power and Fuel	<b>4,546,145</b>	4,683,190
Rents - Office	<b>200,698</b>	1,267,955
Repairs and Maintenance - Plant and Machinery	<b>162,008</b>	274,293
- Buildings	<b>19,397</b>	4,034
- Other Assets	<b>701,142</b>	530,192
Tools Writtenoff	<b>17,576</b>	5,017
Rebates and Incentives	<b>7,694</b>	908,571
Selling and Distribution expenses	<b>2,939,424</b>	2,252,185
Insurance	<b>284,086</b>	455,185
Rates and taxes	<b>1,609,665</b>	759,641
Advertisement	<b>40,994</b>	26,840
Payments to auditors		
Towards Statutory audit	<b>147,500</b>	147,500
Towards tax audit and taxation matters	<b>41,300</b>	41,300
Towards Certification and Other Services	<b>60,350</b>	80,830
Towards Cost Audit	-	20,000
Penalty and damages levied by statutory authorities (For delays in remittance of statutory dues)	<b>1,154,677</b>	-
Miscellaneous expenses	<b>3,255,675</b>	4,278,605
Debit Balances written off	<b>3,554,777</b>	-
Damaged Stock Written off	<b>4,087,416</b>	-
<b>TOTAL</b>	<b>22,989,110</b>	<b>16,590,981</b>

**CATEGORIES OF FINANCIAL INSTRUMENTS****Note: 31**

The Carrying amounts and fair value of financial instruments by categories as at 31st March, 2019 and 31st March, 2018 are as follows:

PARTICULARS	Carrying value		Fair value	
	As at 01- 03-2019	As at 31- 03-2018	As at 31- 03-2019	As at 01-03-2018
<b>Financial assets</b>				
<b>Measured at Amortised cost</b>				
(i) Other financial assets	284,964	279,792	284,964	279,792
(ii) Loans and advances	3,464,033	4,468,052	3,464,033	4,468,052
<b>Measured at FVTOCI</b>				
(i) Investments in equity instruments	226,395	347,333	226,395	347,333
<b>Total assets</b>	<b>3,975,392</b>	<b>5,095,177</b>	<b>3,975,392</b>	<b>5,095,177</b>
<b>Financial liabilities</b>				
<b>Measured at amortised cost</b>				
(i) Borrowings (including Current maturities of Long term Debt)	7,238,854	12,807,642	7,238,854	12,807,642
(ii) Other financial liabilities	124,074,834	141,995,025	124,074,834	141,995,025
<b>Total liabilities</b>	<b>131,313,688</b>	<b>154,802,667</b>	<b>131,313,688</b>	<b>154,802,667</b>

**FAIR VALUE HIERARCHY****NOTE: 32**

The fair value of financial instruments as referred to above note have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identified assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements]

The categories used are as follows:

**Level 1 : Quoted prices for identified instruments in an active market.**

**Level 2 : Directly or indirectly observable market inputs, other than Level 1 inputs; and**

**Level 3 : Inputs which are not based on observable market data.**

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

Fair value of the Company's financial assets and financial liabilities are measured at fair value on a recurring basis.

Some of the Company's financial assets are measured at the fair value at the end of each reporting period.

The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique and other inputs used).

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

FINANCIAL ASSETS / FINANCIAL LIABILITIES	Fair Value as at		Fair Value hierarchy	Valuation technique and key input
	As at 31-03-2019	As at 31-03-2018		
1) INVESTMENTS IN QUOTED EQUITY INSTRUMENTS	226,395	347,333	Level I	Quoted bid prices in an active market

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables, trade payables and Short Term Borrowings at carrying value because their carrying amounts approximate the fair value because of their short term nature. Difference between carrying amounts and fair values of bank borrowings, other financial assets and financial liabilities subsequently measured at amortised cost is not significant in each of the years presented.

**Financial Risk Management****Note: 33**

The Company's business activities are exposed to a variety of financial risks namely credit risk, liquidity risk and foreign currency risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also planned before the Board of Directors of the Company.

**A. Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligation. Credit risk encompasses of both the direct risk of default and the risk of deterioration of credit worthiness. Credit risk is controlled by monitoring and interaction with the customers on a continuous basis.

Financial instruments that are subject to concentrations of credit risk principally consists of trade receivables.

**B. Foreign currency risk management**

- a) The company has customers from outside India with regard to sale of services and there are outstanding receivables in foreign currency as at the Balance Sheet date. The company has not entered into any forward exchange contract to hedge against currency risk. The company's unhedged foreign currency exposure in respect of these receivables are given below.

PARTICULARS	As at 31-03-2019	As at 31-03-2018
<b>Amount Receivable in Foreign Currency and Reporting Currency (A)</b>		
USD - US Dollars	<b>1,508,137</b>	1,508,137
INR - Indian Rupee	<b>104,634,510</b>	98,141,379
AED - Arab Emirates Dirham	<b>500</b>	500
INR - Indian Rupee	<b>9,445</b>	8,859
RM - Ringgit Malaysia	<b>367,042</b>	367,042
INR - Indian Rupee	<b>6,236,044</b>	6,184,364
<b>Amount Payable in Foreign Currency and Reporting Currency (B)</b>		
USD - US Dollars	<b>108,000</b>	297,000
INR - Indian Rupee	<b>7,493,040</b>	19,327,156
<b>Foreign Currency amount Uncovered (A-B)</b>		
USD - US Dollars	<b>1,400,137</b>	1,211,137
AED - Arab Emirates Dirham	<b>500</b>	500
RM - Ringgit Malaysia	<b>367,042</b>	367,042

The foreign currency amount uncovered with natural hedge mentioned above is subject to foreign currency fluctuations.

### **C. Liquidity risk**

Due to sudden fall of operations of the business, the company is not able to meet its debt obligations as per the terms of repayment. The working capital with Andhra Bank has been taken over by a company and the said company has initiated action for settlement of debt under SARFAESI Act, 2002. The company is taking necessary steps for repayment of its debt by disposing part of its assets.

#### **Capital Management**

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on Management's judgment of its strategic day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The Management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or is necessary, adjust its capital structure.

**KRISHNA INDUSTRIAL CORPORATION LIMITED****Contingent Liabilities and Commitments :****Note- 34**

<b>PARTICULARS</b>	<b>As at 31- 03-2019</b>	<b>As at 31-03-2018</b>
Outstanding guarantees to Banks including letter of credit opened with Bankers for purchase of material	Nil	Nil

**VALUE OF IMPORTS MADE BY THE COMPANY DURING THE YEAR CALCULATED ON CIF BASIS****Note- 35**

<b>PARTICULARS</b>	<b>As at 31- 03-2019</b>	<b>As at 31-03-2018</b>
a) Raw Materials	-	22,426,661

**CONSUMPTION OF COMPONENTS, STORES AND SPARES (Charged to appropriate heads)****Note - 36**

<b>PARTICULARS</b>	<b>As at 31- 03-2019</b>	<b>As at 31-03-2018</b>
Components and spares		
- Imported	-	-
- Indigenous	287,683	1,169,690

**Disclosure pursuant to "AS-18 Related Party Disclosures****Note- 37****A. Names of the related parties:**

- 1) Enterprises over which relatives of Key management personnel have significant influence
  - a) The Jeypore Sugar Company Limited
  - b) RS Industrial Corporation (P) Ltd.,
- 2) Key managerial personnel :
  - a) Dr. S.R.K. Prasad, Managing Director
- 3) Relatives of Key managerial personnel :
  - a) Smt. Rajeswary Ramakrishnan - Mother
  - b) Sri. R. Prabhu - Brother
  - c) Smt. S. Nalini - Wife
  - d) Sri. Rajiv Rangaswamy - Son
  - e) Ms. S. Nandita - Daughter



**B. Details of transactions:**

NATURE OF TRANSACTION	Enterprises over which relatives of Key management personnel have significant influence	Key managerial personnel	Relatives of Key managerial personnel
a) Interest paid to			
- Dr. SRK Prasad	-	315,000	-
- Smt. Rajeswary Ramakrishnan	-	-	459,074

**C. Balances outstanding as on 31.03.2019**

NATURE OF TRANSACTION	Enterprises over which relatives of Key management personnel have significant influence	Key managerial personnel	Relatives of Key managerial personnel
a) Amount due to			
- The Jeypore Sugar Company Limited	16,064,137	-	-
b) Investment in equity shares of			
- The Jeypore Sugar Company Limited	864,942	-	-
c) Fixed deposits with company held by			
- Dr. SRK Prasad	-	3,500,000	-
- Smt. Rajeswary Ramakrishnan	-	-	5,100,000
d) Holding in share capital of the company by			
- The Jeypore Sugar Company Limited	254,980	-	-
- R.S. Industrial Corporation Limited	397,890	-	-
- R M Corporation	37,290	-	-
- V R K Grandsons	600,000	-	-
- Dr. SRK Prasad	-	2,934,550	-
- Smt. Rajeswary Ramakrishnan	-	-	1,512,000
- Sri. R. Prabhu	-	-	522,000
- Smt. S. Nalini	-	-	2,084,350
- Ms. Nandita	-	-	1,500,000
- Mr. Rajiv Ragaswamy	-	-	4,091,440

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

**EXPENDITURE INCURRED IN FOREIGN CURRENCY**

**Note - 38**

<b>PARTICULARS</b>	<b>As at 31- 03-2019</b>	<b>As at 31-03-2018</b>
Expenditure incurred in foreign currency	Nil	Nil

**Note - 39**

Income earned in foreign currency from export of Software and Services during the year is Rs. Nil (Previous year Rs. Nil)

**Note - 40**

Outstanding balances in respect of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation from the parties. In the opinion of the Board of Directors, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

**Note - 41**

The company has not received information from vendors regarding their status under the Micro, Small and medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the end of the year together with interest paid/payable under this Act cannot be given.

<b>SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2019</b>											
<b>NOTE - 42</b>											
<b>(I) Information about Primary Business segments</b>											
PARTICULARS	FERTILISER		INDUSTRIAL GASES		OTHERS		UNALLOCATED		TOTAL		
	2018-19 Rs	2017-18 Rs	2018-19 Rs	2017-18 Rs	2018-19 Rs	2017-19 Rs	2018-19 Rs	2017-18 Rs	2018-19 Rs	2017-18 Rs	
<b>REVENUE</b>											
External - Domestic	16,41,572	2,15,89,909	1,60,27,332	1,35,67,254	-	1,03,64,916	-	-	1,76,68,904	4,55,22,079	
Export	-	-	-	-	-	-	-	-	-	-	
Inter - segment	-	-	-	-	-	-	-	-	-	-	
<b>RESULT</b>											
Total revenue	16,41,572	2,15,89,909	1,60,27,332	1,35,67,254	-	1,03,64,916	-	-	1,76,68,904	4,55,22,079	
Segment result	(3,13,92,319)	(2,19,29,400)	(1,50,253)	(52,89,625)	(3,23,720)	56,89,617	-	-	(3,18,66,292)	(2,15,90,408)	
Unallocated corporate expenses	-	-	-	-	-	-	74,31,389	46,84,189	74,31,389	46,84,189	
Interest expenses	5,00,13,058	4,46,44,854	964	3,677	-	-	9,08,539	7,74,000	5,09,22,561	4,54,22,531	
Interest income	2,05,515	1,97,799	-	-	-	-	12,960	51,435	2,18,475	2,49,234	
Other income	55,31,076	5,36,242	86,91,936	9,43,800	65,45,395	-	-	-	2,07,68,407	14,80,042	
Dividend income	-	-	-	-	-	-	14,880	13,020	14,880	13,020	
Profit/(Loss) before tax	(7,56,68,786)	(6,58,40,213)	85,40,719	(43,49,502)	62,21,675	56,28,617	(83,12,088)	(53,93,734)	(6,92,18,480)	(69,95,48,321)	
Add : Extraordinary Items	-	-	-	-	-	-	-	-	2,87,13,587	69,83,676	
Less : Provision for taxation / Deferred Tax	-	-	-	-	-	-	-	-	-	(2,12,11,611)	
Profit/(Loss) after Tax	-	-	-	-	-	-	-	-	(4,05,04,893)	(5,57,26,897)	
<b>OTHER INFORMATION</b>											
Segment assets	8,50,04,425	12,70,87,527	11,799	99,43,987	11,25,52,273	10,73,61,665	5,72,81,999	5,87,10,601	25,48,50,496	30,31,03,780	
Segment liabilities	33,86,13,611	33,64,36,783	-	1,23,96,636	26,50,546	36,81,613	9,86,52,943	9,46,13,844	43,99,17,100	44,71,28,876	
Capital expenditure	-	-	-	-	-	765,929	-	-	-	7,65,929	
Depreciation	28,05,329	39,58,970	567,061	6,35,854	2,11,635	3,63,033	-	-	35,84,025	49,57,857	
Non-cash expenses other than depreciation :											
<b>II) Secondary Segment Report - Geographical Segments</b>											
Particulars	Sales Revenue		Carrying amount assets		Additions to Fixed Assets						
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year					
India	1,76,68,904	45,522,079	25,48,50,496	30,31,03,760	-	7,65,929					

**KRISHNA INDUSTRIAL CORPORATION LIMITED**

**Notes:**

- 1) The company is organised into three main business segments, namely
  - a) Fertilisers and chemicals - comprising Chemical Fertilisers, Bio-Fertilisers
  - b) Industrial gases, and
  - c) Software packages development and its services.
- 2) Segment have been identified and reported taking into account the nature of products, the organisation structure, and internal financial reporting system.
- 3) The segment revenue in each of the segment includes sales only.
- 4) Expenses that are directly identifiable to segments are considered for segment result. The expenses which relate to the company as a whole are included under unallocable expenditure.

**Note-43**

Figures for the previous year have been regrouped wherever required to confirm to the current period classification.

**Note - 44**

Paisa have been rounded off.

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As per our report of even date  
for BRAHMAYYA & CO  
Firm Regn.no.000513S  
Chartered Accountants  
**(Sd.) P. Lakshmana Rao**  
Partner  
ICAI Membership No.13254

**(Sd.) N. PRASAD**  
Director

**For and on behalf of the Board**  
**(Sd.) Dr. S.R.K. PRASAD**  
Managing Director

**M.Swaminathan**  
Manager-Finance

Place : Chennai  
Date : 13-07-2019





## ADMISSION SLIP

### **KRISHNA INDUSTRIAL CORPORATION LTD**

(CIN: U45309TN1956PLC001112)

Regd. Office: "Ramakrishna Buildings" No.239, Anna Salai Chennai - 600 006

Email: kiclimitedho@gmail.com Phone : 044-43567599

<b>71st ANNUAL GENERAL MEETING</b>
<b>2019</b>

I / We hereby record my / our presence at the 71st Annual General Meeting of the Company to be held on Thursday 29th August, 2019 at No. 48, Dr B.N. Road, 2nd Floor, Mehubani Towers, T.Nagar, Chennai - 600 017 at 3.05 P.M.

Member's Folio / DP_ID, Client ID No.	Member's / Proxy's name in Block Letters	Member's / Proxy's Signature

**Note :** 1. Please complete the Folio No. and name, sign this Attendance Slip and hand it over at the ENTRANCE OF THE MEETING HALL.



## PROXY FORM

{Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules. 2014}



### KRISHNA INDUSTRIAL CORPORATION LTD

(CIN: U45309tn1956plc001112)

Regd. Office: "Ramakrishna Buildings", No.239, Anna Salai, Chennai - 600 006  
Email: kiclimitedho@gmail.com Phone : 044-43567599

#### 71ST ANNUAL GENERAL MEETING 29TH AUGUST, 2019

Name of the Member (s)	
Registered Address	
E-mail Id	
Folio / DP_ID & Client_ID	

I / We being the member (s) of..... shares of the above named Company hereby appoint :

(1) Name.....Address.....

Email Id.....Signature.....or failing him

2) Name.....Address.....

Email Id.....Signature.....

As my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 71st Annual General Meeting of the Company to be held on Thursday, 29th August, 2019 at 3.05 P.M at No. 48, Dr B.N. Road, 2ndFloor, Mehbubani Towers, T.Nagar, Chennai - 600 017 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Resolution No.	Resolutions	Optional	
		For	Against
Ordinary Business			
1.	Adoption of Financial Statements for the year ended 31st March, 2019		
2.	To appoint a Director in the place of Dr. Sivaramakrishna Prasad (DIN: 01276634) who retires by rotation, and being eligible, offers himself for re-appointment.		
3.	Appointment of (M/S. Brahmayya & Co., Chartered Accountants, Firm Registration No.000513S) as Statutory Auditors of the Company for the Financial year 2019-2020 and fix their remuneration.		

Signed this.....day of.....2019.

Signature of Shareholder.....

Signature of Proxy holders (s).....

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
  2. It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
  3. Please complete all details including details of member(s) in above box before submission.
- Signed by the said.....





**PRINTED MATTER  
REGISTERED - BOOK POST**



If undelivered, please return to :  
**KRISHNA INDUSTRIAL CORPORATION LIMITED**  
"Ramakrishna Buildings",  
239, Anna Salai, P.B. NO. 703,  
Chennai-600 006.