

# Avadh Sugar & Energy Limited

Conquering Challenges,  
Moving Ahead

ANNUAL REPORT

2019-2020

# Corporate Information

## BOARD OF DIRECTORS

Mrs Nandini Nopany, Chairperson  
Mr. Chandra Shekhar Nopany, Co-Chairperson  
Mr. Anand Ashvin Dalal  
Mr. Gaurav Swarup  
Mr. Pradip Kumar Bishnoi  
Mr. Kalpataru Tripathy  
Mrs. Kausalya Madhavan  
Mr. Devendra Kumar Sharma, Wholetime Director

## COMMITTEES OF DIRECTORS

### Audit Committee

Mr. Anand Ashvin Dalal, Chairperson  
Mr. Pradip Kumar Bishnoi  
Mr. Kalpataru Tripathy  
Mrs. Kausalya Madhavan  
Mr. Devendra Kumar Sharma

### Stakeholders' Relationship Committee

Mr. Anand Ashvin Dalal, Chairperson  
Mr. Pradip Kumar Bishnoi  
Mr. Gaurav Swarup  
Mr. Devendra Kumar Sharma

### Nomination and Remuneration Committee

Mr. Gaurav Swarup, Chairperson  
Mr. Anand Ashvin Dalal  
Mr. Kalpataru Tripathy  
Mrs. Kausalya Madhavan

### Risk Management Committee

Mr. Pradip Kumar Bishnoi, Chairperson  
Mr. Chand Bihari Patodia  
Mr. Dilip Patodia  
Mr. Devendra Kumar Sharma

### Corporate Social Responsibility Committee

Mrs Nandini Nopany, Chairperson  
Mr. Pradip Kumar Bishnoi  
Mr. Devendra Kumar Sharma

### Finance & Corporate Affairs Committee

Mrs Nandini Nopany  
Mr. Chandra Shekhar Nopany  
Mr. Gaurav Swarup  
Mr. Devendra Kumar Sharma

## EXECUTIVES

Mr. Devendra Kumar Sharma, Wholetime Director  
& Executive President, Hargaon  
Mr. Dilip Patodia, President (Finance) & Chief Financial Officer  
Mr. Sukhvir Singh, Executive President, Seohara  
Mr. Munesh Pal, Executive President, Rosa  
Mr. Karan Singh, Executive President, Hata  
Mr. Anand Sharma, Vice President (Legal) & Company Secretary

## AUDITORS

B S R & Co. LLP  
Chartered Accountants  
Godrej Waterside, Unit No. 603  
6th Floor, Tower 1, Plot No 5, Block – DP, Sector V, Salt Lake  
Kolkata - 700 091

## ADVOCATES & SOLICITORS

Khaitan & Co. LLP

## BANKERS

State Bank of India  
ICICI Bank Limited  
IDBI Bank Limited  
DCB Bank Limited  
Lakshmi Vilas Bank Limited  
The South Indian Bank Limited

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
(Unit : Avadh Sugar & Energy Limited)  
502 & 503, 5th Floor, Vaishno Chambers,  
6, Brabourne Road, Kolkata - 700 001  
Tel: 91 033 2289 0540 / Fax : 91 033 2289 0539  
E-mail: kolkata@linkintime.co.in

## REGISTERED OFFICE

P.O. Hargaon District – Sitapur, (U. P.), Pin Code – 261 121  
Tel. No.: (05862) 256220, Fax No. : (05862) 256225  
E-mail : avadhsugar@birlasugar.org  
Website : www.birla-sugar.com  
CIN – L15122UP20152PLC069635

## CORPORATE & HEAD OFFICE

Birla Building  
9/1, R.N. Mukherjee Road, 5th Floor Kolkata - 700 001  
Tel. No. (033)2243 0497/8, Fax No.:(033) 2248 6369  
E-mail : avadhsugar@birlasugar.org  
Website : www.birla-sugar.com

## SUGAR MILLS

1. Hargaon, Dist. Sitapur, (U. P.)
2. Seohara, Dist. Bijnor (U. P.)
3. Hata, Dist. Kushinagar (U. P.)
4. Rosa, Dist. Shahjahanpur, (U. P.)

## DISTILLERIES

1. Hargaon, Dist. Sitapur, (U. P.)
2. Seohara, Dist. Bijnor, (U. P.)

## CO-GENERATION POWER PLANT

1. Hargaon, Dist. Sitapur, (U. P.)
2. Seohara, Dist. Bijnor, (U. P.)
3. Hata, Dist. Kushinagar (U. P.)

## FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘estimate’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

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## Chairperson's Insight



Dear Shareholders,

On behalf of Avadh Sugar & Energy Limited, it is my sincere pleasure to address you on the closure of financial year 2019-20 of your company. As the economies over the globe are fighting towards the recent pandemic Covid 19, I would like to take this opportunity to appreciate the commitment of all the social workers for their great contribution towards society.

During the fiscal 2019-20, Indian economy went through various downturns from sharp downward revision of India's growth forecast by IMF to 4.8% amid stress in non-banking financial sector and weak rural income growth. The havoc created by pandemic had a serious impact as all the economic activities were at stand still. Post the unpredicted pandemic IMF revised the growth forecast to mere 1.9% in March 2021. However, Government's preemptive measures in the direction of containment from wide-spread of Covid 19 and various economic packages float by GOI can aid India to regain its position of fastest growing economy .

As the gashes of pandemic perish and the economy turn back towards revival in consumption and allied economic activities, Sugar being essential commodity for consumption Indian sugar industry will also experience the normalcy going forward.

### Industry Insight

Sugar mills during the first half of the fiscal experienced the pressure on realizations amid heavy inventory carried by the industry due to bumper production in SS 2018-19. Meanwhile second half of this fiscal had started showing some green shoots for the industry, the benchmark raw sugar prices had rose to two year high of 14.90 cent per pound in International market which made Indian sugar viable for buyer in West and South Asia & propping up domestic prices as well.

Meanwhile the sugar output, expected to reach 24.8 mn tonnes in SS 2019-20 compared to 33.0 mn tonnes in SS 2018-19 a decline of ~21%. According to ISMA 23.27 lakh tonnes of sugar was produced till 31st March 2020 as against 29.68 lakh tonnes produced last year by 31st March 2019. Sugar Industry is poised to export ~5 mn tonnes surpassing the peak of 4.96 mn tonne shipped in 2007-08. Government continued to boost ethanol production by millers to contain the glut in sugar production. Ethanol price were raised by government to encourage the millers to divert sugar production towards ethanol.

However, the nationwide lockdown has dampened consumption and initially disrupted production and movement of sugar due to lack of availability of transportation amid Covid 19 pandemic, eventually sugar dispatches picked up after the government intervention to smoothen the supply chain. Sugar mills had enough inventories and the availability of sugar which is an essential food item was ensured by the millers.

### Business Performance

The company faced numerous headwinds during the fiscal, overall performance for the year experienced pressure on operating margins affected by lower realizations of co-generation segment. Sugar realizations recovered during the second half of the fiscal along with improved ethanol realization; but the unexpected pandemic had a material impact on the performance during the end of this fiscal. However, sugar being the essential commodity for consumption we expect the performance to improve going forward.

During FY20 our total income stood at Rs. 2565.05 crores against Rs. 2133.68 in FY19, PBT stood at Rs.106.16 crore in FY20 against Rs. 154.37 in FY19 and Profit After Tax was at Rs. 88.62 in FY20 as against Rs. 119.87 in the same period last year.

### Our Core Strategies

Avadh Sugar and Energy Limited is a flagship K. K. Birla Group with strong essence of values and commitment towards building a strong and sustainable company. Integrity and commitment towards our stakeholders have always been our priority. Our erstwhile pedigree has always guided us towards operating with strong fundamental and disciplined balance sheet which aid the company to withstand during difficult stages. Our integrated business model and proactive efforts to adopt to the changing market dynamics aid us to deliver compelling performance. The growth of the company along with its stakeholders has always been the core strategy of the company.

### Way Forward

"Behind the murky clouds of storm, there lies a brightness of sunshine." We believe as we overshadow the pandemic behind, the company will again regain its growth momentum and thrive towards growth.

Warm regards,

**Nandini Nopany**

Chairperson

## Directors' Report

Dear Members,

Your Directors present herewith the 6th Annual Report on the business & operations of the Company along with the Audited Statement of Accounts for the financial year ended 31st March, 2020.

### 1. Financial Results

(Rs. in lakhs)

Particulars	Year ended 31st March, 2020		Year ended 31st March, 2019	
	Revenue from Operations (Gross)		2,55,939.71	
Profit before Finance Costs, Tax, Depreciation and Amortization		26,707.82		29,494.09
Less: Depreciation & Amortization Expenses	4,487.00		4,365.24	
Finance Costs	11,604.53	-	9,692.21	14,057.45
Profit/(Loss) Before Tax		10,616.29		15,436.64
Less: Provision for Tax	1,754.75	1,754.75	3,449.24	3,449.24
Profit/(Loss) After Tax		8,861.54		1,198.740

### 2. Operating Performance

During the year under review your Company continued to register top line growth despite depressed market sentiments in first half of the fiscal and a fall in sugar prices even after putting in place the quota sales system as well as MSP (minimum sale price) concept by the Govt., prima-facie due to over production and aggressive sales. A detailed analysis of the Company's operations, future expectations and business environment has been given in the Management Discussion & Analysis Report which is made an integral part of this Report and marked as "Annexure A".

### 3. Financial Performance 2019-20

The Company recorded Total Revenue of Rs. 256504.58 lakhs (including other income aggregating to Rs. 564.87 lakhs) during the financial year ended 31st March, 2020. The Revenue from Operations (Gross) of the Company for the year 2019-20 stood at Rs.255939.71 lakhs. The Profit before Finance Costs, Tax, Depreciation and Amortisation for the year under review stood at Rs. 26707.82 lakhs representing 10.41% of the total revenue.

There is no change in the nature of business of the Company. There were no significant or material orders passed by regulators, courts or tribunals impacting the Company's operation in future.

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year i.e. 31st March 2020 and date of this report.

### 4. Dividend

Your Company had adopted a dividend distribution policy that balances the dual objectives of appropriately rewarding Members through dividends and retaining capital, in order to maintain a healthy capital adequacy ratio to support long term growth of your Company. There has been no change in this policy during the year under review.

The Company does not intend to carry any amount to Reserves.

Consistent with this policy, your Board has recommended a dividend of Rs. 4/- on Equity Shares (40%) for the financial year 2019-20 to the Members of your Company. The proposal is subject to the approval of the Members at the 6th Annual General Meeting (AGM) of your Company scheduled to be held on September 21, 2020. The dividend together with the dividend distribution tax will entail a cash outflow of Rs. 800.74 lakhs (previous year Rs. 611.55 lakhs).

### 5. Public Deposits

During the year, the Company has not accepted any deposits from the public under Chapter V of the Companies Act, 2013. There was no public deposit outstanding as at the beginning and end of the financial year 2019-20.

## 6. Share Capital

The Authorized Share Capital of the Company stood at Rs.170,05,00,000/- (Rupees One hundred seventy crore and five lakhs) divided into 5,60,50,000 (Five crore sixty lacs fifty thousand) Equity Shares of Rs. 10/- (Rupees ten) each; 8,00,00,000 (Eight crore) Preference Shares of Rs.10/- and 34,00,000 (Thirty-four lacs) Preference Shares of Rs.100/- each and there is no change in the authorised capital.

## 7. Issue of Bonus Shares

1,00,09,210 Equity Shares of ₹ 10/- each, fully paid-up, were issued and allotted as Bonus Shares, in the proportion of 1 (One) Bonus Share of ₹ 10/- each for every existing 1 (One) fully paid-up Equity Shares of ₹ 10/- each held on 30th June, 2019, being the Record Date determined by the Board for the purpose. The Bonus Shares were allotted on 2nd July, 2019.

Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2020, stands increased to ₹ 20,01,84,200/- divided into 2,00,18,420 Equity Shares of ₹ 10/- each. The Equity Shares issued during the year rank pari passu with the existing Equity Shares of your Company.

## 8. Redemption of Preference Shares

During the year under review, your Company had redeemed 2,43,50,000 8.5% Non-convertible Cumulative Redeemable Preference Shares of Rs.10/- each (NCCRPS), to the Preference Shareholders along with the accrued dividend on 16th March, 2020. Accordingly, the paid up share capital post redemption of 8.5% NCCRPS stood at Rs. 20,01,84,200/-.

## 9. Subsidiary, Associate and Joint Venture

The Company does not have any subsidiary company or any associate company or any joint venture with any person. However, the Company has in place a policy for determining material subsidiaries in line with the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time. The said Policy is being disclosed on the Company's website at the weblink <http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-Policy-for-Determining-Material-Subsidiaries.pdf>

## 10. Credit Rating

CARE Ratings Limited - a Credit Rating Agency, vide its letter dated 30 March 2019, has revised the Credit Rating of the Company to "BBB+" with respect to long-term bank facilities whereas short-term bank facilities rating was revised at "A2".

## 11. Human Resources

The Company continued to create a productive, learning and caring environment by implementing robust and comprehensive HR processes, fair transparent performance evaluation and taking new initiatives to further align its Human Resource policies to meet the growing needs of its business.

## 12. Directors

The Board of Directors comprises of seven Non-Executive Directors having experience in varied fields and a Whole-time Director. Out of seven Non-Executive Directors, five of them are Independent Directors and other two directors are Promoter Directors. Mrs Nandini Nopany is the Chairperson of the Company and Mr Chandra Shekhar Nopany is Co-Chairperson of the Company.

Mr. Chandra Shekhar Nopany will retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment as Director of the Company.

The Board of Directors at its meeting held on February 5, 2020 had re-appointed Mr. Devendra Kumar Sharma (DIN 06498196) as Whole-time Director of the Company for a period of 3 years with effect from March 1, 2020 and the Board recommends the re-appointment of Mr. Devendra Kumar Sharma for approval of the shareholders.

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 read with Regulation 25 of SEBI (LODR) Regulations, 2015.

Other information on the Directors including required particulars of Director retiring by rotation is provided in the Notice convening the Annual General Meeting.

In pursuance of the provisions of the Companies Act, 2013 and according to Regulation 25(3) of the Listing Regulations, the Performance Evaluation Criteria has been laid down for effective evaluation of performance of the Board of Directors, the Committees thereof and individual Directors including the Chairperson of the Company. After detailed discussion at Board level as well as taking input from each Director, Nomination and Remuneration Committee finalized the format / questionnaires containing various parameters to evaluate the

performance of Board and its committee(s), Individual Directors and Chairperson of the Company. The performance evaluation parameters are based on their roles and responsibilities, contribution to the Company's goals, decision making process, flow of information and various other aspects. The evaluation of performance of the Board as a whole, Committees of the Board, Individual Directors including the Chairperson of the Company was carried out for the Financial Year 2019-20. Nomination and Remuneration Committee evaluated the performance of the individual Director.

The Independent Directors in their separate meeting held on 5th February, 2020 carried out the evaluation of the Board of Directors as a whole, Chairperson of the Company and Non-Independent Directors. The evaluation of Independent Directors was carried out without the presence of concerned Director.

The Chairperson of Nomination and Remuneration Committee has submitted report of the respective evaluations to the Chairperson of the Company. Based on the questionnaires received from the Directors and considering the reports of Chairperson of Nomination and Remuneration Committee, the Board has evaluated its own performance and that of its committees and individual directors including independent directors.

### 13. Key Managerial Personnel

In pursuance of the provisions of Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following persons are the Key Managerial Personnel of the Company

- a. Mr. Devendra Kumar Sharma, Whole-time Director
- b. Mr. Dilip Patodia, Chief Financial Officer
- c. Mr. Anand Sharma, Company Secretary

During the year under review, there was no change in the Key Managerial Personnel.

All Directors, Key Managerial Personnel and Senior Management of the Company have confirmed compliance with the Code of Conduct applicable to Directors & employees of the Company and a declaration to the said effect by the Whole-time Director is made part of Corporate Governance Report which forms part of this report. There has been no change in this policy during the year under review. The Code is available on the Company's website at the weblink <http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-Code-of-Conduct.pdf> All Directors have confirmed compliance with the provisions of Section 164 of the Companies Act, 2013.

### 14. Familiarisation Programme

Periodic presentations are made at the Board Meetings on business, performance updates & business strategy of the Company. The details of the familiarisation programme (other than through meeting of Board and its Committees) imparted to Independent Director are uploaded on the website of the Company and available at the weblink <http://www.birla-sugar.com/Assets/Avadh/ASEL-Familiarisation-Programme.pdf>

### 15. Remuneration Policy

In pursuance of the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations, the Company has formulated a Remuneration Policy. There has been no change in this policy during the year under review and a copy of the said Policy is available at the website of the Company at the weblink <http://www.birla-sugar.com/Assets/Avadh/ASEL-Nomination-and-Remuneration-Policy.pdf>

The Remuneration Policy, inter-alia, includes the appointment criterion & qualification requirements, process for appointment & removal, retirement policy and remuneration structure & components, etc. of the Directors, Key Managerial Personnel (KMP) and other senior management personnel of the Company. As per the Remuneration Policy, a person proposed to be appointed as Director, KMP or other senior management personnel should be a person of integrity with high level of ethical standards. In case of appointment as an independent director, the person should fulfil the criteria of independence prescribed under the Companies Act, 2013, rules framed thereunder and the Listing Regulations. The Remuneration Policy also contains provisions about the payment of fixed & variable components of remuneration to the Whole-time Director and payment of sitting fee & commission to the non-executive directors.

### 16. Corporate Social Responsibility Policy

Your Company believes in long term strategy to contribute to the well-being and development of the society especially the rural population around its plants at hargoon, Seohara, Hata & Rosa. As part of its CSR initiatives, the Company is working mainly in the areas of imparting School Education, Technical & Vocational Education, Rural Development, Community Healthcare etc. This multi-pronged CSR approach is showing notable improvement in the quality of life of rural population. The Company continues to spend to support local initiatives to improve infrastructure as well as support in other corporate social responsibilities. The CSR Policy as approved by the Board is available on Company's weblink <http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-CSR-Policy.pdf> There has been no change in this policy during the year under review.

The composition and terms of reference of Corporate Social Responsibility Committee are given in the Corporate Governance Report. The Annual Report on CSR activities (including the details of the development and implementation of the Corporate Social Responsibility

Policy) as prescribed under Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as “Annexure J” to this Report.

For the purpose of Section 135 of the Companies Act, 2013, the amount equivalent to 2% of the average net profits of the Company made during the immediately preceding three financial years works out to Rs. 356.79 lakhs. As against this, the Company had spent Rs. 359.74 lakhs on CSR projects / programs during the Financial Year 2019-20.

## 17. Board Meetings

A calendar of Meeting is prepared and circulated in advance to the Directors. The Board evaluates all the decisions on a collective consensus basis amongst the Directors. During the financial year ended 31st March 2020, 5 (five) Meetings of the Board of Directors of the Company were held. The details of the Board Meetings held during the year under review are given in the Corporate Governance Report forming a part of this Annual Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the Listing Regulations.

The Company has complied with the applicable Secretarial Standards prescribed under Section 118(10) of the Companies Act, 2013.

## 18. Internal Complaints Committee

An Internal Complaints Committee was constituted by the Company in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Act aims at protecting women’s right to gender equality, life and liberty at workplace to encourage women participation at work. The Committee meets all the criteria including its composition mentioned in the Act and relevant Rules. No complaint has been received by the Committee during the year under review.

## 19. Loans, Guarantee and Investments

It is the Company’s policy not to give any loans, directly or indirectly, to any person (other than to employees under contractual obligations) or to other body corporate or person. In compliance with Section 186 of the Companies Act, 2013, loans to employees bear applicable interest rates. During the year under review, the Company has not made any investment in securities of other body corporate. The details of Investments, Loans and Guarantees covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## 20. Related Party Contracts / Arrangements

All Related Party Transactions entered during the year were on arm’s length basis and in the ordinary course of business. There have been no materially-significant related party transactions made by the Company with the Promoters, the Directors or the Key Managerial Personnel which may be in conflict with the interests of the Company at large. Accordingly, disclosure of contracts or arrangements with Related Parties as required under section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

The Policy on Related Party Transactions as approved by the Board can be accessed on the Company’s website at following web-link <http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Related-Party-Transaction-Policy-.pdf>

The details of related party transactions are set out in the notes to the financial statements.

## 21. Risk Management

In line with the regulatory requirements, the Company has formally framed Risk Management Policy to identify and assess the key risk areas, monitor and report the compliance and effectiveness of the same. A Risk Management Committee, though not mandatory, has been constituted voluntarily comprising of an Independent Director, Whole-time Director, Chief Financial Officer and the Group President to oversee the risk management process in the Company with an objective to review the major risks which effect the Company from both the external and the internal environment perspective. Appropriate actions have been initiated to either mitigate, partially mitigate, transfer or accept the risk (if need be) and monitor the risks on a regular basis. The details of the terms of reference, number and date of meeting, attendance of director and remuneration paid to them are separately provided in the Corporate Governance Report.

## 22. Internal Financial Controls

The Company has laid down internal financial control’s, through a combination of Entity level controls, Process level controls and IT General controls inter-alia to ensure orderly and efficient conduct of business, including adherence to the Company’s policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors. There is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively. The directors confirm that, for the preparation of financial statements for the financial year ended March 31, 2020, the applicable Accounting Standards have been followed and the internal financial controls are generally found to be adequate and were operating effectively & that no significant deficiencies were noticed.



## 23. Whistle Blower / Vigil Mechanism

The Company has established a vigil mechanism and adopted whistle blower policy, pursuant to which whistle blowers can report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct policy. During the year under review, there has been change in this policy with respect to leak or suspected leak of Unpublished Price Sensitive Information has been incorporated so that whistle blowers can report concerns. The mechanism provides adequate safeguards against victimisation of persons who use this mechanism. The brief detail about this mechanism may be accessed on the Company's website at the weblink <http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Whistle-Blower-Policy.pdf>

During the year, the auditors, the secretarial auditors and cost auditors have not reported any fraud under Section 143(12) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

## 24. Corporate Governance & Annual Return

Your Directors strive to maintain highest standards of Corporate Governance. The Corporate Governance Report for the Financial Year 2019-20 is attached as "**Annexure B**" to this Report. The declaration of the Whole-time Director confirming compliance with the 'Code of Conduct' of the Company is enclosed as "**Annexure C**" to this Report and Auditor's Certificate confirming compliance with the conditions of Corporate Governance is enclosed as "**Annexure D**" to this Report

The extract of the Annual Return of the Company is attached as "**Annexure G**" to this Report.

## 25. Research & Development

During the year under review the Company has undertaken Research & Development initiatives with an intention to improve the sugar recovery ratio and to educate the cane growers to cultivate improved variety of sugarcane and to otherwise increase the sucrose contents in their produce.

## 26. Auditors, Audit Qualifications and Board's Explanations

### Statutory Auditors

The shareholders of the Company, at the AGM held on July 31, 2017, had appointed Messrs B S R & Co LLP, Chartered Accountants, (Firm Registration No. 101248W/W-100022), as Auditors of the Company to hold office for a term of 5 (five) consecutive years from the conclusion of the Third AGM of the Company held on July 31, 2017 till the conclusion of Eighth AGM of the Company.

The Notes to the Financial Statements read with the Auditor's Reports are self-explanatory and therefore, do not call for further comments or explanations. There has been no qualification, reservation, adverse remark or disclaimer in the Auditor's Reports.

### Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its Sugar activity is required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed Mr Somnath Mukherjee, Cost Accountant, as the Cost Auditor to audit the cost accounts of the Company for the financial year 2020-21. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification.

### Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Messrs Vinod Kothari & Co., Practising Company Secretaries to undertake the Secretarial Audit of the Company for the financial year 2019-20. The Secretarial Audit Report is annexed herewith as "**Annexure F**" and which is self-explanatory.

There has been no qualification, reservation, observation, disclaimer or adverse remark in the Secretarial Audit Report.

## 27. Investor Education and Protection Fund

The provisions pertaining to Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company are not applicable to your company.

## 28. Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "**Annexure H**".

## 29. Particulars of Employees

The human resource is an important asset which has played pivotal role in the performance and growth of the Company over the years. Your Company maintains very healthy work environment and the employees are motivated to contribute their best in the working of the Company. The information required to be disclosed in pursuance of Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as "Annexure I" to this Report and forms an integral part of this Report.

## 30. Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. that in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in Note 3 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## 31. Business Responsibility Report

In pursuance of the provisions of the Listing Regulations, the Business Responsibility Report for the financial year 2019-20 describing the initiatives taken by the Company from environmental, social and governance perspective forms part of the Annual Report.

## 32. CEO/CFO Certification

Mr. Devendra Kumar Sharma, the Whole-time Director and Mr. Dilip Patodia, Chief Financial Officer have submitted certificates to the Board as contemplated under Regulation 17(8) of the SEBI (LODR) Regulations, 2015.

## 33. Acknowledgement

Your Directors take this opportunity of recording their appreciation of the shareholders, financial institutions, bankers, suppliers and cane growers for extending their support to the Company. Your Directors are also grateful to various ministries in the Central Government and State Government of Uttar Pradesh, the Sugar Directorate and the Sugar Development Fund for their continued support to the Company. The Board of Directors also convey its sincere appreciation of the commitment and dedication of the employees at all levels.

For and on behalf of the Board

Kolkata

Dated 22nd June, 2020

**Chandra Shekhar Nopany**

Co-Chairperson

## Annexure A Management Discussion and Analysis

### Cautionary Statement

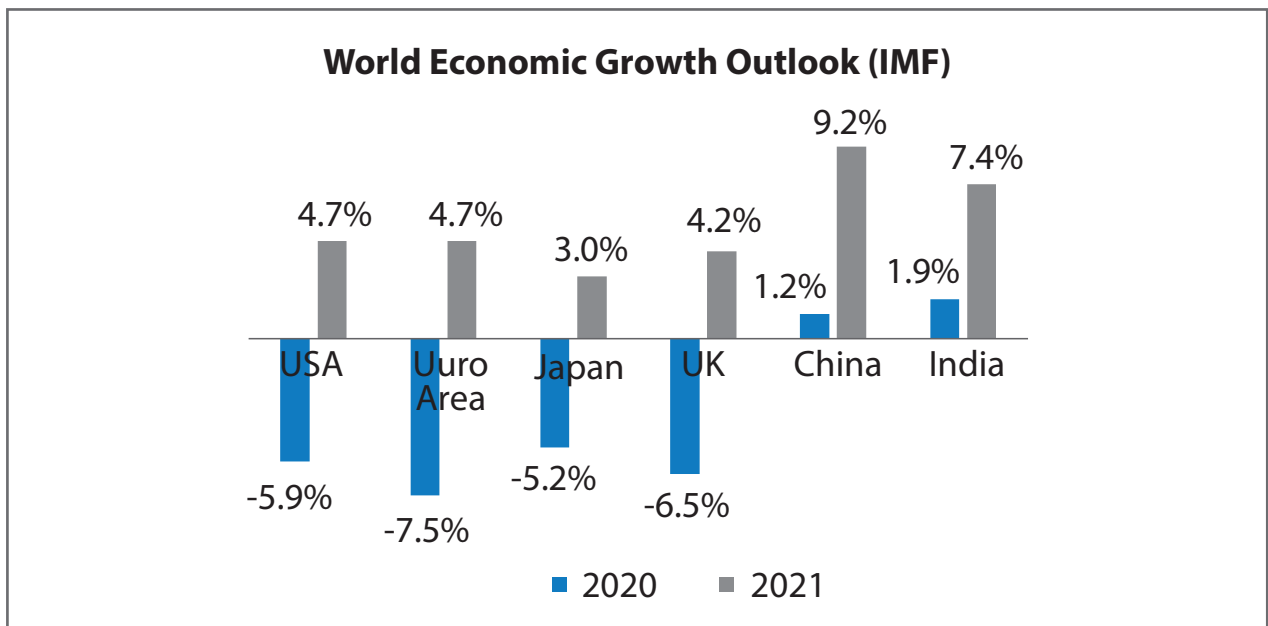
Some statements in the Management Discussion and Analysis describing the Company’s objectives, predictions, expectations and the macro-economic estimates may be “forward-looking statements”. Actual results may differ from the forward-looking statements contained in this document due to various uncertainties. These uncertainties may be due to various factors affecting global supply-demand and export import trend, macro-economic policy fluctuations, new regulations and pricing. The Company does not assume responsibility for any of the forward-looking statements contained in this report as the same may be altered in future due to the subsequent development and events.

### Global Economy

According to IMF the COVID-19 pandemic is imposing high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. The global economy is projected to contract sharply by 3 % in 2020, which is worse than during the 2008–09 financial crisis. The advanced economies namely USA is projected to grow at negative (5.9) % in 2020, Euro Area is projected to grow by negative (7.5) %, Japan to grow by negative (5.2) % and UK by negative (6.5) %. The emerging economies are still expected to be at a better growth rate China and India are expected to grow at 1.2 % and 1.9 %, respectively. Effective policies are essential to curtail the possibility of worse outcomes, and the necessary measures to reduce contagion and protect lives are an important investment in long-term human and economic health. Policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses domestically. The world economy expected to experience revival in growth by 3.3. % in 2020 and 3.4% in 2021 amid pandemic fades in second half of 2020 and efficient containment efforts according to IMF.

### Indian Economy

The pandemic all over the globe has triggered a slowdown in the economies world over, whereas emerging economies are still expected to grow at mere 1 % to 2 %. India’s GDP is expected to fall to 1.9 % in FY21 as against 4.2% in FY20 estimated amid the lockdown due to coronavirus pandemic. Reserve Bank of India (RBI) undertook slew of measures to boost liquidity to NBFCs and other financial institutions to aid support during slowdown amid lockdown, also Reserve Bank of India expects the Indian economy to experience a sharp turnaround and resume its pre-Covid trajectory by growing at 7.4 % in 2021-22. India is the only country other than China to register a positive growth rate in 2020.



Source: IMF

## Global Sugar Economy

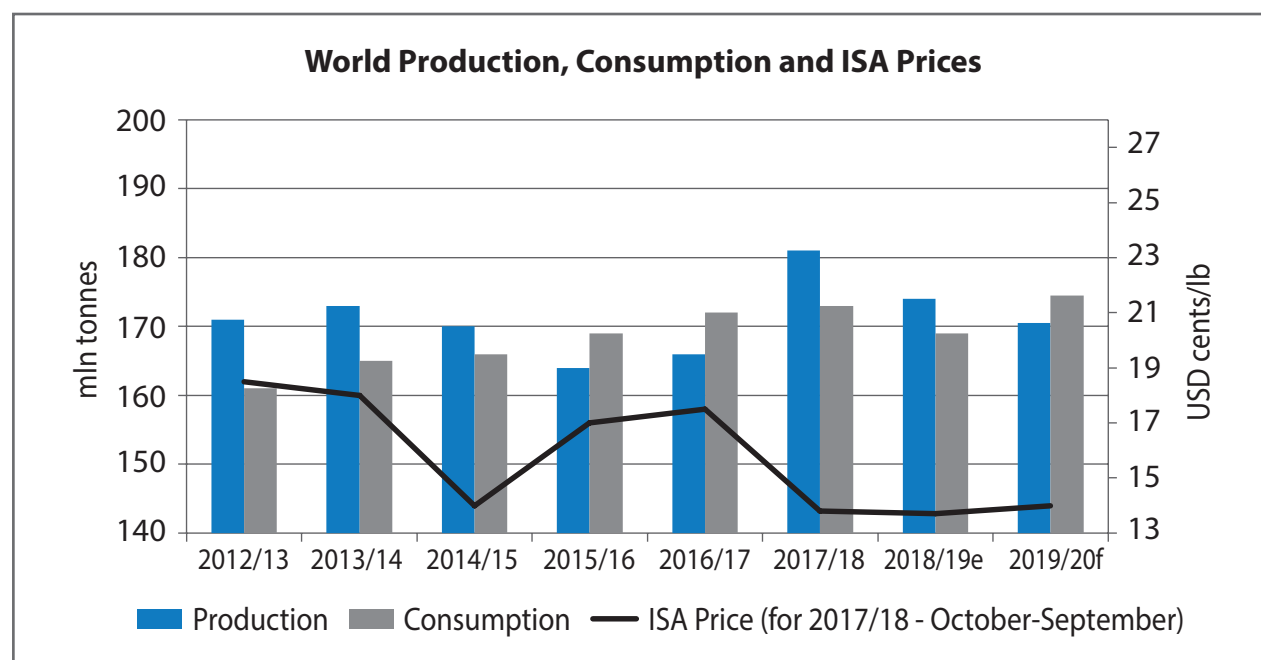
World sugar balance is experiencing a deficit during SS 2019-20 amid lower output in Thailand and the USA a part of which can be offset by record crop in Russia. The world deficit stood at 9.30 mn tonnes. The decrease in production of two Asian giants are to be compensated by higher production in Russia and Brazil. Furthermore, with the recent impact of fall in crude oil prices, expectation of Brazil increasing sugar production & due to Covid-19 pandemic, there has been a decline in the global prices.

Particulars	World Sugar Balance Sheet (mln tons)			
	(October/September)		Change	
	2019/20 (Projected)	2018/19 (Actuals)	in mln tonnes	in %
Production	166.80	174.54	-7.74	-4.43
Consumption	176.10	173.92	2.18	1.25
Surplus/Deficit	-9.30	0.625	-	-
Import demand	61.07	55.14	5.93	10.75
Export availability	60.73	55.14	5.59	10.14
End Stocks	84.27	93.23	-8.96	-9.61
Stocks/Consumption ratio in %	47.85	53.61	-	-

Source: International Sugar Organisation

### Global Sugar Production:

According to International Sugar Organization (ISO) world output is expected to reduce by 4.43% at 166.80 mn tonnes in SS 2019/20. ISO estimates substantial production fall in India and Thailand by 6.06 mn tonnes and 6.16 mn tonnes respectively which will impact the world production output to decline; higher production in Russia and Brazil is not sufficient to compensate the production fall in the following Asian countries. Brazil is likely to regain the position of the world's largest producer in 2019/20 amid output fall in India. The share of cane sugar in global production is expected to decrease on account of decline in output from Asian countries. Production is expected to drop in exporting countries, on the back of lower crops in Thailand and India, the world's second and third largest exporting nations. Exporters' output is forecast to decrease by 6.06 mln tonnes or 4.43% against SS 2018/19.



Source: International Sugar Organisation

**Production Falls and Rises in 2019/20 (October / September)**

Falls	Changes from 2018/19 in mn tonnes	Rises	Changes from 2018/19 in mn tonnes
India	-6.06	Russia	+1.61
Thailand	-6.16	Brazil	+6.00
Mexico	-1.23		

Source: Indian Sugar Organisation

World production in 2019/20 – 166.80 mln tonnes

World production in 2018/19 – 174.54 mln tonnes

**Global Price Scenario**

The international sugar prices experienced a declined trend mainly on account of falling crude prices, growing risk aversion and the expectation of a decline in global demand after the Covid-19 outbreak. In terms of monthly averages world market price for sugar (ISA Daily Price) fell 31% between February 2020 and April 2020. The price trends in domestic markets monitored by ISO varied, with increase observed in EU, Mexico, Russia and decrease observed in Brazil and China.

**Domestic price changes in LCU and USD in Selected Countries**

Particulars		Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	2-month change (feb-apr*)
ISA DP	USD/tonne	281.97	295.64	311.51	325.84	260.81	225.09	-31%
Brazil	BRL/tonne	1,313.07	1,403.63	1,486.55	1,567.06	1,569.02	1,376.7	-1%
	USD/tonne	316.08	341.61	358.21	360.61	321.50	368.4	-19%
China	CNY/tonne	5,650.19	5,539.59	5,701.44	5,696.70	5,517.82	4,912.2	-5%
	USD/tonne	804.96	789.31	824.32	813.95	786.30	723.9	-6%
EU	EUR/tonne	334.00	342.00	360.00	371.00	375.00	-	1%
	USD/tonne	369.30	379.91	399.63	404.69	414.74	-	2%
India	INR/tonne	33,089.00	32,290.67	-	-	-	-	-
	USD/tonne	463.30	462.57	-	-	-	-	-
Mexico	MXN/tonne	15,565.04	15,474.95	15,382.77	15,363.12	16,465.28	17,359.82	13%
	USD/tonne	804.94	809.45	817.93	822.51	710.92	715.83	-13%
Russia	RUB/tonne	20,785.84	21,719.56	21,630.50	21,572.22	27,681.64	26,667.35	24%
	USD/tonne	325.50	344.85	349.32	336.86	373.90	355.23	5%
US	USD/tonne	890.67	953.50	970.03	970.03	970.03	970.03	0%

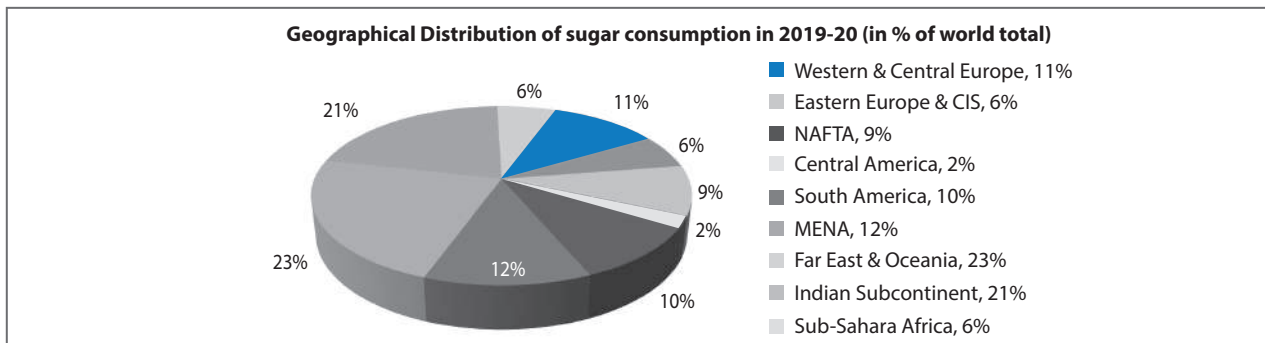
Source: International Sugar Organisation \*EU Feb-Mar 2020

**Global Demand Outlook**

During the fiscal global sugar demand had been dampened, income dynamics and population growth are the key drivers of global sugar consumption which was effected by slowdown in global growth which was projected at 3 % and further deepened amid Covid-19 pandemic impacting the demand of sugar globally. According to ISO estimates in SS2019/20 global use of sugar to grow by 1.25% from previous SS compared to 5 year average of 1.34%, the estimates will further change after the impact from pandemic is measured after its revival.

**Consumption Outlook**

As per ISO world sugar consumption was estimated at 176.10 mn tonnes for SS 2019/20. The global use of sugar is estimated to grow by 2.18 mn tonnes or 1.25% from 2018/19. Un-precedented macro-economic factors like Covid-19 will have an impact on the consumption which shall revive post pandemic fades away from economies world-wide.



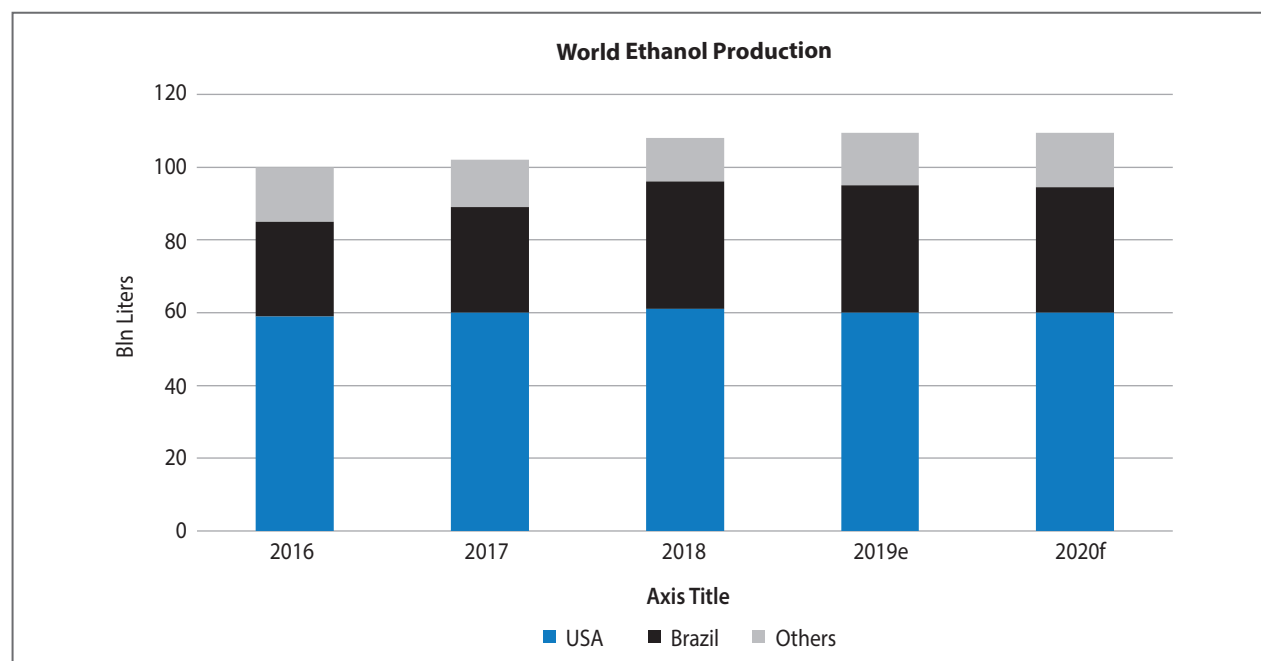
Source: Indian Sugar Organisation

## Global Ethanol

According to ISO global fuel ethanol production is expected to grow to 113.9 bn litres in 2019, up 2.4 bln litres from the previous year, aided by competitive prices and rapidly increasing demand in key countries. Meanwhile ethanol production in Brazil will continue to be determined by relative returns versus sugar for export. For the coming season, we expect the production dial to be turned slightly back towards sugar, as the world enters a sugar deficit phase. Positive production outlooks are seen in India and Thailand in 2019, where molasses has been an abundant feedstock of choice, following two seasons of growing cane harvests. However, for 2020, growth should remain limited by production capacity in India, and by feedstock availability in Thailand. Furthermore, the dramatic weakness in crude oil prices and lower demand on account of pandemic is expected to affect the overall ethanol offtake by OMCs in 2020.

Country	2014	2015	2016	2017	2018	2019e	2020f
Argentina	653	804	910	1,050	1,064	1,150	1,150
Australia	233	205	185	190	205	230	230
Brazil	24,085	28,796	26,200	25,562	31,682	33,286	33,000
Canada	2,875	2,820	3,000	3,100	3,140	3,250	3,200
China	3,050	3,200	3,200	3,500	4,000	4,750	5,250
Colombia	419	459	427	470	482	700	700
EU	5,453	5,340	5,188	5,298	5,401	5,400	5,500
India	360	953	1,000	778	2,057	3,050	3,200
Japan	485	550	700	870	900	900	900
Paraguay	200	160	180	252	260	260	260
Peru	160	160	180	190	193	200	220
Philippines	425	475	540	590	660	660	700
Thailand	1,186	1,302	1,431	1,536	1,528	1,800	2,000
US	51,030	52,760	53,750	54,442	54,382	56,000	58,000
Others	629	630	591	485	1,318	1,400	1,400
<b>Total</b>	<b>91,242</b>	<b>98,614</b>	<b>97,483</b>	<b>98,313</b>	<b>1,07,272</b>	<b>1,13,036</b>	<b>1,15,710</b>

World Fuel Ethanol Consumption (mn Liters)

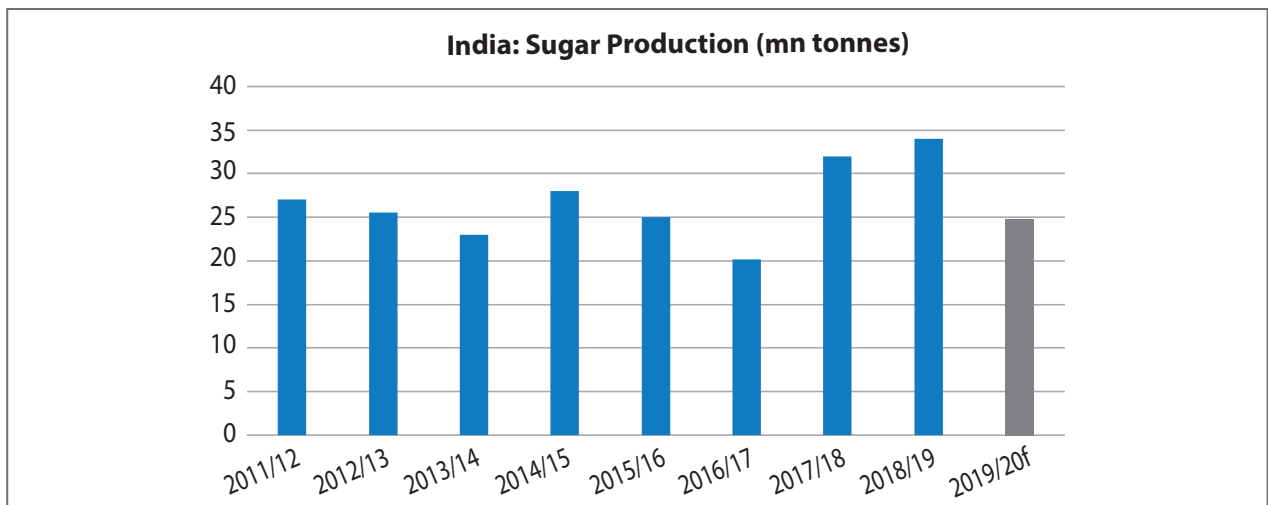


Source: International Sugar Organisation

## Domestic Sugar Industry

The season started with a balance of 14.58 mn tonne in October '19 and by clubbing the estimation of production which will be 27.10 million tonne, the total availability of sugar was estimated to be around 41.69 mn tonne. The consumption is estimated to be around 30.00 million tonne, 5 million tonne of exports is expected, India is likely to end with closing stock of ~11.69 million tonne in Sep'20 which is enough to meet the requirements of domestic consumption.

SS 2019/20 has been a season with lower output right from the negative impacts to sugar cane production in Maharashtra and Karnataka which contributes from 35% to 40% of the country's sugar output. Cane areas had reportedly reduced by 30% in Maharashtra and about 16% in Karnataka amid poor rainfall between September 2018 and July 2019. Highly irregular monsoons during the fiscal where up to mid-July received only 65% of normal rainfall followed by extremely wet five weeks. Floods affected important cane growing areas in Maharashtra and Karnataka in August - September 2019. On account of water logging in cane fields for long duration some of the cane had been lost completely while some areas had been partially affected in terms of yield and recovery. According to latest data by the Indian Sugar Mills Association (ISMA) sugar production data for the SS 2019/20 until 15 Apr'20 reported a 18% fall in sugar production at 27.10mn tonnes. Exports momentum which was estimated at 5 mn tonnes may take a hit on account of weak global prices and demand.



Source: Indian Sugar Organisation

## Demand Supply Scenario

The SS 2019/20 started with a balance of 14.58 mn tonnes in October 2019 and total availability of sugar is estimated to be around 41.69 mn tonnes against the estimated consumption of 27.10 mn tonnes and 5 mn tonnes of exports the closing stock is expected to stand at around 11.69 mn tonnes for SS 2019/20.

### Demand - Supply Scenario

in Million tonnes (mnt)	SS14	SS15	SS16	SS17	SS18	SS19	SS20E	SS21E
Opening Stock	9.3	7.3	9.5	8.1	4.4	10.6	14.3	11.5
<b>Production</b>	<b>24.4</b>	<b>28.3</b>	<b>25.1</b>	<b>20.3</b>	<b>32.3</b>	<b>33</b>	<b>27.10</b>	<b>30.5</b>
YoY Growth	-3%	16%	-11%	19%	59%	2%	-20%	16%
Uttar Pradesh	6.5	7.1	6.8	8.8	12.1	11.8	12	12.8
Maharashtra	7.7	10.4	0.4	4.2	10.7	10.7	5.5	8.6
Karnataka	4.2	5	4	2.1	3.7	4.4	2.8	3.2
Tamil Nadu	1.4	1.1	1.4	1.1	0.9	0.7	0.6	0
Others	4.6	4.6	4.4	4	4.9	5.4	5.2	5.9
Imports	0.1	0	0	0.5	0	0	0	0
Local consumption	24.2	25.1	24.9	24.5	25.5	25.5	25.0	26.0
YoY Growth	6%	4%	-1%	-1%	4%	4%	-2%	4%
India population growth	1%	1%	1%	1%	1%	1%	1%	1%
Exports	2.2	1.1	1.6	0.0	0.5	3.8	5.0	3.5
<b>Closing Stock</b>	<b>7.3</b>	<b>9.5</b>	<b>8.1</b>	<b>4.4</b>	<b>10.6</b>	<b>14.3</b>	<b>11.7</b>	<b>12.5</b>
Surplus/Deficit	0.2	3.2	0.3	-4.2	6.8	7.5	1.2	4.5

Source: JM Financial Research Report

## Covid-19 Impact on Indian Sugar Industry

The unexpected out rage of Covid-19 left the world to stand still, effecting many economic activities. The Indian sugar industry had been impacted by the subsequent lockdown; institutional buying of sugar came to a halt which lead to a fall in demand. Demand for ethanol is remain muted given limited storage with Oil Manufacturing companies (OMCs) on limited end-user consumption because of the lockdown. According to ISMA despatches of sugar have stopped with the lockdown resulting in drying up of 1-1.5mn tonnes of sugar in the pipeline, expects pent-up demand to revive once the lockdown is lifted. Further, due to Covid-19, sugar industry is expected to experience a fall in sugar consumption. Temporary disruptions in the supply chain have been experienced by the millers and a drop in the consumption levels from the usual of 26 million tonnes is expected as there are curbs on social gatherings, celebrations, weddings and so on. People are also avoiding cold drinks and ice creams to avoid falling sick. The FMCG and beverage companies are either working on reduced capacities or have suspended operation

## Regional Overview

According to ISMA Uttar Pradesh experienced a buoyant production with 10.8 mn tonnes accounting for growth of 3 % YoY. As of April 2020, 98 mills were under operation against 103 mills in April 2019; cane availability to the sugar mills for crushing in the current season increased as few Gur/khandsari manufacturing units in the state closed their operations. Production in Maharashtra fell 44 % in April 2020 with only one mill under operation. Karnataka's production fell by 22 % to 3.5 mn tonnes with almost all mills shut operations during the period.

Particulars	Apr'19	Apr'20	YoY
Sugar Production (mnt)			
Maharashtra	10.7	6.0	-0.44
Uttar Pradesh	10.6	10.8	0.03
Karnataka	4.3	3.4	-0.22
Others	5.6	4.6	-0.19
<b>Total Production</b>	<b>31.2</b>	<b>24.8</b>	<b>-0.21</b>

Source: JM financials research reports

## Domestic Ethanol

During the fiscal Government of India continued its focus on encouraging millers to produce ethanol and bring under control the glut in sugar industry. In a major boost to the sugar industry, the cabinet committee on economic affairs (CCEA) increased price of ethanol derived from different raw materials under the Ethanol Blended Petrol (EBP) programme. Earlier this fiscal OMCs had commitment to produce 2.6 bn litres of ethanol to aid to reduce India's energy import dependency and sugar industry clear dues of farmers. The CCEA increased the prices of ethanol from 'C' heavy molasses and 'B' heavy molasses by 29 paise per litre and Rs 1.84 per litre respectively. The 'C' heavy molasses and 'B' heavy molasses will be priced at Rs 43.75 per litre and Rs 54.27 per litre, respectively. The price of ethanol manufactured directly from sugar juice was increased to 59.48 per litre. India targets to increase the ethanol blending from current 6 % to 10 % by 2021 -22.

The outbreak of Covid-19 and subsequent lockdown reduced the demand for petrol and diesel drastically nationwide resulting in lower offtake from OMC's depot which in turn has resulted in reduced procurement by OMCs from sugar millers owing to problems of storages. Further slide in crude prices has also resulted in reduced off take of ethanol. The reduction in the demand for fuel has impacted the ethanol requirement. Indian Sugar Mills Association (ISMA) has asked the OMCs to reallocate ethanol to other depots, which have ready storage space and can take additional ethanol supplies beyond the contract.

## Domestic Sugar Price

The glut in sugar production in previous season restricted the growth in sugar price in recent past. During such scenario of excess high supply & inventory sugar prices tend to generally erode and even fall below the cost of production resulting in the losses to the sugar millers. Government of India's proactive measures towards supporting sugar millers, levy of minimum support prices by the government aided the sugar prices to stay above the cost of production during SS2019-20.

The prices so far from October 2019-February 2020 remained steady at average of Rs 31 per kg in the current season. The prime reasons that supported the stability in sugar prices during SS2019/20 were lower production in the on-going sugar season, government's MSP measures and focus on higher export and diversion of sugarcane towards ethanol. Wholesale domestic prices declined marginally in March 2020 to Rs 32 per kg after the Covid-19 breakout. The MSP by the government provided cushion to the domestic mill owners in the current environment.

## Hand Sanitizers

Govt. of India asked state governments to ensure continuous availability of ethanol to manufacturers of hand sanitizers to meet the surge in



demand due to the coronavirus pandemic. State governments gave permission to distilleries on a priority basis to produce sanitiser in bulk, which can then be packed and bottled. High demand for hand sanitizers since beginning of March led to hoarding which caused a spike in prices and sale of spurious products. Hand sanitizer industry has been unable to meet increased demand as it was not getting adequate supply of ethanol, a key ingredient in the manufacture of sanitizers. Indian Sugar Mills Association (ISMA) and All India Distiller Association (AIDA) assured the government of adequate supply of ethanol to produce sanitizers to meet increased demand. ISMA committed all the requirements of the hand sanitizer manufacturers for ethanol and ENA would be supplied to them at least for the next two to three months. At 100% capacity utilization, the hand sanitizer industry is expected to have a requirement of 8m-10m litres/month of ethanol and India currently has an ethanol production capacity of 3.5bn litres/year.

## Co-Generation

In India, bagasse-based generation in September amounted to 234 GWh, brought the completed 2019/20 season total to 13,273 GWh, ~ 3% above last season which was about 12,917 GWh.

## Company Overview

Avadh Sugar and Energy Limited is a part of the prestigious K. K. Birla Group of Sugar Companies. Established since 1932, the Group is in sugar business over 7 decades and consequent upon various schemes of merger and demerger, this Company was formed in 2015. Avadh Sugar & Energy Limited (Avadh) is an integrated sugar player dealing in sugar, spirits & ethanol, cogeneration, sanitizer and other by-products. Avadh has four sugar mills at Uttar Pradesh and a combined crushing capacity of 31,800 TCD. Avadh has two distilleries with a total capacity of 200 KLPD (annual capacity 600 lac KL). Cogeneration facilities with capacity of 74 MW. Avadh is strategically located in Uttar Pradesh, a major State in manufacturing for sugar and best recovery pan India, since last two years.

## Capacities

<b>Total Sugar Production</b> 31,800 TCD	<b>Total Ethanol Production</b> 200 KLPD	<b>Total Power Co-Generation</b> 74 MW
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Avadh Sugar & Energy Limited		
Type	Plant (Uttar Pradesh)	Crushing
Sugar Mills	Hargaon Sugar Mills	10,000 tonnes of sugarcane per day
	Rosa Sugar Works	4,800 tonnes of sugarcane per day
	New India Sugar Mills	7,000 tonnes of sugarcane per day
	Seohara Sugar Mills	10,000 tonnes of sugarcane per day
Distilleries	Hargaon Distillery	100 KLPD of Industrial Alcohol/Ethanol
	Seohara Distillery	100 KLPD of Industrial Alcohol/Ethanol
Co-Generation Power Plants	Hargaon Power	15 MW Power
	Hata Power	35 MW Power
	Seohara Power	24 MW Power

## Avadh Sugar Business Segments

### Sugar Segment

Sugar has remained the largest revenue generator for Avadh Sugar & Energy Limited. Over the years, the Company has been investing in enhancing the of energy efficiency process, which has thereby helped in generating better quality sugar and saving energy cost.

### Sugar Production

Particulars	Sugar Season 2019-20				Sugar Season 2018-19			
	Hargaon	Seohara	Hata	Rosa	Hargaon	Seohara	Hata	Rosa
Sugarcane Crushed (lacs quintal)	202.19	214.50	98.24	74.33	196.62	184.93	119.58	71.45
Recovery (%)	10.91	11.52	11.86	11.93	11.05	11.77	12.09	11.96
Sugarcane produced (lacs quintal)	22.10	24.77	11.67	8.85	23.49	21.77	14.46	8.55
Crusing days	196	216	139	170	200	185	178	165

### Distillery Segment

Avadh has capacity of 200 KLPD distillery capacities to produce industrial alcohol and ethanol and is among the few in India to invest in a distillery capacity capable of consuming its entire molasses output captively, reducing its dependence on external sources.

#### Alcohol Production (including Ethanol)

Particulars	Financial Year 2019-20		Financial Year 2018-19	
	Hargaon	Seohara	Hargaon	Seohara
Alcohol Produced (per litre) - C Heavy	180.87	165.07	310.79	261.76
Alcohol Produced (per litre) - B Heavy	128.35	105.43		
Recovery (%) - C Heavy	22.94	23.26	22.76	23.27
Recovery (%) - B Heavy	30.99	30.98		
No. of days Distillery was operational	302	269	310	253

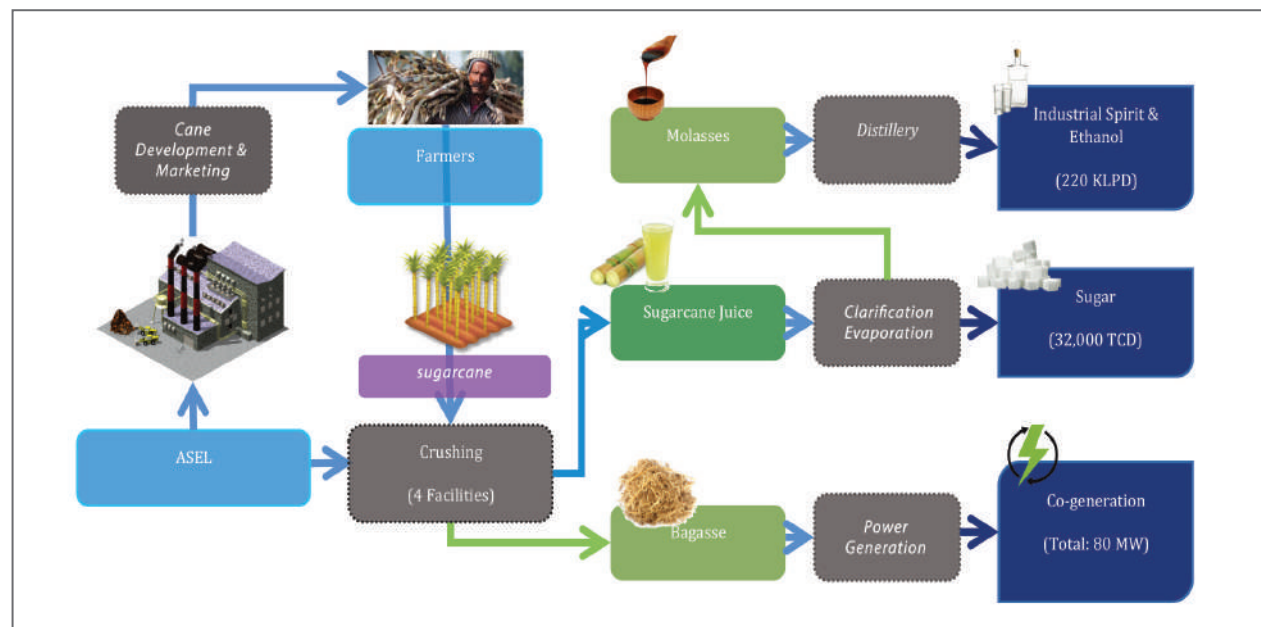
### Power Segment

Avadh has 74 MW of bagasse-based power capacity of which surplus power is sold to the Uttar Pradesh Power Corporation Limited. The foray into bagasse-based power generation has helped it to access seamless supply of power for its critical sugar operations on one hand and generate additional revenues through sale on the other.

#### Power Generated, Consumer and Sold

Particulars	Financial Year 2019-20			Financial Year 2018-19		
	Hargaon	Seohara	Hata	Hargaon	Seohara	Hata
Power generated	681.79	924.15	642.65	739.87	895.99	729.32
Power Sold to grid (units in lac)	445.31	568.51	740.79	470.13	558.30	874.36
No. of days worked	209	206	178	223	175	178

## Integrated Sugar Company



## Human Resources management and Industrial relations

The Company aspires to act as a catalyst for transforming its human capital necessary for a sustained business outperformance. The human resource makes the heart and soul of the organisation. The Company is committed to encourage and inspire its employees to realise their maximum potential thereby adding value to the organisation. Regular training and development sessions are conducted to upgrade its employees' and keep them abreast of latest industry trends. Health and safety are paramount for the Company's employees. All manufacturing

facilities are closely monitored in terms of safety of operations of machinery. We are proud of our talent pool. We encourage healthy conversations for employees with their supervisors and leaders to maintain transparency. The Company believes in offering equal opportunity to everyone in the organisation. The Company does not distinguish between people on basis of caste, creed, gender and physical abilities. The current strength of management staff in 2019-20 is 191 and non-management staff is 1686.

## Corporate Social Responsibility

We demonstrate environmental and social responsibility at every step. We aim to benefit the communities around us – workforce, public and environment. We organise regular medical camps, give free medicines and also any emergency medical equipment required by the deprived. We are sowing the seeds for a budding nation by providing education to the underprivileged children and giving them access to free books. We also run an inter-level college for the students. We consider ourselves responsible for the environment around us and consciously take efforts for its upliftment. The Company's CSR policy focuses on practicing its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders and with an intent to make a positive difference to society and to conduct the business in socially responsible, ethical and transparent manner to demonstrate commitment to respect the interest of and be responsive towards all stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large etc. and create value for all of them.

## Internal Control Systems

Avadh Sugar & Energy has a vigorous internal control system in place. The internal control system is designed to maintain efficiency, measurability and verifiability, reliability of accounting and management information. Internal audit is conducted for all the processes to identify risks and verify whether all systems and processes are commensurate with the business size and structure. Usage of SAP has increased the operational efficiency significantly. Adequate internal control systems safeguard the assets of the company with timely identification and intervention to alleviate risks. The internal controls are verified by the members of Audit Committee to keep a check on the existing systems and take corrective action to further enhance the control measures.

## Risk Management

The risk committee comprises members of the Board of Directors. The committee has prepared a complete Risk Management policy that is imbibed at the operations level to curb internal and external risk challenges. The committee also spreads awareness among employees about various risks associated with the market. An enterprise-wide risk identification, management and reduction programme helps Avadh Sugar & Energy take risk-eliminating actions more proactively and in advance.

The Committee implements measures to counter all risks. Structural risks like sugar price volatility, low sugar recovery, State Advised Price fixation by Government and other industry risks are mitigated through R&D, organising seminars to educate farmers about efficient harvesting practices and adopting operational efficiency at the facilities. These help increase cane yields, improve sugar recovery and help the Company navigate various industry risks and challenges.

## Financial Parameters

Sl. No.	Particulars	Year ended 31 March 2020 (Amount in ₹ Lakhs)
1	Total Income from Operations	2,55,939.79
2	Net Profit / (Loss) for the period (before Tax, Exceptional and / or Extraordinary items)	10,616.29
3	Net Profit / (Loss) for the period before tax (after Exceptional and / or Extraordinary items)	10,616.29
4	Net Profit / (Loss) for the period after tax (after Exceptional and / or Extraordinary items)	8,861.54
5	Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	8,651.31
6	Equity Share Capital	2,001.84
7	Other Equity	57,176.27
8	Earning Per Share (Basic & Diluted) (₹)	44.27

## Disclosures under Regulation 34(3) read with Schedule V of the clause B of SEBI (LODR) Regulations, 2015

Sl No.	Ratio	FY 2019-20	FY 2018-19
1	Debtor Turnover	20.55	20.09
2	Inventory Turnover	1.39	1.25
3	Interest Coverage Ratio	2.30	3.04
4	Current Ratio	1.08	1.01
5	Debt Equity Ratio	2.70	3.05
6	Operating Profit Margin (%)	8.79%	11.90%
7	Net Profit Margin (%)	3.45%	5.62%
8	Return on Networth	14.97%	23.59%

## Annexure B

### Report on Corporate Governance

#### 1. Company's Philosophy

Avadh Sugar & Energy Limited (ASEL), a part of K K Birla Group of Sugar Companies, is of the firm conviction that Corporate Governance in essence refers to the rules, procedures, values, systems or laws by which businesses are operated, regulated, and controlled. A well-defined and enforced corporate governance provides a structure that works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well to formal laws. Governance practices may vary but the principles are generic and universal. Accordingly the Board of ASEL manages its business ethically and in a transparent manner with the profit objective balanced by long term value equitably for all stakeholders which term includes every one ranging from the board of directors, management, shareholders, cane growers, customers, employees and society at large.

Given the fact that the business operations of ASEL is well diversified, sound governance practices are indispensable for it to build and sustain trust in all its stakeholders. ASEL is committed to run its business in a legal, ethical and transparent manner with dedication that originates from the very top and permeates throughout the organization. Besides adhering to the prescribed corporate practices as per the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") from time to time, it voluntarily governs itself as per highest ethical and responsible standards of business.

This chapter, along with the chapters on Management Discussion and Analysis and Shareholders information, reports ASEL's compliance with Listing Regulations highlighting the additional initiatives taken in line with international best practices.

#### Corporate Governance Philosophy

ASEL's philosophy is to constantly achieve business excellence and optimize long term value through ethical business conditions. Being a value driven organization ASEL envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations including everyone it works with, the community it is in touch with and the environment it has an impact on. Strong Governance practices by the Company have boosted the level of stakeholder's confidence testified by improved performance and various recognitions achieved by the Company. This has helped ASEL to pay uninterrupted value based services to all its stakeholders.

The corporate governance structure in the Company ensures that its Board of Directors is well informed and well equipped to fulfill its overall responsibility by way of providing strategic direction to the senior management, employees, etc. which is the backbone of the ability to meet the aspirations of all stakeholders.

ASEL's initiatives towards adhering to highest standards of governance include: professionalization of the Board; fair and transparent processes and reporting systems; and going beyond the mandated Corporate Governance Code requirements of Securities and Exchange Board of India (SEBI). At the highest level the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopt innovative approaches for leveraging resources, converting opportunities into achievements through proper coordination, empowerment and motivation, fostering a healthy all round growth and development to take the Company forward.

#### 2. Board of Directors

- i. The Company has in all 8 Directors with considerable professional experience in divergent areas connected with corporate functioning. Out of these 8 Directors, 5 (62.50%) are Independent Directors (IDs), 2 of them are Promoter Directors and 1 Whole-time Director. The composition of the Board is in conformity with Listing Regulations. The Board is headed by the Non-Executive Promoter Chairperson Mrs Nandini Nopany. The composition of Board of Directors is balanced in terms of specialisation in one or more areas.
- ii. The Board of Directors takes into account the interest of all stakeholders while discharging its responsibilities and provides leadership and guidance to the Company's management while discharging its fiduciary responsibilities thereby ensuring that the management adheres to the high standards of ethics, transparency and disclosures.
- iii. The non-executive directors bring objective and independent perspective in the deliberations and decisions of the Board of Directors as they have a wider view of external factors affecting the Company and its business. These directors make a constructive contribution to the Company by ensuring fairness and transparency while considering the business plans devised by the management team. They receive sitting fees for attending the meetings and do not have any other material or pecuniary relationship or transaction with the Company, its promoters, promoter group, its directors, management, subsidiaries or associates.

- iv. All the Independent Directors have requisite knowledge of business, in addition to the expertise in their area of specialization. The Company has received declaration from each of the Independent Directors of the Company confirming that he/ she meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013, rules framed thereunder and Listing Regulations. It is confirmed that in the opinion of the Board of Directors, the Independent Directors of the Company fulfill the conditions specified in the Listing Regulations and are independent of the management of the Company.
- v. As per the disclosure received by the Company from the Directors none of them are Director on the Board of more than 7 listed entities as well as the Whole-time Director has no other directorship in compliance with Regulation 17A of Listing Regulations, and none of Directors are member in more than ten committees, nor as Chairperson of more than five committees across all companies in which they are Directors, in compliance with Regulation 26 of Listing Regulations as well as not have been debarred or disqualified from being appointed or continuing as director by SEBI/Ministry of Corporate Affairs(MCA) or any other statutory authority. The Directors intimate the Company about the committee positions they occupy in other companies and also notify changes from time to time. The Company has obtained a certificate from a company secretary in practice confirming that none of the Directors on the Board of Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority. A copy of the said certificate is attached as “Annexure E” to the Board’s Report.
- vi. No Director is related to any other Director on the Board in terms of the definition of ‘relative’ given under the Companies Act, 2013 except for the Chairperson who is related to Mr Chandra Shekhar Nopany, Co-Chairperson.
- vii. The Board looks at strategic planning and policy formulation. The Board meets at least once in every quarter to review the Company’s operations and the maximum time gap between any two meetings is not more than 120 (One Hundred Twenty) days.
- viii. The Whole-time Director is responsible for corporate strategy, planning, external contacts and Board matters. The senior management personnel heading respective divisions are responsible for all day-to-day operations-related issues, profitability, productivity, recruitment and employee retention for their divisions.
- ix. Mr. Chandra Shekhar Nopany (DIN:00014587), Director is retiring by rotation at the forthcoming AGM scheduled to be held on September 21, 2020 and is eligible and has offered himself for re-appointment. The brief resume and other requisite details of the Director proposed to be re-appointed shall be given in the notice of ensuing AGM.
- x. The IDs met on 5th February, 2020 without the presence of the Chairperson, Whole-time Director, the Non-Executive Non-IDs and the Management Team. The meeting was attended by IDs in person which enabled them to discuss various matters pertaining to the Company’s affairs and thereafter put forth their combined views to the Board. The IDs reviewed the performance of non-IDs, chairperson, co-chairperson and the Board as a whole as well as the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- xi. Key Board qualifications, expertise and attributes

The ASEL Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Board members are committed to ensuring that the ASEL Board is in compliance with the highest standards of corporate governance.

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Business	Understanding of Sugar business dynamics across various geographical markets, industry verticals and regulatory jurisdictions.
Strategy and Planning	Ability to think strategically, identify and critically assess strategic opportunities and threats and develop effective strategies in the context of strategic objectives of the Company’s policies and priorities.
Governance	Experience in developing governance practices, serving the best interest of all stakeholders, protecting shareholder interests, maintaining board and management accountability and driving corporate ethics and values.

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted.

### Key Board Qualifications

Director	Business	Strategy and Planning	Governance
Mrs Nandini Nopany (DIN – 00051362)	✓	✓	✓
Mr Chandra Shekhar Nopany (DIN – 00014587)	✓	✓	✓
Mr Gaurav Swarup (DIN- 00374298)	✓	✓	✓
Mr Anand Ashvin Dalal (DIN – 0353555)	✓	✓	✓
Mr Pradip Kumar Bishnoi (DIN- 00732640)	✓	✓	✓
Mr Kalpataru Tripathy (DIN – 00865794)	✓	✓	✓
Ms Kausalya Madhavan (DIN – 05198559)	✓	✓	✓
Mr Devendra Kumar Sharma (DIN – 06498196)	✓	✓	✓

### Familiarisation Programme

In terms of Regulation 25(7) of Listing Regulations, the Company is required to conduct Familiarisation Programme for IDs to familiarise them about the Company including nature of industry in which the Company operates, business model of the Company, roles, rights and responsibilities of IDs and any other relevant information. As a part of the familiarisation programme, presentation was made to the IDs giving a brief overview of roles, responsibilities and liabilities of IDs under Corporate Governance norms with focus on constitution of various Committees under the Companies Act, 2013. In addition to the above, the Directors are continuously encouraged to participate in various training sessions to ensure that the Board members are kept up to date.

At the time of appointment, a new Director is welcomed to the Board of Directors of the Company by sharing an Induction Kit containing inter-alia the Organization Chart, brief profile of all Directors and Key Managerial Personnel (KMPs), Policy Compendium, Investor Presentation, amongst others.

Further, the management of the Company makes various presentations to the IDs on an ongoing basis which inter-alia includes Company overview, various business verticals, latest key business highlights, financial statements, evolution as well as business model of the various business of the Company, as part of the familiarisation programme for IDs.

Significant Statutory updates are circulated as a part of the agenda of the Board Meetings through which Directors are made aware of the significant new developments and highlights from various regulatory authorities viz. SEBI, MCA, other statutory authority etc.

The Board has open channels of communication with executive management which allows free flow of communication among Directors in terms of raising query, seeking clarifications and other related information. Directors are also informed of the various developments in the Company.

The details of the familiarisation programme (other than through meeting of Board and its Committees) imparted to Independent Director are uploaded on the website of the Company and available at the weblink <http://www.birla-sugar.com/Assets/Avadh/ASEL-Familiarisation-Programme.pdf>

### Performance Evaluation

In pursuance of the provisions of the Companies Act, 2013 and Listing Regulations, the Company has laid down a Performance Evaluation Policy. The said policy prescribed in detail the process for effective evaluation of performance of the Board of Directors, the Committees thereof, individual Directors and the Chairperson of the Company. The Nomination and Remuneration Committee (“NRC”) had finalized the proformas / questionnaires containing different parameters to evaluate the performance of Board of Directors and its committee(s), individual Directors and the Chairperson of the Company. The performance evaluation parameters for Independent Directors include level of participation in decision making process, understanding of Company’s business and industry, ensuring adequacy and functionality of vigil mechanism, communicating inter-se with Board members and senior management, etc.

As per the Performance Evaluation Policy of the Company, the evaluation of performance of the Board as a whole, Committees of the Board of Directors, individual Directors and Chairperson/Co-chairperson of the Company was carried out for the Financial Year 2019-20. The Independent Directors in their separate meeting carried out the evaluation of the Board of Directors as a whole, Chairperson/Co-chairperson of the Company and Non-Independent Directors. The Independent Directors have briefed the Board of Directors about performance evaluation by Independent Directors of the Company.

Based on the responses to the questionnaires received from the Directors and considering the evaluations carried out by Independent Directors, the Board of Directors evaluated its own performance and that of its committees and individual Directors including Independent Directors.

### Board Diversity Policy

Board diversity is imperative in view of globalization of business, rapid deployment of technology, greater social responsibility, ever increasing emphasis on corporate governance and increasing need for risk management. Having members of the Board of Directors from different fields enables the Company to keep pace with changing business dynamics and provide financial, reputational and qualitative benefits. The Board of Directors had adopted "Board Diversity Policy" which sets out the basic guidelines to constitute a diverse Board that can, inter alia, draw upon a range of perspectives, experience and knowledge.

### Board meetings

The meetings of the Board of Directors are scheduled in advance. The Company Secretary prepares the agenda for the meetings in consultation with the Chairperson and other concerned persons in the senior management. The detailed agenda and other relevant notes are circulated to the Directors well in advance. All material back up information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on the table at the meeting with specific reference to this effect in the Agenda.

During the period under review five Board Meetings were held on 13th May, 2019, 8th August, 2019, 6th November, 2019, 5th February, 2020 and 3rd March, 2020 respectively.

Details of Board meetings attended by Directors, attendance at the last Annual General Meeting, number of other Directorships/ Committee membership (viz. only Audit Committee and Stakeholders Relationship Committee are considered as per Regulation 26(1) of SEBI (LODR) Regulations, 2015 held by them during the year 2019-20 are tabulated below:

Name of the Director	Category of the Director	No. of Board meetings attended	Attendance at last AGM	No. of Directorships in other Public companies	No. of Chairmanship/ Membership of Board Committees in other Companies		Names of the Listed Companies and Category of Directorship		No. of Equity Shares held
					Chairman	Member	Name of the Company	Category	
Mrs. Nandini Nopany (DIN – 00051362)	P/C/ NED	2	No	8	-	-	<ul style="list-style-type: none"> <li>● Ganges Securities Ltd.</li> <li>● Ronson Traders Ltd.</li> </ul>	NED	99,204*
Mr. Chandra Shekhar Nopany (DIN – 00014587)	P/CO/ NED	4	No	8	2	-	<ul style="list-style-type: none"> <li>● Magadh Sugar &amp; Energy Ltd</li> <li>● Chambal Fertilisers and Chemicals Ltd</li> <li>● New India Retailing &amp; Investment Ltd</li> <li>● Sutlej Textiles and Industries Ltd</li> <li>● SIL Investments Ltd</li> <li>● Ronson Traders Ltd</li> </ul>	NED	71,844**
Mr. Gaurav Swarup (DIN- 00374298)	NED/ ID	4	No	6	1	5	<ul style="list-style-type: none"> <li>● Graphite India Ltd</li> <li>● Swadeshi Polytext Ltd</li> <li>● KSB Ltd</li> <li>● Industrial and Prudential Investment Company Ltd</li> <li>● TIL Ltd</li> </ul>	ID NED NED ED ID	NIL
Mr. Anand Ashvin Dalal (DIN – 0353555)	NED/ ID	5	Yes	1	-	-	<ul style="list-style-type: none"> <li>● The Jamshri Realty Ltd</li> </ul>	NED	NIL
Mr. Pradip Kumar Bishnoi (DIN- 00732640)	NED/ ID	4	No	2	1	1	<ul style="list-style-type: none"> <li>● Rane (Madras) Ltd</li> <li>● Rane Holdings Ltd</li> </ul>	ID	NIL

Name of the Director	Category of the Director	No. of Board meetings attended	Attendance at last AGM	No. of Directorships in other Public companies	No. of Chairmanship/ Membership of Board Committees in other Companies		Names of the Listed Companies and Category of Directorship		No. of Equity Shares held
					Chairman	Member	Name of the Company	Category	
Mr. Kalpataru Tripathy (DIN – 00865794)	NED/ ID	5	No	5	1	1	<ul style="list-style-type: none"> <li>• JK Tyre &amp; Industries Ltd</li> <li>• Texmaco Infrastructure &amp; Holdings Ltd</li> </ul>	ID	NIL
Mrs. Kausalya Madhavan (DIN – 05198559)	NED/ ID	5	No	-	-	-	-	-	NIL
Mr. Devendra Kumar Sharma (DIN – 06498196)	WTD	3	Yes	-	-	-	-	-	NIL

P – Promoter	C – Chairperson / CO – Co-Chairperson	ID – Independent Director/ NED – Non-executive Director	WTD – Whole-time Director
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\* includes 31846 equity shares held as Trustee of Chandra Shekhar Charity Trust

\*\* includes 3668 equity shares held jointly with Mrs Shalini Nopany

**Note:**

- (i) The number of directorships held by the Directors does not include Private Limited Companies, Foreign Companies and Companies incorporated under Sec 8 of the Companies Act, 2013.
- (ii) In accordance with Regulation 26 of the Listing Regulations, memberships / chairmanships of only Audit Committee and Stakeholders Relationship Committee of other Indian Public Limited Companies have been considered.

### Committees of the Board

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders’ Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and non-mandatory committees viz. Risk Management Committee, Finance & Corporate Affairs Committee of Directors. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the Board Meetings.

## 3. Audit Committee

### i. Overall purpose/Objective

The Audit Committee has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (LODR) Regulations, 2015 as amended from time to time, by the Board of Directors, at its meeting held on March 14, 2017.

The purpose of the Audit Committee is to assist the Board of Directors (“the Board”) in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls established in the Company, appointing, retaining and reviewing the performance of Statutory Auditors/independent accountants/internal auditors and overseeing the Company’s accounting and financial reporting processes and the audit of the Company’s financial statements.

### ii. Terms of Reference

The Terms of Reference of this Committee includes oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible, recommending appointment, remuneration and terms of appointment of auditors, reviewing/ examining quarterly and annual financial statements and auditor’s report thereon before submission to the Board for approval, evaluate Company’s internal financial controls and risk management systems, reviewing performance of statutory and internal auditors, discussing with auditors significant findings, if any, related party



transactions and adequacy of internal control systems, reviewing the functioning of the Whistle Blower Mechanism and other matters specified for Audit Committee in Section 177 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (LODR) Regulations, 2015, as amended from time to time. It also deals with matters relating to Company's Code of Conduct for Prohibition of Insider Trading framed in line with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended and related matters. It also discharges such other functions as may be delegated by the Board of Directors from time to time.

Mr Anand Ashvin Dalal, Chairperson of the Audit Committee attended the Annual General Meeting of the Company to provide clarifications and answer queries.

The Company's system of internal controls covering financial and operational activities, compliances, IT applications, etc. are reviewed by the Internal Auditors and presentations are made to the Audit Committee on the findings of such reviews. Further, in compliance with Section 177(4)(vii) of the Companies Act, 2013 the Audit Committee maintains and evaluates the effectiveness of internal control systems of the Company pertaining to financial reporting, compliance with Standards of Accounting specified under Sec 133 of the Companies Act, 2013, and looks after overall financial activities under applicable laws and regulations governing the Company.

### iii. Composition and Meetings

The Audit Committee as on 31st March, 2020, comprises of Mr Anand Ashvin Dalal, Mr Pradip Kumar Bishnoi, Mr Kalpataru Tripathy, Mrs Kausalya Madhavan, IDs and Mr Devendra Kumar Sharma, Whole-time Director. Mr Anand Ashvin Dalal, Independent Director of the Company is the Chairperson of the Audit Committee. All the Members of the Audit Committee are financially literate and have accounting or related financial management expertise. The Chief Financial Officer (CFO) is a permanent invitee to the meetings of the Audit Committee and the Company Secretary acts as the Secretary to the Audit Committee. The Statutory Auditors as well as Internal Auditors of the Company are invited to attend the Audit Committee meetings. The Company also invite the Cost Auditor and Secretarial Auditor to attend the meeting and discuss their report. The Committee also invites senior executives, as it considers appropriate, to be present at the meetings of the Committee.

Four meetings of the Audit Committee were held during the year 2019-20 on 13th May, 2019, 8th August, 2019, 6th November, 2019 and 5th February, 2020 respectively. The maximum time gap between any two consecutive meetings did not exceed 120 (One Hundred Twenty) days. Moreover, the requisite quorum as required by SEBI (LODR) Regulations, 2015, was present in all the meetings of the Audit Committee held during the year.

#### Attendance of the members at the meetings was as follows:

Name of the Member	Status	Category	No of meetings attended
Mr Anand Ashvin Dalal	Chairperson	Independent Director	4
Mr Pradip Kumar Bishnoi	Member	Independent Director	3
Mr Kalpataru Tripathy	Member	Independent Director	4
Mrs Kausalya Madhavan	Member	Independent Director	4
Mr Devendra Kumar Sharma	Member	Whole-time Director	2

## 4. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee of the Company was constituted on 14th March, 2017, in line with the provisions of Regulation 20 of SEBI (LODR) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

### (i) Terms of Reference:

The Stakeholders Relationship Committee oversees the redressal of complaints/grievances of investors such as transfer/transmission of shares, credit of shares to demat accounts, non-receipt of dividend/annual reports, approval of physical transfer/transmission of more than 1000 shares, taking note of shares transferred during each quarter, status of dematerialized shares as at the end of each quarter, stock of blank stationery of share certificates as at the end of each quarter, shareholding pattern of the Company as at the end of each quarter and detail of investors' grievances pending as at the end of each quarter among others. It also approves issuance of duplicate shares and matters incidental thereto. It also discharges such other functions as may be delegated by the Board of Directors from time to time. The Stakeholders Relationship Committee meets at regular intervals to take note of share transfer and other matters.

## (ii) Composition & Meetings:

The composition of the Stakeholders' Relationship Committee as on 31st March, 2020 is as follows

- a. Mr Anand Ashvin Dalal
- b. Mr Gaurav Swarup
- c. Mr Pradip Kumar Bishnoi
- d. Mr Devendra Kumar Sharma

During the period under review the Committee met four times on 13th May, 2019, 8th August, 2019, 6th November, 2019 and 5th February, 2020. The Committee is headed by Mr Anand Ashvin Dalal, an Independent Director and the Company Secretary is the Compliance Officer.

### Attendance of the members at the meetings was as follows:

Name of the Member	Status	Category	No of meetings attended
Mr Anand Ashvin Dalal	Chairperson	Independent Director	4
Mr Gaurav Swarup	Member	Independent Director	3
Mr Pradip Kumar Bishnoi	Member	Independent Director	3
Mr Devendra Kumar Sharma	Member	Whole-time Director	2

The Board of Directors have authorised the Company Secretary to approve transfers/ transmissions of shares in physical form upto 1000 shares. The transfers/ transmissions approved by the Company Secretary are periodically placed before the Committee.

The Company has in place a comprehensive Investor Grievance Redressal system prescribing the standards of shareholders' service & grievance redressal procedure and mechanism to be adhered to by the Registrar and Share Transfer Agents as well as by the Company. The shareholders can write to the Company at [avadinvestors@birla-sugar.com](mailto:avadinvestors@birla-sugar.com)

During the financial year ended 31st March, 2020, the Company had received 3 (three) complaints which had been resolved and no complaints were pending as on 31st March, 2020.

Further, pursuant to Regulation 13(3) read with Regulation 13(4) of SEBI (LODR) Regulations, 2015, Statements of investor complaints as received from the Registrar & Share Transfer Agents, Link Intime Private Limited, were filed with the Stock Exchanges on a quarterly basis and the said Statements were also placed before the Board of Directors for information and noting

## 5. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company was constituted on 14th March, 2017 in line with the provisions of Regulation 19 of SEBI (LODR) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

### i. Objectives:

The Committee evaluates the composition and organization of the Board and its Committees in light of requirements established by any regulatory body or any other applicable statutes, rules and regulations which the Committee deems relevant, makes recommendations to the Board of Directors in respect to the appointment, re-appointment and resignation of Independent, Executive and Non-Executive Directors of the Company, identifies the persons who are qualified to become Directors and who may be appointed in senior management including their remuneration in accordance with the criteria laid down, recommends to the Board their appointment and removal and other matters specified for Nomination and Remuneration Committee in Section 178 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and under SEBI (LODR) Regulations, 2015.

### ii. Terms of Reference:

The broad terms of reference of the Nomination and Remuneration Committee, inter-alia includes the following

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of IDs and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment, remuneration and removal.

It also discharges such other functions as may be delegated by the Board of Directors from time to time.

**iii. Composition and Meetings:**

The Committee comprises of the following Directors as on 31st March, 2020

- a. Mr Gaurav Swarup
- b. Mr Anand Ashvin Dalal
- c. Mr Kalpataru Tripathy
- d. Mrs Kausalya Madhavan

During the period under review the Committee met four times on 13th May, 2019, 8th August, 2019, 6th November, 2019 and 5th February, 2020.

**Attendance of the members at the meetings was as follows:**

Name of the Member	Status	Category	No of meetings attended
Mr Gaurav Swarup	Chairperson	Independent Director	3
Mr Anand Ashvin Dalal	Member	Independent Director	4
Mr Kalpataru Tripathy	Member	Independent Director	4
Mrs Kausalya Madhavan	Member	Independent Director	3

**iv. Remuneration Policy:**

The Board of Directors of the Company had at its meeting held on 30th March, 2017 adopted the Remuneration Policy as recommended by the Nomination and Remuneration Committee of the Company. The Remuneration Policy is available on the Company website at weblink <http://www.birla-sugar.com/Assets/Avadh/ASEL-Nomination-and-Remuneration-Policy.pdf>.

The Remuneration Policy, inter-alia, includes the appointment criteria & qualification requirements, process for appointment & removal, retirement policy and remuneration structure & components, etc. of the Directors, Key Managerial Personnel (KMP) and other senior management personnel of the Company. As per the Remuneration Policy, a person proposed to be appointed as Director, KMP or other senior management personnel should be a person of integrity with high level of ethical standards. In case of appointment as an independent director, the person should fulfil the criteria of independence prescribed under the Companies Act, 2013, rules framed thereunder and the SEBI (LODR) Regulations, 2015. The Remuneration Policy also contains provisions about the payment of fixed & variable components of remuneration to the Whole-time Director and payment of sitting fee & commission to the non-executive directors.

**i. Remuneration of Directors**

Detail of remuneration paid to the Directors for the financial year 2019-20:

**a. Whole-time Director (₹ in lakhs)**

Name of the Director	Salary	Perquisites	Retirement Benefits *	Total
Mr Devendra Kumar Sharma	88.18	7.72		95.90

\* It does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Mr Devendra Kumar Sharma’s remuneration package includes salary, free furnished accommodation with all expenses for upkeep and maintenance thereof, contribution to Provident Fund, reimbursement of medical expenses, car with driver and telephone etc.

**b. Non-Executive Directors**

The Company pays a sitting fee of Rs.40,000/- and Rs.20,000/- per meeting to each Non-executive Director for attending meetings of the Board of Directors and Committees thereof respectively.

The shareholders of the Company, at the Extra-Ordinary General Meeting held on March 1, 2017, had approved payment of commission to non-executive directors for a period of 5 years with effect from the financial year 2017-18 subject to the aggregate annual limit of one percent of the net profits of the Company determined in accordance with the terms and provisions of Section 198 of the Companies Act, 2013. However, the Board of Directors of the Company within the aforesaid limit has further put forth a ceiling of maximum Rs.6 lakhs to be paid to each Non-Executive Directors. In pursuance of the

approval of the shareholders, the Board of Directors determined the commission payable to individual Directors for the Financial Year 2019-20 based on the time devoted and the contribution made by individual directors in the affairs of the Company.

**The details of sitting fee paid and the commission payable to the Directors are as follows:**

Sl. No.	Name of the Director	Sitting Fee Paid (Rs)	Commission payable for the Financial Year 2019-20 (Rs.)
1	Mrs Nandini Nopany	1,80,000	6,00,000
2	Mr Chandra Shekhar Nopany	2,20,000	6,00,000
3	Mr Anand Ashvin Dalal	4,40,000	6,00,000
4	Mr Gaurav Swarup	3,60,000	6,00,000
5	Mr Pradip Kumar Bishnoi	3,20,000	6,00,000
6	Mr Kalpataru Tripathy	3,60,000	6,00,000
7	Mrs Kausalya Madhavan	3,40,000	6,00,000

There was no other pecuniary relationship or transaction with the non-executive directors.

## 6. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Company was constituted on 14th March, 2017 in line with the provisions of SEBI (LODR) Regulations, 2015 read with Section 135 of the Companies Act, 2013. The role of Committee includes formulating and recommending to the Board of Directors a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company as specified under the Companies Act, 2013 recommending the amount of expenditure to be incurred on such activities, instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company etc. The Committee also reviews periodically the progress of CSR projects/ programs/ activities undertaken by the Company. It also discharges such other functions as may be delegated by the Board of Directors from time to time.

The Corporate Social Responsibility Committee comprises of Mrs Nandini Nopany, Chairperson, Mr Pradip Kumar Bishnoi, Independent Director and Mr Devendra Kumar Sharma, Whole-time Director. Mrs Nandini Nopany, Chairperson of the Company acts as the Chairperson of the Corporate Social Responsibility Committee. Mr Anand Sharma, Company Secretary of the Company acts as the Secretary to the Committee. The Committee is responsible for monitoring the Corporate Social Responsibility Policy (CSR Policy) of the Company from time to time, the Company's CSR Policy is available on the Company's website at <http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-CSR-Policy.pdf>.

During the period under review the Committee met twice on 13th May, 2019 and 8th August, 2019.

**Attendance of the members at the meetings was as follows :**

Name of the Member	Status	Category	No of meetings Attended
Mrs Nandini Nopany	Chairperson	Independent Director	1
Mr Pradip Kumar Bishnoi	Member	Independent Director	1
Mr Devendra Kumar Sharma	Member	Whole-time Director	2

## 7. Risk Management Committee

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The Risk Management Committee was constituted voluntarily on 23rd May, 2017 in line with the provisions of SEBI (LODR) Regulations, 2015. The Committee comprises of Mr Pradip Kumar Bishnoi, Independent Director, Mr Chand Bihari Patodia, Group President, Mr Devendra Kumar Sharma, Whole-time Director and Mr Dilip Patodia, Chief Financial Officer. Mr Pradip Kumar Bishnoi is the Chairperson of the Committee.

**The objectives and scope of the Risk Management Committee broadly comprises:**

- Oversight of risk management performed by the executive management;
- Reviewing the risk & its mitigation plans within framework and in line with local legal requirements and SEBI guidelines;

- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

Within its overall scope as aforesaid, the Committee reviews risks trends, exposure, potential impact analysis and mitigation plan. It also discharges such other functions as may be delegated by the Board of Directors from time to time.

One meeting of the Risk Management Committee of the Company was held during the year on 5th February, 2020. The attendance of each member of the Committee is given below:

Name of the Member	Status	Category	No of meetings Attended
Mr Pradip Kumar Bishnoi	Chairperson	Independent Director	1
Mr Chand Bihari Patodia	Member	Group President	-
Mr Dilip Patodia	Member	Chief Financial Officer	1
Mr Devendra Kumar Sharma	Member	Whole-time Director	1

## 8. Finance & Corporate Affairs Committee

The Finance & Corporate Affairs Committee of Board of Directors was constituted on 14th March, 2017 and comprises of Mrs Nandini Nopany, Chairperson, Mr Chandra Shekhar Nopany, Co-Chairperson, Mr Gaurav Swarup, Non-Executive & Independent Director and Mr Devendra Kumar Sharma, Whole-time Director. Mr Anand Sharma, Company Secretary of the Company acts as the Secretary to the Committee and Mr Dilip Patodia, CFO is a regular invitee to such Committee.

The Terms of Reference of this Committee include oversight of banking and borrowing related matters, to authorise the Company officials for signing various agreements, deeds and documents etc., to consider, approve and submit various bid documents etc. for participation in ethanol tenders, amongst others and to do such other businesses as may be delegated by the Board of Directors from time to time.

Four meetings of the Finance & Corporate Affairs Committee of Directors of the Company were held during the year on 12th April, 2019, 2nd July, 2019, 20th December, 2019 and 6th January, 2020. The attendance of each member of the Committee is given below:

Name of the Member	Status	Category	No of meetings Attended
Mrs Nandini Nopany	Chairperson	Non-Executive Director	4
Mr Chandra Shekhar Nopany	Member	Non-Executive Director	3
Mr Gaurav Swarup	Member	Independent Director	4
Mr Devendra Kumar Sharma	Member	Whole-time Director	1

## 9. Subsidiary Companies

The Company does not have any subsidiary, associate or joint venture. However, the Board of Directors have formulated a Policy for determining material subsidiaries in its meeting held on 30th March, 2017 and subsequently modified on 26th March 2019 in line with changes envisaged in SEBI (LODR) Regulations and such modified Policy has been disclosed on the company website at <http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-Policy-for-Determining-Material-Subsidiaries.pdf>

## 10. Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Similarly, there were no transaction with person or entity belonging to Promoter/Promoter Group which holds 10% or more shareholding in the Company. Suitable disclosure as required by the Indian Accounting Standards (IND AS) have been made in the notes to the Financial Statements. The Board has approved a policy for related party transactions which has been modified in line with amended provisions of Companies Act, 2013 read with SEBI (LODR) Regulations, 2015 and has been uploaded on the Company's website <http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Related-Party-Transaction-Policy-.pdf>.

## 11. Vigil Mechanism / Whistle Blower Policy

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the respected companies

in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility and accordingly has formulated Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination is meted out to any person for a genuinely raised concern. The said policy was updated with recent amendments w.r.t. Unpublished Price Sensitive Information as mandated by SEBI laws and has been uploaded on the Company's website at <http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Whistle-Blower-Policy.pdf>

## 12. Policy Against Sexual and Workplace Harassment

The Company is committed to provide and promote a safe, healthy and congenial atmosphere irrespective of gender, caste, creed or social class of the employees. The Company in its endeavour to provide a safe and healthy work environment for all its employees has developed a policy to ensure zero tolerance towards verbal, physical, psychological conduct of a sexual nature by any employee or stakeholder that directly or indirectly harasses, disrupts or interferes with another's work performance or creates an intimidating, offensive or hostile environment such that each employee cannot realize his / her maximum potential. As per the Policy, any employee may report his / her complaint to the Internal Complaint Committee formed for this purpose. The Company affirms that during the year under review adequate access was provided to any complainant who wished to register a complaint under the Policy. During the financial year 2019-20, the Company has not received any complaint on sexual harassment from any of the women employees of the Company, neither there were any pending complaints which were to be disposed of nor there were any complaints pending as on the end of the FY 2019-20.

## 13. General Body Meetings

### i. The last three Annual General Meetings of the Company were held as under:

Financial Year	Date	Time	Location
2018-19	02.09.2019	01:00 P.M.	Registered Office: P.O. Hargaon, Dist. Sitapur Uttar Pradesh - 261 121
2017-18	24.09.2018	02:00 P.M.	
2016-17	31.07.2017	11.00 A.M.	

The last Annual General Meeting was held on 2nd September, 2019, which was chaired by Mr Devendra Kumar Sharma. No Special Resolution was passed in the previous three Annual General Meetings.

### ii. Postal Ballot

During the year 2019-20, the Company had sought Shareholders' approval by way of special resolution through postal ballot as per details given below

Resolution	Date of Postal Ballot Notice	Date of Announcement of Result	Total No of Valid votes	No of Votes in favour	No of Votes Against
Issue of Bonus Shares	13-05-2019	21-06-2019	6160694	6160694	-

The Board of Directors of the Company appointed Mr Atul Kumar Labh, Practising Company Secretary as the Scrutinizer for scrutinizing the postal ballot and e-voting process in a fair and transparent manner

No special resolution requiring postal ballot is being proposed for at the ensuing AGM.

## 14. Means of Communication

- The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within 60 days from the close of the financial year as per the requirements of SEBI (LODR) Regulations 2015. However, as per the relaxation provided by SEBI vide its Circular No SEBI/HO/CFD/CMD1/CIR/P/2020/38 March 19, 2020, for publication of audited results for the financial year till 30th June, 2020 due to Covid 19 pandemic, the financial results were announced on 22nd June 2020 this year. The aforesaid financial results are sent to BSE Limited (BSE), The National Stock Exchange of India Limited (NSE) and The Calcutta Stock Exchange Ltd (CSE) where the Company's securities are listed, immediately after these are approved by the Board and also published in 'Business Standard', in English and 'Business Standard' in Hindi in Lucknow edition.
- The quarterly results, shareholding pattern, corporate governance reports, intimation of Board meetings, etc. are filed with the stock exchanges through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre
- The Annual Report of the Company, the quarterly/half yearly and annual financial results are simultaneously posted on the Company's website [www.birla-sugar.com](http://www.birla-sugar.com) and can be downloaded.
- The Company also displays official press releases as and when released on the above website.
- Email id earmarked for redressing Investor queries is [avadhinvestors@birla-sugar.com](mailto:avadhinvestors@birla-sugar.com).
- Presentation made to any Institutional Investor or to any Analysts during the period under review is made available on the above website.

## 15. General Shareholders' Information

**i. 6th Annual General Meeting**

Day: Monday

Date: September 21, 2020

Time: 11.00 A.M.

Venue: The Company is conducting meeting through VC/OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

**ii. Financial Year : April to March**

**iii. Tentative Financial Calendar**

Event	Date
Approval of Audited Annual Results (2019-20)	22nd June, 2020
First Quarter Results	On or before 14th August, 2020
Second Quarter Results	On or before 14th November, 2020
Third Quarter Results	On or before 14th January, 2021
Audited Annual Results (2020-21)	On or before 30th May, 2021

**iv. Book Closure**

The Register of Members and Share Transfer Books of the Company will remain closed from September 15, 2020 (Tuesday) to September 21, 2020 (Monday) (both days inclusive)

**v. Dividend Payment Date - Within 30 days of the Annual General Meeting.**

**vi. Listing on Stock Exchanges and Stock Codes**

The names of the Stock Exchanges at which the Equity Shares of the Company are listed and the respective stock codes are as under:

Name and Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN Number for NSDL/CDSL (Dematerialised Shares)
BSE Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001	540649	INE349W01017
National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400051	AVADHSUGAR	
The Calcutta Stock Exchange Ltd. (CSE) 7, Lyons Range, Kolkata 700 001	11160	

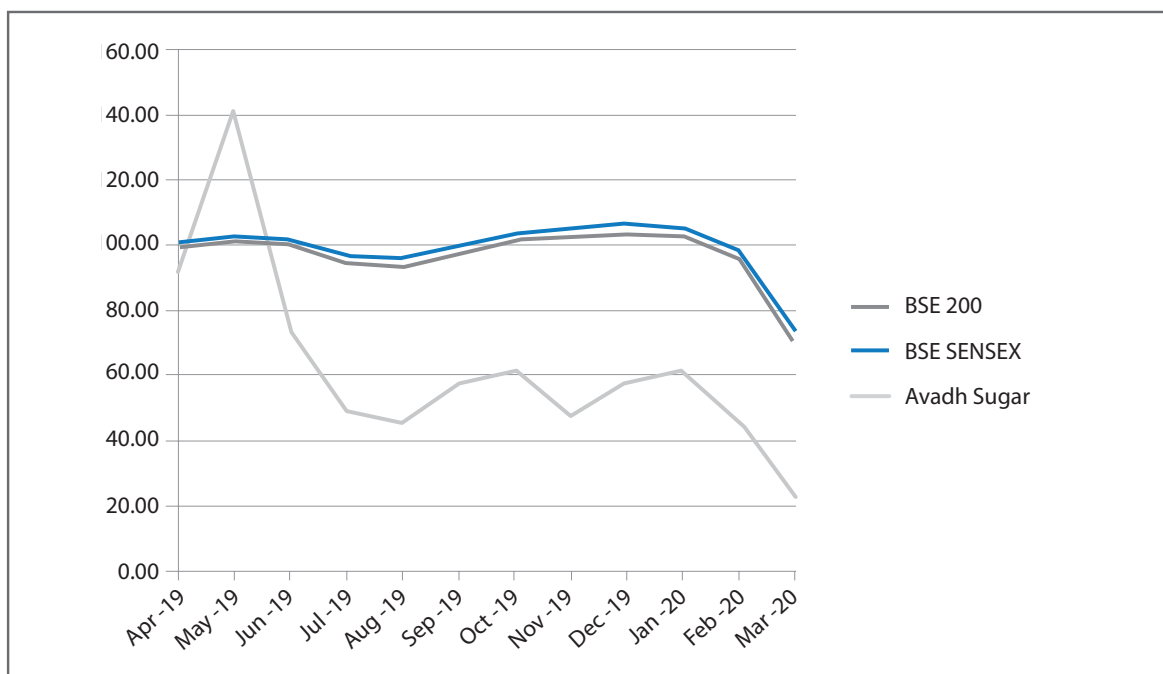
The Company has paid annual listing fees for the Financial Year 2020-21 to the above Stock Exchanges.

**vii. Market Price data**

Monthly high/low of market price of the Company's Equity Shares traded on BSE Ltd. and National Stock Exchange of India Ltd. during the last financial year was as follows:

Month	BSE Ltd.		National Stock Exchange of India Ltd.	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2019	490.65	433.00	490.90	432.35
May, 2019	727.70	437.15	730.00	441.50
June, 2019	762.40	326.90	763.30	324.90
July, 2019	369.95	224.15	369.70	222.65
August, 2019	251.60	181.10	252.00	194.00
September, 2019	312.00	211.10	312.00	209.10
October, 2019	303.00	252.20	303.50	252.00
November, 2019	319.70	215.00	320.00	218.00
December, 2019	284.00	218.55	284.25	218.50
January, 2020	364.15	277.65	364.00	276.90
February, 2020	297.50	216.40	297.40	216.20
March, 2020	228.50	88.50	229.50	88.50

viii. Performance of Company's Equity Shares in comparison to BSE Sensex and BSE 200



The shares of the company were never suspended.

ix. **Registrar & Share Transfer Agent**

The Company has appointed Link Intime India Pvt. Ltd. as its Registrar & Share Transfer Agent (RTA) for handling work related to share registry in terms of both physical and electronic modes. Accordingly, all correspondence, share transfer, demat/remat requests and other communication in relation thereto should be mailed/hand delivered to the said RTA directly at the following address:

Link Intime India Pvt. Ltd.

**Unit: Avadh Sugar & Energy Limited**

502 & 503, 5th Floor,

Vaishno Chambers,

6, Brabourne Road, Kolkata - 700 001

Tel: 91 033 2289 0540 / Fax : 91 033 2289 0539

E-mail: kolkata@linkintime.co.in

x. **Share Transfer System**

The Board of Directors have authorised the Company Secretary to approve transfer/transmission of upto 1,000 shares. The requests for transfer/transmission more than 1000 shares in physical form are approved by the Stakeholders' Relationship Committee and sent to the Registrar & Share Transfer Agent for completing the necessary procedural formalities and dispatch to the shareholders. During the financial year 813 Equity Shares were transferred/transmitted.

xi. **Distribution of Shareholding**

a. **Equity Share Capital History**

The Paid up Capital of the Company consists of 2,00,18,420 Equity shares of Rs.10/- each fully paid up and allotted as under:

Date of Allotment	No. of shares	Issue Price (₹ per share)
30.03.2017	1,00,09,210	10
02.07.2019	1,00,09,210	(Bonus) 1:1



**b. The Distribution of Shareholding as on 31st March, 2020 was as follows:**

No of Equity Shares	No.of Shareholders	% of total shareholders	No of shares held	% of total shares
1 to 500	17695	90.96	1605293	8.02
501 to 1000	864	4.44	658774	3.29
1001 to 2000	442	2.27	657971	3.29
2001 to 3000	138	0.71	350867	1.75
3001 to 4000	79	0.41	277223	1.38
4001 to 5000	49	0.25	221324	1.11
5001 to 10000	87	0.45	615825	3.08
10001 and above	100	0.51	15631143	78.08
<b>Total</b>	<b>19454</b>	<b>100.00</b>	<b>20018420</b>	<b>100.00</b>

**c. Detail of Shareholding pattern of the Company as on 31st March, 2020 was as follows:**

Category	No. of Shares held	% of Shareholding
Promoters	1,20,81,672	60.35
Mutual Funds, Financial Institutions, Banks, Insurance Companies, etc.	94,173	0.47
Bodies Corporate	16,24,166	8.11
Individuals/HUF/Trust	60,47,611	30.21
Stock Exchange Clearing Members/Market Maker	55,082	0.28
NRIs / OCBs / FII's / Foreign Nationals	1,15,716	0.58
<b>Total</b>	<b>2,00,18,420</b>	<b>100.00</b>

**xii. Dematerialisation of Shares and Liquidity**

The Equity Shares of the Company are in compulsorily dematerialised form at all the stock exchanges viz. BSE Ltd., The National Stock Exchange of India Ltd. and The Calcutta Stock Exchange Ltd. under depository systems at both the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited. 1,98,51,476 Equity Shares viz. 99.17% of the Equity Share Capital of the Company have already been dematerialized.

**xiii. Outstanding GDRs /ADRs/Warrants or Convertible Instrument :** The Company has never issued GDRs/ ADRs/Warrants or any other Convertible Instrument.

**xiv. Commodities price risk or foreign exchange risk and hedging :** Not Applicable

**xv. Location of Plants:**
**Sugar Mills:**

- Hargaon, District Sitapur, Uttar Pradesh, Pin-261 121.
- Seohara, District Bijnor, Uttar Pradesh, Pin-246 746.
- Hata, District Kushinagar, Uttar Pradesh, Pin-274 207
- Rosa, District Shahjahanpur, Uttar Pradesh, Pin-242 406

**Distilleries:**

- Hargaon, District Sitapur, Uttar Pradesh, Pin-261 121.
- Seohara, District Bijnor, Uttar Pradesh, Pin-246 746.

**Co-generation Power Plants:**

- Hargaon, District Sitapur, Uttar Pradesh, Pin-261 121.
- Seohara, District Bijnor, Uttar Pradesh, Pin-246 746.
- Hata, District Kushinagar, Uttar Pradesh, Pin-274 207

**xvi. Address for Correspondence:**

Company Secretary,	Link Intime India Pvt. Ltd. Registrar & Share Transfer Agent
Avadh Sugar & Energy Limited	Unit: Avadh Sugar & Energy Limited
9/1, R.N. Mukherjee Road	502 & 503, 5th Floor, Vaishno Chambers
5th Floor, Birla Building	6, Brabourne Road,
Kolkata - 700 001, India	Kolkata - 700 001, India
Tel: 91 - 033 - 2243 0497/8	Tel : 91-033-2289 0540
Fax: 91 - 033 - 2248 6369	Fax : 91-033-2289 0539
e-mail: avadhinvestors@birla-sugar.com	e-mail: kolkata@linkintime.co.in

**xvii Transfer of unpaid/unclaimed dividend amounts to Investor Education and Protection Fund**

The Company is not required to credit any sum to the Investor Education and Protection Fund (IEPF) pursuant to Section 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

**xviii. Credit Ratings**

Particulars	Agency	Assigned Rating	Revised ratings w.e.f. 31.3.2019
Long-term Bank facilities	CARE Ratings Limited	CARE A-	CARE BBB+
Short-term Bank facilities		CARE A2+	CARE A2

## 16. CEO and CFO Certification

The Whole-time Director and the Chief Financial Officer of the Company have certified that all the requirements of SEBI (LODR) Regulations, 2015 inter-alia, dealing with the review of financial statements and cash flow statements for the year ended 31st March, 2020, transactions entered into by the Company during the said year, their financial reporting and evaluation of the effectiveness of the internal control system and making necessary disclosures to the auditors and the audit committee have been duly complied with.

## 17. Information about directors seeking appointment/ re-appointment

The details of Directors seeking appointment/re- appointment are given in the Annexure to the Notice, under the head Particulars of Directors seeking appointment/re-appointment at the Annual General Meeting

## 18. Prevention of Insider Trading

The Company has in place a Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders as envisaged under the SEBI (Prohibition of Insider Trading) Regulations, 2015 for its designated persons. The Company also has in place Code of Practice and Procedure for Fair Disclosure of Unpublished Price Sensitive Information. This Code is available on Company's website at <http://www.birla-sugar.com/Assets/Avadh/Avadh%20Sugar-CODE-FOR-FAIR-DISCLOSURE-OF-UNPUBLISHED-PRICE-SENSITIVE-INFORMATION.pdf>. The Code ensures the prevention of dealing in Company's shares/ securities by persons having access to unpublished price sensitive information. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the designated persons while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code. All Board of Directors and the designated persons have confirmed compliance with the Code.

## 19. Code of Conduct

The Company has also adopted a Code of Conduct (Code) for the members of Board of Directors, Key Managerial Personnel and Senior Management Personnel of the Company to follow. The Code is posted on the website of the Company at <http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-Code-of-Conduct.pdf>. The essence of the Code is to conduct the business of the Company in an honest and ethical

manner, in compliance with applicable laws and in a way that excludes considerations of personal advantage. All Directors, Key Managerial Personnel and Senior Management Personnel have affirmed their compliance with the Code, and a declaration to this effect, signed by the Whole-time Director, is attached to this report and which forms an integral part of this report.

## 20. Legal Compliances

The Board reviews periodically compliance reports of all laws applicable to the Company, prepared by the Whole-time Director which is duly supported by the legal compliance report of the internal auditors, heads of each Units at Hargaon, Seohara, Hata & Rosa, as well as by the Chief Financial Officer and Company Secretary. The Board also reviews periodically the steps taken by the Company to rectify instances of non compliances, if there be any.

## 21. Payment of Dividend etc. in electronic mode

Pursuant to Regulation 12 of SEBI (LODR) Regulations, 2015, listed entity shall use any of the electronic modes of payment facility approved by the Reserve Bank of India (RBI) in the manner specified in Schedule I of SEBI Listing Regulations, 2015, for making payments of dividend, interest, redemption or repayment amounts etc. However, where it is not possible to use electronic mode of payment, 'payable at-par' warrants or cheques may be issued. Further, where the amounts payable as dividend exceeds Rs.1,500 (Rupees One Thousand and Five Hundred), the 'payable at- par' warrants or cheques shall be sent by speed post.

The Company is using various RBI approved electronic mode of payment for making payments such as dividend, etc. to the investors, failing which the bank details available with the depository participants and the Company's Registrar and Share Transfer Agents (RTA) are printed on the physical payment instruments.

Payment of dividend and other benefits through electronic mode is beneficial to the Members since the risks associated with receiving payment through dividend warrants and other instruments such as loss in transit/misplacement/revalidation etc. can be easily mitigated

Members who wish to avail of the electronic facility of remittance, may update their bank details with the depository participants for shares held in demat form and Members holding securities of the Company in physical form are requested to update their bank details with the Company or its RTA.

The Company is using NACH mandate for remittance of dividend either through NACH or other electronic modes failing which the bank details available with the depository participants and the Company's RTA are printed on the dividend warrant. All the arrangements are subject to RBI guidelines, issued from time to time.

Members who wish to receive dividend in a bank account other than the one registered with the depository participants for shares held in demat form and with the Company's RTA for shares held in physical form, may notify their depository participants and the Company or its RTA, respectively, about any change in the bank account details.

Further, pursuant to Regulation 43A of SEBI Listing Regulations, 2015, a Dividend Distribution Policy was adopted by the Company covering, inter alia, the parameters for declaration of dividend, utilization of retained earnings, procedure for dividend declaration etc.

## 22. Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified practising Company Secretary carries out an audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the Report thereon is submitted to the concerned Stock Exchanges. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

## 23. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)

The Institute of Company Secretaries of India (ICSI), one of the premier professional bodies in India, has issued Secretarial Standards on Board Meetings and General Meetings. Further, pursuant to Section 118(10) of the Companies Act, 2013, every company shall observe secretarial standards specified by ICSI with respect to Board and General Meetings. The Company confirms that it has duly adhered to the said Secretarial Standards

## 24. Secretarial Audit & Secretarial Compliance Report

Pursuant to Section 204 of the Companies Act, 2013 and rules thereunder, the Board of Directors of the Company appointed M/s Vinod Kothari & Co., Practising Company Secretaries, to conduct Secretarial Audit of the records and documents of the Company. The Secretarial Audit Report confirms that the Company has complied inter alia with all the applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Depositories Act, 1996 and the Regulations and Bye- laws framed thereunder, Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India), Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of the Securities and Exchange Board of India (SEBI) as applicable to the Company, including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Prohibition of Insider Trading) Regulations, 2015, the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. The Secretarial Audit Report for the financial year ended March 31, 2020 is provided in the Annual Report. In addition to the Secretarial Audit Report, SEBI vide its Circular dated 8th February 2019 has mandated on annual basis a check by the company secretary in practice on compliance of SEBI Regulations and circulars/ guidelines issued thereunder and to submit a compliance report to the Company within 60 days of the end of the financial year, which was carried out by M/s Vinod Kothari & Co, Practising Company Secretary and their report shall be submitted to Stock Exchange within stipulated time and shall also be uploaded on company's website at [www.birla-sugar.com](http://www.birla-sugar.com).

## 25. Disclosures

- i. There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large. Transaction with Related Parties is disclosed in Note No. 45 of the Accounts in the Annual Report.
- ii. No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets for non-compliance by the Company during the last three years.
- iii. Your Company is fully compliant with the corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations, as applicable and compliance reports on Corporate Governance in the requisite formats have been submitted to the concerned stock exchanges.
- iv. The Company has in place the Whistle Blower Policy and no personnel has been denied access to the Audit Committee
- v. The Company has complied with all the applicable mandatory requirements
- vi. In the preparation of the financial statements, the Company has followed Standards of Accounting notified under Sec 133 of the Companies Act, 2013, as amended. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.
- vii. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and entities in the network firm/network entity of which the statutory auditor is a part was Rs. 62.00 Lacs.
- viii. During the year the Company has not raised any funds through preferential allotment or qualified institutional placement as specified in Reg 32(7A) of SEBI (LODR) Regulations, 2015, as amended from time to time.
- ix. All the recommendations/ suggestions made by the Committees of Board of Directors which is mandatorily required during the financial year 2019-20 were accepted by the Board of Directors.

## 26. Discretionary Requirements

- a. **Chairperson's Office:** Chairman's Office is maintained by the Company and expenses towards performance of the Chairman's duties are borne by the Company / reimbursed to her.
- b. **Shareholder rights:** The quarterly, half-yearly and annual results of the Company are published in a leading English daily newspaper having a nationwide circulation and a Hindi daily newspaper (having circulation in Lucknow) and regularly hosted on Company's website. The Annual Report of the Company for the financial year 2019-20 shall be emailed to the Members whose email addresses are available with the depositories or are obtained directly from the Members, as per Section 136 of the Companies Act, 2013 and Rule 11 of the Companies (Accounts) Rules, 2014. For other Members, who have not registered their email addresses, the Annual Report shall be sent at their registered address. If any Member wishes to get a duly printed copy of the Annual Report, the Company shall send the same, free of cost, upon receipt of request from the Member.  
The Company communicates with shareholders through e-mail, telephone etc.

- c. **Audit Opinion:** It is always the Company's endeavour to present unmodified audit opinion on the financial statements. There is no audit modified audit opinion on the Company's financial statements for the year ended on 31st March, 2020.
- d. **Reporting of Internal Auditor:** The Internal Auditor may report directly to the Audit Committee. The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meetings and regularly attends the Meetings for reporting audit findings to the Audit Committee.

## 27. Web links to Company policies and programmes

The Company's policies and programmes as prescribed under the SEBI (LODR) Regulations are available at:

- a. **Code For Fair Disclosure Of Unpublished Price Sensitive Information:**  
<http://www.birla-sugar.com/Assets/Avadh/Avadh%20Sugar-CODE-FOR-FAIR-DISCLOSURE-OF-UNPUBLISHED-PRICE-SENSITIVE-INFORMATION.pdf>
- b. **Code of Conduct :**  
<http://www.birla-sugar.com/Avadh-Shareholders-Info/Avadh---Code-Of-Conduc>
- c. **CSR Policy :**  
<http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-CSR-Policy.pdf>
- d. **Policy for Determining Material Subsidiaries :**  
<http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-Policy-for-Determining-Material-Subsidiaries.pdf>
- e. **Policy on Determination of Materiality :**  
<http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Policy- on-Determination-of-Materiality.pdf>
- f. **Policy on preservation of documents including archival :**  
<http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Policy- on-preservation-of-documents-including-archival.pdf>
- g. **Policy on Related Party Transaction/s :**  
<http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Related-Party-Transaction-Policy-.pdf>
- h. **Whistle Blower Policy:**  
<http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Whistle-Blower-Policy.pdf>
- i. **Familiarisation Programme**  
<http://www.birla-sugar.com/Assets/Avadh/ASEL-Famiiarisation-Programme.pdf>

## Annexure C

### Certificate on Code of Conduct

To  
The Members  
**Avadh Sugar & Energy Limited**  
P.O. Hargaon, Dist - Sitapur  
U.P – 261 121

Pursuant to Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 I, Devendra Kumar Sharma, Whole-time Director of Avadh Sugar & Energy Limited, declare that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct during the financial year 2019-20.

Place: Kolkata  
Date: 22nd June, 2020

**Devendra Kumar Sharma**  
Whole-time Director

## Annexure D

### Independent Auditors' Certificate on Compliance with the Corporate Governance Requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To  
The Members of **Avadh Sugar & Energy Limited**

1. This certificate is issued in accordance with the terms of our engagement letter dated 15 October 2019.
2. This report contains details of compliance of conditions of Corporate Governance by Avadh Sugar & Energy Limited ('the Company'), for the year ended 31 March 2020, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations'), pursuant to the Listing Agreement of the Company with Stock Exchanges.

#### Management's Responsibility for compliance with the conditions of Listing Regulations

3. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is also responsible for ensuring that the Company complies with the requirements as stipulated in Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations.

#### Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2020.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes [Revised 2016] ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

#### Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Place: Kolkata  
Date: 22 June 2020

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's registration number: 101248W/W-100022  
**Jayanta Mukhopadhyay**  
Partner  
Membership no: 055757  
UDIN: 20055757AAAABN1427

## Annexure E

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Avadh Sugar & Energy Limited**  
P.O. - Hargaon, Dist. - Sitapur  
Uttar Pradesh - 261121

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Avadh Sugar & Energy Limited** having CIN : L15122UP2015PLC069635 and having registered office at P.O. - Hargaon, Dist. - Sitapur, Uttar Pradesh – 261121 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Chandra Shekhar Nopany	00014587	29.07.2016
2.	Nandini Nopany	00051362	29.07.2016
3.	Anand Ashvin Dalal	00353555	14.03.2017
4.	Gaurav Swarup	00374298	14.03.2017
5.	Pradip Kumar Bishnoi	00732640	14.03.2017
6.	Kalpataru Tripathy	00865794	14.03.2017
7.	Kausalya Madhavan	05198559	11.02.2019
8.	Devendra Kumar Sharma	06498196	29.07.2016

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Kolkata  
Date : 22 June 2020

**Atul Kumar Labh**

Membership No. : FCS 4848

CP No. : 3238

UDIN : F004848B000358621

## Annexure F

# Secretarial Audit Report

Form No. MR-3

### Secretarial Audit Report

For the Financial Year Ended on March 31, 2020

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**AVADH SUGAR & ENERGY LIMITED**  
P.O. Hargaon, Dist.- Sitapur,  
Uttar Pradesh – 261 121

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Avadh Sugar & Energy Limited** [hereinafter called 'the Company'] for the financial year ended 31st March, 2020 ('Audit Period'). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company as provided in **Annexure I** and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period, covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records as maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

1. The Companies Act, 2013 (the "Act") and the rules made thereunder including any re-enactment thereof;
2. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment, and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992, to the extent applicable:
  - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
6. Laws specifically applicable to the industry to which the Company belongs, as identified and compliance whereof as confirmed by the management, that is to say:
  - a. The Sugar Development Fund Act, 1982 and Rules;
  - b. The Sugarcane (Control) Order, 1966;
  - c. The Sugar Cess Act, 1982;
  - d. The Food Safety and Standards Act, 2006 and Rules;



- e. Food Safety and Standards Regulations;
- f. The Essential Commodities Act, 1955;
- g. Legal Metrology Act, 2009;
- h. Petroleum Act, 1934 And Rules;
- i. Electricity Act, 2003 and Rules;
- j. The Uttar Pradesh Sheera Niyam Adhiniyam, 1964;
- k. Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953.

We have also examined compliance with the applicable clauses of the Secretarial Standards for Board Meetings (SS-1) and for General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

During the audit period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. as mentioned above:

### Management and Auditor Responsibility:

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. Wherever our Audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. Wherever for the purposes of our Audit, there was a need for physical access to any of the places of business of the Company, the same has taken place with very limited physical access in view of the prevailing lockdown due to the outbreak of COVID-19.
4. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
5. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc;
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;
7. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
8. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company.
9. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

### We report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings and Committee meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Resolutions have been approved by majority while the dissenting members', if any, views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, the Company has not undertaken any specific event/action that can have a major bearing on the company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

**1. Issue of bonus shares**

During the Audit Period, the shareholders through postal ballot and through e-voting which commenced from Wednesday, May 22, 2019 (9:00 A.M. IST) and ended on Thursday, June 20, 2019 (5:00 P.M. IST) approved the issue of bonus shares via ordinary resolution in the ratio of 1:1 [i.e. 1 (One) Bonus equity share of Rs. 10/- each for every 1 (One) existing fully paid up equity share of Rs. 10/- each].

**2. Redemption of 8.50% Unlisted Non-Convertible Cumulative Redeemable Preference Shares of Rs 10/- each ("NCCRPS")**

During the Audit Period, the Company redeemed in full 2,43,50,000 (Two Crore Forty Three Lakhs and Fifty Thousand) 8.50 % Unlisted Non-convertible Cumulative Redeemable Preference Shares of Rs 10/- each ("NCCRPS") along with the accrued dividend thereon.

For **M/s Vinod Kothari & Company**  
Company Secretaries in Practice

**Munmi Phukon**  
Partner

Membership No: A60355

CP No.: 22846

UDIN: A060355B000362470

Place: Kolkata

Date: June 22, 2020

## ANNEXURE-A1

### List of Documents

1. Minutes of the following meetings (final draft of minutes provided through electronic mode on account of lockdown due to COVID-19)
  - a. Board Meeting;
  - b. Audit Committee;
  - c. Nomination and Remuneration Committee;
  - d. Stakeholders Relationship Committee;
  - e. Corporate Social Responsibility Committee;
  - f. Finance & Corporate Affairs Committee;
  - g. Annual General meeting;
2. Annual Report 2018-19;
3. Notice and Agenda for Board and Committee Meeting on sample basis.
4. Memorandum and Articles of Association;
5. Disclosures under Act, 2013 on sample basis and those under Listing Regulations;
6. Policies framed under Act, 2013 and Listing Regulations;
7. Forms and returns filed with the ROC, RBI (under FEMA) on sample basis;
8. Compliance Report obtained by the Company from Internal Auditor for ascertaining the compliance with the specific laws, on a sample basis;
9. Disclosures under SEBI (Prohibition of Insider Trading) Regulations, 2015 made to the stock exchange
10. Disclosures under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 made to the stock exchange.

## Annexure G

### Form No. MGT-9

### Extract of Annual Return as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and Other Details

CIN	L15122UP2015PLC069635
Registration Date	19-03-2015
Name of the Company	AVADH SUGAR & ENERGY LIMITED
Category / Sub-Category of the Company	Company having Share Capital
Address of the Registered office and contact details	P O Hargaon Dist Sitapur Uttar Pradesh 261 121, Tel No : 05862 256220
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>Link Intime India Private Limited</b> 502 & 503, 5th Floor, Vaishno Chambers, 6, Brabourne Road, Kolkata - 700 001 Tel: 91 033 2289 0540 / Fax : 91 033 2289 0539 E-mail: kolkata@linkintime.co.in

#### II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Sugar	1072	94.14 %

#### III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
NOT APPLICABLE					

#### IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Shareholding

Sl. No	Category of Shareholders	Shareholding at the beginning of the year - 2019				Shareholding at the end of the year - 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	<b>Shareholding of Promoter and Promoter Group</b>									
[1]	<b>Indian</b>									
(a)	Individuals / Hindu Undivided Family	340515	-	340515	3.40	181030	-	181030	0.90	(2.50)
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**i) Category-wise Shareholding (Contd)**

Sl. No	Category of Shareholders	Shareholding at the beginning of the year - 2019				Shareholding at the end of the year - 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group (Contd)</b>									
(d)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Promoter Trust	200	-	200	-	500400	-	500400	2.50	2.50
	Bodies Corporate	5700121	-	5700121	56.95	11400242	-	11400242	56.95	-
	<b>Sub Total (A)(1)</b>	<b>6040836</b>	<b>-</b>	<b>6040836</b>	<b>60.35</b>	<b>12081672</b>	<b>-</b>	<b>12081672</b>	<b>60.35</b>	<b>-</b>
<b>[2]</b>	<b>Foreign</b>	-	-	-	-	-	-	-	-	-
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b>	<b>6040836</b>	<b>-</b>	<b>6040836</b>	<b>60.35</b>	<b>12081672</b>	<b>-</b>	<b>12081672</b>	<b>60.35</b>	<b>-</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>[1]</b>	<b>Institutions</b>	-	-	-	-	-	-	-	-	-
(a)	Mutual Funds / UTI	-	1058	1058	0.01	-	2116	2116	0.01	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor	3431	-	3431	0.03	-	-	-	-	(0.03)
(f)	Financial Institutions / Banks	19460	261	19721	0.20	31824	522	32346	0.16	(0.04)
(g)	Insurance Companies	195325	3	195328	1.95	59705	6	59711	0.30	(1.65)
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub Total (B)(1)</b>	<b>218216</b>	<b>1322</b>	<b>219538</b>	<b>2.19</b>	<b>91529</b>	<b>2644</b>	<b>94173</b>	<b>0.47</b>	<b>(1.72)</b>
<b>[2]</b>	Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-	-	-
	<b>Sub Total (B)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>[3]</b>	<b>Non-Institutions</b>									
(a)	Individuals	-	-	-	-	-	-	-	-	-
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	1651389	77709	1729098	17.28	3725954	145892	3871846	19.34	2.07
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	791385	-	791385	7.91	1810044	-	1810044	9.04	1.13
(b)	NBFCs registered with RBI	2706	-	2706	0.03	-	-	-	-	(0.03)
(d)	Overseas Depositories(holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Societies	275194	-	275194	2.75	550388	-	550388	2.75	-
	Trusts	656	-	656	0.01	312	-	312	-	(0.01)
	Foreign Nationals	-	247	247	-	-	494	494	-	-
	Hindu Undivided Family	145307	1	145308	1.45	365407	2	365409	1.83	0.37

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**

**i) Category-wise Shareholding (Contd)**

Sl. No	Category of Shareholders	Shareholding at the beginning of the year - 2019				Shareholding at the end of the year - 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(B)</b>	<b>Public Shareholding (Contd.)</b>									
	Non Resident Indians (Non Repat)	16977	-	16977	0.17	26083	-	26083	0.13	(0.04)
	Non Resident Indians (Repat)	23027	2	23029	0.23	89135	4	89139	0.45	0.22
	Clearing Member	74081	1	74082	0.74	54708	2	54710	0.27	(0.47)
	Market Maker	186	-	186	-	372	-	372	-	-
	Bodies Corporate	680914	9054	689968	6.89	1055872	17906	1073778	5.36	(1.53)
	<b>Sub Total (B)(3)</b>	<b>3661822</b>	<b>87014</b>	<b>3748836</b>	<b>37.45</b>	<b>7678275</b>	<b>164300</b>	<b>7842575</b>	<b>39.18</b>	<b>1.72</b>
	<b>Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)</b>	<b>3880038</b>	<b>88336</b>	<b>3968374</b>	<b>39.65</b>	<b>7769804</b>	<b>166944</b>	<b>7936748</b>	<b>39.65</b>	<b>-</b>
	<b>Total (A)+(B)</b>	<b>9920874</b>	<b>88336</b>	<b>10009210</b>	<b>100.00</b>	<b>19851476</b>	<b>166944</b>	<b>20018420</b>	<b>100</b>	<b>-</b>
<b>(C)</b>	<b>Non Promoter - Non Public</b>									
[1]	Custodian/DR Holder	-	-	-	-	-	-	-	-	-
[2]	Employee Benefit Trust [under SEBI (Share based Employee Benefit) Regulations, 2014]	-	-	-	-	-	-	-	-	-
	<b>Total (A)+(B)+(C)</b>	<b>9920874</b>	<b>88336</b>	<b>10009210</b>	<b>100.00</b>	<b>19851476</b>	<b>166944</b>	<b>20018420</b>	<b>100.00</b>	<b>-</b>

Paid up Share Capital of the Company (Face Value Rs. 10.00) at the end of the year is 20018420 Shares.

**ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year - 2019			Shareholding at the end of the year - 2020			% change in shareholding during the year
		No of shares held	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No of shares held	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	NEW INDIA RETAILING AND INVESTMENT LTD	972652	9.72	6.17	1945304	9.72	6.17	-
2	SCM INVESTMENT & TRADING CO. LTD.	749945	7.49	-	1499890	7.49	-	-
3	UTTAR PRADESH TRADING CO. LTD	739312	7.39	-	1478624	7.39	-	-
4	RTM INVESTMENT AND TRADING CO. LTD.	672596	6.72	5.21	1345192	6.72	5.21	-
5	SIL INVESTMENTS LIMITED	567240	5.67	-	1134480	5.67	-	-
6	YASHOVARDHAN INVESTMENT & TRADING CO. LTD.	381692	3.81	-	763384	3.81	-	-
7	NANDINI NOPANY	299602	2.99	-	99204	0.50	-	(2.50)
8	HARGAON INVESTMENT & TRADING CO. LTD.	241255	2.41	-	482510	2.41	-	-
9	RONSON TRADERS LIMITED	279346	2.79	0.65	558692	2.79	0.65	-
10	SIDH ENTERPRISES LTD.	214998	2.15	-	429996	2.15	-	-
11	SONALI COMMERCIAL LTD.	149050	1.49	1.33	298100	1.49	1.33	-
12	DEEPSHIKHA TRADING CO. PRIVATE LIMITED	332155	3.32	1.02	664310	3.32	1.02	-
13	CHAMPARAN MARKETING CO. LTD.	95642	0.96	-	191284	0.96	-	-
14	OSM INVESTMENT & TRADING CO. LTD.	86127	0.86	-	172254	0.86	-	-
15	UTTAM COMMERCIAL LTD.	68595	0.69	-	137190	0.69	-	-
16	NILGIRI PLANTATIONS LIMITED	50600	0.51	-	101200	0.51	-	-
17	NARKATIAGANJ FARMS LIMITED	37305	0.37	-	74610	0.37	-	-
18	RAJPUR FARMS LIMITED	33309	0.33	-	66618	0.33	-	-
19	CHANDRA SHEKHAR NOPANY	35922	0.36	-	71844	0.36	-	-

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**ii) Shareholding of Promoters (Contd)**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year - 2019			Shareholding at the end of the year - 2020			% change in shareholding during the year
		No of shares held	% of total shares of the Company	%of Shares Pledged/ encumbered to total shares	No of shares held	% of total Shares of the Company	%of Shares Pledged/ encumbered to total shares	
20	SHREE VIHAR PROPERTIES LTD	11563	0.12	-	23126	0.12	-	-
21	LA MONDE TRADING & INVESTMENTS PRIVATE LTD	9233	0.09	-	18466	0.09	-	-
22	PALASH SECURITIES LIMITED	6807	0.07	-	13614	0.07	-	-
23	URVI NOPANY	4991	0.05	-	9982	0.05	-	-
24	PAVAPURI TRADING AND INVESTMENT COMPANY LTD.	424	-	-	848	-	-	-
25	THE OUDH TRADING CO. (P) LTD.	275	-	-	550	-	-	-
26	CHANDRA SHEKHAR NOPANY #	100	-	-	500200	2.50	-	2.50
27	CHANDRA SHEKHAR NOPANY ##	100	-	-	200	-	-	-
	<b>Total</b>	<b>6040836</b>	<b>59.35</b>	<b>14.38</b>	<b>6040836</b>	<b>60.35</b>	<b>14.38</b>	-

Paid up Share Capital of the Company (Face Value Rs. 10.00) at the end of the year is 20018420 Shares.

# As trustee of Shekhar Family Trust

## As trustee of Shruti Family Trust

**iii) Change in Promoters' Shareholding (Please specify, if there is no change)**

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
<b>1</b>	<b>NEW INDIA RETAILING AND INVESTMENT LTD</b>	972652	9.72				
	Bonus shares credited #			12 Jul 2019	972652	1945304	9.72
	AT THE END OF THE YEAR					1945304	9.72
<b>2</b>	<b>SCM INVESTMENT &amp; TRADING CO. LTD.</b>	749945	7.49				
	Bonus shares credited #			12 Jul 2019	749945	1499890	7.49
	AT THE END OF THE YEAR					1499890	7.49
<b>3</b>	<b>UTTAR PRADESH TRADING CO. LTD</b>	739312	7.39				
	Bonus shares credited #			12 Jul 2019	739312	1478624	7.39
	AT THE END OF THE YEAR					1478624	7.39
<b>4</b>	<b>RTM INVESTMENT AND TRADING CO. LTD.</b>	672596	6.72				
	Bonus shares credited #			12 Jul 2019	672596	1345192	6.72
	AT THE END OF THE YEAR					1345192	6.72
<b>5</b>	<b>SIL INVESTMENTS LIMITED</b>	567240	5.67				
	Bonus shares credited #			12 Jul 2019	567240	1134480	5.67
	AT THE END OF THE YEAR					1134480	5.67
<b>6</b>	<b>YASHOVARDHAN INVESTMENT &amp; TRADING CO. LTD.</b>	381692	3.81				
	Bonus shares credited #			12 Jul 2019	381692	763384	3.81
	AT THE END OF THE YEAR					763384	3.81

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**

**iii) Change in Promoters' Shareholding (Please specify, if there is no change) (Contd)**

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
<b>7</b>	<b>DEEPSHIKHA TRADING CO PVT LTD</b>	332155	3.32				
	Bonus shares credited #			12 Jul 2019	332155	664310	3.32
	AT THE END OF THE YEAR					664310	3.32
<b>8</b>	<b>RONSON TRADERS LIMITED</b>	279346	2.79				
	Bonus shares credited #			12 Jul 2019	279346	558692	2.79
	AT THE END OF THE YEAR					558692	2.79
<b>9</b>	<b>CHANDRA SHEKHAR NOPANY ##</b>	100	0.00				
	Bonus shares credited #			12 Jul 2019	100	200	0.00
	Transfer			15 Nov 2019	500000	500200	2.50
	AT THE END OF THE YEAR					500200	2.50
<b>10</b>	<b>HARGAON INVESTMENT &amp; TRADING CO. LTD.</b>	241255	2.41				
	Bonus shares credited #			12 Jul 2019	241255	482510	2.41
	AT THE END OF THE YEAR					482510	2.41
<b>11</b>	<b>SIDH ENTERPRISES LTD.</b>	214998	2.15				
	Bonus shares credited #			12 Jul 2019	214998	429996	2.15
	AT THE END OF THE YEAR					429996	2.15
<b>12</b>	<b>SONALI COMMERCIAL LTD.</b>	149050	1.49				
	Bonus shares credited #			12 Jul 2019	149050	298100	1.49
	AT THE END OF THE YEAR					298100	1.49
<b>13</b>	<b>CHAMPARAN MARKETING CO. LTD.</b>	95642	0.96				
	Bonus shares credited #			12 Jul 2019	95642	191284	0.96
	AT THE END OF THE YEAR					191284	0.96
<b>14</b>	<b>OSM INVESTMENT &amp; TRADING CO. LTD.</b>	86127	0.86				
	Bonus shares credited #			12 Jul 2019	86127	172254	0.86
	AT THE END OF THE YEAR					172254	0.86
<b>15</b>	<b>UTTAM COMMERCIAL LTD.</b>	68595	0.69				
	Bonus shares credited #			12 Jul 2019	68595	137190	0.69
	AT THE END OF THE YEAR					137190	0.69
<b>16</b>	<b>NILGIRI PLANTATIONS LIMITED</b>	50600	0.51				
	Bonus shares credited #			12 Jul 2019	50600	101200	0.51
	AT THE END OF THE YEAR					101200	0.51
<b>17</b>	<b>NANDINI NOPANY</b>	299602	2.99				
	Bonus shares credited #			12 Jul 2019	299602	599204	2.99
	Transfer			15 Nov 2019	-500000	99204	0.50
	AT THE END OF THE YEAR					99204	0.50
<b>18</b>	<b>NARKATIAGANJ FARMS LIMITED</b>	37305	0.37				
	Bonus shares credited #			12 Jul 2019	37305	74610	0.37
	AT THE END OF THE YEAR					74610	0.37
<b>19</b>	<b>CHANDRA SHEKHAR NOPANY</b>	35922	0.36				
	Bonus shares credited #			12 Jul 2019	35922	71844	0.36
	AT THE END OF THE YEAR					71844	0.36
<b>20</b>	<b>RAJPUR FARMS LIMITED</b>	33309	0.33				
	Bonus shares credited #			12 Jul 2019	33309	66618	0.33
	AT THE END OF THE YEAR					66618	0.33

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**iii) Change in Promoters' Shareholding (Please specify, if there is no change) (Contd)**

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
<b>21</b>	<b>SHREE VIHAR PROPERTIES LTD</b>	11563	0.12				
	Bonus shares credited #			12 Jul 2019	11563	23126	0.12
	AT THE END OF THE YEAR					23126	0.12
<b>22</b>	<b>LA MONDE TRADING &amp; INVESTMENTS PRIVATE LTD</b>	9233	0.09				
	Bonus shares credited #			12 Jul 2019	9233	18466	0.09
	AT THE END OF THE YEAR					18466	0.09
<b>23</b>	<b>PALASH SECURITIES LIMITED</b>	6807	0.07				
	Bonus shares credited #			12 Jul 2019	6807	13614	0.07
	AT THE END OF THE YEAR					13614	0.07
<b>24</b>	<b>URVI NOPANY</b>	4991	0.05				
	Bonus shares credited #			12 Jul 2019	4991	9982	0.05
	AT THE END OF THE YEAR					9982	0.05
<b>25</b>	<b>PAVAPURI TRADING AND INVESTMENT COMPANY LTD.</b>	424	0.00				
	Bonus shares credited #			12 Jul 2019	424	848	0.00
	AT THE END OF THE YEAR					848	0.00
<b>26</b>	<b>THE OUDH TRADING CO. (P) LTD.</b>	275	0.00				
	Bonus shares credited #			12 Jul 2019	275	550	0.00
	AT THE END OF THE YEAR					550	0.00
<b>27</b>	<b>CHANDRA SHEKHAR NOPANY ###</b>	100	0.00				
	Bonus shares credited #			12 Jul 2019	100	200	0.00
	AT THE END OF THE YEAR					200	0.00

Paid up Share Capital of the Company (Face Value Rs. 10.00) at the end of the year is 20018420 Shares.

# Allotment of Bonus Shares in the proportion of 1 (One) Bonus Share of 10/- each for every existing 1 (One) fully paid-up Equity Shares of 10/- each.

## As trustee of Shekhar Family Trust

### As trustee of Shruti Family Trust

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
<b>1</b>	<b>ANIL KUMAR GOEL</b>	400000	1.9982			400000	1.9982
	Purchase			12 Apr 2019	58000	458000	2.2879
	Purchase			19 Apr 2019	13818	471818	2.3569
	Purchase			26 Apr 2019	8820	480638	2.4010
	Purchase			03 May 2019	362	481000	2.4028
	Purchase			10 May 2019	67689	548689	2.7409
	Purchase			17 May 2019	3311	552000	2.7575
	Sale			07 Jun 2019	(5000)	547000	2.7325



**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
<b>1</b>	<b>ANIL KUMAR GOEL (Contd.)</b>						
	Bonus shares credited #			12 Jul 2019	547000	1094000	5.4650
	Purchase			26 Jul 2019	10000	1104000	5.5149
	Purchase			09 Aug 2019	1548	1105548	5.5227
	Purchase			16 Aug 2019	11452	1117000	5.5799
	Purchase			30 Aug 2019	1326	1118326	5.5865
	Purchase			29 Nov 2019	14521	1132847	5.6590
	Purchase			06 Dec 2019	2153	1135000	5.6698
	Purchase			06 Mar 2020	5000	1140000	5.6948
	Sale			27 Mar 2020	(64389)	1075611	5.3731
	AT THE END OF THE YEAR					1075611	5.3731
<b>2</b>	<b>NAVJEEWAN MEDICAL INSTITUTE</b>	275194	1.3747			275194	1.3747
	Bonus shares credited #			12 Jul 2019	275194	550388	2.7494
	AT THE END OF THE YEAR					550388	2.7494
<b>3</b>	<b>EARTHSTONE HOLDING (TWO) PRIVATE LIMITED</b>	107206	0.5355			107206	0.5355
	Bonus shares credited #			12 Jul 2019	107206	214412	1.0711
	AT THE END OF THE YEAR					214412	1.0711
<b>4</b>	<b>SEEMA GOEL</b>	59878	0.2991			59878	0.2991
	Purchase			05 Apr 2019	122	60000	0.2997
	Bonus shares credited #			12 Jul 2019	60000	120000	0.5994
	Purchase			13 Mar 2020	10000	130000	0.6494
	Purchase			20 Mar 2020	5000	135000	0.6744
	AT THE END OF THE YEAR					135000	0.6744
<b>5</b>	<b>MANU GOPALDAS CHHABRIA</b>	55142	0.2755			55142	0.2755
	Sale			05 Apr 2019	(216)	54926	0.2744
	Sale			14 Jun 2019	(319)	54607	0.2728
	Sale			21 Jun 2019	(104)	54503	0.2723
	Bonus shares credited #			12 Jul 2019	54503	109006	0.5445
	Purchase			02 Aug 2019	1446	110452	0.5518
	AT THE END OF THE YEAR					110884	0.5539
<b>6</b>	<b>VISHANJI SHAMJI DEDHIA</b>	36000	0.1798			36000	0.1798
	Bonus shares credited #			12 Jul 2019	36000	72000	0.3597
	AT THE END OF THE YEAR					72000	0.3597
<b>7</b>	<b>UDAY SHRIKRISHNA TAMBE</b>	31500	0.1574			31500	0.1574
	Purchase			17 May 2019	6200	37700	0.1883
	Purchase			24 May 2019	21150	58850	0.2940
	Purchase			31 May 2019	7400	66250	0.3309
	Purchase			07 Jun 2019	6600	72850	0.3639
	Purchase			14 Jun 2019	12225	85075	0.4250
	Purchase			21 Jun 2019	895	85970	0.4295
	Purchase			29 Jun 2019	3000	88970	0.4444

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
<b>7</b>	<b>UDAY SHRIKRISHNA TAMBE (Contd.)</b>						
	Bonus shares credited #			12 Jul 2019	88970	177940	0.8889
	Sale			26 Jul 2019	(2783)	175157	0.8750
	Sale			02 Aug 2019	(7017)	168140	0.8399
	Sale			16 Aug 2019	(7065)	161075	0.8046
	Sale			23 Aug 2019	(40172)	120903	0.6040
	Sale			30 Aug 2019	(13800)	107103	0.5350
	Sale			06 Sep 2019	(11150)	95953	0.4793
	Sale			13 Sep 2019	(400)	95553	0.4773
	Sale			15 Nov 2019	(2500)	93053	0.4648
	Sale			22 Nov 2019	(5400)	87653	0.4379
	Purchase			24 Jan 2020	900	88553	0.4424
	Sale			07 Feb 2020	(5150)	83403	0.4166
	Sale			14 Feb 2020	(9425)	73978	0.3695
	Sale			21 Feb 2020	(4265)	69713	0.3482
	Sale			06 Mar 2020	(2838)	66875	0.3341
	Sale			13 Mar 2020	(735)	66140	0.3304
	AT THE END OF THE YEAR					66140	0.3304
<b>8</b>	<b>NEXOME REALTY LLP</b>	0	0.0000			0	0.0000
	Purchase			14 Feb 2020	65000	65000	0.3247
	AT THE END OF THE YEAR					65000	0.3247
<b>9</b>	<b>THE NEW INDIA ASSURANCE COMPANY LIMITED</b>	41260	0.2061			41260	0.2061
	Bonus shares credited #			12 Jul 2019	41260	82520	0.4122
	Sale			19 Jul 2019	(28665)	53855	0.2690
	AT THE END OF THE YEAR					53855	0.2690
<b>10</b>	<b>NIRMAL BANG SECURITIES PVT LTD</b>	40106	0.2003			40106	0.2003
	Purchase			05 Apr 2019	1022	41128	0.2055
	Purchase			12 Apr 2019	1090	42218	0.2109
	Sale			19 Apr 2019	(179)	42039	0.2100
	Sale			26 Apr 2019	(634)	41405	0.2068
	Sale			03 May 2019	(603)	40802	0.2038
	Purchase			10 May 2019	2088	42890	0.2143
	Sale			17 May 2019	(3289)	39601	0.1978
	Purchase			24 May 2019	804	40405	0.2018
	Sale			31 May 2019	(96)	40309	0.2014
	Sale			07 Jun 2019	(1209)	39100	0.1953
	Sale			14 Jun 2019	(118)	38982	0.1947
	Purchase			21 Jun 2019	1221	40203	0.2008
	Sale			29 Jun 2019	(40079)	124	0.0006
	Purchase			05 Jul 2019	346	470	0.0023
	Bonus shares credited #			12 Jul 2019	10	480	0.0024
	Purchase			19 Jul 2019	232	712	0.0036
	Purchase			26 Jul 2019	552	1264	0.0063
	Purchase			02 Aug 2019	731	1995	0.0100

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
<b>10</b>	<b>NIRMAL BANG SECURITIES PVT LTD (Contd.)</b>						
	Sale			09 Aug 2019	(728)	1267	0.0063
	Sale			16 Aug 2019	(334)	933	0.0047
	Purchase			23 Aug 2019	231	1164	0.0058
	Purchase			30 Aug 2019	78	1242	0.0062
	Purchase			06 Sep 2019	437	1679	0.0084
	Purchase			13 Sep 2019	369	2048	0.0102
	Purchase			20 Sep 2019	1001	3049	0.0152
	Sale			27 Sep 2019	(1225)	1824	0.0091
	Sale			30 Sep 2019	(500)	1324	0.0066
	Purchase			04 Oct 2019	3449	4773	0.0238
	Sale			11 Oct 2019	(2875)	1898	0.0095
	Sale			18 Oct 2019	(542)	1356	0.0068
	Purchase			25 Oct 2019	1029	2385	0.0119
	Purchase			01 Nov 2019	607	2992	0.0149
	Sale			08 Nov 2019	(7)	2985	0.0149
	Purchase			15 Nov 2019	55	3040	0.0152
	Purchase			22 Nov 2019	4579	7619	0.0381
	Sale			29 Nov 2019	(2242)	5377	0.0269
	Purchase			06 Dec 2019	2002	7379	0.0369
	Purchase			13 Dec 2019	53247	60626	0.3029
	Purchase			20 Dec 2019	849	61475	0.3071
	Purchase			27 Dec 2019	1836	63311	0.3163
	Purchase			31 Dec 2019	237	63548	0.3174
	Sale			03 Jan 2020	(970)	62578	0.3126
	Sale			10 Jan 2020	(2440)	60138	0.3004
	Purchase			17 Jan 2020	151	60289	0.3012
	Sale			24 Jan 2020	(1700)	58589	0.2927
	Purchase			31 Jan 2020	22	58611	0.2928
	Purchase			07 Feb 2020	877	59488	0.2972
	Purchase			14 Feb 2020	11000	70488	0.3521
	Sale			21 Feb 2020	(17684)	52804	0.2638
	Purchase			28 Feb 2020	837	53641	0.2680
	Purchase			06 Mar 2020	262	53903	0.2693
	Sale			13 Mar 2020	(486)	53417	0.2668
	Sale			20 Mar 2020	(1684)	51733	0.2584
	Sale			27 Mar 2020	(416)	51317	0.2563
	Sale			31 Mar 2020	(409)	50908	0.2543
	AT THE END OF THE YEAR					50908	0.2543
<b>11</b>	<b>SHRI PARASRAM HOLDINGS PRIVATE LIMITED</b>	98443	0.4918			98443	0.4918
	Purchase			05 Apr 2019	10486	108929	0.5441
	Sale			12 Apr 2019	(67589)	41340	0.2065
	Sale			19 Apr 2019	(8667)	32673	0.1632
	Sale			26 Apr 2019	(800)	31873	0.1592

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
11	SHRI PARASRAM HOLDINGS PRIVATE LIMITED (Contd.)						
	Sale			03 May 2019	(2005)	29868	0.1492
	Sale			10 May 2019	(92)	29776	0.1487
	Sale			17 May 2019	(677)	29099	0.1454
	Purchase			24 May 2019	31884	60983	0.3046
	Purchase			31 May 2019	62526	123509	0.6170
	Purchase			07 Jun 2019	34237	157746	0.7880
	Sale			14 Jun 2019	(17231)	140515	0.7019
	Sale			21 Jun 2019	(22476)	118039	0.5897
	Sale			29 Jun 2019	(17545)	100494	0.5020
	Sale			05 Jul 2019	(30169)	70325	0.3513
	Bonus shares credited #			12 Jul 2019	79752	150077	0.7497
	Purchase			19 Jul 2019	6421	156498	0.7818
	Sale			26 Jul 2019	(50414)	106084	0.5299
	Sale			02 Aug 2019	(21081)	85003	0.4246
	Sale			09 Aug 2019	(9036)	75967	0.3795
	Purchase			16 Aug 2019	383	76350	0.3814
	Purchase			23 Aug 2019	19295	95645	0.4778
	Sale			30 Aug 2019	(19349)	76296	0.3811
	Purchase			06 Sep 2019	255	76551	0.3824
	Purchase			13 Sep 2019	11211	87762	0.4384
	Purchase			20 Sep 2019	29989	117751	0.5882
	Sale			27 Sep 2019	(10286)	107465	0.5368
	Purchase			30 Sep 2019	659	108124	0.5401
	Purchase			04 Oct 2019	10647	118771	0.5933
	Sale			11 Oct 2019	(4194)	114577	0.5724
	Purchase			18 Oct 2019	(1726)	112851	0.5637
	Purchase			25 Oct 2019	3071	115922	0.5791
	Purchase			01 Nov 2019	7476	123398	0.6164
	Sale			08 Nov 2019	(12116)	111282	0.5559
	Sale			15 Nov 2019	(10042)	101240	0.5057
	Purchase			22 Nov 2019	9496	110736	0.5532
	Purchase			29 Nov 2019	22047	132783	0.6633
	Sale			06 Dec 2019	(12900)	119883	0.5989
	Purchase			13 Dec 2019	47	119930	0.5991
	Purchase			20 Dec 2019	17605	137535	0.6870
	Purchase			27 Dec 2019	446	137981	0.6893
	Sale			31 Dec 2019	(3030)	134951	0.6741
	Sale			03 Jan 2020	(16106)	118845	0.5937
	Sale			10 Jan 2020	(30717)	88128	0.4402
	Purchase			17 Jan 2020	27389	115517	0.5771
	Sale			24 Jan 2020	(7027)	108490	0.5420
	Purchase			31 Jan 2020	24699	133189	0.6653
	Sale			07 Feb 2020	(20746)	112443	0.5617

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
<b>11</b>	<b>SHRI PARASRAM HOLDINGS PRIVATE LIMITED (Contd.)</b>						
	Purchase			14 Feb 2020	4952	117395	0.5864
	Sale			21 Feb 2020	(15653)	101742	0.5082
	Sale			28 Feb 2020	(1781)	99961	0.4993
	Sale			06 Mar 2020	(19106)	80855	0.4039
	Sale			13 Mar 2020	(54218)	26637	0.1331
	Sale			20 Mar 2020	(11055)	15582	0.0778
	Purchase			27 Mar 2020	9980	25562	0.1277
	Sale			31 Mar 2020	(500)	25062	0.1252
	AT THE END OF THE YEAR					25062	0.1252
<b>12</b>	<b>LIFE INSURANCE CORPORATION OF INDIA</b>	151140	0.7550			151140	0.7550
	Sale			05 Apr 2019	(12574)	138566	0.6922
	Sale			12 Apr 2019	(10609)	127957	0.6392
	Sale			19 Apr 2019	(2475)	125482	0.6268
	Sale			26 Apr 2019	(1680)	123802	0.6184
	Sale			03 May 2019	(13191)	110611	0.5525
	Sale			10 May 2019	(60000)	50611	0.2528
	Sale			17 May 2019	(35009)	15602	0.0779
	Sale			24 May 2019	(2000)	13602	0.0679
	Sale			31 May 2019	(8851)	4751	0.0237
	Sale			07 Jun 2019	(4751)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000
<b>13</b>	<b>B. LAVANYA</b>	70000	0.3497			70000	0.3497
	Purchase			10 May 2019	5000	75000	0.3747
	Sale			17 May 2019	(10000)	65000	0.3247
	Sale			24 May 2019	(10100)	54900	0.2742
	Sale			31 May 2019	(17938)	36962	0.1846
	Sale			14 Jun 2019	(167)	36795	0.1838
	Sale			21 Jun 2019	(3913)	32882	0.1643
	Sale			05 Jul 2019	(4587)	28295	0.1413
	Bonus shares credited #			12 Jul 2019	32882	61177	0.3056
	Sale			26 Jul 2019	(16730)	44447	0.2220
	Purchase			02 Aug 2019	1068	45515	0.2274
	Sale			15 Nov 2019	(9800)	35715	0.1784
	Sale			29 Nov 2019	(5700)	30015	0.1499
	Purchase			13 Dec 2019	5700	35715	0.1784
	Sale			10 Jan 2020	(17000)	18715	0.0935
	Sale			24 Jan 2020	(4500)	14215	0.0710
	Sale			07 Feb 2020	(4215)	10000	0.0500
	Purchase			21 Feb 2020	30000	40000	0.1998
	Sale			06 Mar 2020	(40000)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000

Paid up Share Capital of the Company (Face Value Rs. 10.00) at the end of the year is 20018420 Shares.

# Allotment of Bonus Shares in the proportion of 1 (One) Bonus Share of 10/- each for every existing 1 (One) fully paid-up Equity Shares of 10/- each.

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**v) Shareholding of Directors and Key Managerial Personnel:**

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No of Shares	% of total shares of the Company <sup>(1)</sup>	No of Shares	% of total shares of the Company <sup>(2)</sup>
<b>Mrs. Nandini Nopany, Chairperson</b>				
At the beginning of the year	299602	2.99		
Add: Bonus shares credited on July 12, 2019 #	299602	2.99	599204	2.99
Less: Donation	(-500000)	2.50	99204	0.50
At the end of the year			99204*	0.50
<b>Mr. Chandra Shekhar Nopany, Co-Chairperson</b>				
At the beginning of the year	35922	0.36		
Add: Bonus shares credited on July 12, 2019 #	35922	0.36	71844	0.36
At the end of the year			71844**	0.36

# Allotment of Bonus Shares in the proportion of 1 (One) Bonus Share of 10/- each for every existing 1 (One) fully paid-up Equity Shares of 10/- each.

\* includes 31846 equity shares held as Trustee of Chandra Shekhar Charity Trust

\*\* includes 3668 equity shares held jointly with Mrs Shalini Nopany

(1) Percentage calculated on the paid-up share capital (1,00,09,210 shares) as at the beginning of the year.

(2) Percentage calculated on the paid-up share capital (2,00,18,420 shares) as at the end of the year

**The following directors and KMP did not hold any shares during the year :**

● Mr Anand Ashvin Dalal, Independent Director	● Mr Gaurav Swarup, Independent Director
● Mr Pradip Kumar Bishnoi, Independent Director	● Mr Kalpataru Tripathy, Independent Director
● Mrs Kausalya Madhavan, Independent Director	● Mr Devendra Kumar Sharma, Whole-time Director
● Mr Dilip Patodia, Chief Financial Officer	● Mr Anand Sharma, Company Secretary & Compliance Officer

**V. Indebtedness**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Working Capital-Secured	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	56,670.96	12,425.00	83,452.85	1,52,548.81
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	365.46	-	365.46
<b>Total (i+ii+iii)</b>	<b>56,670.96</b>	<b>12,790.46</b>	<b>83,452.85</b>	<b>1,52,914.27</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	24,179.55	-	-	24,179.55
Reduction	-	12,790.46	4,068.68	8,721.78
<b>Net Change</b>	<b>24,179.55</b>	<b>12,790.46</b>	<b>(4,068.68)</b>	<b>32,901.33</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	80,850.51	-	78,725.90	1,59,576.41
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	658.27	658.27
<b>Total (i+ii+iii)</b>	<b>80,850.51</b>	<b>-</b>	<b>79,384.17</b>	<b>1,60,234.68</b>

**VI. Remuneration of Directors and Key Managerial Personnel**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Mr Devendra Kumar Sharma, Whole-time Director (₹)	Total Amount (₹)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	88,17,587	88,17,587
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7,71,693	7,71,693
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Options	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- As % of profit	-	-
	- As others specify	-	-
5	Others please specify	-	-
	<b>Total (A)</b>	<b>95,89,280</b>	<b>95,89,280</b>

**B. Remuneration to other Directors:**

Sl. No.	Particulars of Remuneration	Name of Director							Total Amount (₹)
		Mrs Nandini Nopany (₹)	Mr Chandra Shekhar Nopany (₹)	Mr Anand Ashvin Dalal (₹)	Mr Pradip Kumar Bishnoi (₹)	Mr Kalpataru Tripathy (₹)	Mr Gaurav Swarup (₹)	Mrs Kausalya Madhavan (₹)	
<b>1</b>	<b>Independent Directors</b>								
	Fee for attending Board/Committee Meetings	-	-	4,40,000	3,20,000	3,60,000	3,60,000	3,40,000	18,20,000
	Commission	-	-	6,00,000	6,00,000	6,00,000	6,00,000	6,00,000	30,00,000
	Others, please specify	-	-	-	-	-	-	-	-
	<b>Total B (1)</b>	-	-	<b>10,40,000</b>	<b>9,20,000</b>	<b>9,60,000</b>	<b>9,60,000</b>	<b>9,40,000</b>	<b>48,20,000</b>
<b>2</b>	<b>Independent Directors</b>								
	Fee for attending Board/Committee Meetings	1,80,000	2,20,000	-	-	-	-	-	4,00,000
	Commission	6,00,000	6,00,000	-	-	-	-	-	12,00,000
	Others, please specify	-	-	-	-	-	-	-	-
	<b>Total B (2)</b>	<b>7,80,000</b>	<b>8,20,000</b>	-	-	-	-	-	<b>16,00,000</b>
	<b>Total B (1+2)</b>	<b>7,80,000</b>	<b>8,20,000</b>	<b>10,40,000</b>	<b>9,20,000</b>	<b>9,60,000</b>	<b>9,60,000</b>	<b>9,40,000</b>	<b>64,20,000</b>

**VI. Remuneration of Directors and Key Managerial Personnel (Contd.)**
**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

SI No.	Particulars of Remuneration	Mr Dilip Patodia, Chief Financial Officer (₹)	Mr. Anand Sharma, Company Secretary (₹)	Total Amount (₹)
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	92,88,750	54,39,750	1,47,28,500
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	24,07,100	9,98,200	34,05,300
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- As % of profit	-	-	-
	- As others specify	-	-	-
5	Others please specify	-	-	-
	<b>Total (A)</b>	<b>1,16,95,850</b>	<b>64,37,950</b>	<b>1,81,33,800</b>

**VII. Penalties / Punishment/ Compounding of Offences:**

During the financial year 2019-20, there were no penalties / punishment / compounding of offences under the Companies Act, 2013 against the Company, its Directors or other officers in default.



## Annexure H

### Information under section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the financial year ended 31st March, 2020

#### (A) Conservation of Energy

##### i. the steps taken or impact on conservation of energy –

The Company continues to take following initiatives to conserve energy during the year 2019-20:

- a) Various machineries and equipment installed during earlier years besides increasing generation of steam tend to reduce consumption of steam and fuel.
- b) Auto control combustion system fitted with all the boilers reduces the consumption of bagasse.
- c) The modified system of heating sugarcane juices and bleeding of vapors for pan boiling is working satisfactorily in the form of considerably reducing consumption of steam and fuel.

The above measures have reduced the consumption of fuel and power substantially and consequently the cost of production.

##### ii. the steps taken by the company for utilizing alternate sources of energy –

- a) Use of DG sets for generating electricity has been kept to bare minimum.
- b) Electricity is generated in Co-Generation Power Plant using Bagasse as fuel which is a renewable source of energy. Captive requirement of electricity is met out of this generation and the balance power is sold to the State Grid.

##### iii. The capital investment on energy conservation equipments –

In view of lesser availability of funds, the Company does not intend to commit its already strained financial resources towards implementation of energy reduction programmes though the Company shall continue to use its existing resources and implement conventional methods to substantially reduce consumption of energy.

#### (B) Technology Absorption –

##### (i) the efforts made towards technology absorption –

Continuous efforts are made to absorb the new technology for which Research and Development work is also undertaken in the following areas –

##### 1) Control of Insect, Pest and Disease

- a) **Through Moist, Hot Treatment:** In order to maintain the genetic purity of varieties of Sugarcane, treatment is given to cane seed with moist hot air treatment. It improves the quality and yield of sugarcane. This process shall continue for the future also.
- b) **Chemical Control:** In order to control the Insect, Pest and Borer, insecticide and pesticide is being applied on the crop just before indent of Pest and Borer for its control.
- c) **Biological Control of Borer:** Parasites Trichogramma have been applied in the crop to protect from insects, Pests and Borers.

##### 2) Encouragement for sowing Cane through Trench Method

Farmers are being encouraged to sow the seeds of Cane through Trench method of sowing so as to increase the yield.

##### 3) Ratoon Management

To increase the yield of the Ratoon, farmers are being educated on constant basis for stubbing the plant and giving the proper dose of fertilizers and irrigation. Farmers are educated also to fill the gaps by new and improved plants.

Owing to above efforts, higher yield of disease free cane is being made available to the Company's sugar mills resulting in higher return to cane growers as well as to the Company. This has also contributed to higher recovery of cane

(ii) The Company has not imported any new technology during last three years.

(iii) The Company had incurred an expenditure on Research and Cane Development amounting to Rs. 408.52 lakhs.

#### (C) Foreign Exchange Earnings and Outgo :-

- a) Activities relating to exports, initiatives taken to increase exports. – Nil.
- b) Development of new export markets for products and services and export plan – Nil.
- c) Earnings in Foreign Exchange (FOB Value) – Rs. Nil.
- d) Expenditure in Foreign Currency – Rs. 147.62 lakhs.

## Annexure I

### A) Information pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. The percentage increase in remuneration of each Director, Wholetime Director, Chief Financial Officer and Company Secretary in the financial year 2019-20 and the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-20:

Name	Designation	Remuneration for the year ended 31.03.2020 (₹ in lakhs)	% age increase in remuneration in the FY 2019-20 as compared to Previous year 2018-19	Ratio of remuneration of each director to the median remuneration of the employees of the Company
Mrs. Nandini Nopany	Chairperson	7.80	No Change	2.99
Mr Chandra Shekhar Nopany	Co-Chairperson	8.20	-2.38	3.14
Mr Anand Ashvin Dalal	Independent Director	10.40	No Change	3.98
Mr Gaurav Swarup	Independent Director	9.60	-4.00	3.68
Mr Pradip Kumar Bishnoi	Independent Director	9.20	-9.80	3.52
Mr Kalpataru Tripathy	Independent Director	9.60	9.09	3.68
Mrs Kausalya Madhavan	Independent Director	9.40	1060.49	3.60
Mr Devendra Kumar Sharma	Wholetime Director	95.00	8.96	36.40
Mr Dilip Patodia	Chief Financial Officer	127.73	7.70	Not Applicable
Mr Anand Sharma	Company Secretary	75.28	7.50	Not Applicable

- ii. The percentage increase in the median remuneration of employees in the financial year 2019-20 : 10.41%
- iii. The number of permanent employees on the rolls of the Company : 731
- iv. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**  
 Average increase in the salaries of employees other than managerial personnel in the financial year 2019-20 is 12.56%. Details of percentage increase in the remuneration of managerial personnel is given in the table above.
- v. It is hereby affirmed that the remuneration is as per the remuneration policy of the Company.

## Annexure I (Contd.)

### B) Particulars of Employees pursuant to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

#### Top Ten Employees in terms of Remuneration Drawn during the Financial Year 2019-20

Sl. No.	Name of the Employee	Designation	Qualification	Age (years)	Experience (Years)	Date of Commencement of Employment	Remuneration Received	Last employment	Equity Shares held
1	Mr Chand Bihari Patodia	Group President	Intermediate	71	52	01.02.1990	1,94,66,562	The Oudh Sugar Mills Ltd.	Nil
2	Mr Dilip Patodia	Chief Financial Officer	B.Com, CA, CS	54	29	01.07.2011	1,27,72,750	The Oudh Sugar Mills Ltd.	Nil
3	Mr C. Venugopal	President (Business)	MBA (Marketing & Finance)	51	27	16.03.2019	1,09,37,934	Umang Dairies Limited	Nil
4	Mr Sukhvir Singh	Executive President-Seohara	B.Sc.	59	26	01.09.2008	1,01,18,880	Bajaj Hindusthan Ltd., Noida	Nil
5	Mr Devendra Kumar Sharma	Executive President-Hargaon	M.Com, AICWA	52	29	01.04.2014	95,89,280	The Oudh Sugar Mills Ltd.	Nil
6	Mr Anand Sharma	Company Secretary	B.Com, FCS, LLB	48	24	01.07.2014	75,27,890	The Oudh Sugar Mills Ltd.	Nil
7	Mr S K Maheshwari	Executive Vice President(F)	B. Sc, FCA	64	39	01.10.1986	62,02,284	Upper Ganges Sugar & Industries Ltd.	8
8	Mr Mahesh Agarwal	Finance Controller	B.Com. (Hons.), FCA	59	27	01.07.1995	53,19,047	Upper Ganges Sugar & Industries Ltd.	Nil
9	Mr Praveen Agarwal	Technical Advisor	Diploma in Engineering	57	33	01.09.2015	51,92,619	The Oudh Sugar Mills Ltd.	Nil
10	Mr Munesh Pal	Executive President-Rosa	Post Graduate	54	28	10.06.2019	40,36,000	Chadda Sugar & Industries Ltd.	Nil

#### Notes :

1. The remuneration includes salary, Company's contribution to provident fund and perquisite value of rent paid.
2. The appointment is contractual.
3. Other terms and conditions are as per rules of the Company.
4. No employee is a relative of any Director or Key Managerial Personnel of the Company. Rule 5(2)(iii) of the captioned Rules is not applicable.

For and on behalf of the Board

Place: Kolkata

Date: 22nd June, 2020

**Chandra Shekhar Nopany**

Co-Chairperson

## Annexure J

### Annual Report on CSR Activities to be Included in the Board's Report

Sr. No.	Particulars	Remarks
1.	A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and project or programs.	<p>The Company's CSR policy focuses on practicing its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders and with an intent to make a positive difference to society and to conduct the business in socially responsible, ethical and transparent manner to demonstrate commitment to respect the interest of and be responsive towards all stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large etc. and create value for all of them.</p> <p>The CSR policy is available on the website of the Company viz. <a href="http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-CSR-Policy.pdf">http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-CSR-Policy.pdf</a></p>
2.	The Composition of the CSR Committee.	<p>Mrs Nandini Nopany, Chairperson                      Mr Pradip Kumar Bishnoi, Independent Director                      Mr Devendra Kumar Sharma, Whole-time Director</p>
3.	Average net profit of the Company for last three financial years.	Rs. 17839.20 lakhs
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above).	Rs. 356.79 lakhs approx
5.	Details of CSR spent during the financial year:	
	a) Total amount to be spent for the financial year	Rs. 359.74 lakhs
	b) Amount unspent, if any;	Nil
	c) Manner in which the amount spent during the financial year is detailed below	As provided in enclosed Table
6.	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report	-
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objective and Policy of the company	The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Table : Manner in which the amount spent during the financial year 2019-20

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs		Amount Outlay (budget)* project or programs wise (in ₹ lakhs)	Amount spent on the project or programs (in ₹ lakhs)		Cumulative expenditure upto to the reporting period (in ₹ lakhs)	Amount Spent: Direct or through implementing agency
			Area	Name of District		Direct Expenditure	Overheads		
1.	Healthcare Initiative (Construction of Toilets)	Sanitation	near 10 kms surrounding of Factory and at Mela Ground near Tirth & in Cane Society, Hargaon	Sitapur (U.P.)	-	10.03	-	10.03	Direct
2.	Healthcare Initiative (Medical check up, Camp and Medicine distribution to patients)	Promotion of Health care initiative	In the neighbouring areas of Hargaon	Sitapur (U.P.)	-	2.00	-	12.03	Direct
3.	Education Initiative Promoting education, including Special education and employment enhancing vocation skills especially among children, women, elderly, differently abled and livelihood enhancement projects	Promotion of education activities	Kolkata	Kolkata (W.B.)	-	87.50	-	99.53	Contribution to Nopany Foundation, Kolkata
4.	Library furniture & Books at Birla Inter College	Promotion of education activities	In the neighbouring areas of Hargaon	Sitapur (U.P.)	-	2.56	-	102.10	Direct
5.	Construction of Girls wing in Birla Vidya Mandir Inter College	Promotion of education activities	In the neighbouring areas of Hargaon	Sitapur (U.P.)	-	101.90	-	204.00	Direct
6.	Pond development and installation of recharge shaft	Conservation of natural resources	In the neighbouring areas of Hargaon	Sitapur (U.P.)	-	9.73	-	213.73	Direct
7.	Healthcare Initiative (Medical check up, Camp and Medicine distribution to patients)	Promotion of Health care initiative	In the neighbouring areas of Seohara	Bijnor (U.P.)	-	8.65	-	222.38	Direct
8.	Healthcare Initiative (Cloth Stitching Machine For Women)	Eradicating Poverty	In the neighbouring areas of Seohara	Bijnor (U.P.)	-	1.86	-	224.24	Direct
9.	Healthcare initiative including preventive healthcare (Supply & Installation of Water Coolers at Public Places)	Safe drinking water	In the neighbouring areas of Seohara	Bijnor (U.P.)	-	2.71	-	226.95	Direct
10.	Furniture in Primary School	Promotion of education activities	In the neighbouring areas of Seohara	Bijnor (U.P.)	-	3.07	-	230.02	Direct
11.	Distribution of Books in Government Schools	Promotion of education activities	In the neighbouring areas of Seohara	Bijnor (U.P.)	-	0.25	-	230.27	Direct
12.	Distribution of blankets to Women and senior citizens	Promotion of Health care initiative	In the neighbouring areas of Seohara	Bijnor (U.P.)	-	0.58	-	230.85	Direct
13.	Pond development and installation of recharge shaft	Conservation of natural resources	In the neighbouring areas of Seohara	Bijnor (U.P.)	-	84.80	-	315.65	Direct

**Table : Manner in which the amount spent during the financial year 2019-20 (Contd.)**

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs		Amount Outlay (budget)* project or programs wise (in ₹ lakhs)	Amount spent on the project or programs (in ₹ lakhs)		Cumulative expenditure upto to the reporting period (in ₹ lakhs)	Amount Spent: Direct or through implementing agency
			Area	Name of District		Direct Expenditure	Overheads		
14.	Plantation & development of green belt;	Ensuring environment sustainability & ecological balance	In the neighbouring areas of Seohara	Bijnor (U.P.)	-	0.73	-	316.39	Direct
15.	Installation of Solar Lights	Conservation of natural resources	In the neighbouring areas of Seohara	Bijnor (U.P.)	-	3.06	-	319.45	Direct
16.	Contribution to Prime Minister's National Relief Fund	Promotion of social activities	In the neighbouring areas of Seohara	Bijnor (U.P.)	-	1.00	-	320.45	Direct
17.	Toilets at Slum area	Slum area development.	In the neighbouring areas of Seohara	Bijnor (U.P.)	-	2.07	-	322.52	Direct
18.	Healthcare Initiative (Medical check up, Camp and Medicine distribution to patients)	Promotion of Health care initiative	In the neighbouring areas Rosa	Shahjahanpur (U.P.)	-	4.68	-	327.20	Direct
19.	Healthcare Initiative (Organising Fitness & Yoga Camp)	Promotion of Health care initiative	in Roser Village	Shahjahanpur (U.P.)	-	0.83	-	327.28	Direct
20.	Healthcare Initiative (Construction of Toilets)	Sanitation	in nearby Jabalpur village	Shahjahanpur (U.P.)	-	1.68	-	328.96	Direct
21.	Healthcare Initiative (Installation of hand pumps)	Safe drinking water	In the neighbouring areas Rosa	Shahjahanpur (U.P.)	-	1.00	-	329.96	Direct
22.	Distribution of School Bags & Water Bottle	Promotion of education activities	In the neighbouring areas Rosa	Shahjahanpur (U.P.)	-	0.55	-	330.51	Direct
23.	Healthcare initiative including preventive healthcare (Supply & Installation of Water Purifier)	Safe drinking water	In the neighbouring areas Rosa	Shahjahanpur (U.P.)	-	1.07	-	331.58	Direct
24.	Pond development	conservation of natural resources	in nearby Roser & Ramapur-Barkatpur Village	Shahjahanpur (U.P.)	-	5.46	-	337.04	Direct
25.	Healthcare Initiative (Medical check up, Camp and Medicine distribution to patients)	Promotion of Health care initiative	In the neighbouring areas of Hata	Kushinagar (U.P.)	-	10.00	-	347.04	Direct
26.	Installation of Hand Pumps	Safe drinking water	In the neighbouring areas of Hata	Kushinagar (U.P.)	-	8.00	-	355.04	Direct
27.	Furniture in Government School	Promotion of education activities	In the neighbouring areas of Hata	Kushinagar (U.P.)	-	4.16	-	359.20	Direct
28.	Distribution of Books in Government Schools	Promotion of education activities	In the neighbouring areas of Hata	Kushinagar (U.P.)	-	0.44	-	359.64	Direct

Place: Kolkata

Date : 22nd June, 2020

**Devendra Kumar Sharma**  
 Whole-time Director

**Nandini Nopany**  
 Chairperson, CSR Committee

# Business Responsibility Report

## About this report

Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 [SEBI (LODR) Regulations] prescribe that top 1000 companies based on market capitalisation as per NSE / BSE as on March 31 of every financial year, are required to have “Business Responsibility Report” (BRR) as part of their Annual Report. Your Company is amongst the top 1000 listed entities as per the market capitalisation at NSE/ BSE as on March 31, 2020. The report has been prepared as prescribed and in accordance with Regulation 34 of the SEBI (LODR) Regulations.

## About the Company

Avadh Sugar & Energy Limited, one of the leading player in sugar and is one of the oldest companies in India and one of the top five sugar producers in the country having four sugar plants strategically spread across in the State of Uttar Pradesh, India. The integrated sugar units have been designed as such to achieve optimization in process efficiencies, increase sugarcane recovery and increase energy efficiency as well as to reduce steam and power consumption. The Company continues to be one of the leading producers of quality sugar, through its innovative process and farmer centric practices.

## Section A: General Information About The Company

1. Corporate Identity Number (CIN) of the Company : L15122UP2015PLC069635
2. Name of the Company: **Avadh Sugar & Energy Limited**
3. Registered address: P.O. Hargaon, Dist: Sitapur 261 121, Uttar Pradesh
4. Website: www.avadhsugar.com
5. E-mail id: avadhsugar@birlasugar.org
6. Financial Year reported: 31st March 2020
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

SI No.	Description	NIC Code
1.	Sugar	10721
2.	Distillery	1101
3.	Cogeneration	35106

8. List three key products/services that the Company manufactures/provides (as in balance sheet): Sugar, Industrial Alcohol (Ethanol) and Power (Co-generation).
9. Total number of locations where business activity is undertaken by the Company  
**(a) Number of International Locations (Provide details of major 5):** NIL  
**(b) Number of National Locations:** The Company carries out its operations through its Registered Office in Hargaon (Uttar Pradesh), offices in New Delhi and Kolkata and 4 Manufacturing Facilities located across within the State of Uttar Pradesh at Hargaon, Seohara, Hata and Rosa.
10. **Markets served by the Company –Local/State/National/International:** The Company is predominantly in Sugar business and serves the Indian market apart from fulfilling mandatory export obligation, if any, prescribed by the Central Govt.

## Section B: Financial Details Of The Company

1. Paid up Capital(INR): Rs.20,01,84,200/-
2. Total Turnover(INR): Rs 2,56,504.58 Lakhs
3. Total profit after taxes(INR): Rs 8861.54 Lakhs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax(%): 2 %
5. List of activities in which expenditure in 4 above has been incurred:

Healthcare	Details of the projects undertaken are furnished in Annual Report on CSR activities enclosed as Annexure
Education	
Rural Development	
Sustainable livelihood	

## Section C: Other Details

1. Does the Company have any Subsidiary Company/Companies: NONE
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): Not Applicable
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]: We do not mandate that our suppliers and partners participate in the Company's BR initiatives. However, they are encouraged to do so.

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

#### (a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number: 06498196
2. Name: Mr Devendra Kumar Sharma
3. Designation: Whole-time Director
4. Telephone No.: (05862) 256220
5. Email id: dksharma@birla-sugar.com

#### (b) Details of the BR head

Sl. No.	Particulars	Details
1	DIN Number (if applicable)	N.A.
2	Name	Mr C B Patodia
3	Designation	Group President
4	Telephone number	011 – 23321656
5	e-mail id	cbpatodia@birla-sugar.com

### 2. Principle-wise (as per NVGs) BR Policy/policies:

As per Regulation 34 of the SEBI (LODR) Regulations read with SEBI Circular No CIR/CFD/CMD/10/2015 dated 4th November 2015, the nine areas of Business Responsibilities are as follows:

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 Businesses should promote the well-being of all employees.
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 Businesses should respect and promote human rights.
- P6 Businesses should respect, protect, and make efforts to restore the environment.
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 Businesses should support inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

#### (a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words) (refer Note)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y



**(a) Details of compliance (Reply in Y/N) (Contd.)**

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	www.avadhsugar.com								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

**(\*) Note:**

- The Code of Conduct and Whistle Blower Policy of the Company conforms to the requirement of SEBI (LODR) Regulations, 2015 and CA 2013, as amended from time to time.
- The concerned policies conform to the applicable labour and employment laws.
- Corporate Social Responsibility Policy conforms to the requirements of CA 2013 and rules framed thereunder.
- The policies as required are available on the website of the Company
- All the policies are signed by the Director. All the policies in the Company are based on its guiding principles and core values. These policies are mapped to each principle hereunder as:

Principle	Name of the Principle	Name of the Policy
Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	i) Code of Conduct and Ethics
		ii) Whistle Blower Policy
		iii) Supplier's Code of Conduct
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	i) Product Responsibility Policy
		ii) Sustainability Policy
Principle 3	Businesses should promote the wellbeing of all employees	Human Resource and Employee Relations Policy
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	i) Stakeholder Engagement and Advocacy Policy
		ii) Corporate Social Responsibility Policy
Principle 5	Businesses should respect and promote human rights	i) Stakeholder Engagement and Advocacy Policy
		ii) Health, Safety, Security, Environment & Quality Policy
		iii) Supplier's Code of Conduct
Principle 6	Business should respect, protect, and make efforts to restore the environment	i) Health, Safety, Security, Environment & Quality Policy
		ii) Sustainability Policy
		iii) Supplier's Code of Conduct
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Stakeholder Engagement and Advocacy Policy
Principle 8	Businesses should support inclusive growth and equitable development	i) Stakeholder Engagement and Advocacy Policy
		ii) Sustainability Policy
		iii) Corporate Social Responsibility Policy
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	Product Responsibility Policy

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 Months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

NOT APPLICABLE

### 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year  
The BR performance revolves around a number of policies which is assessed by the BR Head periodically based upon its importance and impact on the Company's operations and activities.
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?  
This is the first Business Responsibility Report of the Company which forms part of the Company's Annual Report for FY 2019-20. The same can also be accessed at: [www.avadhsugar.com/](http://www.avadhsugar.com/)

## Section E: Principle-Wise Performance

### Principle 1a Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

The Company lays strong emphasis on ethics and establishment of good governance culture. The Company believes that since organisations employ societal and environmental resources, governance processes must ensure that they are utilised efficiently to meet the aspirations and expectations of all stake holders. The Company believes in high standards of governance and adheres to good corporate practices and is constantly striving for improvement and adoption of best practices. Adherence to business ethics, transparency in dealings with all stakeholders, adequate and timely disclosure of information and commitment to corporate social responsibility are the basic elements of the governance policy of the company.

#### 1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

The Company's Code of Conduct and Business Ethics ("the Code") is applicable to all directors and employees of the Company. The directors and employees of the Company are expected to uphold the standards mentioned thereunder in their day-to-day activities and comply with all applicable laws, rules and regulations. The Company has a Whistle blower Policy which aims to deter and detect actual or suspected misconduct. It has been established to ensure that genuine concerns of misconduct/ unlawful conduct, which an individual believes may be taking place within the organisation, are raised at an early stage in a responsible and confidential manner. This mechanism also provides for adequate safeguards against victimisation of employees who avail of the mechanism. Any employee can report such incident without fear to the ombudsman. The Company, follows five core principles of Integrity, Passion, Quality, Respect and Responsibility, remain consistently vigilant and ensure ethical conduct of its operations. All internal and external stakeholders of the Company are expected to work within the framework of these principles.

There is no group structure or joint venture of the Company. The Company does not have any subsidiary. The Company is gradually encouraging stakeholders associated with it like vendors, suppliers, contractors, etc., to follow the principles envisaged in the Policy.

#### 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

There was no complaint received during the year under the Whistle Blower Policy of the Company.

### Principle 2a Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Sustainability is a part of the Company's DNA. The Company has business line of Sugar manufacturing and is governed by the principle of Sustainability - Enshrined in the tenets of conserving, preserving, enhancing and creating each business in sync with nature. The Company has Environmental and Safety Accreditations across some of its Units, to drive business sustainability.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**
  - (a) **Sugar** – Sugarcane is a water-intensive crop. Several collaborative initiatives are in place along with leading organizations for measuring carbon and water foot print and optimize the use of water in the Company's command area of operation. Pressmud, a by-product of sugarcane, is used as organic manure after converting it in Bio-Compost in sugarcane fields which contains essential nutrients and organic carbon to improve and sustain the soil quality.
  - (b) **Distillery Products** – Molasses, a by-product of sugarcane, is used to manufacture Ethanol and is being blended with gasoline by the Oil Marketing Companies for use in automobiles. This helps in reduction of greenhouse gases as against fossil fuels.
  - (c) **Power** – Bagasse, a by-product of sugarcane, is used as bio- fuel to generate power and export to grid as a green product. The ash generated is used as a filler during manure production. Bagasse is a CO<sub>2</sub> neutral renewable energy source and it qualifies for Clean Development Mechanism certification.
  
2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**
  - (a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**
    - i. **Sugar** – For crushing of sugarcane, the resources required are water, steam and power. The Company has progressively invested in optimum use of resources. The core cane crushing operation generates molasses (as by- product) and bagasse (as waste); molasses is utilized to manufacture ethanol (a green fuel) while bagasse is being utilized to generate green power. All four sugar units are now equipped with the latest effluent treatment plants (ETP) coupled with buffer storage reservoirs to avoid shock dosing of the ETP.
    - ii. **Distillery Products** – The best fermentation and distillation efficiencies are achieved with overall efficiency at 89% to 90% as against the norm of 86% in case of Industrial Alcohol.
    - iii. **Power** – The Industry norm of steam to fuel ratio is 2.0 to 2.2 whereas all factories operate between 2.2 to 2.3.
  - (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**  
 The Industrial Alcohol producing units are running on Zero Liquid Discharge (ZLD) technology and therefore does not have any adverse impact on the environment.
  
3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**  
 Yes, the Company deploys sustainable procurement practice. All the plants of the Company are situated close to cane growing area. Entire raw material is procured sustainably. Since the inputs are procured from sources close to the units, it also helps in minimizing transportation costs. Cane is also supplied by small and medium farmers through bullock driven carts. The materials required by Distillery and Co-gen plants are mostly internally sourced through pipelines and conveyor belts. This significantly reduces the environmental impact of transportation of raw materials.
  
4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors.**  
 The Company is predominantly engaged in the business of manufacture of sugar and sugarcane is the primary raw material for its operations. The Company procures 100% of its raw materials i.e. sugarcane from farmers who are located within its local command area and whose livelihood is directly dependent upon the Company. The Company has taken a number of initiatives to improve the yield through adoption of sustainable cultivation practices by the growers. The Company works closely with cane growers of the allotted areas to improve their productivity. In order to achieve this, the Company shares knowledge and expertise in sustainable agriculture practices with the farmers for cane cultivation. Besides this, the farmers are also guided on selection and use of right type of agri-inputs. These developmental activities help in improvement of quality and yield of cane thereby benefitting the Company as well as the farmers. Women farmer training programs and empowerment have brought women into the forefront of agriculture thus encompassing all genders in business chain management. The Company supports the communities around the place of work by seeking contractual arrangements for handling and transportation of its products and in-plant services.
  
5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**  
 The production of Sugar from Sugarcane is indeed an eco- friendly virtuous cycle. All joint and by products generated during the process of sugar manufacture are productively utilised viz. bagasse is utilised for power generation, molasses is utilised to produce distillery products and other wastes generated like press mud and ash generated from incineration boilers are utilised for manufacture of organic manure. The

Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste and monitoring of performance for each unit, is carried out on a regular basis. Thus the by-products and waste generated out of manufacturing processes are mostly recycled. The Company is one of the few sugar factories to work towards achieving ZLD for the sugar operations.

### Principle 3a Businesses should promote the wellbeing of all employees

The Company ensures a work environment that promotes well-being of all its employees. Focusing on health, safety and preventing discrimination are part of the Company's guiding principles on Employees' well-being. The Company provides equal employment opportunities to all irrespective of their caste, creed, gender, race, religion, disability etc., The Company respects the right of employees to freedom of association, participation, and collective bargaining and provides access to appropriate grievance redressal mechanisms. The Company is committed to provide a work environment which ensures that every woman employee is treated with dignity, respect and equality. The Company has instituted processes and mechanisms to ensure that issues relating to sexual harassment are effectively addressed. In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, Internal Complaints Committees have been constituted in all units. These Committees are intended to facilitate open and structured discussions on sexual harassment complaints, and to ensure their resolution in a fair and just manner. The Company has strengthened its performance-driven orientation through robust competence mapping, gap identification, training and development. The Company also enhances employee engagement through various initiatives on an ongoing basis. The Company is deeply committed to safety of its Employees at workplace and regularly organises planned and unplanned safety drills at all its locations.

**1. Please indicate the total number of employees.**

The total number of permanent Employees is 731 as on March 31, 2020. However, it does not include Badli workers, Seasonal, Retainers, Advisors, Trainees/Apprentices, etc.

**2. Please indicate the total number of employees hired on temporary / contractual / casual basis.**

Sugar Industry being a seasonal Industry (October- September), each Unit of the Company hires different number of employees on seasonal basis during the season and off – season. Considering the seasonal nature of Industry, the total number of employees hired on temporary / contractual / casual basis is 275 as on March 31, 2020.

**3. Please indicate the number of permanent women employees**

The total number of Women Employees is 3 as on March 31, 2020.

**4. Please indicate the Number of permanent employees with disabilities**

The number of permanent employees with disabilities is 1 as on March 31, 2020.

**5. Do you have an employee association that is recognized by management?**

Yes. We have employees' associations for Non-Management Employees which are recognised by the Management.

**6. What percentage of your permanent employees is members of this recognized employee association?**

The Company has 4 different Units located in the State of Uttar Pradesh. Factory wise Percentage varies of Permanent employees in recognised employees association from NIL to 2% as on March 31, 2020.

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

At the outset it is stated that the Company as a matter of Policy does not engage or employ any Child Labour. However, the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year are as follows:

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the previous year?**

- (a) Permanent Employees: 100%
- (b) Permanent Women Employees : 100%
- (c) Casual/Temporary/Contractual Employees : 100%
- (d) Employees with Disabilities : 100%

### **Principle 4a Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

The Company considers its employees, business associates (network of farmers, suppliers, stockists and dealers), customers, shareholders/investors and communities surrounding its operations and regulatory authorities as its key stakeholders. The Company is responsive to the requirements of all its Stakeholders. The Company continues its engagement with them through various mechanisms such as consultations with local communities, small farmer training, women empowerment in agriculture, supplier/vendor meets, customer/employee satisfaction surveys, investor forums, etc. The Company's website [www.avadhsugar.com](http://www.avadhsugar.com), contains comprehensive information for the stakeholders about the Company. The Company also has designated an exclusive email- id for investor services – [avadhinvestors@birla-sugar.com](mailto:avadhinvestors@birla-sugar.com). The Company also promptly intimates the Stock Exchanges about all price-sensitive information or such other matters which in its opinion are material and of relevance to the stakeholders of the Company.

**1. Has the company mapped its internal and external stakeholders ? Yes/No**

Yes. The Company has mapped its internal and external stakeholders. It uses both formal and informal mechanisms to engage with various stakeholders to understand their concerns and expectations.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

The Company identifies underprivileged communities/marginal growers with very small land holdings around its business locations as disadvantaged, vulnerable and marginalised stakeholders and continuously engages with all such stakeholders identifying their needs and priorities so as to serve/ provide solutions on these needs accordingly.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company has always engaged itself in special initiatives with the disadvantaged, vulnerable and marginalized stakeholders. Developmental activities are carried out by the Company by providing necessary guidance to the small and marginalized cane growers towards selection of right variety of seed and agri-inputs, etc. The Company also supports the deserving farmers by supplying at subsidized rates the seeds and agri-inputs.

### **Principle 5a Businesses should respect and promote human rights**

The Company respects the rights and dignity of all individuals and upholds the principles of human rights. The Company's commitment to human rights and fair treatment is set out in its code of conduct. The policy provides conduct of operations with honesty, integrity and openness with respect for human rights and interests of employees. The Company believes that a sustainable organisation rests on a foundation of ethics and respect for human rights.

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?**

Respecting human rights is fundamental to the Company's policies and business dealings and the Company is equally focussed on building awareness around promotion of human rights with every associate and supply chain partners. All directors and employees are required to respect the human rights of fellow workers and communities where the Company operates. The Company does not employ child labour and does not permit any occurrence of forced or compulsory labour, conducts proper checks and audits to ensure that its contractors follow the same. The Company's business relationship with its Vendors / contractors encourages its vendors to comply with relevant laws safeguarding labour rights and human rights. There is no group structure or joint venture of the Company. The Company doesn't have any subsidiary.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The Company has not received any Complaints pertaining to violation of Human rights during the financial year 2019-20.

### **Principle 6a Business should respect, protect, and make efforts to restore the environment**

The Company places its highest priority in ensuring that best practices and procedures are followed relating to environment protection. To enrich soil the by-products after process are efficiently recycled as pressmud or enriched compost to implement the concept of waste to wealth creation. These value added by-products ensure soil health through increase in soil organic matter. Bagasse is used as fuel in boilers which does not emit any obnoxious gases like SO<sub>2</sub>. Bagasse is CO<sub>2</sub> neutral fuel and is a source of renewable energy.

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

Sustainability is built into Company's business processes. The Company's policies on Respecting, Promoting and Restoring the Environment and in relation to Environment, Health & Safety (EHS) are applicable to all directors and employees of the Company. There is no group structure or joint venture of the Company. The Company doesn't have any subsidiary. As on date, the Company is encouraging all its external stakeholders to adhere to safety and restoration of the environment.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for web page etc.**

Global environment issues such as climate change, global warming, GHG emissions pose challenges to all. The Company is totally committed to reduce their impact. At the captive power plants, Bagasses (waste generated) is used as fuel for generating power. Out of the two Distilleries, one is having incineration boiler in which Spent Wash (effluent generated) is mixed with Bagasse and used as fuel in boilers to generate clean energy with minimal carbon footprint by incineration process and in other Distillery Spent Wash is being used for manufacturing of bio-compost with mixing of Press Mud.

**3. Does the company identify and assess potential environmental risks? Y/N**

Yes, the Company has a mechanism to identify and assess potential environmental risks in its plants, projects and operations. Environmental risk identification and mitigation is ingrained in the Company's risk management system.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

NO. However, the Company uses Bagasse as the primary fuel to generate electric energy requirements of the plant.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes, the Company has undertaken several initiatives on clean technology, energy efficiency, renewable energy, etc. The Company has achieved spectacular results in utilization of hazardous and pollutant industrial waste namely Spent Wash. This waste is used as a fuel at the incineration boilers of the Company for generating clean energy. The Distilleries of the Company are ZLD compliant and the solid recovered from the effluents are recycled as manure. Further details relating to conservation of energy can be found in Annexure "G" forming part of the Board's Report.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

All the emissions / waste generated by the Company during the financial year 2019-20 are generally within the permissible limits given by CPCB / SPCB.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

There were no pending or unresolved show cause notices/legal notices from CPCB/SPCB as the end of FY 2019-20.

**Principle 7a Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

The Company believes that being in an industry, which is one of the most regulated sectors, significant improvement can be achieved, if the Company works together with the Government, legislators, trade bodies and regulators to create positive policies affecting the industry especially cane pricing and sustainable growth affecting millions of farmers. The Company has always been at the forefront and strived to create a positive impact in the business eco-system and communities by practicing proactive advocacy not for securing certain benefits for industry, but also advocating certain best practices for the benefit of the community at large who are affected by its business. The Company engages with a number of industry bodies and associations to persuade public and regulatory policy in a responsible manner.

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is a member of various trade and chamber associations. The Indian Sugar Mills Association (ISMA) and UP Sugar Mills Association (UPSMA) are the prime bodies that represent the interests of the private sugar mills and is the interface between the industry and Government on policy matters relating to sugar industry. The Company does participate in the functioning of ISMA and UPSMA in the matter of advancing the cause of the Industry and policy matter concerning the industry as well as vital issues concerning the industry.

**Besides, the Company is a member of the following Associations.**

- a) CII (Confederation of Indian Industry)

- b) FICCI (Federation of Indian Chamber of Commerce and Industry)
- c) ASSOCHAM (Associated Chambers of Commerce and Industry of India)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

The Company through ISMA, UPSMA and various other industry associations, participates in matters for advancement of the industry's interest and public good. It supports various initiatives of the Government which include farmers welfare, environment, customer information and education. However, it does not practice lobbying on any specific issue.

**Principle 8a Businesses should support inclusive growth and equitable development**

The Company is part of K K Birla Group of Sugar Companies and is known for its tradition of philanthropy and community service. The Group's philosophy is to reach out to the community by establishing service-oriented philanthropic institutions in the field of education and healthcare which has been identified as the core focus areas. The Company believes that social responsibility is not just a corporate obligation that has to be carried out but it is one's dharma. The Company has been carrying out Corporate Social Responsibility (CSR) activities for a long time through an autonomous charitable trust, in the field of education and healthcare, while also pursuing CSR activities for the benefit of local communities around the factories in the States of Uttar Pradesh, Bihar, West Bengal Jharkhand etc.

The Company has always believed to ensure protection of interests of all its stakeholders in tandem with its growth. The Company believes not only in value-added business, but also in discharging its responsibilities to various sections of society and in providing opportunities to learn, contribute, advance, recognize and reward initiative, innovativeness and creativity. It believes in not only making customers delighted, but the community around also, by establishing service-oriented philanthropic institutions in the field of Education and Medicare. The Company has leveraged its over 8 decades old experience in cane procurement and sugar manufacturing in satisfying the needs of its principal stake holders, the farmers and the consumers. The most important stakeholders of the Company are farmers and rural communities with whom the Company has forged long and enduring partnerships through crop development and procurement activities. Timely payment to farmers is not only one of the critical and most enduring practice practiced by the Company but it is the hallmark of its existence and operations. The stakeholder communities face the challenge of securing sustainable livelihoods, which is addressed through the Company's multi-pronged approach to address these issues at several levels and methods. Besides prompt payment, the Company helps the farmers in a number of ways to meet their crop protection needs, improvement of yield and recovery and adoption of best cultivation practices.

**1. Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Inclusive growth is at the core of the Company's community development strategy. As mandated by the Companies Act, 2013 and based on recommendation of the CSR Committee, the Board of Directors have adopted a CSR Policy. The CSR policy, inter- alia, deals with the objectives of the Company's CSR initiatives, the guiding principles, the thrust areas of CSR, the responsibilities of the CSR Committee, the implementation plan and reporting framework:

**The thrust areas of the Company's CSR activities are:**

- Empowerment of the disadvantaged sections of the society through education, access to and awareness about financial services and the like;
- Provision of access to basic necessities like healthcare, drinking water & upliftment of underprivileged;
- Work towards eradicating hunger and poverty, through livelihood generation and skill development;
- Supporting environmental and ecological balance through afforestation, soil conservation, rain water harvesting, conservation of flora & fauna, and similar program; etc.

The details of programme/ initiative projects in pursuit of CSR policy are provided in the CSR Report as Annexure "I" forming part of Board's Report.

**2. Are the programmes/ projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?**

The Company undertakes CSR project/programs identified by the CSR Committee and approved by the Board of Directors, in line with the CSR Policy.

**Thereafter the Company implements its CSR programs/projects:**

- a) Through an implementation partner which can be a public charitable trust or a society registered under applicable Acts or a Company registered under Section 8 of the Companies Act, 2013 or
- b) On its own

**3. Have you done any impact assessment of your initiative?**

Yes, the CSR committee internally performs a review and an impact assessment of its initiatives at the end of each year to understand the effectiveness of the programme in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

**4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

During the year 2019-20, the Company has spent an amount of Rs 359.64 Lakhs on CSR activities encompassing various projects. Details of the projects undertaken are given in Annual Report on CSR Activities enclosed as Annexure 'I' to the Board's Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The CSR Committee of the Board of Directors identifies and implements all CSR projects/ programs and periodic reports are provided for review by the Committee. The Company has a well-defined, transparent monitoring and review mechanism to ensure that each CSR projects/ program has clear sustainable objectives developed out of the societal needs that may be determined through need assessment studies and research; clear targets, time lines and measurable indicators, wherever possible; and a progress monitoring and reporting framework that is aligned with the requirements of Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

**Principle 9a Businesses should engage with and provide value to their customers and consumers in a responsible manner**

The Company is committed to delivering Quantity products combined with Quality. This provides a value proposition to the customers and meet their expectations. The Company produces its products by working closely with the Customers and understanding their requirements. Being involved in the business of providing food products, it is of paramount importance to align products with stringent qualitative and performance related parameters. The products of the Company undergo quality checks at different levels and well-defined SOP. Some of its Units are regularly audited by Customers to verify and validate to qualify to their required standards.

**1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.**

The Company has addressed all the customer complaints received during the FY 2019-20 and there were no customer complaints pending with the Company as on March 31, 2020. Each of the received complaints was handled by respective Units and its expert teams meticulously. A robust system of handling customer complaint exists within the Company.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

Yes, the Company displays all the requisite product information, wherever it is sold in packed condition (i.e. Sugar), is displayed on the bags. Besides, the Company complies with the applicable regulations as provided in Legal Metrology Act, Bureau of Indian Standards Specifications, Food Safety and Standards Act and the relevant rules prescribed therein.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

The Company never indulges in any unfair trade practices, irresponsible advertising and/or anti-competitive behavior, however, based on a complaint, CCI has ordered investigation against the Oil Marketing Companies (OMCs), ISMA and various Sugar Mills (including the Company) for anti-competitive behavior in the tender floated by OMCs in 2012-13 for procurement of Ethanol under the Ethanol Blending with Petrol programme of the Government of India. The said allegation has been contested by the Company. In this regard, CCI has passed an Order (CCI Order), inter alia, imposing a penalty of Rs. 3.60 Crores on the Company. The CCI Order has been challenged by the Company before the Hon'ble NCLAT and the said Tribunal has stayed the CCI Order so far as it relates to the penalty amount subject to deposit of 10% of the penalty amount, which has been complied by the Company. The outcome the said appeal before the Hon'ble NCLAT is pending at the end of the financial year under report.

**4. Did your company carry out any consumer survey/consumer satisfaction trends?**

The Company does not sell its products directly to the consumers but markets it through whole sellers and distributors. The Marketing team is in constant touch with the customers to ensure the highest quality of service. Consequently brand loyalty is very high due to the reliability of quality and service of the Company. Further, the website of the Company has a specific section where customers can post their queries, grievances and feedback for the products of the Company.



# Independent Auditor’s Report

To the Members of  
**Avadh Sugar & Energy Limited**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Avadh Sugar & Energy Limited (“the Company”), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

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

### Description of Key Audit Matter

#### Government grants

See note 3.14 and 46 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company operates in the sugar industry and accordingly, it has to comply with the various applicable directives, notifications, orders, etc, issued by the relevant authorities from time to time.</p> <p>In order to determine the timing of recognition of grants, the Company evaluates the achievement of reasonable assurance in respect of:</p> <ul style="list-style-type: none"> <li>- the Company complying with the conditions attaching to them and</li> <li>- the grants will be received.</li> </ul> <p>Significant judgement is involved in assessing such assurance.</p> <p>Due to the significant level of judgement as stated aforesaid and quantum of grants, we have identified timing of recognition of government grants as a key audit matter.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>● Evaluating the accounting policy of the government grants in terms of relevant accounting standard;</li> <li>● Testing the design, implementation and operating effectiveness of key internal financial controls established by the Company for recognition of the grant;</li> <li>● Inspecting, on a sample basis, documents relating to the grants given by various government authorities. We identified the specific conditions and approval requirements attached to the respective grants. In addition, we examined, on a sample basis, the terms of the underlying documentation and other correspondence with the government authorities;</li> <li>● Assessed the basis of the Company’s evaluation. This evaluation includes assurance with respect to fulfilment of conditions attached to the grants and receipt of grants in the future. This included the Company’s evaluation of eligibility requirements stated in the relevant notifications;</li> <li>● Tested the historical trends of receipts of the grant used by the Company in their evaluation.</li> </ul>

## Cost of sugar inventory

See note 3.7 and 8 to the financial statements

The Key audit matter	How the matter was addressed in our audit
<p>The cost of sugar inventory is computed separately for each sugar mill of the Company. Further, since sugar industry is seasonal in nature, significant judgement is involved in determination of cost of inventories.</p> <p>We have identified determining cost of inventories of sugar as a key audit matter because of:</p> <ul style="list-style-type: none"> <li>- significant judgment involved in determination of cost of conversion. It is affected by variability in seasonal factors including number of sugarcane crushing days, recovery of sugar from cane and allocation of cost to by-products on the basis of net realisable value ('NRV')</li> <li>- the voluminous data and</li> <li>- the relative significance of the sugar inventory in the financial statements</li> </ul>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>● Evaluated the accounting policy of sugar inventory in terms of relevant accounting standard;</li> <li>● Tested the design, implementation and operating effectiveness of the Company's key controls over computation of cost of sugar inventory for each sugar mill;</li> <li>● Tested the cost sheet data of each sugar mill. We assessed the adequacy of the method used, relevance and reliability of data and the formula applied for determining the cost of sugar inventory. This included the basis of allocation of cost to by-products based on Net Realisable Value (NRV). In addition, we assessed the impact of notifications/ orders of the regulators on cost of sugar inventory. For cost of conversion, we assessed the impact of variability in seasonal factors including number of sugarcane crushing days and recovery of sugar from cane.</li> </ul>

## Recoverability of MAT credit entitlement (a component of deferred tax assets)

See note 2.4. 3.16 and 15 to the financial statements

The Key audit matter	How the matter was addressed in our audit
<p>The Company has recognised Minimum Alternate Tax (MAT) credit entitlement (a component of deferred tax assets) as at 31 March 2020. The utilisation of this asset will be through offsetting it when the Company pays taxes under the provision of Income Tax Act, 1961. Therefore, the recoverability of MAT credit entitlement is dependent upon generation of sufficient future taxable profits within the stipulated period prescribed under the Income Tax Act, 1961.</p> <p>The Company recognises MAT credit only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. This is based on profit earned during the current year and future profitability projections based on approved business plans.</p> <p>Significant estimation is involved in projecting future taxable profits and other assumptions affected by expected future market or economic conditions.</p> <p>Due to significant level of judgement as stated aforesaid we have identified recoverability of MAT credit entitlement as a key audit matter.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>● Evaluated the accounting policy of MAT credit entitlement in terms of relevant accounting standard;</li> <li>● Tested the design, implementation and operating effectiveness of key controls regarding recoverability of MAT credit assets and budgeting procedures upon which the approved business plans are based;</li> <li>● Assessed the profit forecast prepared by the Company by comparing it with the historical trends, current year performance and approved future business plans. Our assessment was based on our knowledge of the business and the observable data of the industry;</li> <li>● Evaluated the Company's estimate regarding the period by which the MAT credit entitlement would be utilised. We compared the Company's assessment to business plans and projections of future taxable profits. We verified such estimate to be within the period prescribed under the Income Tax Act, 1961;</li> <li>● Assessed the adequacy of related disclosures in the financial statements.</li> </ul>

## Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring 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, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### Auditors' 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 auditors' 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 control 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 with reference to financial statements 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 in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 auditors' 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 auditors' 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.

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 auditors' 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 (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) 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) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The balance sheet, the statement of profit and loss (including other comprehensive 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.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 39 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-1 00022

**Jayanta Mukhopadhyay**

Partner

Membership No. 055757

UDIN – 20055757AAAABL6900

Place: Kolkata

Date: 22 June 2020

## Annexure – A to the Independent Auditors' report on the financial statements of Avadh Sugar & Energy Limited for the year ended 31 March 2020.

### Report on the matters specified in paragraphs 3 and 4 of Companies (Auditor's Report) Order, 2016 to the aforesaid financial statements under Section 143(11) of the Companies Act, 2013

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

#### We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
- (c) According to information and explanations given to us and on the basis of our examination of the records of the Company, title deeds of immovable properties amounting to Rs. 14,840.81 lakhs, included in Property, Plant and Equipment which were transferred to the Company pursuant to the Scheme of arrangement (refer note 42 to the Financial Statements) are not held in the name of the Company. As explained to us, steps are being taken to complete the transfer of the name in the title deeds in the name of the Company.
- (ii) The inventory, except goods in transit, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. For goods-in-transit, subsequent receipt of goods have been verified. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been adjusted in books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of paragraph 3(iii) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loans or provided any guarantee or security during the year that would attract provisions of Section 185 and 186 of the Act. The provisions of Section 186 of the Act in respect of investments made have been complied with by the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the provisions of paragraph 3(v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Goods and Service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, there were no dues payable in respect of Value Added tax, Sales tax, Service tax, duty of excise and duty of customs.  
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Sales tax, duty of excise, Entry tax and Value Added tax which have not been deposited with the appropriate authorities on account of any dispute, except the following:

Name of the Statute	Nature of the dues	Amount (Rs. in lakhs)	Amount paid (Rs. in lakhs)*	Period to which the amount relates	Forum where dispute is pending
UP Sales Tax Act, 1948	Discount on molasses	6.83	0.44	2006-07	Sales Tax Tribunal, Lucknow
Central Sales Tax Act, 1956	Taxability on alcohol sale and other goods	34.56	29.97	2012-13 and 2017-18	Appellate authority upto Commissioner's level
Central Excise Act, 1944	Disallowance of Cenvat Credit on certain inputs / capital items / input services and others	7.95	-	1977-78, 2003-04, 2004-05, 2006-07	High Court, Allahabad and High Court, Lucknow
		7.00	1.25	1977-78, 2005-06 to 2008-09	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
		134.32	49.85	1994-95, 2003-04 to 2007-08	Appellate authority upto Commissioner's level
	Excise duty on waste and loss on storage of molasses etc.	15.27	-	1990-91	CESTAT, Allahabad
UP Excise Act, 1910	Duty on wastage on reprocessing of Alcohol	135.08	135.08	2018-19	High Court, Allahabad

\* These amounts have been paid under protest

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings from financial institutions or banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Term loans raised during the year was applied for the purpose for which it were obtained.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provisions of paragraph 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, wherever applicable, and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of paragraph 3(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, the provisions of paragraph 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, the provisions of paragraph 3(xvi) of the Order are not applicable to the Company.

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-1 00022

**Jayanta Mukhopadhyay**  
Partner  
Membership No. 055757  
UDIN – 20055757AAAABL6900

Place: Kolkata  
Date: 22 June 2020

## Annexure – B to the Independent Auditors’ report on the financial statements of Avadh Sugar & Energy Limited for the year ended 31 March 2020.

### Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

#### Opinion

We have audited the internal financial controls with reference to financial statements of Avadh Sugar & Energy Limited (“the Company”) as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements 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 (the “Guidance Note”).

#### Management’s Responsibility for Internal Financial Controls

The Company’s management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as “the Act”).

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

#### Meaning of Internal Financial controls with Reference to Financial Statements

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

#### Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

Chartered Accountants

Firm’s Registration No. 101248W/W-1 00022

**Jayanta Mukhopadhyay**

Partner

Membership No. 055757

UDIN – 20055757AAAABL6900

Place: Kolkata

Date: 22 June 2020

## Balance Sheet as at 31st March, 2020

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, Plant and Equipment	4	96,586.16	97,394.43
(b) Capital Work-in-Progress	5	6,871.11	439.54
(c) Other Intangible Assets	6	63.95	45.24
(d) Financial Assets			
(i) Investments	7	989.52	1,225.72
(ii) Loans	13	36.33	23.83
(iii) Other Financial Assets	14	51.25	38.00
(e) Deferred Tax Assets (net)	15	279.71	-
(f) Non-current Tax Assets (net)	16	302.79	302.96
(g) Other Non-current Assets	17	1,164.82	192.44
<b>Total Non-current Assets</b>		<b>1,06,345.64</b>	<b>99,662.16</b>
<b>2. Current Assets</b>			
(a) Inventories	8	1,48,545.30	1,42,664.02
(b) Biological assets other than bearer plants	9	7.43	4.33
(c) Financial Assets			
(i) Trade Receivables	10	10,893.80	11,112.79
(ii) Cash and Cash Equivalents	11	537.81	314.58
(iii) Bank Balances other than (ii) above	12	201.53	198.04
(iv) Loans	13	115.85	123.93
(v) Other Financial Assets	14	763.92	1,537.74
(d) Other Current Assets	18	18,496.80	5,256.48
<b>Total Current Assets</b>		<b>1,79,562.44</b>	<b>1,61,211.91</b>
<b>TOTAL ASSETS</b>		<b>2,85,908.08</b>	<b>2,60,874.07</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	19	2,001.84	1,000.92
(b) Other Equity	20	57,176.27	49,850.62
<b>Total Equity</b>		<b>59,178.11</b>	<b>50,851.54</b>
<b>LIABILITIES</b>			
<b>1. Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	21	58,473.95	47,775.33
(ii) Other Financial Liabilities	23	323.56	105.52
(b) Provisions	24	319.78	177.08
(c) Other Non-current Liabilities	25	1,192.66	1,987.01
<b>Total Non-current Liabilities</b>		<b>60,309.95</b>	<b>50,044.94</b>
<b>2. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	21	89,725.90	95,427.85
(ii) Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises; and	22	388.86	511.91
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.	22	59,518.99	47,011.70
(iii) Other Financial Liabilities	23	14,021.08	13,543.66
(b) Provisions	24	680.65	679.33
(c) Other Current Liabilities	26	1,898.62	1,923.65
(d) Current Tax Liabilities (net)	27	185.92	879.49
<b>Total Current Liabilities</b>		<b>1,66,420.02</b>	<b>1,59,977.59</b>
<b>Total Liabilities</b>		<b>2,26,729.97</b>	<b>2,10,022.53</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,85,908.08</b>	<b>2,60,874.07</b>
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached.

For and on behalf of the Board of Directors

 For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 101248W/W-100022

**Jayanta Mukhopadhyay**

Partner

Membership No.: 055757

Place: Kolkata

Date: 22nd June, 2020

**Devendra Kumar Sharma**

Whole-time Director

DIN: 06498196

**Anand Sharma**

Company Secretary

**Chandra Shekhar Nopany**

Co-Chairperson

DIN: 00014587

**Dilip Patodia**

Chief Financial Officer



**Statement of Profit and Loss** for the year ended 31st March, 2020

(₹ in lakhs)

Particulars	Notes	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>I. Revenue from Operations</b>	28	2,55,939.71	2,13,016.59
<b>II. Other Income</b>	29	564.87	351.67
<b>III. Total Income (I + II)</b>		<b>2,56,504.58</b>	<b>2,13,368.26</b>
<b>IV. Expenses</b>			
Cost of Materials Consumed	30	2,01,200.43	1,93,022.38
Purchases of Stock-in-Trade		1,311.05	1,254.89
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-progress	31	(5,102.83)	(41,531.31)
Employee benefits expense	32	9,182.93	8,509.32
Finance costs	33	11,604.53	9,692.21
Depreciation and amortization expense	34	4,487.00	4,365.24
Other expenses	35	23,205.18	22,618.89
<b>Total Expenses</b>		<b>2,45,888.29</b>	<b>1,97,931.62</b>
<b>V. Profit before tax (III - IV)</b>		<b>10,616.29</b>	<b>15,436.64</b>
<b>VI. Tax expense</b>			
Current tax	36	1,887.82	3,452.41
Provision for tax related to earlier years	36	0.16	0.45
Provision for tax no longer required written back	36	-	(3.62)
Deferred tax	36	(133.23)	-
<b>Total Tax expenses</b>		<b>1,754.75</b>	<b>3,449.24</b>
<b>VII. Profit for the year (V-VI)</b>		<b>8,861.54</b>	<b>11,987.40</b>
<b>VIII. Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
(a) Remeasurement of defined benefit liability / (asset)		(120.01)	(17.71)
(b) Equity investments through other comprehensive income - net change in fair value		(236.70)	(47.78)
(c) Income taxes relating to items that will not be reclassified to profit or loss		146.48	-
<b>Other comprehensive income for the year, net of income tax</b>		<b>(210.23)</b>	<b>(65.49)</b>
<b>IX. Total comprehensive income for the year (VII+VIII)</b>		<b>8,651.31</b>	<b>11,921.91</b>
<b>X. Earnings per equity share [Nominal value per equity share ₹ 10 (₹10)]</b>			
(a) Basic (₹)	37	44.27	59.88
(b) Diluted (₹)	37	44.27	59.88
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached.

For and on behalf of the Board of Directors

 For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 101248W/W-100022

**Jayanta Mukhopadhyay**

Partner

Membership No.: 055757

Place: Kolkata

Date: 22nd June, 2020

**Devendra Kumar Sharma**

Whole-time Director

DIN: 06498196

**Anand Sharma**

Company Secretary

**Chandra Shekhar Nopany**

Co-Chairperson

DIN: 00014587

**Dilip Patodia**

Chief Financial Officer

## Statement of Changes in Equity for the year ended 31st March, 2020

### A. Equity Share Capital

Particulars	Notes	As at 31st March, 2020		As at 31st March, 2019	
		No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Balance at the beginning of the year	19	1,00,09,210	1,000.92	1,00,09,210	1,000.92
Change in equity share capital during the year	19	1,00,09,210	1,000.92	-	-
<b>Balance at the end of the year</b>	19	<b>2,00,18,420</b>	<b>2,001.84</b>	<b>1,00,09,210</b>	<b>1,000.92</b>

### B. Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus				Items of OCI Equity instruments through OCI	Total
	Capital Reserve	Capital Redemption Reserve	Molasses Storage and Maintenance Reserve	Retained Earnings		
Balance at 1st April, 2018	25,761.69	6,570.00	197.67	4,301.08	1,266.73	38,097.17
Total comprehensive income for the year						
- Profit for the year	-	-	-	11,987.40	-	11,987.40
- Remeasurement of defined benefit liability / (asset)	-	-	-	(17.71)	-	(17.71)
- Net change in fair value of Equity investments	-	-	-	-	(47.78)	(47.78)
Total comprehensive income	-	-	-	11,969.69	(47.78)	11,921.91
Provided during the year	-	-	26.21	-	-	26.21
Utilised during the year	-	-	(74.00)	-	-	(74.00)
Dividend (including dividend distribution tax) on equity shares [Note 20]	-	-	-	(120.67)	-	(120.67)
Balance at 31st March, 2019	25,761.69	6,570.00	149.88	16,150.10	1,218.95	49,850.62
<b>Total comprehensive income for the year</b>						
- Profit for the year	-	-	-	8,861.54	-	8,861.54
- Remeasurement of defined benefit liability / (asset)	-	-	-	(41.66)	-	(41.66)
- Net change in fair value of Equity investments	-	-	-	-	(168.57)	(168.57)
<b>Total comprehensive income</b>	-	-	-	8,819.88	(168.57)	8,651.31
Provided during the year	-	-	37.26	-	-	37.26
Utilised for Bonus shares issued during the year	-	(1,000.92)	-	-	-	(1,000.92)
Dividend (including dividend distribution tax) on equity shares [Note 20]	-	-	-	(362.00)	-	(362.00)
<b>Balance at 31st March, 2020</b>	<b>25,761.69</b>	<b>5,569.08</b>	<b>187.14</b>	<b>24,607.98</b>	<b>1,050.38</b>	<b>57,176.27</b>

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

(a) **Capital Reserve**

The difference between the net fair value of assets and liabilities of the sugar business undertakings acquired and shares allotted pursuant to the scheme of arrangement in earlier year.

(b) **Capital Redemption Reserve**

The Company had created Capital Redemption Reserve on Non-convertible cumulative redeemable preference shares in accordance with the Companies Act, 2013. The reserve may be applied in accordance with the provisions of Section 69 of the Companies Act, 2013.

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

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

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 101248W/W-100022

**Jayanta Mukhopadhyay**

Partner

Membership No.: 055757

Place: Kolkata

Date: 22nd June, 2020

**Devendra Kumar Sharma**

Whole-time Director

DIN: 06498196

**Anand Sharma**

Company Secretary

**Chandra Shekhar Nopany**

Co-Chairperson

DIN: 00014587

**Dilip Patodia**

Chief Financial Officer

## Cash Flow Statement for the year ended 31st March, 2020

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	10,616.29	15,436.64
Adjustments for:		
Depreciation and amortisation expense	4,487.00	4,365.24
Depreciation in relation to Biological Assets other than bearer plants	4.09	3.09
Finance Costs	11,604.53	9,692.21
Provision for bad and doubtful debts / advances	66.32	9.33
Bad debts, irrecoverable claims and advances written off	0.01	0.76
Loss on sale / discard of Property, Plant and Equipment (net)	43.17	30.85
Molasses storage and maintenance fund	37.26	26.21
Interest income	(21.88)	(16.98)
Dividend income	(21.23)	(10.62)
Income from investments in co-operative farming societies	(95.63)	(168.75)
Unspent liabilities, Provisions no longer required and Unclaimed balances written back	(369.94)	(92.03)
	<b>26,349.99</b>	<b>29,275.95</b>
<b>Working capital adjustments:</b>		
(Increase) in Inventories	(5,881.28)	(41,794.69)
(Increase) / Decrease in Biological assets other than bearer plants	(3.10)	0.41
Decrease / (Increase) in Trade Receivables and Loans	148.48	(4,328.04)
Decrease / (Increase) in Other Financial Assets	774.30	(16.44)
(Increase) in Other Assets	(13,326.94)	(4,188.95)
Increase in Trade Payables	12,754.18	14,062.92
(Decrease) in Other Financial Liabilities	(43.68)	(16.15)
Increase / (Decrease) Increase in Provisions	24.01	(81.40)
Increase / (Decrease) in Other Liabilities	270.51	(905.27)
Cash generation from / (used in) Operations	<b>21,066.47</b>	<b>(7,991.66)</b>
Income tax paid	(2,581.38)	(2,560.50)
<b>Net Cash generated from / (used in) Operating Activities</b>	<b>18,485.09</b>	<b>(10,552.16)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of Property, Plant and Equipment	27.45	147.69
Acquisition of Property, Plant and Equipment	(9,961.57)	(3,197.54)
Acquisition of Other Intangible Assets	(28.40)	(25.11)
Proceeds from sale of Investments	-	0.50
Payment for purchase of Investments	(0.50)	-
Interest received	21.40	14.45
Dividend received	21.23	10.62
Income from Investments in co-operative farming societies received	95.63	168.75
Bank deposits made (net)	(13.69)	(64.05)
<b>Net Cash (used in) Investing Activities</b>	<b>(9,838.45)</b>	<b>(2,944.69)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Repayment of Non-current Borrowings	(10,308.00)	(7,076.32)
Proceeds from Non-current Borrowings	22,127.00	25,711.42
Redemption of Preference Shares	(2,435.00)	(2,435.00)
(Repayment of) / Proceeds from Current Borrowings (net)	(5,701.95)	6,943.78
Repayment of Lease liabilities	(4.49)	-
Interest on lease liabilities paid	(20.51)	-
Other interest paid	(11,230.33)	(8,874.60)
Dividend on Preference Shares including tax thereon paid	(488.13)	(727.37)
Dividend on Equity Shares including tax thereon paid	(362.00)	(120.67)
<b>Net Cash (used in) / generated from Financing Activities</b>	<b>(8,423.41)</b>	<b>13,421.24</b>
<b>Net Changes in Cash and Cash Equivalents (A + B + C)</b>	<b>223.23</b>	<b>(75.61)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>314.58</b>	<b>390.19</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>537.81</b>	<b>314.58</b>

### Change in Liability arising from financing activities

(₹ in lakhs)

Particulars	As on 1st April, 2019	Cash Flow	Fair Value Change	As on 31st March, 2020
Non-current Borrowings [Note 21]	57,120.96	11,819.00	910.55	69,850.51
Current Borrowings [Note 21]	95,427.85	(5,701.95)	-	89,725.90

Particulars	As on 1st April, 2018	Cash Flow	Fair Value Change	As on 31st March, 2019
Non-current Borrowings [Note 21]	41,392.73	18,635.10	(2,906.87)	57,120.96
Current Borrowings [Note 21]	88,484.07	6,943.78	-	95,427.85

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 101248W/W-100022

**Jayanta Mukhopadhyay**

Partner

Membership No.: 055757

Place: Kolkata

Date: 22nd June, 2020

**Devendra Kumar Sharma**

Whole-time Director

DIN: 06498196

**Anand Sharma**

Company Secretary

**Chandra Shekhar Nopany**

Co-Chairperson

DIN: 00014587

**Dilip Patodia**

Chief Financial Officer

## Notes to Financial Statements for the year ended 31st March, 2020

### 1. Reporting entity

Avadh Sugar & Energy Limited ('the Company') is a public company domiciled in India. The Company is incorporated under the provisions of the Companies Act, 2013. Its shares are listed on National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE).

The Company is primarily engaged in the manufacture and sale of sugar and its by-products (molasses, bagasse and press-mud), spirits including ethanol and power. The Company has operations in India.

### 2. Basis of preparation

#### 2.1 Statement of compliance

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

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 22nd June, 2020.

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

#### 2.2 Functional and presentation currency

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

#### 2.3 Basis of measurement

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

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

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

#### 2.4 Use of judgments and estimates

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

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

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

- Note 4 and 6 - Useful life and residual value of property, plant and equipment and other intangible assets;
- Note 9 - Determining the fair values of biological assets other than bearer plants on the basis of significant unobservable inputs;
- Note 15 - Recognition of deferred tax assets (including MAT Credit entitlement): availability of future taxable profit and income tax liabilities thereon against which carried forward tax losses / unabsorbed depreciation and MAT credit entitlement respectively can be used;

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

- Note 24 - Measurement of defined benefit obligations: key actuarial assumptions;
- Note 39 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 47 - Impairment of financial assets: key assumptions used in estimating recoverable cash flows.

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

- Note 7 - Determining the fair values of investments;
- Note 43 - Determination of ROU assets and liabilities; incremental borrowing rate and lease term.

### 2.5 Measurement of fair value

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

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

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

- **Level 1:** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- **Level 2:** inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3:** inputs are unobservable inputs for the asset or liability.

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 2.4.

## 3. Summary of Significant accounting policies

### 3.1 Classification of assets and liabilities as current and non-current

All assets and liabilities are classified as Current or Non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

#### Assets

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

- (i) it is expected to be realised in or intended for sale or consumption in the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is expected to be realised within twelve months after the reporting date; or
- (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

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

All other assets are classified as non-current.

#### Liabilities

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

- (i) it is expected to be settled in the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

- (iii) it is due to be settled within twelve months after the reporting date; or
- (iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

All other liabilities are classified as non-current.

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

### **Operating cycle**

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

### **3.2 Foreign currency transactions**

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

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

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

### **3.3 Financial instruments**

#### **Recognition and initial measurement**

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

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

#### **Classification and subsequent measurement**

##### **(i) Financial assets**

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

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

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

##### **(ii) Financial assets at amortised cost**

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

- a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

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

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

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

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

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

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

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

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

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

### (v) **Financial assets: Subsequent measurement and gains and losses**

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

### (vi) **Financial liabilities: Classification, subsequent measurement and gains and losses**

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

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

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

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

### **(viii) Financial liabilities at amortised cost**

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

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

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

### **Derecognition**

#### **(i) Financial assets**

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

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

#### **(ii) Financial liabilities**

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

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

### **Offsetting**

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

## **3.4 Property, plant and equipment [PPE]**

### **(i) Recognition and measurement**

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

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

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

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

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



## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### (ii) **Subsequent expenditure**

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

### (iii) **Depreciation**

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

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

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

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

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

Depreciation on additions to or disposal of assets is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off). Leasehold land is being amortised over the period of lease tenure. Freehold land is not depreciated.

Individual assets costing below ₹ 5,000 are fully depreciated in the year of purchase as these assets have no significant useful life.

### (iv) **Capital work-in-progress (CWIP)**

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Directly attributable expenditure (including finance costs relating to borrowed funds / general borrowings for construction or acquisition of property, plant and equipment) incurred on project under implementation are treated as Pre-operative expenses pending allocation to the asset and are shown under CWIP.

### 3.5 Intangible assets

Intangible assets including Computer software are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised on straight line method basis over the estimated useful life. Estimated useful life of the Computer software is considered as 5 years.

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

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

### 3.6 Biological assets other than bearer plants

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

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

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

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

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

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

### 3.7 Inventories

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

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

By products (including B-Heavy Molasses) and Saleable scraps, whose cost is not identifiable, are valued at estimated net realisable value.

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

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

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

### 3.8 Impairment

#### ***Impairment of financial instruments : financial assets***

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

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

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

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

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

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

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### (i) **Measurement of expected credit losses**

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

### (ii) **Presentation of allowance for expected credit losses in the balance sheet**

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

### (iii) **Write-off**

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

### **Impairment of non-financial assets**

The Company's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

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

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

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

## **3.9 Employee benefits**

### **Short-term employee benefits**

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

### **Defined contribution plans**

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

- a) Provident / Pension funds;
- b) Superannuation fund.

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

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### **Defined benefit plans**

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

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

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

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

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

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

### **Compensated absences**

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

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

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

### **3.10 Provisions (other than for employee benefits)**

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

### **3.11 Contingent liabilities and contingent assets**

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

### **3.12 Revenue from contract with customer**

#### ***Sale of goods and rendering of services***

Revenue from sale of product is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the product. The normal credit term is 0 to 45 days upon delivery.

At contract inception, the Company assess the goods or services promised in a contract with a customer and identify as a performance

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

obligation each promise to transfer to the customer. Revenue from contracts with customers is recognized when control of goods or services are transferred to customers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from the sale of goods / services is measured at the fair value of the consideration received or receivables, net of returns and allowances, trade discounts and volume rebates.

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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specific of each arrangement.

Revenue from certain services is recognised at a point in time when the performance obligation is satisfied, and the customer obtains the control of goods or services.

### **Sale of Power**

The Company's derives its power revenue from the production and sale of electricity based on long-term Power Purchase Agreements. Revenue is recognised upon delivery of electricity produced to the electricity grid based on the agreed tariff rate (net of discounts for prompt payment of bills). Delivery is deemed complete when all the risks and rewards associated with ownership have been transferred to the grid as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable.

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

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

### **Interest income**

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

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

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

Interest is recognised on time proportion basis.

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

### **Dividend Income**

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

### **Insurance claims**

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

### **3.13 Expenses**

All expenses are accounted for on accrual basis.

### **3.14 Government grants**

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

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

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

Government grants received relating to property, plant and equipment and other intangible assets are deducted from the gross value of the property, plant and equipment and other intangible assets concerned in arriving at the carrying amount of the related property, plant and equipment and other intangible assets. The grant is recognised in the statement of profit or loss over the life of the related depreciable asset as a reduced depreciation expense. This change has no impact on these financial statements.

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

### 3.15 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company has adopted Ind AS 116 using the modified retrospective method of adoption under the transitional provisions of the Standards, with the date of initial application on 1st April, 2019. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of twelve months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). The impact of adoption of Ind AS 116 on the financial statements of the Company has been described under Note 43.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### **As a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **(i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment (refer to Note 3.8).

The right-of-use assets are disclosed in Property, Plant and Equipment (see Note 4).

#### **(ii) Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities are included in Other financial liabilities (see Note 23).

#### **Short-term lease and lease of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, godowns, equipment, etc. that are of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### **As a lessor**

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessor will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Under Ind AS 17, assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet. Payments made under operating leases are recognised in the Statement of Profit or Loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with general inflation.

### **3.16 Income tax**

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

#### **Current tax**

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

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

#### **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

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

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

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

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

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

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

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

### **3.17 Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

financial information is available. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. Refer Note 44 for segment information presented.

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

The Company's Whole-Time Director (WTD) has been identified as being the chief operating decision maker by the management of the Company.

### 3.18 Borrowing costs

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

### 3.19 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank as well as short-term deposits with an original maturity of three months or less.

### 3.20 Cash flow statement

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

### 3.21 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

### 3.22 Determination of fair values

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

#### i) **Financial assets**

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

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

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

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

#### iii) **Financial liabilities**

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

### 3.23 Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2020.



**Notes to Financial Statements** for the year ended 31st March, 2020 (Contd.)

**4. Property, Plant and Equipment**

(₹ in lakhs)

Particulars	Free hold Land (Note 42)	Lease hold Land (Note 42)	Buildings	Plant and Equipments	Computer and Data Processing Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Right-to-use assets (Note 43)	Total
<b>Reconciliation of carrying amount</b>										
<b>Gross carrying amount</b>										
Balance at 1st April, 2018	25,524.57	17.30	15,049.63	66,083.68	97.77	127.17	253.64	47.83	-	1,07,201.59
Additions during the year	11.20	-	967.75	2,339.90 (b)	26.98	84.71	157.68	63.64	-	3,651.86
Disposal / deduction during the year	-	-	-	216.64	2.80	7.35	23.16	2.18	-	252.13
Balance at 31st March, 2019	25,535.77	17.30	16,017.38	68,206.94	121.95	204.53	388.16	109.29	-	1,10,601.32
Additions during the year	-	-	<b>1,410.28</b>	<b>1,867.19</b>	<b>26.65</b>	<b>53.07</b>	<b>85.38</b>	<b>30.51</b>	<b>270.67</b> *	<b>3,743.75</b>
Disposal / deduction during the year	-	-	<b>81.41</b>	<b>40.53</b>	<b>0.34</b>	<b>1.46</b>	<b>3.94</b>	<b>0.35</b>	-	<b>128.03</b>
<b>Balance at 31st March, 2020</b>	<b>25,535.77</b>	<b>17.30</b>	<b>17,346.25</b>	<b>70,033.60</b>	<b>148.26</b>	<b>256.14</b>	<b>469.60</b>	<b>139.45</b>	<b>270.67</b>	<b>1,14,217.04</b>
<b>Accumulated depreciation</b>										
Balance at 1st April, 2018	-	1.56	1,371.86	7,366.93	51.92	32.05	67.05	26.94	-	8,918.31
Depreciation for the year (a)	-	0.79	581.01	3,681.94	23.22	19.03	46.33	9.85	-	4,362.17
Disposal / deduction during the year	-	-	-	62.73	1.53	6.39	1.52	1.42	-	73.59
Balance at 31st March, 2019	-	2.35	1,952.87	10,986.14	73.61	44.69	111.86	35.37	-	13,206.89
Depreciation for the year (a)	-	<b>0.75</b>	<b>610.71</b>	<b>3,738.70</b>	<b>25.18</b>	<b>24.45</b>	<b>48.39</b>	<b>19.44</b>	<b>13.78</b>	<b>4,481.40</b>
Disposal / deduction during the year	-	-	<b>33.43</b>	<b>18.83</b>	<b>0.33</b>	<b>1.23</b>	<b>3.38</b>	<b>0.21</b>	-	<b>57.41</b>
<b>Balance at 31st March, 2020</b>	-	<b>3.10</b>	<b>2,530.15</b>	<b>14,706.01</b>	<b>98.46</b>	<b>67.91</b>	<b>156.87</b>	<b>54.60</b>	<b>13.78</b>	<b>17,630.88</b>
<b>Carrying amount (net)</b>										
At 31st March, 2019	25,535.77	14.95	14,064.51	57,220.80	48.34	159.84	276.30	73.92	-	97,394.43
<b>At 31st March, 2020</b>	<b>25,535.77</b>	<b>14.20</b>	<b>14,816.10</b>	<b>55,327.59</b>	<b>49.80</b>	<b>188.23</b>	<b>312.73</b>	<b>84.85</b>	<b>256.89</b>	<b>96,586.16</b>

\* Recognised on account of adoption of Ind AS 116 as at 1st April, 2019.

(a) Includes ₹ 4.09 lakhs (31st March, 2019 ₹ 3.09 lakhs) in relation to biological assets other than bearer plants.

(b) After adjusting ₹ 74.00 lakhs being the amount utilised out of Molasses Storage and Maintenance Reserve [Note 20].

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

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 5. Capital Work-in-Progress

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Reconciliation of carrying amount</b>		
Balance at the beginning of the year	439.54	966.52
Add: Additions during the year *	9,422.73	2,155.87
Less: Transfer to Property, Plant and Equipment	2,991.16	2,682.85
<b>Balance at the end of the year</b>	<b>6,871.11</b>	<b>439.54</b>

\* Including borrowing cost of ₹ 164.00 lakhs capitalised @ 9.85% p.a. during the current year.

### 6. Other Intangible Assets

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Computer Software</b>		
<b>Reconciliation of carrying amount</b>		
<b>Gross carrying amount</b>		
Balance at the beginning of the year	105.85	80.74
Additions during the year	28.40	25.11
<b>Balance at the end of the year</b>	<b>134.25</b>	<b>105.85</b>
<b>Accumulated depreciation</b>		
Balance at the beginning of the year	60.61	54.45
Amortisation for the year	9.69	6.16
<b>Balance at the end of the year</b>	<b>70.30</b>	<b>60.61</b>
<b>Carrying amount (net)</b>	<b>63.95</b>	<b>45.24</b>

### 7. Investments

#### A. Non-current Investments

(₹ in lakhs)

Particulars	Face Value of Share / Unit (₹)	As at 31st March, 2020	As at 31st March, 2019
<b>Investment in Equity instruments carried at FVOCI - quoted (fully paid)</b>			
14,86,154 (31st March, 2019: 10,61,539) equity shares of Magadh Sugar & Energy Limited	10.00	987.25	1,223.95
		<b>987.25</b>	<b>1,223.95</b>
<b>Investment in Co-operative farming societies carried at amortised cost - unquoted (fully paid)</b>			
5 (31st March, 2019: 5) units of Krishna Sahakari Kheti Samiti Limited	100.00	0.01	0.01
1 (31st March, 2019: 1) unit of Kuri Sanyukta Sahakari Kheti Samiti Limited*	100.00	-	-
1 (31st March, 2019: 1) unit of Keshopur Sanyukta Sahakari Kheti Samiti Limited*	100.00	-	-
1 (31st March, 2019: 1) unit of Pandia Sanyukta Sahakari Kheti Samiti Limited*	100.00	-	-
1 (31st March, 2019: 1) unit of Seohara Co-operative Cane Development Union Limited*	100.00	-	-
1 (31st March, 2019: 1) unit of Najibabad Co-operative Cane Development Union Limited*	10.00	-	-
1 (31st March, 2019: 1) unit of Nagina Co-operative Cane Development Union Limited*	10.00	-	-
1 (31st March, 2019: 1) unit of Moradabad Co-operative Cane Development Union Limited*	10.00	-	-
		<b>0.01</b>	<b>0.01</b>

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 7. Investments (Contd.)

#### A. Non-current Investments (Contd.)

(₹ in lakhs)

Particulars	Face Value of Share / Unit (₹)	As at 31st March, 2020	As at 31st March, 2019
<b>Investment in Government securities carried at amortised cost - unquoted (fully paid)**</b>			
12 Years National Savings Certificates		0.01	0.01
12 Years National Plan Savings Certificates		0.08	0.08
6 Years National Savings Certificates		2.17	1.67
		<b>2.26</b>	<b>1.76</b>
		<b>989.52</b>	<b>1,225.72</b>
Aggregate book value of quoted investments		987.25	1,223.95
Aggregate market value of quoted investments		987.25	1,223.95
Aggregate book value of unquoted investments		2.27	1.77

\* the figures, being less than ₹ 500, have been shown above as ₹ "-".

\*\* Deposited / pledged with various Government authorities.

#### B. Equity shares designated at FVOCI

The Company has designated the investments shown below as equity instruments at FVOCI because these equity instruments represent investments that the Company intends to hold on long-term basis for strategic purposes.

(₹ in lakhs)

Particulars	Fair value at 31st March, 2020	Dividend income recognised during 2019-20	Fair value at 31st March, 2019	Dividend income recognised during 2018-19	Fair value at 1st April, 2018
Investment in Magadh Sugar & Energy Limited	987.25	21.23	1,223.95	10.62	1,271.73
	<b>987.25</b>	<b>21.23</b>	<b>1,223.95</b>	<b>10.62</b>	<b>1,271.73</b>

No strategic investment was disposed off during 2019-20 and there were no transfer of any cumulative gain or loss within equity relating to these investment.

### 8. Inventories

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<i>(Valued at lower of cost and net realisable value)</i>		
Raw materials	1,897.59	844.30
Work-in-progress	2,018.61	2,158.81
Finished goods*	1,37,963.40	1,35,747.60
Stock-in-trade	19.80	23.87
Stores, chemicals and spare parts*	2,238.93	2,513.77
Power - Banked	71.16	127.57
<i>(Valued at estimated net realisable value)</i>		
By-Products	4,261.73	1,172.37
Scrap	74.08	75.73
	<b>1,48,545.30</b>	<b>1,42,664.02</b>
<b>* includes stock in transit:</b>		
Finished goods	1,669.32	-
Stores, chemicals and spare parts	44.99	55.15

a) Inventories of ₹ **1,48,545.30 lakhs** (31st March, 2019: ₹ 1,37,207.13 lakhs) are hypothecated / pledged against borrowings [Note 21].

b) Finished goods includes ₹ **29,954.24 lakhs** (31st March, 2019: ₹ 17,715.77 lakhs) as Buffer Stock maintained by the Company as per directions of the Government of India [Note 46(c)].

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 9. Biological assets other than bearer plants

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Reconciliation of carrying amount</b>		
Balance at the beginning of the year	4.33	4.74
Expenditure incurred during the year	24.34	17.28
Change in fair value	1.64	6.58
New Crop Plantations	7.43	4.33
Decrease due to harvested sugarcane transferred to inventory [including captive consumption of ₹ 23.79 lakhs (31st March, 2019: ₹ 19.67 lakhs)]	(30.31)	(28.60)
<b>Balance at the end of the year</b>	<b>7.43</b>	<b>4.33</b>

#### A. Measurement of fair values

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

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

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

##### i. Regulatory and environmental risks

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

##### ii. Supply and demand risk

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

##### iii. Climate and other risks

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

### 10. Trade Receivables

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Current</b>		
Considered good - Unsecured	10,893.80	11,112.79
Considered doubtful - Unsecured	66.09	-
	<b>10,959.89</b>	<b>11,112.79</b>
Less: Provision for loss allowance	66.09	-
	<b>10,893.80</b>	<b>11,112.79</b>

- No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Information about the Company's exposure to credit risks and loss allowances related to trade receivables are disclosed in Note 47(C)(i).
- Trade receivable of ₹ 10,893.80 lakhs (31st March, 2019: ₹ 3,200.29 lakhs) are hypothecated against borrowings [Note 21].

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 11. Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash on hand	29.76	22.93
Balances with banks		
- Current accounts	508.05	291.62
- Savings accounts	-	0.03
	<b>537.81</b>	<b>314.58</b>

### 12. Other bank balances

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Bank deposits having maturity of three months or less of original maturities*	29.88	28.31
Bank deposits due to mature after three months of original maturities but within twelve months of the reporting date*	164.85	165.98
Earmarked balances with bank for unpaid dividend accounts	6.51	3.46
In Post office Saving bank account *	0.29	0.29
	<b>201.53</b>	<b>198.04</b>

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

### 13. Loans

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<i>(Considered good - Unsecured)</i>		
<b>Non-current</b>		
Security and other deposits	36.33	23.83
	<b>36.33</b>	<b>23.83</b>
<b>Current</b>		
Security and other deposits	94.26	101.72
Loans to employees	21.59	22.21
	<b>115.85</b>	<b>123.93</b>

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 14. Other Financial Assets

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Non-current</b>		
Bank deposits due to mature after twelve months of the reporting date*	51.25	38.00
	<b>51.25</b>	<b>38.00</b>
<b>Current (Considered good - Unsecured)</b>		
Unbilled Revenue	749.63	1,523.93
Renewable Energy Certificates Entitlement	0.03	0.03
Interest accrued on Loans, deposits, investments, etc.	14.26	13.78
	<b>763.92</b>	<b>1,537.74</b>

\* Pledged / lodged with various Government Authorities.

### 15. Deferred Tax Assets (net)

(₹ in lakhs)

Particulars	As at 31st March, 2019	Recognised in profit or loss	Recognised in other comprehensive income	As at 31st March, 2020
<b>Deferred tax assets</b>				
Carried forward tax losses / unabsorbed depreciation	7,695.91	(4,793.33)	-	2,902.58
MAT credit entitlement	10,658.61	1,887.83	-	12,546.44
Investments	40.56	-	27.57	68.13
Provisions - employee benefits	299.26	(58.97)	11.50	251.79
Provisions - others	3.43	15.73	-	19.16
Other deductions eligible on payment / other basis	359.80	69.40	-	429.20
	19,057.57	(2,879.34)	39.07	16,217.30
Less: Deferred tax assets not recognised*	102.11	5.30	(107.41)	-
	<b>18,955.46</b>	<b>(2,884.64)</b>	<b>146.48</b>	<b>16,217.30</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipments including intangible assets and right of use assets net of lease liabilities	18,955.46	(3,017.87)	-	15,937.59
	<b>18,955.46</b>	<b>(3,017.87)</b>	<b>-</b>	<b>15,937.59</b>
<b>Net deferred tax assets</b>	<b>-</b>	<b>133.23</b>	<b>146.48</b>	<b>279.71</b>

Particulars	As at 31st March, 2018	Recognised in profit or loss	Recognised in other comprehensive income	As at 31st March, 2019
<b>Deferred tax assets</b>				
Carried forward tax losses / unabsorbed depreciation	13,324.45	(5,628.54)	-	7,695.91
MAT credit entitlement	7,209.82	3,448.79	-	10,658.61
Investments	34.66	-	5.90	40.56
Provisions - employee benefits	318.43	(25.94)	6.77	299.26
Provisions - others	0.17	3.26	-	3.43
Other deductions eligible on payment / other basis	736.30	(376.50)	-	359.80
	21,623.83	(2,578.93)	12.67	19,057.57
Less: Deferred tax assets not recognised*	2,388.82	(2,299.38)	12.67	102.11
	<b>19,235.01</b>	<b>(279.55)</b>	<b>-</b>	<b>18,955.46</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipments including intangible assets	19,235.01	(279.55)	-	18,955.46
	<b>19,235.01</b>	<b>(279.55)</b>	<b>-</b>	<b>18,955.46</b>
<b>Net deferred tax assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Deferred tax assets have been recognised to the extent of Deferred tax liabilities till 31st March, 2019.

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

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

MAT credit entitlement is the amount which is available for set off in subsequent years against income tax liabilities as per the provisions of the Income Tax Act, 1961. The MAT credit entitlement recognised will expire as follows:

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Year of expiry, based on the last day of the financial year for which MAT credit is available for use as per prevailing tax laws as at the reporting date</b>		
Assessment Year 2024-2025 [Financial Year 2023-2024]	113.35	113.35
Assessment Year 2031-2032 [Financial Year 2030-2031]	177.01	177.01
Assessment Year 2032-2033 [Financial Year 2031-2032]	4,325.82	4,325.82
Assessment Year 2033-2034 [Financial Year 2032-2033]	2,590.03	2,590.02
Assessment Year 2034-2035 [Financial Year 2033-2034]	3,452.41	3,452.41
Assessment Year 2035-2036 [Financial Year 2034-2035]	1,887.82	-
	<b>12,546.44</b>	<b>10,658.61</b>

Section 115 BAA of the Income Tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 gives a one-time irreversible option for payment of income tax at reduced rate with effect from financial year commencing 1st April, 2019 subject to certain conditions. The Company has made an assessment of the impact of the above amendment and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax ("MAT") and unabsorbed depreciation.

However, the Company has re-measured the deferred tax assets / liability that is expected to reverse on exercising the option on the future date as per Ind-AS 12 "Income Taxes" and thus, reversal of net deferred tax liability of ₹ **2,246.10 lakhs** (after netting-off reversal of deferred tax assets of ₹ **30.44 lakhs** recognised through other comprehensive income) has been recognised in these financial statements.

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

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance tax and tax deducted at sources	6,345.23	7,218.80
Less: Provision for taxation	6,042.44	6,915.84
	<b>302.79</b>	<b>302.96</b>

### 17. Other Non-current Assets

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<i>(Considered good - Unsecured)</i>		
<b>Capital Advances</b>	886.00	-
<b>Advances other than Capital Advances</b>		
Other advances		
- Deposits against demand under appeal and / or under dispute	253.54	188.05
- Prepaid Expenses	25.28	4.39
	<b>278.82</b>	<b>192.44</b>
	<b>1,164.82</b>	<b>192.44</b>

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 18. Other Current Assets

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Advances other than Capital Advances</b>		
Advances to suppliers		
- Considered good - Unsecured	676.20	453.06
- Considered doubtful - Unsecured	10.05	9.82
	<b>686.25</b>	<b>462.88</b>
Less: Provision for loss allowance	10.05	9.82
	<b>676.20</b>	<b>453.06</b>
<b>Other advances</b> (considered good - unsecured)		
- Claims / refunds receivable	16,964.93	3,983.28
- Balance with Excise and other Government Authorities	580.36	564.08
- Prepaid Expenses	275.31	256.06
	<b>17,820.60</b>	<b>4,803.42</b>
	<b>18,496.80</b>	<b>5,256.48</b>

### 19. Share Capital

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Authorised:</b>		
5,60,50,000 (31st March, 2019: 5,60,50,000) equity shares of ₹ 10 each	5,605.00	5,605.00
34,00,000 (31st March, 2019: 34,00,000) preference shares of ₹ 100 each	3,400.00	3,400.00
8,00,00,000 (31st March, 2019: 8,00,00,000) preference shares of ₹ 10 each	8,000.00	8,000.00
	<b>17,005.00</b>	<b>17,005.00</b>
<b>Issued, subscribed and fully paid-up:</b>		
2,00,18,420 (31st March, 2019: 1,00,09,210) equity shares of ₹ 10 each	2,001.84	1,000.92
	<b>2,001.84</b>	<b>1,000.92</b>

₹ Nil (31st March, 2019: 2,43,50,000) 8.5% Non-convertible Cumulative Redeemable Preference Shares (NCCRPS) of ₹ 10 each issued are classified as financial liability. [Note 21]

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
<b>Equity shares</b>				
At the beginning of the year	1,00,09,210	1,000.92	1,00,09,210	1,000.92
Bonus shares issued during the year	1,00,09,210	1,000.92	-	-
<b>At the end of the year</b>	<b>2,00,18,420</b>	<b>2,001.84</b>	<b>1,00,09,210</b>	<b>1,000.92</b>

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

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

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



## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 19. Share Capital (Contd.)

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	% of total shares in the class	Number of shares	% of total shares in the class
<b>Equity shares of ₹ 10 each fully paid up held by</b>				
New India Retailing & Investment Limited	19,45,304	9.72%	9,72,652	9.72%
SCM Investment & Trading Co. Limited	14,99,890	7.49%	7,49,945	7.49%
Uttar Pradesh Trading Co. Limited	14,78,624	7.39%	7,39,312	7.39%
RTM Investment & Trading Co. Limited	13,45,192	6.72%	6,72,596	6.72%
SIL Investments Limited	11,34,480	5.67%	5,67,240	5.67%
Mr. Anil Kumar Goel	10,75,611	5.37%	refer note given below	
<b>NCCRPS of ₹ 10 each fully paid up held by</b>				
Sutlej Textiles & Industries Limited	-	-	2,43,50,000	100%

Note: As at 31st March, 2019, shareholding of Mr. Anil Kumar Goel in the Company's equity shares was not more than 5%.

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

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019	Year ended 31st March, 2018	Year ended 31st March, 2017	Year ended 31st March, 2016
Equity shares of ₹ 10 each fully paid-up issued as bonus shares	1,00,09,210	-	-	-	-
<i>Issued pursuant to the scheme of arrangement:</i>					
Equity shares of ₹ 10 each allotted as fully paid-up	-	-	-	1,00,09,210	-
Preference shares of ₹ 100 each allotted as fully paid-up	-	-	-	17,00,000	-
Preference shares of ₹ 10 each allotted as fully paid-up	-	-	-	4,87,00,000	-

### 20. Other Equity

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Capital Reserve</b>		
Balance at the beginning and at the end of the year	25,761.69	25,761.69
<b>Capital Redemption Reserve</b>		
Balance at the beginning of the year	6,570.00	6,570.00
Less : Utilised for Bonus shares issued during the year	(1,000.92)	-
Balance at the end of the year	<b>5,569.08</b>	<b>6,570.00</b>
<b>Molasses Storage and Maintenance Reserve</b>		
Balance at the beginning of the year	149.88	197.67
Provided during the year	37.26	26.21
Utilised during the year	-	(74.00)
Balance at the end of the year	<b>187.14</b>	<b>149.88</b>

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 20. Other Equity (Contd.)

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Retained Earnings</b>		
Balance at the beginning of the year	16,150.10	4,301.08
Profit for the year	8,861.54	11,987.40
Remeasurement of defined benefit liability / (asset)*	(41.66)	(17.71)
Dividend (including dividend distribution tax) on equity shares [refer Note (a) below]	(362.00)	(120.67)
Balance at the end of the year	<b>24,607.98</b>	<b>16,150.10</b>
<b>Equity Instruments through OCI</b>		
Balance at the beginning of the year	1,218.95	1,266.73
Net change in fair value*	(168.57)	(47.78)
Balance at the end of the year	<b>1,050.38</b>	<b>1,218.95</b>
	<b>57,176.27</b>	<b>49,850.62</b>

\* Net of tax.

#### (a) Dividend (including dividend distribution tax) on equity shares

The following dividends were declared and paid by the Company:

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
₹ 3 per equity share (31st March, 2019: ₹ 1 per equity share) as final dividend	300.28	100.09
Dividend distribution tax on final dividend to equity shareholders	61.72	20.58
	<b>362.00</b>	<b>120.67</b>

After the reporting date, the following dividends (excluding dividend distribution tax) were proposed by the Board of Directors, subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would not attract dividend distribution tax w.e.f. 1st April, 2020.

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Proposed dividend for the year ended 31st March, 2020 ₹ 4 per equity share (31st March, 2019: ₹ 3 per equity share)	800.74	300.28
	<b>800.74</b>	<b>300.28</b>

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 21. Borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Non-current Borrowings</b>		
<b>Term Loans (secured)</b>		
From banks -		
Term loan	443.63	2,218.34
Rupee term loans	27,379.25	31,494.17
Under financial assistance scheme (SOFT 2015 - Central)	138.26	193.43
Under financial assistance scheme (SEFASU 2018 - State)	19,867.69	22,765.02
Under financial assistance scheme (SOFT 2019 - Central)	22,021.68	-
<b>Term Loans (unsecured)</b>		
From a bank -		
Medium term loan	-	450.00
	<b>69,850.51</b>	<b>57,120.96</b>
<b>Non-convertible Cumulative Redeemable Preference Shares (unsecured) (Including interest accrued, as per effective interest method)</b>		
Nil (31st March, 2019: 2,43,50,000) 8.5% preference shares of ₹ 10/- each	-	2,682.91
	-	<b>2,682.91</b>
	<b>69,850.51</b>	<b>59,803.87</b>
Less: Current portion of Non-current borrowings [Note 23]	11,376.56	12,028.54
	<b>58,473.95</b>	<b>47,775.33</b>
<b>Current Borrowings</b>		
<b>Secured</b>		
From banks (repayable on demand)		
Cash credit including working capital demand loan	78,725.90	83,452.85
Short term loan from a bank	11,000.00	-
<b>Unsecured</b>		
Short term loan from a bank	-	10,000.00
Inter-corporate deposits	-	1,975.00
	<b>89,725.90</b>	<b>95,427.85</b>

Information about the Company's exposure to interest and liquidity risk is included in Note 47(C).

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

##### (i) Term Loans

- Term loan from a bank carry interest in the range of 10.55% to 11.05% p.a. and is repayable in 32 quarterly installments by 30th June, 2020. This loan is secured by first mortgage / charge created on all the property, plant and equipment (fixed assets), present and future, of the Company's Sugar & Co-generation Units at Hargaon, Seohara, Dhadha Bujurg (Hata) and Sugar Unit at Rosa, ranking pari-passu amongst the various lenders. The above loan is further secured by second charge on current assets of Sugar Unit at Dhadha Bujurg (Hata) ranking pari-passu amongst the various lenders.
- Rupee Term Loan from banks carry interest in the range of 10.45% to 11.65% p.a. and are repayable in 14/28 quarterly installments by March 2026. These Loans are secured by first mortgage / charge created on entire property, plant and equipment (fixed assets), present and future, of the Company, ranking pari passu amongst the various lenders.

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 21. Borrowings (Contd.)

- (c) Term loan from a bank under Financial Assistance Scheme of the Government of India (Central - SOFT Loan 2015), carry interest in the range of 10.55% p.a. to 11.05% p.a. and repayable in 20 equal quarterly installments by 1st July, 2022. The above loan is secured by first charge created on all the fixed assets, both present and future, of the Company's Sugar & Co-generation Units at Hargaon, Seohara, Dhadha Bujurg (Hata) and Sugar Unit at Rosa, ranking pari-passu amongst the various lenders.
- (d) Term loan from a bank under Scheme of the Government of Uttar Pradesh for Extending Financial Assistance to Sugar Undertakings 2018 (State - SEFASU 2018), carry interest @ 5% p.a. and is repayable in 60 equal monthly installments by June 2024. The above loan is secured by first charge created on all the immovable and movable property, plant and equipment (fixed assets), both present and future, of the Company, ranking pari-passu amongst the various lenders.
- (e) Term loan from a bank under Financial Assistance Scheme of the Government of India (Central - SOFT Loan 2019), carry interest @ 9.60% p.a. and repayable in 14 quarterly installments commencing from December 2020 and ending by March, 2024. The Company is entitled to interest subvention from the Government of India upto 7% p.a. for the first year as per terms of the Scheme. The above loan is secured by first charge created / to be created on all the property, plant and equipment (fixed assets) of the company, both present and future, ranking pari-passu amongst the various lenders and further secured by second charge on current assets of the sugar units of the Company.

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

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

Further, cash credit other than from District Co-operative Bank is also secured by pledge of 28,79,682 equity shares of the Company held by promoter companies, ranking pari-passu amongst the various lenders.

- (b) Cash credit of **₹35,681.89 lakhs** (31st March, 2019: ₹35,679.19 lakhs) from District Co-operative Banks carry interest rate @ 9.50% p.a. and is secured by pledge of the stock of sugar pertaining to Sugar Units at Seohara, Hargaon and Rosa.
- (c) Cash Credit borrowings including Working Capital Demand Loan (WC DL) carry interest in the range of 8.75% p.a. to 10.75% p.a.
- (d) Short Term loan (Secured) from a bank carry interest @ 9.25% p.a. and is repayable in 3 equal monthly installments from January 2021 to March 2021 and is secured by subservient charge over by way of hypothecation of the Company's entire inventories and book debts, both present and future.

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

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

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

As approved by the Board of Directors and with the consent of the lenders, 2,43,50,000 8.5% NCCRPS of ₹ 10 each had been redeemed during the previous year and the balance 2,43,50,000 8.5% NCCRPS of ₹10 each has been redeemed during the current year.

### 22. Trade Payables

(₹ in lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Total outstanding dues of micro enterprises and small enterprises	388.86	511.91
Total outstanding dues of creditors other than micro enterprises and small enterprises	59,518.99	47,011.70
	<b>59,907.85</b>	<b>47,523.61</b>

The Company's exposure to currency and liquidity risk related to trade payable are disclosed in Note 47(C).

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 22. Trade Payables (Contd.)

The following details relating to Micro enterprises and small enterprises are as under:

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year:		
Principal amount due to micro and small enterprises	382.68	494.01
Interest due on above	-	3.48
<b>Total</b>	<b>382.68</b>	<b>497.49</b>
(ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act 2006) along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	1,008.14	2,432.36
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	23.73	27.22
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year.	6.18	17.90
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006.	5.84	8.74

### 23. Other Financial Liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Non-current</b>		
Trade and other deposits	106.47	105.52
Lease liabilities [Note 43]	217.09	-
	<b>323.56</b>	<b>105.52</b>
<b>Current</b>		
Current portion of Non-current borrowings [Note 21]	11,376.56	12,028.54
Interest accrued but not due	658.27	365.46
Lease liabilities [Note 43]	49.09	-
Payable to employees	909.15	961.26
Liability for capital goods	1,005.44	176.36
Unclaimed dividend *	6.51	3.46
Other payables	16.06	8.58
	<b>14,021.08</b>	<b>13,543.66</b>

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

Information about the Company's exposure to liquidity risks related to the above financial liabilities is disclosed in Note 47(C).

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 24. Provisions

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Provision for employee benefits</b>		
Net defined benefit liability - Gratuity	699.07	589.86
Liability for compensated absences	301.36	266.55
	<b>1,000.43</b>	<b>856.41</b>
Non-current	319.78	177.08
Current	680.65	679.33
	<b>1,000.43</b>	<b>856.41</b>

#### Defined benefits - Gratuity Plan

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

#### Net defined benefit liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Present value of defined benefit obligations	2,219.72	1,980.55
Fair value of plan assets	1,520.65	1,390.69
Net defined benefit liabilities	<b>699.07</b>	<b>589.86</b>

These defined benefit plans expose the Company to actuarial risks, such as currency risk, interest risk and market (investment) risk.

The Company expects to contribute ₹ 289.55 lakhs to Gratuity Fund in the next year.

#### Inherent risk

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

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

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

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>(i) Reconciliation of present value of defined benefit obligations</b>		
(a) Balance at the beginning of the year	1,980.55	1,894.26
(b) Service cost	135.18	115.92
(c) Interest cost	150.92	146.81
(d) Benefits paid	(157.01)	(182.74)
(e) Actuarial (gain) / loss on defined benefit obligations:		
- due to change in financial assumptions	133.24	16.09
- due to experience changes	(23.16)	(9.79)
<b>Balance at the end of the year</b>	<b>2,219.72</b>	<b>1,980.55</b>

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 24. Provisions (Contd.)

#### Reconciliation of the net defined benefit liabilities / (assets): (Contd.)

(₹ in lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>(ii) Reconciliation of fair value of plan assets</b>		
(a) Balance at the beginning of the year	1,390.69	1,228.33
(b) Actual return on plan assets	96.04	83.79
(c) Contributions by the employer	190.93	261.31
(d) Benefits paid	(157.01)	(182.74)
<b>Balance at the end of the year</b>	<b>1,520.65</b>	<b>1,390.69</b>
<b>(iii) Actuarial gain / (loss) on plan assets</b>		
(a) Expected Interest Income	105.97	95.20
(b) Actual return on plan assets	96.04	83.79
<b>Actuarial gain / (loss) on plan assets</b>	<b>(9.93)</b>	<b>(11.41)</b>
<b>(iv) Expense recognised in Employee benefits expenses</b>		
(a) Service cost	135.18	115.92
(b) Interest cost	150.92	146.81
(c) Interest income	(105.97)	(95.20)
<b>Amount charged to Employee benefits expenses</b>	<b>180.13</b>	<b>167.53</b>
<b>(v) Remeasurement recognised in Other Comprehensive Income</b>		
(a) Actuarial gain / (loss) on defined benefit obligations	(110.08)	(6.30)
(b) Actuarial gain / (loss) on plan assets	(9.93)	(11.41)
<b>Amount recognised in Other Comprehensive Income</b>	<b>(120.01)</b>	<b>(17.71)</b>
<b>(vi) Plan assets</b>		
Plan assets comprise of the following:		
(a) Investments with LIC	100%	100%
<b>(vii) Actuarial assumptions</b>		
Principal actuarial assumptions at the reporting date (expressed as weighted averages)		
(a) Discount rate	6.65%	7.62%
(b) Future salary growth	5.00%	5.00%
(c) Attrition rates	Less than 40 Years - 4.2%	
	40 Years and above - 1.8%	

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

#### (viii) Sensitivity analysis

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

(₹ in lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Increase	Decrease	Increase	Decrease
a) Discount rate (0.50% movement)	70.49	(74.62)	60.62	(64.12)
b) Future salary growth (1% movement)	(148.70)	135.24	(129.19)	117.82
c) Withdrawal assumption (4% movement)	(52.45)	42.03	(75.80)	60.60

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

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 24. Provisions (Contd.)

#### Reconciliation of the net defined benefit liabilities / (assets): (Contd.)

(ix) The following discounted payments are expected contributions to the defined benefit plan in future years:

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Within the next 12 months (next annual reporting period)	379.29	412.78
Between 1 and 2 years	52.19	161.85
Between 2 and 3 years	136.67	117.57
Between 3 and 4 years	153.44	129.01
Between 4 and 5 years	143.95	121.09
Between 5 and 6 years	158.25	128.90
Beyond 6 years	1,195.93	909.35
<b>Total expected payments</b>	<b>2,219.72</b>	<b>1,980.55</b>

### 25. Other Non-Current Liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred Income on Government Grant [Note 46(e)]	1,192.66	1,987.01
	<b>1,192.66</b>	<b>1,987.01</b>

### 26. Other Current Liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance from customers	379.11	114.91
Statutory dues payable	725.15	849.34
Deferred Income on Government Grant [Note 46(e)]	794.36	959.40
	<b>1,898.62</b>	<b>1,923.65</b>

### 27. Current Tax Liabilities (net)

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for taxation	1,887.82	3,452.41
Less: Advance tax and tax deducted at sources	1,701.90	2,572.92
	<b>185.92</b>	<b>879.49</b>



## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 28. Revenue from Operations

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Sale of Goods</b>		
Finished goods	2,27,084.01	1,96,115.84
Stock-in-trade	1,353.34	1,294.73
Power	5,160.18	9,512.69
By products	5,133.23	3,112.47
Others	102.44	111.79
	<b>2,38,833.20</b>	<b>2,10,147.52</b>
<b>Sale of Services</b>	<b>3,056.99</b>	-
<b>Total Sale of Goods / Services (A)</b>	<b>2,41,890.19</b>	<b>2,10,147.52</b>
<b>Other operating revenue (B)</b>		
Cane Price Subsidy	-	2,109.11
Subsidy towards Export Quota (net)	13,495.27	507.08
Buffer Stock Subsidy towards Insurance and Storage Charges	365.08	188.30
Scrap Sales	189.17	64.58
	<b>14,049.52</b>	<b>2,869.07</b>
<b>Total revenue from operations (A +B)</b>	<b>2,55,939.71</b>	<b>2,13,016.59</b>

#### Disaggregated revenue information

The disaggregation of the Company's revenue from contracts with customers are as under:

(₹ in lakhs)

Segment	Year ended 31st March, 2020				
	Sugar	Distillery	Co-generation	Others	Total
<b>Type of Goods / Services:</b>					
<b>Finished goods</b>					
- Sugar	2,03,624.35	-	-	-	2,03,624.35
- Spirits	-	23,459.66	-	-	23,459.66
	<b>2,03,624.35</b>	<b>23,459.66</b>	-	-	<b>2,27,084.01</b>
<b>Stock-in-trade</b>					
- Diesel	-	-	-	1,351.35	1,351.35
- Oil and Lubricants	-	-	-	1.99	1.99
	-	-	-	<b>1,353.34</b>	<b>1,353.34</b>
<b>Power</b>	-	-	5,160.18	-	5,160.18
<b>By products</b>					
- Molasses	1,058.33	-	-	-	1,058.33
- Bagasse	3,783.71	-	-	-	3,783.71
- Press-mud	291.19	-	-	-	291.19
	<b>5,133.23</b>	-	-	-	<b>5,133.23</b>
<b>Others</b>	-	102.44	-	-	102.44
<b>Sale of Services</b>					
- Service charges on export on behalf of third party	3,056.99	-	-	-	3,056.99
<b>Total revenue from contracts with customers</b>	<b>2,11,814.57</b>	<b>23,562.10</b>	<b>5,160.18</b>	<b>1,353.34</b>	<b>2,41,890.19</b>
<b>Revenue by Customers:</b>					
- Government entities (including PSUs)	-	22,238.69	5,160.18	-	27,398.87
- Export through third parties	34,059.75	-	-	-	34,059.75
- Others	1,77,754.82	1,323.41	-	1,353.34	1,80,431.57
<b>Total revenue from contracts with customers</b>	<b>2,11,814.57</b>	<b>23,562.10</b>	<b>5,160.18</b>	<b>1,353.34</b>	<b>2,41,890.19</b>

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 28. Revenue from Operations (Contd.)

#### Disaggregated revenue information (Contd.)

The disaggregation of the Company's revenue from contracts with customers are as under:

(₹ in lakhs)

Segment	Year ended 31st March, 2019				
	Sugar	Distillery	Co-generation	Others	Total
<b>Type of Goods:</b>					
<b>Finished goods</b>					
- Sugar	1,70,821.90	-	-	-	1,70,821.90
- Spirits	-	25,293.94	-	-	25,293.94
	<b>1,70,821.90</b>	<b>25,293.94</b>	-	-	<b>1,96,115.84</b>
<b>Stock-in-trade</b>					
- Diesel	-	-	-	1,293.88	1,293.88
- Oil and Lubricants	-	-	-	0.85	0.85
	-	-	-	<b>1,294.73</b>	<b>1,294.73</b>
<b>Power</b>	-	-	<b>9,512.69</b>	-	<b>9,512.69</b>
<b>By products</b>					
- Molasses	31.04	-	-	-	31.04
- Bagasse	2,824.83	-	-	-	2,824.83
- Press-mud	256.60	-	-	-	256.60
	<b>3,112.47</b>	-	-	-	<b>3,112.47</b>
<b>Others</b>	-	<b>111.79</b>	-	-	<b>111.79</b>
<b>Total revenue from contracts with customers</b>	<b>1,73,934.37</b>	<b>25,405.73</b>	<b>9,512.69</b>	<b>1,294.73</b>	<b>2,10,147.52</b>
<b>Revenue by Customers:</b>					
- Government entities (including PSUs)	-	24,258.16	9,512.69	-	33,770.85
- Export through third parties	-	-	-	-	-
- Others	1,73,934.37	1,147.57	-	1,294.73	1,76,376.67
<b>Total revenue from contracts with customers</b>	<b>1,73,934.37</b>	<b>25,405.73</b>	<b>9,512.69</b>	<b>1,294.73</b>	<b>2,10,147.52</b>

The reconciliation of the revenue from contracts with customers and other operating revenue with amount disclosed in the segment information [Note 44]:

(₹ in lakhs)

Segment	Year ended 31st March, 2020				
	Sugar	Distillery	Co-generation	Others	Total
<b>Sale of Goods / Services</b>					
- External customers	2,11,814.57	23,562.10	5,160.18	1,353.34	2,41,890.19
- Inter-segment	23,355.14	55.86	10,395.22	-	33,806.22
<b>Other Operating Revenue</b>	14,043.63	5.89	-	-	14,049.52
	<b>2,49,213.34</b>	<b>23,623.85</b>	<b>15,555.40</b>	<b>1,353.34</b>	<b>2,89,745.93</b>
Less: Inter-segment elimination	23,355.14	55.86	10,395.22	-	33,806.22
Less: Other Operating Revenue	14,043.63	5.89	-	-	14,049.52
<b>Total revenue from contracts with customers</b>	<b>2,11,814.57</b>	<b>23,562.10</b>	<b>5,160.18</b>	<b>1,353.34</b>	<b>2,41,890.19</b>

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 28. Revenue from Operations (Contd.)

The reconciliation of the revenue from contracts with customers and other operating revenue with amount disclosed in the segment information [Note 44]: (Contd.)

(₹ in lakhs)

Segment	Year ended 31st March, 2019				
	Sugar	Distillery	Co-generation	Others	Total
<b>Sale of Goods / Services</b>					
- External customers	1,73,934.37	25,405.73	9,512.69	1,294.73	2,10,147.52
- Inter-segment	14,426.69	38.53	9,972.82	-	24,438.04
<b>Other Operating Revenue</b>	2,867.37	1.70	-	-	2,869.07
	<b>1,91,228.43</b>	<b>25,445.96</b>	<b>19,485.51</b>	<b>1,294.73</b>	<b>2,37,454.63</b>
Less: Inter-segment elimination	14,426.69	38.53	9,972.82	-	24,438.04
Less: Other Operating Revenue	2,867.37	1.70	-	-	2,869.07
<b>Total revenue from contracts with customers</b>	<b>1,73,934.37</b>	<b>25,405.73</b>	<b>9,512.69</b>	<b>1,294.73</b>	<b>2,10,147.52</b>

- a) The Company presented disaggregated revenue based on the type of goods / services sold to customers and type of customers. Further, the Company's sales are made within India including export through third party and revenue is recognised for goods transferred at a point in time. The Company's performance obligations are satisfied on delivery of goods to the customer. Delivery of goods completes when the goods have been dispatched or delivered to the specific location, of the customer, as the case may be.

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payments by the customer exceeds one year and hence, there are no significant financing component included in such contracts.

The Company believes that the above disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are effected by industry, market and other economic factors.

- b) Trade receivables [Note 10] and Advance from customers [Note 26].
- c) The amount of revenue from contracts with customers recognised in the statement of profit and loss is the contracted price.

### 29. Other Income

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest income on:		
- Loans and deposits	21.88	16.98
Dividend income on investment in equity instruments	21.23	10.62
Insurance and other claims	6.78	9.20
Unspent liabilities, Provisions no longer required and Unclaimed balances written back	369.94	92.03
Income from investments in co-operative farming societies	95.63	168.75
Change in fair value of biological assets other than bearer plants [Note 9]	1.64	6.58
Miscellaneous receipts	47.77	47.51
	<b>564.87</b>	<b>351.67</b>

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 30. Cost of Materials Consumed

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Inventory of materials at the beginning of the year	844.30	1,077.90
Add: Purchases and procurement expenses *	2,02,253.72	1,92,788.78
	<b>2,03,098.02</b>	<b>1,93,866.68</b>
Less: Inventory of materials at the end of the year	1,897.59	844.30
	<b>2,01,200.43</b>	<b>1,93,022.38</b>

\* Net of Government grants [Note 46].

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

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Inventories at the end of the year</b>		
Finished goods	1,37,963.40	1,35,747.60
Stock-in-trade	19.80	23.87
Power - Banked	71.16	127.57
By Products	4,261.73	1,172.37
Work-in-progress	2,018.61	2,158.81
Scrap	74.08	75.73
	<b>1,44,408.78</b>	<b>1,39,305.95</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	1,35,747.60	94,802.02
Stock-in-trade	23.87	24.56
Power - Banked	127.57	116.46
By Products	1,172.37	851.96
Work-in-progress	2,158.81	1,907.62
Scrap	75.73	72.02
	<b>1,39,305.95</b>	<b>97,774.64</b>
	<b>(5,102.83)</b>	<b>(41,531.31)</b>

### 32. Employee benefits expense

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries, wages, bonus etc.	8,177.09	7,567.22
Contribution to provident and other funds	629.34	593.58
Expenses related to post-employment defined benefit plans [Note 24]	180.13	167.53
Staff welfare expenses	196.37	180.99
	<b>9,182.93</b>	<b>8,509.32</b>

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 32. Employee benefits expense (Contd.)

#### Defined contribution plans

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Contribution to Provident / Pension Funds	610.24	575.87
Contribution to Superannuation Fund	19.10	17.71
	<b>629.34</b>	<b>593.58</b>

### 33. Finance costs

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest expense on financial liabilities measured at amortised cost *	11,319.54	9,082.57
Dividend on Redeemable Preference Shares classified as financial liabilities measured at amortised cost (including related dividend distribution tax)	240.22	478.22
Interest on lease liabilities	20.51	-
Interest on income tax	24.26	131.42
	<b>11,604.53</b>	<b>9,692.21</b>

\* Net of Government grants [Note 46].

### 34. Depreciation and amortization expense

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Depreciation of property, plant and equipment * [Note 4]	4,477.31	4,359.08
Amortisation of intangible assets [Note 6]	9.69	6.16
	<b>4,487.00</b>	<b>4,365.24</b>

\* Excluding ₹ 4.09 lakhs (31st March, 2019: ₹ 3.09 lakhs) in relation to biological assets other than bearer plants.

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 35. Other expenses

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Consumption of stores and spares	2,150.79	2,488.25
Packing materials	2,221.15	2,494.86
Power and fuel	634.73	786.11
Repairs to:		
- Buildings	780.78	825.68
- Machinery	5,262.91	4,804.64
- Others	179.38	170.20
Rent [Note 43]	703.98	337.32
Rates and taxes	324.19	907.46
Insurance	248.28	147.21
Payment to auditors [refer Note (a) below]	66.82	66.25
Payment to cost auditors	1.75	1.17
Commission on sales	732.38	623.93
Freight and forwarding charges	6,609.74	6,225.59
Charity and donations *	240.95	122.01
Provision for bad and doubtful advances	66.32	9.33
Bad debts, irrecoverable claims and advances written off	0.01	0.76
Loss on sale / discard of Property, Plant and Equipment (net)	43.17	30.85
Molasses storage and maintenance fund	37.26	26.21
Contribution towards Corporate Social Responsibility expenses [refer Note (b) below]	359.64	250.13
Director's commission	42.00	42.72
Director's sitting fees	22.20	20.20
Miscellaneous expenses	2,476.75	2,238.01
	<b>23,205.18</b>	<b>22,618.89</b>

\* Includes contribution of ₹ 240.00 lakhs (31st March, 2019: ₹ 100.00 lakhs) to an Electoral trust company.

#### (a) Payment to auditors

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>As Auditors</b>		
- Statutory audit	32.00	32.00
- Limited review of quarterly results	19.50	19.50
<b>In other capacity</b>		
- Tax audit	9.00	9.00
- For certificates and other services	1.50	1.50
<b>Reimbursement of expenses</b>	<b>4.82</b>	<b>4.25</b>
	<b>66.82</b>	<b>66.25</b>

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 35. Other expenses (Contd.)

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

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>(A) Gross amount required to be spent by the Company during the year</b>	356.79	250.13
<b>(B) Amount spent during the year on:</b>		
(i) Construction / acquisition of any asset		
- In Cash	-	-
- Yet to be paid in cash	-	-
<b>Total</b>	-	-
(ii) On purpose other than (i) above		
- In Cash	359.64	250.13
- Yet to be paid in cash	-	-
<b>Total</b>	<b>359.64</b>	<b>250.13</b>

### 36. Tax expense

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Current tax</b>	1,887.82	3,452.41
<b>Provision for tax related to earlier years</b>	0.16	0.45
<b>Provision for tax no longer required written back</b>	-	(3.62)
<b>Deferred tax</b>		
Attributable to origination and reversal of temporary differences	(133.23)	-
<b>Total tax expense for the year</b>	<b>1,754.75</b>	<b>3,449.24</b>

#### Reconciliation of effective tax rate

Particulars	Year ended 31st March, 2020		Year ended 31st March, 2019	
	Rate	(₹ in lakhs)	Rate	(₹ in lakhs)
<b>Profit before tax</b>		<b>10,616.29</b>		<b>15,436.64</b>
Tax using the Company's domestic tax rate	34.944%	3,709.76	34.944%	5,394.18
Tax effect of:				
- Deferred tax expense adjusted with deferred tax assets not recognised	0.000%	-	-14.896%	(2,299.38)
- Reversal of deferred tax liabilities (net) due to re-measurement of deferred tax assets / liabilities as per Ind-AS 12 "Income Taxes"	-21.444%	(2,276.54)	0.000%	-
- Interest expense on Preference shares classified as liability not deductible for tax purposes	0.791%	83.94	1.083%	167.11
- Amount related to earlier years	0.144%	15.31	-0.021%	(3.17)
- Other permanent differences	2.094%	222.28	1.234%	190.50
<b>Effective tax rate</b>	<b>16.529%</b>	<b>1,754.75</b>	<b>22.344%</b>	<b>3,449.24</b>

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 37. Earnings per equity share (EPS)

#### Basic and Diluted earnings per share

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

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
(i) Profit attributable to equity shareholders (₹ in lakhs)	8,861.54	11,987.40
(ii) Weighted average number of equity shares for the year including bonus shares issued At the beginning and at the end of the year	2,00,18,420	2,00,18,420
(iii) <b>Earning per equity share [Nominal value of share ₹ 10] [(i)/(ii)]</b> Basic and Diluted (₹)	44.27	59.88

There is no dilutive potential equity share.

### 38. Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ **5,464.70 lakhs** (31st March, 2019: ₹ 324.50 lakhs).

### 39. Contingent Liabilities

(to the extent not provided for)

#### (a) Claims against the Company not acknowledged as debt

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Excise duty and service tax	781.02	1,181.52
(ii) Sugarcane Society Commission pertaining to Sugar Season 2012-13, 2014-15 and partly for 2015-16	3,962.62	3,962.62
(iii) Sales and entry tax	41.40	60.48
(iv) Duty under state acts	141.53	6.45
(v) Others	545.22	615.83
<b>Total *</b>	<b>5,471.79</b>	<b>5,826.90</b>

#### \* Notes:

- (1) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments / decisions pending with various forums / authorities.
  - (2) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (b) There has been a Supreme Court Judgment dated 28th February, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the Employees Provident Fund & Miscellaneous Provision Act, 1952. There are interpretative aspects related to the judgment including the effective date of application. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.



## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

- 40.** The COVID-19 outbreak and resulted national lockdown imposed by the Government from 25th March, 2020 has caused on Pan-India disruption of businesses. The Government took adequate steps to ensure uninterrupted crushing operation of the sugar mills and the Company has successfully completed its crushing operation of the sugar season 2019-20.

The Company has considered the possible risk that may result from the pandemic relating to COVID-19 on the carrying amounts of assets including inventories, receivables, investments and other financial and non-financial assets, for which the Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis as well as the internal / external information available up to the date of approval of these financial statements and the same does not have any material impact on these financial statements.

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

- 41.** Uttar Pradesh Electricity Regulatory Commission through tariff order effective from 1st April, 2019, has reduced the rates per unit of power, at which power supplied to Uttar Pradesh Power Corporation Limited has been recognised during the current year. Consequent to the same, realisation for the current year are lower by ₹ **3,625.14 lakhs**. The said notification has been challenged before the appropriate court and the matter is sub-judice.
- 42.** Out of total free-hold and lease-hold land, transferred to the Company pursuant to the scheme of arrangement in earlier year, title deeds of ₹ **10,514.39 lakhs** (31st March, 2019: ₹ Nil lakhs) has been transferred in the name of the Company. Title deeds of ₹ **13,844.33 lakhs** (31st March, 2019: ₹ 24,276.25 lakhs) are in the name of erstwhile companies namely The Oudh Sugar Mills Limited and Upper Ganges Sugar & Industries Limited. However, as per terms of the scheme of arrangement passed by NCLT vide its order dated 2nd March, 2017, title in the free-hold and lease-hold land of erstwhile companies deemed to have been transferred to and vested in the name of the Company, as a going concern, without any further act or deeds, so as to become the properties of the Company for the purpose of carrying on its businesses in connection therewith.

Title deeds of land of ₹ **996.48 lakhs** (31st March, 2019: ₹ 1,078.95 lakhs) are yet to be executed, pending for registration in favour of the Company.

### 43. Lease

The Company has adopted Ind AS 116 "Leases" with the date of initial application being 1st April, 2019, using the modified retrospective method. On transition to Ind AS 116, Right of use assets as at 1st April, 2019 for lease previously classified as operating lease were recognised and measured at an amount equal to lease liabilities. Accordingly, previous period information has not been reinstated.

Lease liabilities is being measured by discounting the lease payments using incremental borrowing rate i.e. 10% p.a.

The impact of change in accounting policy on account on adoption of Ind AS 116 at the date of transition is as follows:

(₹ in lakhs)

Particulars	Amount
Increase in Property, Plant and Equipment by	206.75
Increase in Lease liabilities by	206.75

### As Lessee

#### (i) Carrying value of Right-of-use assets by class:

(₹ in lakhs)

Particulars	Building	Land License - Railways Site	As at 31st March, 2020
Balance as at 1st April, 2019	-	-	-
Recognised on account of adoption of Ind AS 116 as at 1st April, 2019	206.75	-	206.75
Additions during the year	-	63.92	63.92
Depreciation for the year	13.78	-	13.78
<b>Balance as at 31st March, 2020</b>	<b>192.97</b>	<b>63.92</b>	<b>256.89</b>

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 43. Lease (Contd.)

#### As Lessee (Contd.)

##### (ii) Movement in lease liabilities:

(₹ in lakhs)

Particulars	As at 31st March, 2020
Balance as at 1st April, 2019	-
Recognised on account of adoption of Ind AS 116 as at 1st April, 2019	206.75
Additions during the year	63.92
Finance cost accrued during the year	20.51
Payment of lease liabilities for the year	(25.00)
<b>Balance as at 31st March, 2020</b>	<b>266.18</b>
Lease liabilities - Non-current (refer Note 23)	217.09
Lease liabilities - Current (refer Note 23)	49.09
	<b>266.18</b>

##### (iii) Contractual maturities of lease liabilities on an undiscounted basis:

(₹ in lakhs)

Particulars	As at 31st March, 2020
Less than one year	49.09
One to five years	153.36
More than five years	288.75
<b>Total</b>	<b>491.20</b>

##### (iv) Amounts recognised in profit or loss:

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest on lease liabilities	20.51	-
Expenses relating to short-term and low-value leases	703.98	337.32
<b>Total</b>	<b>724.49</b>	<b>337.32</b>

##### (v) Amounts recognised in the statement of cash flows

(₹ in lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Total cash outflow of leases including cash outflow for short term leases and leases of low value	728.98	337.32

There is no liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when due.

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 44. Operating Segments

#### A. Basis for segmentation

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

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

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

#### B. Information about reportable segments

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

(₹ in lakhs)

Particulars	Reportable segments			Others	Total
	Sugar	Distillery	Co-generation		
<b>Year ended 31st March, 2020</b>					
<b>Revenue:</b>					
<b>Segment revenue</b>	2,49,213.34	23,623.85	15,555.40	1,353.34	2,89,745.93
Less: Inter-segment revenue	23,355.14	55.86	10,395.22	-	33,806.22
<b>Total revenue from operations</b>	<b>2,25,858.20</b>	<b>23,567.99</b>	<b>5,160.18</b>	<b>1,353.34</b>	<b>2,55,939.71</b>
<b>Segment profit before income tax</b>	12,102.44	10,790.55	1,129.79	38.43	24,061.21
Finance costs					11,604.53
Unallocable expenses (net of unallocable income)					1,840.39
<b>Profit before tax</b>					<b>10,616.29</b>
<b>As at 31st March, 2020</b>					
<b>Segment assets</b>	2,25,207.16	26,716.39	27,487.88	21.51	2,79,432.94
Unallocated assets					6,475.14
<b>Total assets</b>					<b>2,85,908.08</b>
<b>Segment liabilities</b>	64,836.16	1,339.05	111.53	0.06	66,286.80
Unallocated liabilities					1,60,443.17
<b>Total liabilities</b>					<b>2,26,729.97</b>
<b>Year ended 31st March, 2020</b>					
<b>Other segment information</b>					
Capital expenditure					
- Property, Plant and Equipments	4,418.07	5,682.57	74.68	-	10,175.32
- Intangible assets	28.40	-	-	-	28.40
Depreciation	2,946.86	839.10	691.35	-	4,477.31
Amortization	9.69	-	-	-	9.69
Non-cash expenses	37.26	-	-	-	37.26

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 44. Operating Segments (Contd.)

#### B. Information about reportable segments (Contd.)

(₹ in lakhs)

Particulars	Reportable segments			Others	Total
	Sugar	Distillery	Co-generation		
<b>Year ended 31st March, 2019</b>					
<b>Revenue:</b>					
<b>Segment revenue</b>	1,91,228.43	25,445.96	19,485.51	1,294.73	2,37,454.63
Less: Inter-segment revenue	14,426.69	38.53	9,972.82	-	24,438.04
<b>Total revenue from operations</b>	<b>1,76,801.74</b>	<b>25,407.43</b>	<b>9,512.69</b>	<b>1,294.73</b>	<b>2,13,016.59</b>
<b>Segment profit before income tax</b>	6,801.28	14,213.74	5,460.45	39.64	26,515.11
Finance costs					9,692.21
Unallocable expenses (net of unallocable income)					1,386.26
<b>Profit before tax</b>					<b>15,436.64</b>
<b>As at 31st March, 2019</b>					
<b>Segment assets</b>	2,10,389.67	18,029.08	29,040.56	32.05	2,57,491.36
Unallocated assets					3,382.71
<b>Total assets</b>					<b>2,60,874.07</b>
<b>Segment liabilities</b>					
Unallocated liabilities	52,032.77	1,313.99	187.06	-	53,533.82
<b>Total liabilities</b>					<b>1,56,488.71</b>
					<b>2,10,022.53</b>
<b>Year ended 31st March, 2019</b>					
<b>Other segment information</b>					
Capital expenditure					
- Property, Plant and Equipments	2,554.11	517.08	53.69	-	3,124.88
- Intangible assets	25.11	-	-	-	25.11
Depreciation	2,833.42	849.38	676.28	-	4,359.08
Amortization	6.16	-	-	-	6.16
Non-cash expenses	26.21	-	-	-	26.21

#### C. Geographical information

The Company primarily operates in India only and the analysis of geographical segments demarcated into its Indian and Overseas Operations are as under:

(₹ in lakhs)

Particulars	Reportable segments		Total
	Indian	Overseas*	
<b>Year ended 31st March, 2020</b>			
<b>Revenue:</b>			
Sales (including other operating revenue) to external customers	2,21,879.96	34,059.75	2,55,939.71
Segment assets	2,79,432.94	-	2,79,432.94
Segment liabilities	66,286.80	-	66,286.80
<b>Year ended 31st March, 2019</b>			
<b>Revenue:</b>	2,13,016.59	-	2,13,016.59
Sales (including other operating revenue) to external customers			
Segment assets	2,57,491.36	-	2,57,491.36
Segment liabilities	53,533.82	-	53,533.82

The Company has common property, plant and equipment for producing goods for Indian and Overseas markets. Hence, no separate figures for fixed assets / additions to fixed assets / depreciation and amortisation on fixed assets have been furnished.

\* through third parties.

#### D. Major customer

No single customer contributed 10% or more of the total revenue of the Company for the year ended 31st March, 2020 and 31st March, 2019.

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 45. Related Party Disclosures

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

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

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

Key management personnel	Mrs. Nandini Nopany	- Chairperson / Non-Executive Director
	Mr. Chandra Shekhar Nopany	- Co-Chairperson / Non-Executive Director
	Mr. Anand Ashvin Dalal	- Independent / Non-Executive Director
	Mr. Gaurav Swarup	- Independent / Non-Executive Director
	Mr. Pradip Kumar Bishnoi	- Independent / Non-Executive Director
	Mr. Kalpataru Tripathy	- Independent / Non-Executive Director
	Mrs. Kausalya Madhavan	- Independent / Non-Executive Director (w.e.f. 11th February, 2019)
	Mr. Sunil Kanoria	- Independent / Non-Executive Director (upto 27th March, 2019)
	Mr. Devendra Kumar Sharma	- Whole-Time Director
	Mr. Dilip Patodia	- President (Finance) and Chief Financial Officer
	Mr. Anand Sharma	- Company Secretary

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

##### a. Dividend paid / Director's sitting fees / commission

(₹ in lakhs)

Particulars	Year ended 31st March	Dividend on Equity Shares	Director's sitting fees	Director's commission	Amount owed to related parties
Mrs. Nandini Nopany	2020	8.99	1.80	6.00	5.40
	2019	3.00	1.80	6.00	5.40
Mr. Chandra Shekhar Nopany	2020	1.02	2.20	6.00	5.40
	2019	0.36	2.40	6.00	5.40
Mr. Anand Ashvin Dalal	2020	-	4.40	6.00	5.40
	2019	-	4.00	6.00	5.40
Mr. Gaurav Swarup	2020	-	3.60	6.00	5.40
	2019	-	4.00	6.00	5.40
Mr. Pradip Kumar Bishnoi	2020	-	3.20	6.00	5.40
	2019	-	4.20	6.00	5.40
Mr. Kalpataru Tripathy	2020	-	3.60	6.00	5.40
	2019	-	2.80	6.00	5.40
Mrs. Kausalya Madhavan	2020	-	3.40	6.00	5.40
	2019	-	-	0.81	0.72
Mr. Sunil Kanoria	2020	-	-	-	-
	2019	-	1.00	5.92	5.33

##### b. Remuneration to key managerial personnel

###### (i) Short term employee benefits

Particulars	Year ended 31st March	Transaction during the year	Amount owed by related parties	Amount owed to related parties
Mr. Devendra Kumar Sharma *	2020	95.00	-	4.09
	2019	87.19	-	3.26
Mr. Dilip Patodia	2020	127.73	-	1.29
	2019	118.60	-	-
Mr. Anand Sharma	2020	75.28	-	1.99
	2019	70.03	-	-

\* Excluding ₹ 7.16 lakhs (31st March, 2019: ₹ 6.93 lakhs) value of perquisites determined under the provisions of Income Tax Act, 1961.

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 45. Related Party Disclosures (Contd.)

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

##### (ii) Post employment benefits

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

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

- (i) The Company has neither given any loan nor has advanced any amount either during the year ended 31st March, 2020 or year ended 31st March, 2019.
- (ii) Particulars of investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed in Note 7.

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

- (i) The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.
- (ii) The amounts outstanding are unsecured and will be settled in cash and cash equivalent. No guarantees have been given or received.
- (iii) For the year ended 31st March, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by the related parties. This assessment is undertaken in each financial year through examining the financial position of the related parties and the market in which the related party operates.
- (iv) The remuneration of directors is determined by the Nomination & Remuneration Committee having regard to the performance of individuals and market trends.

### 46. Government Grants

The Company is eligible to receive various government grants by way of cane price subsidy, production subsidy, export subsidy, reimbursement of carrying cost towards maintenance of buffer stock, remission of society commission and interest subvention / grant on certain term loans. Accordingly, the Company has recognised these government grants in the following manner:

(₹ in lakhs)

Sr. No.	Particulars	Treatment in Financial Statements	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Revenue related Government Grants:</b>				
(i)	Cane Price Subsidy on sugarcane purchased [Note (a) below]	Shown as "Cane Price Subsidy" in Note 28	-	2,109.11
		Deducted from "Cost of Material Consumed" in Note 30	-	618.89
(ii)	Export Subsidy / Production Subsidy [Note (b) below]	Shown as "Subsidy towards Export Quota (net)" in Note 28	13,495.27	507.08
		Deducted from "Cost of Material Consumed" in Note 30	1,629.19	607.94
(iii)	Reimbursement of Carrying Cost towards maintenance of Buffer Stock [Note (c) below]	Shown as "Buffer Stock Subsidy towards Insurance and Storage Charges" in Note 28	365.08	188.30
		Deducted from "Finance costs" in Note 33	2,550.51	1,162.62
(iv)	Remission of Society Commission on Sugarcane purchased [Note (d) below]	Deducted from "Cost of Material Consumed" in Note 30	1,651.63	1,539.41
(v)	Interest Subvention / grant on term loans [Note (e) below]	Deducted from "Finance costs" in Note 33	2,465.85	573.82
<b>Deferred Government Grants:</b>				
(i)	Interest grant on term loans [Note (e) below]	Shown as "Deferred income on Government Grant" in Note 25	1,192.66	1,987.01
		Shown as "Deferred income on Government Grant" in Note 26	794.36	959.40

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 46. Government Grants (Contd.)

- (a) The State Government of Uttar Pradesh vide Order No. 13/2018/1697/46-3-18-3(37)/2018 dated 1st October, 2018 announced a financial assistance of ₹ 4.50 per quintal of sugarcane purchased during the sugar season 2017-18. The above subsidy related to purchase made during the previous year has been netted with the Cost of Material Consumed of the previous year and related to purchase made prior to the previous year has been recognised as "Cane Price Subsidy" under the head Other Operating Revenue in the previous year.
- (b) The Central Government, pursuant to notification dated 12th September, 2019 issued by Ministry of Consumer Affairs, Food and Public Distribution, has notified a Scheme for a lump sum financial assistance of ₹10,448 per MT for expenses on export of sugar to the extent of Maximum Admissible Export Quantity (MAEQ) of sugar mills for the sugar season 2019-20. Such financial assistance is subject to fulfillment of certain eligibility conditions as specified in the said notification. The Company has fulfilled the conditions as stipulated in the said scheme and accordingly, the subsidy of ₹ **13,495.27 lakhs** has been accounted for during the current year and disclosed as "Subsidy towards Export Quota (net)" under the head Other Operating Revenue.

The Central Government, pursuant to notification dated 5th October, 2018, issued by Ministry of Consumer Affairs, Food and Public Distribution, has notified a Scheme for financial assistance of ₹13.88 per quintal of actual sugarcane crushed during sugar season 2018-19 or the proportionate inter-se allocation of 3000 lakhs MT of sugarcane to be crushed (for sugar season 2018-19) on the basis of their average sugar production of last three sugar seasons, whichever is lower. The subsidy of ₹ **1,629.19 lakhs** (31st March, 2019: ₹ 607.94 lakhs) has been accounted for during the year by netting with "Cost of Material Consumed". The said assistance is after adjusting the related cost of ₹ **3,666.73 lakhs** (31st March, 2019: ₹1,381.29 lakhs) incurred in performing the obligation.

The Central Government, pursuant to notification dated 9th May, 2018 issued by Ministry of Consumer Affairs, Food and Public Distribution, has notified a Scheme for financial assistance of ₹ 5.50 per quintal of actual sugarcane crushed during sugar season 2017-18 or the proportionate inter-se allocation of 2800 lakhs MT of sugarcane to be crushed (for sugar season 2017-18) on the basis of their average sugar production of last two sugar seasons and season of 2017-18 (upto February 2018), whichever is lower. ₹ 507.08 lakhs (net of expenses) received during the previous year as per the said scheme has been disclosed as "Subsidy towards Export Quota (net)" under the head Other Operating Revenue.

- (c) The Government of India vide its Notification No. 1(6)/2018-SP-I and 1(8)/2019-SP-I dated 15th June, 2018 and 31st July, 2019 respectively announced a financial assistance as reimbursement of carrying cost pertaining to interest and insurance including storage charges towards maintenance of buffer stock. The above subsidy related to interest cost has been netted with the Finance Cost and in respect of insurance including storage charges has been disclosed as "Buffer Stock Subsidy towards Insurance & Storage Charges" under the head Other Operating Revenue.
- (d) As per U.P. Sugarcane (Regulation on Supply and Purchase) Act, 1953 and its Rules 1954, society commission is payable on sugarcane purchased at the rate of three percent of Fair and Remunerative Price (F.R.P.) fixed by the Government of India. However, the same was reduced by the Government of Uttar Pradesh for the sugar season 2017-18, 2018-19 and 2019-20 by ₹2.55, ₹2.75 and ₹2.75 per quintal of sugarcane purchased respectively. The above reduction in society commission applicable on sugarcane purchased during the periods has been netted with the Cost of Material Consumed.
- (e) The Company has obtained certain term loans from banks under financial assistance schemes SEFASU 2018 by the State Government of Uttar Pradesh at below market rate of interest and SOFT 2019 by the Central Government of India at subvention of interest. The difference between the fair value of the loans based on prevailing market interest rates and interest paid on such loans has been recognised in the Statement of Profit and Loss by netting with the related finance cost. Accordingly, deferred income on government grant recognised initially is being derecognised by netting with related finance cost systematically over the tenure of the respective loan under finance assistance scheme. The loan is subsequently measured as per accounting policy applicable to financial liabilities.

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

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

#### A. Accounting classification and fair values

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

(₹ in lakhs)

Particulars	Carrying amount				Fair value
	FVTPL	FVOCI	Amortised cost	Total carrying amount	
<b>As at 31st March, 2020</b>					
<b>Financial assets measured at fair value</b>					
Investment in equity instruments (Quoted)	-	987.25	-	987.25	987.25
	-	<b>987.25</b>	-	<b>987.25</b>	<b>987.25</b>
<b>Financial assets not measured at fair value</b>					
Investment in Co-operative Farming Societies	-	-	0.01	0.01	0.01
Investment in Government Securities	-	-	2.26	2.26	2.26
Trade receivables	-	-	10,893.80	10,893.80	10,893.80
Cash and cash equivalents	-	-	537.81	537.81	537.81
Other bank balances	-	-	201.53	201.53	201.53
Loans	-	-	152.18	152.18	152.18
Other financial assets	-	-	815.17	815.17	815.17
	-	-	<b>12,602.76</b>	<b>12,602.76</b>	<b>12,602.76</b>
<b>Financial liabilities not measured at fair value</b>					
Borrowing	-	-	1,59,576.41	1,59,576.41	1,59,786.34
Trade payables	-	-	59,907.85	59,907.85	59,907.85
Other financial liabilities	-	-	2,968.08	2,968.08	2,968.08
	-	-	<b>2,22,452.34</b>	<b>2,22,452.34</b>	<b>2,22,662.27</b>
<b>As at 31st March, 2019</b>					
<b>Financial assets measured at fair value</b>					
Investment in equity instruments (Quoted)	-	1,223.95	-	1,223.95	1,223.95
	-	<b>1,223.95</b>	-	<b>1,223.95</b>	<b>1,223.95</b>
<b>Financial assets not measured at fair value</b>					
Investment in Co-operative Farming Societies	-	-	0.01	0.01	0.01
Investment in Government Securities	-	-	1.76	1.76	1.76
Trade receivables	-	-	11,112.79	11,112.79	11,112.79
Cash and cash equivalents	-	-	314.58	314.58	314.58
Other bank balances	-	-	198.04	198.04	198.04
Loans	-	-	147.76	147.76	147.76
Other financial assets	-	-	1,575.74	1,575.74	1,575.74
	-	-	<b>13,350.68</b>	<b>13,350.68</b>	<b>13,350.68</b>
<b>Financial liabilities not measured at fair value</b>					
Borrowing	-	-	1,55,231.72	1,55,231.72	1,55,392.82
Trade payables	-	-	47,523.61	47,523.61	47,523.61
Other financial liabilities	-	-	1,620.64	1,620.64	1,620.64
	-	-	<b>2,04,375.97</b>	<b>2,04,375.97</b>	<b>2,04,537.07</b>

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

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

- The fair value of the quoted investments are based on market price at the respective reporting date.
- The fair value of the unquoted investments is determined using combination of different methodologies i.e. discounted cash flow method, comparable Companies method and net assets method with different weightage. The discount rate used is based on management estimates.



## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

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

#### B. Measurement of fair values

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

The Company has established the following fair value hierarchy that categorise the value into three levels.

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

Particulars	Note	Level 1	Level 2	Level 3	Total
<b>As at 31st March, 2020</b>					
Investment in equity instruments (Quoted)	7	987.25	-	-	987.25
<b>As at 31st March, 2019</b>					
Investment in equity instruments (Quoted)	7	1,223.95	-	-	1,223.95

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

#### C. Financial risk management

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

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

##### Risk management framework

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

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

The Company's Risk Management Committee monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

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

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

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

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

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

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

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

##### (i) Credit risk

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

##### Trade receivables

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

##### Exposure to credit risks

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

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

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Government concerns (including government undertakings)	7,345.32	7,884.49
Others	3,548.48	3,228.30
	<b>10,893.80</b>	<b>11,112.79</b>

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

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

(₹ in lakhs)

Particulars	Not yet due	Less than 60 days	61- 180 days	181-365 days	More than 1 year	Total
As at 31st March, 2020	2,442.17	3,328.39	3,120.77	1,969.53	32.94	10,893.80
As at 31st March, 2019	3,878.86	4,838.76	1,878.36	445.13	71.68	11,112.79

During the year, the Company has made the provision of ₹ 66.09 lakhs towards doubtful debts, not written off and the Company is exploring all means to recover the same. The Company's management also pursue all legal option for recovery of dues, wherever necessary based on its internal assessment.

##### (ii) Liquidity risk

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

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

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

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

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

##### Exposure to liquidity risks

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

(₹ in lakhs)

Particulars	Carrying amount	Total	Less than 1 years	1 to 2 years	2 to 5 years	More than 5 years
<b>As at 31st March, 2020</b>						
Secured term loan from banks and others*	69,850.51	89,036.54	17,674.83	20,113.47	45,698.67	5,549.57
Cash credit including working capital demand loan	78,725.90	78,725.90	78,725.90	-	-	-
Secured short term loan from a bank *	11,000.00	11,898.64	11,898.64	-	-	-
Trade payables	59,907.85	59,907.85	59,907.85	-	-	-
Other financial liabilities	2,968.08	2,968.08	2,644.52	-	-	323.56
	<b>2,22,452.34</b>	<b>2,42,537.01</b>	<b>1,70,851.74</b>	<b>20,113.47</b>	<b>45,698.67</b>	<b>5,873.13</b>
<b>As at 31st March, 2019</b>						
Secured term loan from banks and others*	56,670.96	75,684.10	14,467.67	14,034.95	35,499.08	11,682.40
Unsecured term loan from a bank*	450.00	451.36	451.36	-	-	-
Non-convertible Cumulative Redeemable Preference Shares*	2,682.91	2,682.91	2,682.91	-	-	-
Cash credit including working capital demand loan	83,452.85	83,452.85	83,452.85	-	-	-
Unsecured short term loan from a bank	10,000.00	10,000.00	10,000.00	-	-	-
Inter-corporate deposits	1,975.00	1,975.00	1,975.00	-	-	-
Trade payables	47,523.61	47,523.61	47,523.61	-	-	-
Other financial liabilities	1,620.64	1,620.64	1,515.12	-	-	105.52
	<b>2,04,375.97</b>	<b>2,23,390.47</b>	<b>1,62,068.52</b>	<b>14,034.95</b>	<b>35,499.08</b>	<b>11,787.92</b>

\* including estimated interest.

#### (iii) Market risk

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

##### Foreign currency risks

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

##### Interest rate risk

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

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

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

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

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

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

##### Exposure to interest rate risks

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

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Fixed rate instruments</b>		
Financial assets	245.98	232.29
Financial liabilities	20,191.25	27,528.45
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	1,39,708.72	1,27,808.79

##### Cash flow sensitivity analysis

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

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

(₹ in lakhs)

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31st March, 2020</b>				
Variable rate instruments	(698.54)	698.54	(454.44)	454.44
<b>31st March, 2019</b>				
Variable rate instruments	(639.04)	639.04	(415.73)	415.73

##### Equity risk

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

##### Sensitivity analysis

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

(₹ in lakhs)

Particulars	Profit or Loss		Equity, net of tax	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
BSE - increase by 10%	98.73	122.40	64.23	79.63
BSE - decrease by 10%	(98.73)	(122.40)	(64.23)	(79.63)

##### Regulatory and Commodity price risk

Sugar industry, being cyclical in nature, is regulated by both Central Government as well as State Government policies. The Company is exposed to the risk of price fluctuations of its raw material (Sugarcane) as well as its finished goods (Sugar). To counter the raw material risk, the Company worked with development of various cane varieties with the objective to moderate the raw material cost and increase product functionality. The risk towards finished goods (Sugar) has been moderated through the various schemes of the Central Government including but not limited to introduction of Minimum Support Price (MSP), creation of buffer stock and export of excess inventory. The Company has further mitigated this risk by well integrated business model by diversifying into co-generation and distillation, thereby utilising its by-products.

## Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

### 48. Capital management

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

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

- (a) to maximise shareholders value and provide benefits to other stakeholders, and
- (b) maintain an optimal capital structure to reduce the cost of capital.

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

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

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

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total debt (Bank and other borrowings)	1,59,576.41	1,55,231.72
Total Equity	59,178.11	50,851.54
Debt to equity ratio	2.7 : 1	3.05 : 1

### 49. Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification / disclosure.

As per our report of even date attached.

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

**Jayanta Mukhopadhyay**  
Partner  
Membership No.: 055757  
Place: Kolkata  
Date: 22nd June, 2020

For and on behalf of the Board of Directors

<b>Devendra Kumar Sharma</b> Whole-time Director DIN: 06498196	<b>Chandra Shekhar Nopany</b> Co-Chairperson DIN: 00014587
<b>Anand Sharma</b> Company Secretary	<b>Dilip Patodia</b> Chief Financial Officer





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