



**Strong  
Fundamentals.  
Sustainable  
Value.**

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**2016-17**  
**ANNUAL REPORT**

## 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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# Corporate Information

## BOARD OF DIRECTORS

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

## COMMITTEES OF DIRECTORS

### Audit Committee

Mr. Anand Ashvin Dalal – Chairman  
 Mr. Pradip Kumar Bishnoi  
 Mr. Kalpataru Tripathy  
 Mr. Devendra Kumar Sharma

### Stakeholders' Relationship Committee

Mr. Gaurav Swarup – Chairman  
 Mr. Pradip Kumar Bishnoi  
 Mr. Anand Ashvin Dalal  
 Mr. Devendra Kumar Sharma

### Nomination and Remuneration Committee

Mr. Sunil Kanoria – Chairman  
 Mr. Gaurav Swarup  
 Mr. Anand Ashvin Dalal  
 Mr. Kalpataru Tripathy

### Risk Management Committee

Mr. Pradip Kumar Bishnoi – Chairman  
 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 – Chairperson  
 Mr. Chandra Shekhar Nopany  
 Mr. Gaurav Swarup  
 Mr. Devendra Kumar Sharma

## EXECUTIVES

Mr. Dilip Patodia – President (Finance) &  
 Chief Financial Officer  
 Mr. Sukhvir Singh – Executive President, Seohara  
 Mr. Bal Kishore Malpani – Executive President, Rosa  
 Mr. Narpat Singh – Executive President, Hata  
 Mr. Anand Sharma – Vice President (Legal) &  
 Company Secretary

## AUDITORS

S.R. Batliboi & Co. LLP  
 Chartered Accountants  
 22, Camac Street, 3rd Floor, Block - C,  
 Kolkata - 700 016

## ADVOCATES & SOLICITORS

Khaitan & Co. LLP

## BANKERS

State Bank of India  
 ICICI Bank Ltd.  
 Punjab National Bank  
 IDBI Bank Ltd.  
 DCB Bank Ltd.  
 Union Bank of India

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
 (Unit : Avadh Sugar & Energy Limited)  
 59C, Chowringhee Road,  
 Kolkata - 700 020  
 Tel. No.:(033)2289 0540, Fax No.:(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 : birlasugar@birla-sugar.com  
 Website : www.birla-sugar.com  
 CIN – U15122UP20152PLC069635

## 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 : birlasugar@birla-sugar.com  
 Website : www.birla-sugar.com

## SUGAR MILLS

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

## Chairperson's Insight



### Dear Shareholders,

I am happy to be sharing my thoughts with you at a time when India is witnessing exciting transformation. The economy continues to grow faster than the world's major economies, and the government is driving wide-ranging reforms, which will augur well for all sectors of the economy, going forward. It is worthwhile to mention in this context that the passage of GST Bill during the year was a landmark step to bring the entire country within the ambit of a uniform indirect tax structure.

The Union Budget 2017 also announced a slew of measures to bolster the income of farmers significantly in the next five years and to accelerate rural development. These measures will also benefit the sugar industry, which is witnessing gradual recovery. However, it must be admitted that the health of the industry is still fragile and prone to headwinds. Operating in such a scenario, we at Avadh are striving to consolidate our strengths to create sustainable value for all stakeholders.

### INDUSTRY INSIGHT

India's sugar industry continues to be a major economy driver, supporting around 50 million farmers and their families. The industry commercially utilises rural resources to meet the large domestic demand for sugar and generates surplus energy to help meet the country's growing energy needs.

India's sugar industry is recovering on the back of balanced rainfall and favourable government policies. According to ISMA's latest estimates, production of 20.3 million tonnes and consumption of 24.0 million tonnes are expected in Sugar Year Oct'16-Sep'17. With a high opening balance of 7.75 million tonnes, the closing balance in the current season is estimated to be around 4.2 million tonnes. This indicates enough availability to meet domestic demand until the end of November 2017. There has been a moderate increase in sugar and sugarcane production over the last 10 years.

The reason for the lower production, especially in Maharashtra, Karnataka, Andhra Pradesh and Telangana is the continuous drought in the last few years. On the other hand, cane yields, as well as sugar recovery in Uttar Pradesh were significantly better, compared to that of last year. With favourable monsoons approaching, yield improvement is expected in 2017-18.

The good news is that in India and other parts of the world, sugar production and consumption continue to grow, despite challenges. In India, the capacity utilisation improved considerably during FY 2016-17 especially in U.P.

### BUSINESS PERFORMANCE

We completed the restructuring of Oudh Sugar and Upper Ganges; and the rationale behind this decision was to enhance efficiencies and commercial synergies among multiple businesses. Post the restructuring, sugar business undertakings of The Oudh Sugar Mills Ltd and Upper Ganges Sugar & Industries Ltd categorised geographically in the state of Uttar Pradesh stand transferred and vested in Avadh Sugar & Energy Limited.

Our performance was encouraging during the year. Sugar cane crushing was at record levels with better recoveries.

Our efficient operations, innovative techniques and experiments with new varieties of sugarcane differentiated us from other sugar industry players.

### OUR CORE STRATEGIES

At Avadh Sugar, we make conscious efforts to ensure that sustainability remains at the core of our business strategy. We prioritize the needs of farmers and we are doing our utmost to clear all arrears outstanding to them. We enjoy the trust and support of our farming community, and they continue to rely on the ethical business policies of our Company.

Another focus area in FY17 was to achieve fiscal discipline. If we look at our long-term debt equity ratio, it is now in better shape, following the restructuring of the business. Our profitability will now help us procure enough working capital resources and significant short-term debt.

### WAY FORWARD

We are strengthening our operations and working towards building a robust balance sheet. At the same time, we are implementing better strategies in collaboration with all our stakeholders to enhance the value proposition of our business and achieve a better margin profile. Co-generation and ethanol production will also help enhance our profitability.

The support of the Government of India and state governments deserve appreciation; and as a major industry player, we look forward to working with the Central and state governments for sustainable growth of the industry as a whole.

Our experience and expertise, powered by the support and guidance of all our stakeholders, have enabled us



***We are strengthening our operations and working towards building a robust balance sheet. At the same time, we are implementing better strategies in collaboration with all our stakeholders to enhance the value proposition of our business and achieve a better margin profile.***

to reach the stature that we have attained today. More needs to be done to reinforce our fundamentals. We have a committed workforce to work on our future strategies, despite challenges; and the management will continue to invest in building their capabilities and follow industry-leading HR practices.

I thank all our stakeholders for helping us build on our strong fundamentals and create sustainable value for the nation and the community.

Warm regards,

**Nandini Nopany**  
Chairperson



# Directors' Report

Dear Members,

Your Directors present herewith the 3rd Annual Report on the business & operations of the Company along with the Audited Statement of Accounts for the financial year ended 31st March, 2017.

## 2 SCHEME OF ARRANGEMENT

The Composite Scheme of Arrangement between Upper Ganges Sugar & Industries Ltd, The Oudh Sugar Mills Ltd, Palash Securities Ltd, Allahabad Canning Ltd, Ganges Securities Ltd, Cinnatollah Tea Ltd, Vaishali Sugar & Energy Ltd, Magadh Sugar & Energy Ltd and Avadh Sugar & Energy Ltd and their respective shareholders and creditors has received requisite approvals of regulatory authorities including Hon'ble High Court, SEBI, CCI and finally by National Company Law Tribunal, Allahabad Bench on March 2, 2017. The Scheme envisaged Birla Group of Sugar Companies to re-arrange its business activities, to achieve the Business alignment as per market dynamics and variant capital needs of each business as well as to house geographically in separate entities its sugar, investments, tea and food processing businesses. Pursuant to the said Scheme the sugar business operations in the State of Uttar Pradesh becomes part of the Company viz; Hargaon Sugar Mills, Seohara Sugar Mills, Rosa Sugar Works and New India Sugar Mills, Hata.

## 3. FINANCIAL RESULTS AND APPROPRIATIONS

(₹ in lacs)

	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue from Operations (Gross)	1,97,657.26	
Profit before Finance Costs, Tax, Depreciation and Amortization	43,873.68	(1.09)
Less: Depreciation & Amortization Expenses	4,596.40	
Finance Costs	12,996.72	17,593.12
Profit/(Loss) Before Tax	25,280.56	(1.09)
Less: Provision for Tax	4323.00	4323.00
Profit/(Loss) After Tax	20,957.56	(1.09)

(₹ in lacs)

	Year ended 31st March, 2017	Year ended 31st March, 2016
Less : Impact of Scheme related to earlier period	(15,205.36)	
Balance carried to Balance Sheet	5,750.63	

## 4. OPERATING PERFORMANCE

In facade of dynamic market conditions wherein the long awaited resurgence in the sugar industry had begun during first half though quite subdued in comparison to other half which witnessed upward trend in sugar pricing, your Company has delivered top line growth and performed ahead of underlying Sugar Season 2016-17, prima-facie due to supply of good quality of sugarcane culminating into higher recoveries and expedited 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".

## 5. FINANCIAL PERFORMANCE 2016-17

The Company recorded Total Revenue of ₹1,87,549.47 lacs (including other income aggregating to ₹249.28 lacs) during the financial year ended 31st March, 2017. The Revenue from Operations (Gross) of the Company for the year 2016-17 stood at ₹1,97,657.26 lacs. The Profit before Finance Costs, Tax, Depreciation and Amortisation for the year under review stood at ₹42,873.68 lacs representing 22.86 % 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 2017 and date of this report.

## 6. 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. Consistent with this policy, your Board has recommended a cumulative dividend on 8.5 % Non-convertible Cumulative Redeemable Preference Shares for the financial year 2011-12 to 2016-17 aggregating to ₹ 2346.47 lacs ; Cumulative dividend on 12 % Non-convertible Cumulative Redeemable Preference Shares for the financial year 2014-15 to 2016-17 aggregating to ₹ 513.08 lacs and dividend of ₹ 2/- on Equity Shares (20 %) for the financial year 2016-17 to the Members of your Company. The proposal is subject to the approval of the Members at the 3rd Annual General Meeting (AGM) of your Company scheduled to be held on July 31, 2017. The dividend together with the dividend distribution tax will entail a cash outflow of ₹ 3682.63 lacs (previous year ₹ Nil).

## 7. PUBLIC DEPOSITS

The Company has not accepted any deposits from the public and as such there are no outstanding fixed deposits in terms of Companies (Acceptance of Deposit Rules) 2014.

## 8. SHARE CAPITAL

In accordance with the Composite Scheme of Arrangement, on merger of residual Upper Ganges Sugar & Industries Ltd and residual The Oudh Sugar Mills Ltd, the Authorized Share Capital of the Company which at the time of incorporation was ₹ 5,00,000/- (Rupees Five lacs) divided into 50,000 (fifty thousand) Equity Shares of ₹ 10/- each, has become ₹ 170,05,00,000/- (Rupees One hundred seventy crore and five lacs) divided into ₹ 56,05,00,000/- equity shares divided into 5,60,50,000 (Five crore sixty lacs fifty thousand) Equity Shares of ₹ 10/- (Rupees ten) each and ₹ 50,00,00,000/- (Rupees Fifty Crores) Preference Shares divided into 5,00,00,000 (Five crore) Preference Shares of ₹ 10/- and ₹ 34,00,00,000/- (Rupees Thirty Four crores) Preference Shares divided into 34,00,000 (Thirty-four lacs) Preference Shares of ₹ 100/- each and ₹ 30,00,00,000/- (Rupees Thirty crores) Unclassified Shares divided into 3,00,00,000 (Three Crore) unclassified shares of ₹ 10/- each.

## 9. SUBSIDIARY COMPANIES

The Company does not have any subsidiary. However, the Company has formulated a policy for determining material subsidiaries in line with the requirement of SEBI (LODR) Regulations, 2015. 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. 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.

## 11. 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 whereas Mr Chandra Shekhar Nopany is Co-Chairperson of the Company.

Mrs. Nandini Nopany will retire by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment as Director of the Company. She is proposed to be re-appointed as Director and will be liable to retire by rotation.

Pursuant to the applicable provisions of the Companies Act, 2013 the Board of Directors of the Company at its meeting held on 14th March, 2017 appointed Mr. Anand Ashvin Dalal, Mr. Sunil Kanoria, Mr. Gaurav Swarup, Mr Pradip Kumar Bishnoi and Mr. Kalpataru Tripathy appointed as Additional Directors and accordingly they would hold the office upto the date of the ensuing Annual General Meeting. The Company has received notices in writing under Section 160 of the Companies Act, 2013 from members proposing the candidature of Mr Anand Ashvin Dalal, Mr. Sunil Kanoria, Mr. Gaurav Swarup, Mr Pradip Kumar Bishnoi and Mr. Kalpataru Tripathy respectively. The Board

of Directors at its meeting held on 14th March, 2017, designated Mr. Anand Ashvin Dalal, Mr. Sunil Kanoria, Mr. Gaurav Swarup, Mr. Pradip Kumar Bishnoi and Mr. Kalpataru Tripathy as independent directors. The Board of Directors recommended to the shareholders for their appointment for a period of five consecutive years with effect from the date of the ensuing Annual General Meeting.

Other information on the Directors including required particulars of Directors retiring by rotation is provided in the Annexure to the Notice.

## 12. KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company at its meeting held on March 30, 2017 had appointed following persons as Key Managerial Personnel of the Company viz:

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

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 Wholetime Director is made part of Corporate Governance Report which forms part of this report. 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.

## 13. FAMILIARISATION PROGRAMME

Periodic presentations are made at the Board Meetings, business, performance updates & business strategy of the Company.

## 14. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure I".

## 15. REMUNERATION POLICY

The Board has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy as adopted by the Board of Directors is attached as "Annexure E". to this Report. The Committee has also framed criteria for performance evaluation of every Director and accordingly has carried out the performance evaluation.

## 16. CORPORATE SOCIAL RESPONSIBILITY POLICY

The Company continues to spend to support local initiatives to improve infrastructure as well as support in other corporate social responsibilities. The disclosure requirement with respect to CSR spends are not applicable to the Company in view of inadequate profits/losses during the three immediately preceding financial years. The CSR Policy as approved by the Board is available on Company's website at the weblink <http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-CSR-Policy.pdf>

## 17. 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. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. During the financial year ended 31st March 2017, 7 (seven) Meetings of the Board of Directors of the Company were held. The details of the Board Meetings held during the F.Y. 2016-17 have been furnished in the Corporate Governance Report forming a part of this Annual Report.

## 18. AUDIT COMMITTEE

The Audit Committee was constituted on March 14, 2017 and the Committee now comprises of Mr. Anand Ashvin Dalal, Mr. Pradip Kumar Bishnoi, Mr. Kalpataru Tripathy and Mr. Devendra Kumar Sharma. The Company Secretary acts as the Secretary to the Committee and the Chief Financial Officer is a permanent invitee to the meetings. During the year there were no instances where Board has not accepted the recommendation of Audit Committee.



The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

#### **19. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Stakeholders' Relationship Committee was constituted on March 14, 2017 and now comprises of Mr Gaurav Swarup, Mr. Anand Ashvin Dalal, Mr Pradip Kumar Bishnoi and Mr. Devendra Kumar Sharma. The Company Secretary acts as the Secretary to the Committee. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

#### **20. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee was constituted on March 14, 2017 and now comprises of Mr. Sunil Kanoria, Mr Gaurav Swarup, Mr. Anand Ashvin Dalal and Mr Kalpataru Tripathy. The Company Secretary acts as the Secretary to the Committee. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

#### **21. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility Committee was constituted on March 14, 2017 and the Committee now comprises of Mrs Nandini Nopany, Mr. Pradip Kumar Bishnoi and Mr Devendra Kumar Sharma. The Company Secretary acts as the Secretary to the Committee. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

#### **22. 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.

#### **23. 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 14 to the Financial Statements.

#### **24. RELATED PARTY CONTRACTS/ARRANGEMENTS**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Accordingly, no transaction are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the Directors draw attention of the members to Note 31 to the financial statement which sets out related party disclosures

The Company has developed a Related Party Transactions Policy for purpose of identification and monitoring of such transactions and accordingly any or all Related Party Transactions are placed before the Audit Committee as also the Board for approval including providing prior omnibus approval by the Audit Committee for the transactions which are of a foreseen and repetitive nature.

#### **25. RISK MANAGEMENT**

In line with the new regulatory requirements, the Company has formally framed a 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 comprising of Mr. Devendra Kumar Sharma, Whole time Director, Mr Dilip Patodia, Chief Financial Officer, Shri Chand Bihari Patodia, Group President and Mr Pradip Kumar Bishnoi, Independent Director, 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.

## 26. 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. The evaluations of these internal financial controls were done through the internal audit process and were also reviewed by the Statutory Auditors. Based on their view of these reported evaluations, the directors confirm that, for the preparation of financial statements for the financial year ended March 31, 2017, 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.

## 27. 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 or ethics policy. 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>

## 28. CORPORATE GOVERNANCE

Pursuant to Regulation 34 of the SEBI (LODR) Regulations 2015 the Management Discussion & Analysis Report, the Report on Corporate Governance and Declaration of Whole-time Director on Code of Conduct and Auditors' Certificate on compliance of conditions of Corporate Governance form integral part of this Report and are annexed to this Report as "Annexure B" respectively.

## 29. 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.

## 30. AUDITORS, AUDIT QUALIFICATIONS AND BOARD'S EXPLANATIONS

### STATUTORY AUDITORS

Messrs S R Batliboi & Co LLP, Chartered Accountants, hold office as Auditors of the Company till the conclusion of ensuing Annual General Meeting.

The Board, on the recommendation of the Audit Committee, proposed that Messrs B S R & Co