



# **K.M. Sugar Mills Limited**

## **45<sup>th</sup> ANNUAL REPORT**

**2017-18**



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### **Forward Looking Statement**

*Statement in this report that describe the company's objectives, projections, estimates, expectations or predications of the future may be 'forward looking statements' within the meaning of applicable*

*securities laws and regulations. The Company cautions that such statements involve risk and uncertainty and that actual results could differ materially from those expressed and implied.*

### **Request to Share holders**

**Shareholders are requested to intimate the company or to the RTA M/s Link Intime India Pvt. Ltd. about their mail id and change of their addresses.**



## Company Information

Company Information ...

### BOARD OF DIRECTORS

#### Chairman

Shri L. K. Jhunhunwala

#### Whole Time Director

Shri Aditya Jhunhunwala, Managing Director  
Shri Sanjay Jhunhunwala, Joint Managing Director  
Shri Subhash Chandra Agarwal, Executive Director

#### Non Executive and Independent Director

Shri H. P. Singhania  
Dr. S. B. Singh  
Shri R. S. Shukla  
Shri S. K. Gupta  
Smt. Madhu Mathur

#### Nominee Director

Mr. A. K. Mishra (P.N.B.)

#### Company Secretary

Mr. Rajeev Kumar

#### Auditors

M/s. AGIWAL & ASSOCIATES  
Chartered Accountants,  
Lal Kothi, 2nd Floor, Pataudi House Road,  
Above Bank of Baroda, Dariyaganj,  
NEW DELHI - 110 002

#### Bankers

STATE BANK OF INDIA  
PUNJAB NATIONAL BANK  
FEDERAL BANK LTD.  
ALLAHABAD BANK

#### Registered Office

11, Moti Bhawan, Collectorganj,  
Kanpur - 208001 U. P.

#### Corporate Office & Works

Motinagar, Distt. Faizabad - 224201 (U.P.)



## DIRECTORS' REPORT

# Directors' Report...

To,  
The Members,  
Your Directors have pleasure in placing the 45th Directors' Report along with the Audited Statement of Accounts for the year ended on 31st March, 2018.  
Financial Performance  
The Financial performance of the Company during the year ended 31st March 2018 as under :

	For the year ended as at 31 <sup>st</sup> March, 2018	For year ended as at 31 <sup>st</sup> March, 2017
	(Rs. in Lacs)	(Rs. in Lacs)
Profit before interest, depreciation & tax	5349	5754
Less: Interest	-1072	-851
Depreciation	-1345	-974
Profit before tax	2932	3929
Provision for taxation	0	-115
Provision for taxation (deferred)	-1045	-102
Net Profit before extraordinary Items	1887	3712
Add: Extra ordinary item	0	-21
Net Profit	1887	3691
Earning Per Share of Rs 2/- each	2.05	4.03

### Overall Performance

For the year ended on 31st March, 2018, sales stood at Rs. 46978.32 Lacs (net of excise duty) against the Rs. 335302.87 Lacs (net of excise duty) of previous financial year ended as at 31-03-2017). During the financial year under review, the company had no trading of sugar, whereas during the preceding financial year sugar trading was Rs. 1127.57 lacs). Profit after interest and depreciation stood at Rs. 2932.00 Lacs as against the profit of Rs. 3929.00 Lacs in the previous year. Profit after tax for the year ended March 31, 2018 was Rs.1886.68 Lacs compared to profit of Rs. 3690.87 Lacs in the previous year.

### Dividend

Your directors have not recommended any dividend for the financial year ended 31st March 2018.

### Transfer to reserves:

The entire surplus of Rs. 1886.68 lacs has been transferred to Other Equity.

### Finance and Accounts

As mandated by the Ministry of Corporate Affairs, the financial Statement for the year ended on March 31, 2018 has been prepared in accordance with the Indian Accounting Standard (IND AS) notified under Section 133 of the Companies Act, 2013 reads with Companies (Accounts) Rules, 2014. The estimates and judgment relating to the Financial Statement are made on a prudence basics, so as to reflect a true and fair manner, the form and substance of transaction and reasonably present the Company's state of Affairs, profits and cash flow for the year ended March 31, 2018. Accordingly, the figures for the previous year have been recasted as and where required to make these comparable.

### Performance of Divisions:-

#### Sugar Division

Crushing season till 31st March, 2018 consisted of sugar seasons of 2017. The company has crushed 103.26 Lacs qtls. of cane and the season was for 138 days. Sugar sale was Rs. 39204.87 lacs during the year under review as against Rs.28182.49 lacs during the previous financial year. The other details are as under :

	Year 31-03-2018	Year 31-03-2017
Gross Working days	138	121
Total Cane Crushed (qtls.)	10326624	8832402
White sugar Produced (qtls)	994395	859577
Average Recovery	9.72%	9.76%



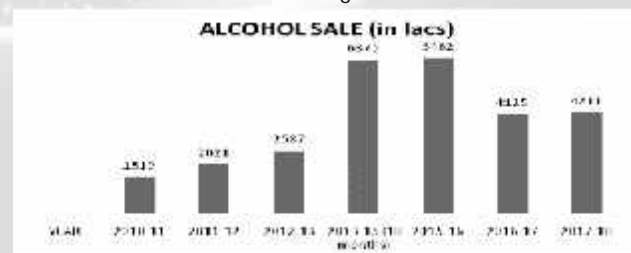
### Co-Generation:

During the crushing season under report, the company produced 7,90,97,890 KWH power and exported 4,76,63,795 KWH to UPPCL. Power sale was Rs. 2183 lacs as against Rs. 1749 lacs.



### Distillery:

During the year ended as at 31-03-2018, Company Produced 105.11 Lacs BL of Rectified Spirit with a recovery of 22.63 %, which is better in comparison of preceding year production of 103.45 Lacs BL. with a recovery of 22.41%. Sale of RS was Rs.4211 Lacs as against Rs. 4125 Lacs.





### Auditors

M/s. Agiwal & Co, Chartered Accountants, New Delhi, Auditors of the Company retires at the conclusion of the forthcoming Annual General Meeting and being eligible, offered themselves for reappointment. They have furnished a certificate to the effect that their proposed reappointment, if made, will be in accordance within the limits specified u/s 139 of the Companies Act, 2013. Pursuant to the provisions of Section 139, 142 and other applicable provisions, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 the existing Auditors can be re-appointed to hold office maximum up to the conclusion of 49th Annual general meeting of the Company. Accordingly the Board propose for re-appointment of existing Auditors M/s. Agiwal & Co, Chartered Accountants, New Delhi to hold office up to the conclusion of 49th Annual General Meeting on such remuneration plus Goods and service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the said Auditors.

However, their appointment as Statutory Auditors of the Company shall also be required to be ratified by the Members at every Annual General Meeting.

### Auditors' Report

The comments on the statement of account referred to in the report of the auditors are self-explanatory, and explained in the appropriate Notes to the Accounts.

### Secretarial Auditors

Ms. Pragati Gupta, Practicing Company Secretaries were appointed as Secretarial Auditors of the Company for the year 2017-18 as required under Section 204 of the Companies Act, 2013 and Rules made there under. The Secretarial Audit report for FY 2017-18 forms part of the Annual Report (Annexure to the Directors' Report in Form MR- 3) as annexed as Annexure-9 to this report and carries no qualifications, reservations, adverse remarks or disclaimers and hence no explanations are required.

The Board appointed Ms. Pragati Gupta, Practicing Company Secretaries (Membership no. ACS- 19302) , as Secretarial Auditor of the Company for the financial year 2018-19.

### Cost Auditors

The Central Government approved the appointment of M/s. Aman Malviya & Company, Cost Auditor, Lucknow as Cost Auditors for conducting Cost Audit for Sugar and Industrial Alcohol businesses for the year 31st March 2018, report of which was placed before the Board. The Board approved their appointment for the year 2018-19 and their remuneration is subject to approval by the Company in the forthcoming Annual General Meeting.

### Directors

At the ensuing Annual General Meeting Shri Sanjay Jhunjunwala and Shri S. C. Agarwal, Directors of the

Company, retire by rotation u/s 152 of the Companies Act, 2013 and being eligible, offered themselves for re-appointment at the ensuing Annual General Meeting. Dr. Kirti Singh, Director of the Company resigned and the Board placed its gratitude on record for his valuable guidance, advice and suggestions to the Company during his tenure. The Company appointed Dr. S.B Singh as Additional Director in the Board meeting held on 12th February 2018. The Company has received a notice from a shareholder proposing his candidature for the office of the Director of the Company under sections 149, 152 and 160 of The Companies Act, 2013 alongwith requisite fees of Rs.1,00,000/- through cheque no. 107 dated 03-07-2018 drawn on HDFC Bank in this regard. The Board also recommended his appointment as Independent Director of the Company u/s 160 of the Companies Act, 2013 in the ensuring AGM.

### Public Deposits

During the financial year ended 31-03-2018, the company has not accepted any public deposits.

### Corporate Debt Restructuring-(CDR)

The Company has successfully exit from CDR vide CDR EG letter dated 26-07-2017 and remitted the full payment against RoR during the year under review.

### Listing Agreement

The equity shares of the company are listed with the Bombay Stock Exchange Limited and National Stock Exchange Limited and listing fees for 2018-19 had been duly paid.

### Directors' Responsibility Statement

In pursuance of sub-section (5) of Section 134 of the Companies Act, 2013, in respect of Directors' Responsibility Statement, the Board of Directors confirms:

- (i) that in the preparation of the annual accounts for year ended on March 31, 2018 the applicable accounting standard have been followed by the Company.
- (ii) that the directors of the company have selected such accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on that date.
- (iii) that the directors of the Company have taken proper and sufficient care for the maintenance of adequate accounting in accordance with provisions of the Companies Act, 2013, for safeguarding the assets of the company and for detecting fraud and other irregularities; and
- (iv) that the directors of the Company have prepared the annual accounts on a going concern basis.
- (v) that the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.



- (vi) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### Significant and Material Orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

#### Audit Committee and Vigil Mechanism

Pursuant to requirement of section 177(1) of Companies Act, 2013 read with Rule 6 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 18 and Regulation 22 of SEBI (LODR) Regulation 2015, your Company has already formed the Audit Committee, composition of which is covered under Corporate Governance report section of this Annual Report.

The Vigil Mechanism of the Company, which also incorporates a Whistle Blower Policy in terms of the Listing Regulations, includes appointment of a Whistle Officer who will look into the matter, conduct detailed investigation and take appropriate disciplinary action. The Company has formulated a vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management their genuine concern about behavior of employees, the details of which are incorporated in the report on the corporate governance. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Whistle Blower Officer or to the Chairman of the Audit Committee. During the year under review, no employee was denied access to Whistle Blower Officer or Audit Committee and no cases under this mechanism were reported in the company and any of its subsidiary / associates.

The Policy on vigil mechanism and whistle blower policy has been uploaded on the Company's website at the link: <http://www.kmsugar.com>.

#### Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith in form no. MGT-9 as Annexure-7 to this Report.

#### Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

#### Risk Management

The Company aims to have a formalized and systematic approach for managing risks across the Company. It encourages knowledge and experience sharing in order to increase transparency on the key risks to the Company to the extent possible. This approach increases risk awareness, and ensures proper management of risks as part of the daily management activities.

The objective of the Company's risk management process is to support a structured and consistent approach to identify,

prioritize, manage, monitor and report on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives.

The Company has introduced several initiatives for risk management including the introduction of audit functions and processes to identify and create awareness of risks, optimal risk mitigation and efficient management of internal control and assurance activities.

#### Corporate Social Responsibility

The Company constituted a Corporate Social Responsibility (CSR) Committee (for details please refer Corporate Governance Report) pursuant to the requirement of Section 135(1) of Companies Act, 2013. The CSR policy of the Company, inter alia, list the activities that can undertaken or supported by the Company for CSR, composition and meetings of CSR committee, annual allocation for CSR activities, area of CSR projects, criteria for selection of CSR, modalities of execution / implementation of CSR activities and the monitoring mechanism of CSR activities / projections. During the year under report, the Company spent Rs.32.00 lacs towards CSR as against its obligation Rs.38.02 lacs. The Board ensured that balance amount of Rs. 6.02 Lacs on CSR will be spent during the forthcoming Financial Year 2018-19. The details of CSR activities undertaken by the company are mentioned in the prescribed format in the Annexure -4 to this report.

#### Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in Annexure -1.

#### Research and Development

The details relating to Research and Development activities carried out by the company during the year are stated in annexure to this report.

#### Particulars of Employees

The disclosure as required under the provisions of Section 197 (12) of the Companies Act, 2013, read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company has been given in 'Annexure 2' and forms part of this Report.

#### Corporate Governance

As required under Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, a separate section on Corporate Governance forming part of the Directors' Report and the certificate from Practicing Company Secretary Ms. Pragati Gupta, confirming the compliance of the conditions on Corporate Governance is attached as Annexure-3 to this report.

#### Management Discussion and Analysis Report

The Management Discussion and Analysis Report on the business and operations of the company is attached to this report as 'Annexure-5'.



### Industrial Relation

The industrial relations have been cordial at all plants of the Company during the year.

### Subsidiary Company

The Company has now no subsidiary Company as it had sold its Equity holding in M/s. K.M. Energy Private Limited during the year under review.

### Number Of Meetings Of The Board

The Board met four times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and the SEBI (LODR) Regu., 2015.

### Policy on Directors' Appointment And Remuneration

The Company seeks to maintain an appropriate mix of Executive and Independent Directors in order to maintain the independence of the Board and segregate the functions of governance and management. As at year end, the Board consists of 10 members, one of whom is Managing Director, three of whom are Whole-time directors, five are Independent directors and one is a Nominee director. The Company has five Independent Directors and all are qualified personnel with requisite qualifications, experience, positive attributes and satisfy all the criteria as set out under Schedule IV of Companies Act, 2013. These Independent Directors are only eligible for sitting fees for attending Board meetings and Committee meetings and other out of pocket expenses duly made for attending meetings of the Board or any committee of the Board thereof. Remuneration proposed for Whole Time Directors is in accordance with the Remuneration Policy approved by Nomination and Remuneration Committee of the Board.

Your Company, in compliance with section 178 (1) of the Companies Act, 2013 read with The Companies (Meeting of Board and its Powers) Rules, 2014, has duly constituted a Nomination and Remuneration Committee. This committee is chaired by an Independent Director and formulates the criteria for determining qualifications, positive attributes, independence of a Director and other matters.

Appointment and the remuneration of Board members, key managerial personnel or one level below the Board level is fixed on the basis of the recommendation of the Nomination and Remuneration Committee made to the Board, which may ratify them, with or without modifications.

Disclosures pursuant to the requirements of section 197 (12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been made in Annexure 2 of this Board Report.

### Declaration by Independent Directors

As per the requirement of section 149(7), the Company received a declaration from every Independent Director that he or she meets the criteria of independence as laid down under section 149(6) read with rule 5 of the Companies (Appointment and Qualification of Directors) Rule, 2014 and SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015.

### Board Evaluation

Pursuant to the requirement of the Companies Act, 2013, the performance evaluation of the independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board as explained under the Corporate Governance section of this Annual Report. In a separate meeting of Independent Directors, performance of Non-Independent Directors was evaluated.

### Committees of The Board

Currently, the Board has 4 committees. A detailed note on the Board and its committees is provided in the Corporate Governance Report section of this Annual Report. The composition of the committees and compliances, as per applicable provisions of the Act and Rules, are as follows:

Name of the committee	Composition of the committee	Highlights of duties, responsibilities and activities
Audit committee	Mr.H.P Singhanian-Chairman Mr.R.S Shukla-Member Mr.Sanjay Jhunjhunwala-Member Mr.S.K Gupta-Member	All recommendations made by the committee during the year were accepted by the Board. The Company has adopted the Whistle Blower Mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud. The Company has formed the Related Party Transaction Policy.
Nomination and remuneration committee	Mr.H.P Singhanian-Chairman Mr.R.S Shukla-Member Mr.S.K Gupta-Member	The Committee oversees and administers executive compensation. All recommendations made by the committee during the year were accepted by the Board.
Stakeholders relationship committee	Mr.H.P Singhanian-Chairman Mr.R.S Shukla-Member Mr.Aditya Jhunjhunwala-Member Mr.S.K Gupta-Member	The Committee reviews and ensures redressal of investor grievances. The committee noted that the grievances of the investors reported during the year, if any.
Corporate social responsibility committee	Mr.L.K Jhunjhunwala-Chairman Mr.Sanjay Jhunjhunwala-Member Mr.S.K Gupta-Member	The Board as laid down the Company's policy on Corporate Social Responsibility (CSR). The CSR policy is uploaded on Company website, <a href="http://www.kmsugar.com">www.kmsugar.com</a> .

### Particulars of Loans, Guarantee or Investments

As per the requirement of section 186(4) of Companies Act, 2013, particulars of loans given, investments made, guarantees given or securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the



financial statements. The Company is in compliance with the limits as prescribed under Section 186 of Companies Act, 2013 read with rule 11 of the Companies (Meeting of Board and its Powers) Rules, 2014.

Particulars of contracts or arrangements with Related Party

The Company's policy on related party transactions may be accessed on the Company's website at <http://www.kmsugar.com>. Particulars of contracts or arrangements with Related Parties referred in Section 188(1) of the Companies Act, 2013 is furnished in accordance with Rule 8(2) of the Companies (Accounts) Rules, 2014 is given in Note to Accounts no. 35.17 and also in Form AOC-2 as Annexure-6.

Material Changes and Commitments Affecting Financial position between the end of the Financial Year and Date of Report.

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

Acknowledgment

Yours Directors place on record their acknowledgement and sincere appreciation of all the bankers and financial institutions for their continued assistance. They further appreciate and acknowledge with gratitude the co-operation and assistance received from all executives, staff and workmen of the Company.

For and on behalf of the Board  
of K. M. Sugar Mills Ltd.  
Sd/-

L. K. Jhunjhunwala  
Chairman

Date: 07.08.2018

Place: Lucknow

#### Annexure 1

Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

PARTICULARS	STEPS TAKEN BY THE COMPANY
(i) The steps taken or impact on conservation of energy The company has taken various steps towards energy conservation. The company continues to give high priority to the conservation of energy on an ongoing basis. Some of the significant measures taken are:	<p>a) Installation of Planetary Drive at 4<sup>th</sup> Mill GRPF to replace conventional gears to save the power.</p> <p>b) Installation of VFD at maceration pump at mills to save power.</p> <p>c) Installation of Planetary Drives, use of VFD at sugar drying FBD &amp; Spray pump to save power in Boiling House</p> <p>d) System designed to use 2<sup>nd</sup> effect vapour in place of 1<sup>st</sup> vapour in chemical boiling at Evaporator to save steam.</p>

	e) Installation of VFD at Cogen CEP pump, new de-super heating pump & Boiler water transfer pump for power saving at Boiler
(ii) The steps taken by the company for utilizing alternate sources of energy.	Company has bagasse based generation power plant which is used for captive consumption and surplus power is being sold to U P Power Corporation Limited
(iii) The capital investment on energy conservation equipments during the year 2017-18 was	Rs.130 Lacs Apart from this, The company makes investment wherever required for conservation of energy. The company has continuous process to monitor and explore ways and means for conservation of energy.

#### Form B

I. Disclosure of particulars with respect to Technology Absorption Research & Development (R&D)

Technology absorption, adaptation and innovation:

(i) The company carried on following sugarcane development activities during the financial year 2017-18:

- Distribution of new improved varieties of seed.
- Moist heat therapy to eradicate seed born diseases.
- Inter cropping of sugar cane for multi crops to growers.
- Distribution of fertilizers and manures for improving the soil health and growth of sugarcane.
- Rotten crop management and gap filling helping increase yield and recovery.

(ii) Due to above efforts it is expected that higher yield and disease free cane will be available to the company and the cane growers. Multi-cropping also helps farmers to get more returns.

(iii) The company has not imported any technology.

Expenditure incurred on Research & Development : Nil

II. Foreign Exchange earnings & Outgo

		Year 2017-18	Year 2016-17
i)	Foreign exchange earned in terms of actual inflows	NIL	NIL
ii)	Foreign Exchange outgo in terms of actual outflows	Rs.106.74 Lakhs	Rs. 41.99 Lakhs

#### Annexure 2

Information pursuant to section 197(12) of the Companies Act, 2013 read with Rule 5 Companies (Appointment and Qualification of Directors) Rules, 2014 and forming part of the Director's Report for the year ended March 31, 2018.

A. Employed throughout the financial year and were in receipt of remuneration in aggregate of not less than Rs. 60,00,000/- per annum.

Sl No.	Name	Age Yrs	Designation	Qualification	experience (in years)	Date of commencement of employment	Remuneration Rs. In Lacs	Previous employment
				NIL				



A. Employed for part of the financial year and were in receipt of monthly Remuneration of not less than Rs. 5,00,000/-.

Sl No.	Name	Age Yrs	Designation	Qualification	experience (in years)	Date of commencement of employment	Remuneration Rs. In Lacs	Previous employment
				NIL				

### Annexure 3

#### Report on Corporate Governance

Pursuant to Regulation 34(3) read with schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company formulated the policies, procedures and processes on Corporate Governance for the best practices and institutionalizing the code of corporate governance.

This Report is furnished in terms of Regulation 34(3) read with schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Auditors' certificate on Corporate Governance as prescribed is also attached. Further, this Report also discloses relevant information in terms of Section 134(3) of the Companies Act, 2013 and forms an integral part of the Board's Report to shareholders.

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are:

#### 1. Company's Philosophy on Code of Governance :

- Transparency in policies and action.
- Maximizing long term shareholders' value
- Socially valued enterprise and
- Commitment to excellence and customer satisfaction
- Independence to develop and maintain a healthy work culture.
- Growth for stakeholders.
- Caring for people and environment.
- Accountability for performance.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and commitment to high standard of business ethics.

The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre.

Your company, since its inception, being always guided by ethical principles and being transparent and fair in its business dealings and administration, have adequate system of control and check in place to ensure that the executive decisions should result in optimum growth and development.

#### 2. Board of Directors

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non-compliances, if any.

Pursuant to the Listing Regulations of SEBI (LODR) Regulations, 2015 the Board has laid down a Code of Conduct for all Board members and Senior Management of the Company and the same uploaded on the website of the Company ([www.kmsugar.com](http://www.kmsugar.com)). All the Board Members and Senior Management Personnel have affirmed compliance with the Code.

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board of the Company. As at year ended on 31st March, 2018, the board consists of ten directors; out of which four are executive directors and five are non-executive directors and one Nominee Director. Executive directors consist of Chairman, Managing Director, Joint Managing Director, and executive directors. The present mix of the Board of the Company is as under:

- Three Promoters, Executive Directors
- One Independent, Executive Director
- Five Independent, Non-Executive Directors
- One Nominee, Non-Executive Director

The composition of the Board of Directors, as on 31st March, 2018, the number of other board of directors or Board committees of which they are member or chairperson and the attendance of each director at these board meetings and the last Annual General Meeting are as under:

Name of Director	Category	No. of other director ships (Public Limited Company)	No. of Board Meeting Attends	Attendance at last AGM
1. Sh. L. K. Jhunjhunwala	Promoter, Executive	2	4	Yes
2. Sh. Aditya Jhunjhunwala	Promoter, Executive	1	4	No
3. Sh. Sanjay Jhunjhunwala	Promoter, Executive	2	4	Yes
4. Sh. S. C. Agarwal	Independent, Executive	-	2	No
5. Sh. H. P. Singhania	Independent, Non-executive	1	4	No
6. Dr. S. B Singh*	Independent, Non-executive	-	1	No
7. Sh. R. S. Shukla	Independent, Non-executive	-	4	No
8. Sh. S. K. Gupta	Independent, Non-executive	-	4	No
9. Shri A.K. Mishra	Nominee-Non-Executive	-	-	No
10. Mrs. Madhu Mathur	Independent Non-Executive	-	3	No
11. Dr. Kirti Singh**	Independent, Non-executive	-	-	No

\*Appointed on 12-02-2018 \*\* Resigned on 12-02-2018

#### Independent Directors

a) The Chairman is Executive and falls under Promoter category. The number of Independent Directors is more than half of the total strength. Any reduction in the strength of Independent Directors is filled within 3 months or the next Board meeting, whichever is later, for ensuring minimum stipulated strength of Independent Directors in the Board.

b) Independent directors are appointed for a tenure of 5



years taking into account the transitory provisions u/s 149(11) of the Act. They would be eligible for one more term on passing of a special resolution by members. No independent director of the Company serves in more than 7 listed companies as Independent Director.

- c) Pursuant to Regulation 34(3) read with schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a familiarization programme for Independent Directors with the objective of making them familiar with their role, rights & responsibilities, nature of the industry, business model and compliance management.
- d) All the Independent Directors have given the declarations pursuant to Section 149(7) of the Act affirming that they meet the criteria of independence as provided in subsection (6).

#### Board Procedure

The Board Meeting of the Company held at least once in each quarter in order to review the quarterly performance and the financial results inter-alia others. The intimation of the Board Meeting is given to the members of the Board within stipulated time period in writing – by mail / postal service / courier and over the phone as well as the agenda of the meeting and the relevant notes are sent to each Director in advance and only in exceptional circumstances it is tabled at the meeting. All the items of agenda are accompanied with detailed notes providing information on the related subject.

All divisions /departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussions/approval/ decisions in the Board and Committee Meetings. All such matters are communicated to the Secretary in advance by the Departments /Divisions. Secretary segregates the matters that can be discussed and decided internally and the matters, which need to be put up before the board, in consultation with the Chairman, Managing Director and Joint Managing Director.

The information required, under SEBI (LODR) Regulations, 2015, is regularly made available to the members of the Board in due time.

The members of the Board are informed at every meeting about the overall performance of the company during the quarter under review, which enable the Board to discharge their duties and responsibilities more efficiently. Apart from the matters statutorily requiring board's approval, all other major decision including policy formulation, capital expenditure budgets, new investments, compliance with statutory / regulatory requirements are also considered by the Board after reviewed and recommended by the Committee.

The Minutes of the Board Meeting are circulated to all the members of the board in advance and are confirmed at subsequent Board Meeting.

Details of Directors seeking appointment & re-appointment at the ensuing Annual General Meeting. In respect of Directors seeking re-appointment, the Notice for the Annual General Meeting contains all the relevant information.

During the year ended on 31st March, 2018, four Board meetings were held on 22.05.2017, 10.08.2017, 10.11.2017 and 12.02.2018. The details are as follows:-

Date of Board Meeting	Board Strength	Directors Present
22.05.2017	10	7
10.08.2017	10	7
10.11.2017	10	6
12.02.2018	10	8

#### 1. Board Committees

The company has four committees- the Audit Committee, the Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The Company Secretary of the Company acts as the Secretary to all the Committees.

The quorum for the meetings is either two or one-third of the members of the committees, whichever is higher.

#### Audit Committee

The Audit Committee comprises of four directors out of which three are Non-Executive Independent Directors and one is Promoter - Executive Director. Mr. H. P. Singhania acts as the chairman to the Committee. The Company Secretary acts as the Secretary of the committee. The Chief Financial Officer, the External and Internal Auditors are the regular invitees. The Composition of the Audit Committee meets the requirement of the Regulation 18 of SEBI (LODR) Regulations, 2015 and the provisions of the Companies Act 2013.

#### The Composition of the Audit Committee

Sl no.	Name of the Member	Position	Category
1	Mr. H. P. Singhania	Chairman	Non-Executive Independent Director
2	Mr. R. S. Shukla	Member	Non-Executive Independent Director
3	Mr. Sanjay Jhunjhunwala	Member	Promoter Executive Director
4	Mr. S. K. Gupta	Member	Non-Executive Independent Director

#### Terms of Reference and Powers:

All the members of the Committee have sound knowledge of finance and accounts. The terms of reference and powers of the audit committee covers areas mentioned under Regulation 18 SEBI (LODR) Regulations, 2015 and section 177 of the Companies act, 2013 (hereinafter referred as "the act"). The Committee observes the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

- Recommends the appointment and removal of external