



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

47<sup>th</sup>  
ANNUAL REPORT  
2019-20



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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. Jhunjhunwala

#### Whole Time Director

Shri Aditya Jhunjhunwala, Managing Director

Shri Sanjay Jhunjhunwala, Joint Managing Director

Shri Subhash Chandra Agarwal, Executive Director

#### Non Executive and Independent Director

Shri H. P. Singhania

Shri S. K. Gupta

Smt. Madhu Mathur

Dr. Sushil Solomon

#### Company Secretary

Ms. Pooja Dua

#### 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

#### 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 47th Director's Report along with the Audited Statement of Accounts for the year ended on 31st March, 2020.  
Financial Performance  
The Financial performance of the Company during the year ended 31st March 2020 as under :

(Rupees in Lakhs)

	Standalone		Consolidated	
	Year ended on 31 <sup>st</sup> March, 2020	Year ended on 31 <sup>st</sup> March, 2019	Year ended on 31 <sup>st</sup> March, 2020	Year ended on 31 <sup>st</sup> March, 2019
Profit before interest, depreciation & tax	5991	5047	5929	5038
Less: Interest	1699	603	1699	603
Less: Depreciation	1491	1240	1497	1240
Profit before tax	2801	3204	2733	3195
Provision for taxation :-				
Less: current tax	515	651	515	651
Less: Deferred tax	443	128	444	128
Net Profit before extraordinary items	1843	2425	1775	2416
Add: Extra-ordinary item	0	0	0	0
Net Profit	1843	2425	1775	2416
Earnings Per Share of Rs. 2/- each	2.00	2.64	1.93	2.63

**Results of Operations and the State of Company's Affairs**  
For the year ended on 31st March, 2020, sales stood at Rs.49284.79Lacs against the Rs. 39005.38 Lacs of previous financial year ended as at 31st March, 2019. During the financial year under review, the company has also done sugar export/trading amounting to Rs.1598.97 Lacs, against Rs.2690.44 Lacs in the previous financial year ended as at 31st March, 2019. Profit after interest and depreciation stood at Rs.2801 Lacs as against the profit of Rs.3204 Lacs in the previous year.

Your company started the manufacturing and selling of Sanitizer in March,2020 to grab the business opportunity and meet out its requirement raised due to COVID-19 pandemic.

**Dividend**

Your directors have not recommended any dividend for the financial year ended 31st March 2020.

**Adoption of Ind-As**

As mandated by the Ministry of Corporate Affairs, the financial Statement for the year ended on March 31, 2020 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, 2020. Accordingly, the figures for the previous year are comparable.

**Performance of Divisions:-****Sugar Division**

The company has crushed 11305289.06 Lacs quintals of cane and the Sugar sale was Rs. 41,332.04 lacs during the

year under review as against Rs. 29,657.79 lacs during the previous financial year. The other details are as under:

	Year 31-03-2020	Year 31-03-2019
Gross Working days	152	149
Total Cane Crushed (qtls.)	11305289.06	11160820.12
Sugar Produced (qtls)	1291085	1226300
Average Recovery	11.43%	11.01%

**Co-Generation :**

During the year under report, the company produced 87945550 KWH power and exported 51333371.08 KWH to UPPCL. The other details are as under:

	Year 31-03-2020	Year 31-03-2019
Gross Working days	158	187
Produced (in KWH)	87945550	95549145
Exported (in KWH)	51333371.08	59562853.84
Sales (in lacs)	1504.07	2972.19

**Distillery**

During the year under report, Company Produced 124.29 Lacs BL of Rectified Spirit and 114.67Lacs BL of ethanol. The other details are as under:

	Year 31-03-2020	Year 31-03-2019
Gross Working days	158	187
Produced (in lacs- BL)	124.29	105.62
Sales (Rs. in lacs)	4923.52	4620.67
Recovery Rate	20.97	22.63
Ethanol Sales (BL in lacs)	113.00	102.38





# Directors' Report...

## Auditors

At the 44th Annual General Meeting held on 28th September, 2017 the Members approved appointment of M/s. Agiwal & Co, Chartered Accountants, New Delhi as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that Annual General Meeting till the conclusion of the 49th Annual General Meeting, subject to ratification of their appointment by Members at every Annual General Meeting, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every Annual General Meeting has been done away by the Companies (Amendment) Act, 2017 with effect from 07th May, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 47th Annual General Meeting of the company.

## 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 Secretary were appointed as Secretarial Auditors of the Company for the year 2019-20 as required under Section 204 of the Companies Act, 2013 and Rules made there under. The Secretarial Audit report for FY 2019-20 forms part of the Annual Report (Annexure to the Directors' Report in Form MR-3) as annexed as Annexure-10 to this report and carries no qualifications, reservations, adverse remarks or disclaimers and hence no explanation is required.

The Board appointed Ms. Pragati Gupta, Practicing Company Secretary (Membership no. ACS- 19302), as Secretarial Auditor of the Company for the financial year 2020-21.

## Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and rules made there under, the Board on the recommendation of the Audit Committee has re-appointed M/s. Aman Malviya & Associates, Cost Accountant, as Cost Auditors to conduct cost audits relating to sugar and industrial alcohol for the year ended 31st March, 2020.

Cost Accountant has confirmed that their appointment is within the limits of Section 141(3)(g) of the Act and free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

The Cost Audit Report for the financial year 2019-2020 did not contain any qualification, reservation, adverse remark or disclaimer.

## 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. The Board consists of professionally qualified individuals from diverse backgrounds with wide experience in business, education, finance and public service. As at year end, the Board consists of eight directors, one of whom is executive Chairman, one is Managing Director, one is Joint Managing Director, one is Executive Director and four are Independent directors including one women director. 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. The Company affirms that there has been no change in this policy and that the remuneration paid to directors is as per the terms laid out in this policy.

## Induction & Changes in Directors

Shri L.K. Jhunjunwala, Shri Aditya Jhunjunwala, Shri Sanjay Jhunjunwala and Shri S.C. Agarwal are the whole time directors designated as Chairman, Managing Director and Joint Managing Director & Executive Director cum C.E.O.

Shri H.P. Singhania, Shri S.K. Gupta, Smt. Madhu Mathur and Dr. Sushil Solomon are the Independent Directors of the Company.

PNB has withdrawn Shri A.K Mishra, Nominee Director from the Board and the same was approved in the Board Meeting Held on 10th April, 2019.

Shri R. S. Shukla, Independent Director of the company resigned from the Board of the company in the Board Meeting Held on 29th May, 2019 w.e.f. the same date due to personal reasons. Further, it was confirmed by Shri. R.S. Shukla that there were no other material reason other than those specified above.

Shri S. B. Singh, Independent Director of the company resigned from the Board of the company in the Board Meeting Held w.e.f. 21st October, 2019 due to personal Reasons. Further, it was confirmed by Shri S. B. Singh that there were no other material reason than those specified above.

The Board placed its deep gratitude on record for their valuable guidance, advice and suggestions to the Company during their association with the Company.

In accordance with the provisions of Section 152 of the Act read with Article XIX of the Articles of Association of the Company, Shri Sanjay Jhunjunwala and Shri S. C. Agarwal will retire by rotation at the ensuing AGM and being eligible, offer himself for reappointment. The Board has



recommended their reappointment.

#### Public Deposit

During the financial year ended 31-03-2020, the company has not accepted any public deposit.

#### Business Diversification

The Company has been exploring the possibilities of business diversification. Accordingly, the Board in the meeting held on 12th June, 2020 recommended necessary changes in the object clause of the Memorandum of Association (MOA), for approval of the members at ensuing Annual General Meeting of the Company, to enable diversification as well as alignment of MOA with the provisions of the Companies Act, 2013.

#### Global Pandemic - Covid-19

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for indefinite period. Measures were taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The world is in the mid of COVID-19 pandemic and it is yet unclear how it will unfold in near future. The governments across the world are deploying drastic measures, such as lockdowns, to contain this pandemic.

The economic impact of the 2020 corona virus pandemic in India has been largely disruptive. India's growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. The Chief Economic Adviser to the Government of India said that this drop is mainly due to the corona virus pandemic effect on the Indian economy. Notably India had also been witnessing a pre-pandemic slowdown, and according to the World Bank, the current pandemic has "magnified pre-existing risks to India's economic outlook".

This being an unprecedented crisis human kind is facing, the full assessment of the impact on the business will be possible only with the passage of time. In Sugar Industry/Our Company :-

- 1) Sugar being the essential product, the Government of India and the State of U.P allowed to run the industry
- 2) With the Support of the State Government industry kept on running.
- 3) The main impact of COVID-19 on our company was on demand/consumption of sugar.
- 4) The company has to incur cost for the various safety measures and the precautions provided to its employees.

#### Listing Fees

The equity shares of the company are listed with the Bombay Stock Exchange Limited and National Stock Exchange Limited and listing fees for 2019-20 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 confirm:

- (i) That in the preparation of the annual accounts for year ended on March 31, 2020 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 have 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 have 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 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 Agreement, 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 case under this mechanism was reported in the company and any of its subsidiary / associates.

The Policy on vigil mechanism and whistle blower policy has been displaying 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 -8 to this Report.

#### Internal Financial Controls

The Company has adequate internal financial controls with reference to financial activity. 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 be 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.68.58 lacs towards CSR as against its obligation Rs. 65.00 lacs. 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.

#### Foreign currency risk and Commodity price risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency transactions. This foreign currency risk is covered by using foreign exchange forward contracts and currency swap contracts. The company does not have substantial transactions during the year in foreign currency so the company does not have such kind of risk.

Sugar industry being cyclical in nature, realizations get adversely affected during downturn. Higher cane price or higher production than the demand ultimately affects profitability. The Company has mitigated this risk by well integrated business model by diversifying into co-generation and distillation, thereby utilizing the by-products. Credit risk is the risk that counter party will not meet its Obligations under a financial instrument or customer contract, leading to a financial loss. The company's sugar sales are mostly on cash. Power and ethanol are sold to state government entities; thereby the credit default risk is significantly mitigated. The Central Govt. has fixed the minimum sale price of sugar w.e.f. 14.02.2019 at Rs.3, 100/- per Quintals which has mitigated the price risk to the some extent. Similarly, the ethanol and power are sold to the central & state Govt. undertakings at fixed prices as per Govt. orders / regulatory guidelines.

#### 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's 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

Your Company has a subsidiary company viz. M/s. KM Spirits and Allied Industries Limited incorporated on 23-02-2018 to manufacture of all types of spirits. Your Company had made



a total investment of Rs. 5.00 Lacs in the Company. In terms of proviso to section 139(3) of the Companies Act, 2013, the salient features of the financial statements of the subsidiary is set out in the prescribed form (AOC-1) under Rule-5 of the Companies (Accounts) Rules, 2014 as Annexure-6.

At the beginning of the Year 2019-20, the Company had another subsidiary Company – M/s. Sonar Casting Limited. It was ceased as subsidiary Company with effect from 26th December 2019 due to dilution of holding as the later Company allotted the shares to others under private placement.

#### Consolidated Financial Statement

In accordance with the provisions of the act and listing regulations read with Ind AS-110-consolidated financial statement, Ind AS-28-investments in associates and joint ventures and Ind AS-31-interests in joint ventures, the Company has prepared consolidated financial statement for the year ended at March 31, 2020.

Pursuant to the provisions of section 136 of the Act, the financial statements of the Company including the consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiary, are available on the website of the Company. The Company will make available the annual report of subsidiary Company upon request by any shareholder of the Company interested in obtaining the same.

#### Number of Meetings of the Board

The Board met five 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) Regulations, 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. At year end, the Board consists of members, one of whom is Managing Director, three of whom are Whole-time directors, four are Independent directors (including one Women independent Director). 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.

#### Attributes, Qualifications & Independence of Directors and their Appointment

The Nomination and Remuneration Committee, adopted the criteria for determining qualifications, positive attributes and independence of Directors, including Independent Directors, pursuant to the Act and the Rules thereunder. The Corporate Governance Policy, inter alia, requires that Non-Executive Directors be drawn from amongst eminent professionals, with experience in business/finance/law/public administration and enterprises. The Board Diversity Policy of your Company requires the Board to have balance of skills, experience and diversity of perspectives appropriate to the Company. The skills, expertise and competencies of the Directors as identified by the Board along with the names of directors who have such skills / expertise / competence, are provided in the Report on Corporate Governance forming part of the Report and Accounts. The Articles of Association of your Company provide that the strength of the Board shall not be less than three nor more than fifteen. Directors are appointed/re-appointed with the approval of the Members for a period of three to five years or a shorter duration, in accordance with retirement guidelines and as may be determined by the Board from time to time. All Directors, other than Independent Directors are liable to retire by rotation, unless otherwise approved by the Members. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

Details of the Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees is provided in the Report on Corporate Governance forming part of the Report and Accounts.

#### Declaration by Independent Directors

As per the requirement of section 149(7), the Company has 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 Regulation 25 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. The Independent Directors of your Company have confirmed





that (a) they meet the criteria of Independence as prescribed under Section 149 of the Act and Regulation 16 of the Listing Regulations 2015, (b) they are not aware of any circumstance or situation, which could impair or impact their ability to discharge duties with an objective independent judgement and without any external influence and (c) they have registered their names in the Independent Directors' Databank. Further, in the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the Listing Regulations 2015 and are independent of the management of the Company. The Independent Directors met once that is on 29th May, 2019. The Meeting was conducted without the presence of the Chairman, Executive Directors and any other Managerial Personnel.

#### Board Evaluation

The Nomination and Remuneration Committee, as reported in earlier years, formulated the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation, and also specified that such evaluation will be done by the Board, pursuant to the Act and the Rules thereunder and the Listing Regulations 2015. In keeping with Company's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed against the role and responsibilities of the Board as provided in the Act and the Listing Regulations 2015 read with the Company's Governance Policy. The Nomination and Remuneration Committee has devised a criteria for evaluation of the performance of the Directors including the Independent Directors. The said criteria provides certain parameters like attendance, acquaintance with business, communication inter se between board members, effective participation, domain knowledge, compliance with code of conduct, vision and strategy, etc., which is in compliance with applicable laws, regulations and guidelines. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairman with the Chairman of the Nomination and Remuneration Committee, who in turn shared the consolidated report with Chairman of the Board for his review and giving feedback to each Director. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals. While the Board evaluated its performance against the parameters laid down by the Nomination and Remuneration Committee, the evaluation of individual Directors was carried out against the laid down parameters, anonymously in order to ensure objectivity. Reports on functioning of Committees were placed before

the Board by the Committee Chairmen. The Independent Directors Committee of the Board also reviewed the performance of the non-Independent Directors and the Board, pursuant to Schedule IV to the Act and Regulation 25 of the Listing Regulations 2015.

#### Committees of the Board

Currently, the Board has four 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	Shri H.P. Singhania- Chairman Shri Sanjay Jhunjhunwala- Member Shri S.K. Gupta- Member Smt. Madhu Mathur - Member	<ul style="list-style-type: none"> <li>All recommendations made by the committee during the year were accepted by the Board.</li> <li>The Company has adopted the Whistle Blower Mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud.</li> <li>The Company has formed the Related Party Transaction Policy.</li> </ul>
Nomination and remuneration committee	Shri H.P. Singhania- Chairman Shri S.K. Gupta - Member Smt. Madhu Mathur - Member	<ul style="list-style-type: none"> <li>The Committee oversees and administers executive compensation.</li> <li>All recommendations made by the committee during the year were accepted by the Board.</li> </ul>
Stakeholders relationship committee	Shri H.P. Singhania- Chairman Shri Aditya Jhunjhunwala -Member Shri S.K. Gupta- Member Smt. Madhu Mathur- Member	<ul style="list-style-type: none"> <li>The Committee reviews and ensures redresses of investor grievances.</li> <li>The committee noted that the grievances of the investors reported during the year, if any.</li> </ul>
Corporate social responsibility committee	Shri L. K. Jhunjhunwala- Chairman Shri Sanjay Jhunjhunwala- Member Shri S.K. Gupta- Member	<ul style="list-style-type: none"> <li>The Board as laid down the Company's policy on Corporate Social Responsibility (CSR).</li> <li>The CSR policy is uploaded on Company website, <a href="http://www.kmsugar.com">www.kmsugar.com</a></li> </ul>

#### 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 note number 36.17(c) to 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.

The Company seeks to increase the limits under section 186 of Companies Act, 2013 read with rule 11 of the Companies (Meeting of Board and its Powers) Rules, 2014, (i) to the extent of Rs. 400.00 Cr or (ii) 60% of the aggregate of the paid-up share capital and free reserves and securities premium account or (iii) 100% of its free reserves and securities premium account, whichever is higher and accordingly special Resolution is proposed to be passed in the ensuing Annual General Meeting of the Company.

Particulars of contracts or arrangements with Related Party

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions or which is required to be reported in Form No. AOC-2 at Annexure – 7, in terms of Section 134(3)(h) read with Section 188 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions as approved by the Board is put up on the Company's website and can be accessed at <https://www.kmsugar.com>. There were no materially significant related party transactions which could have potential conflict with interest of the Company at large.

The disclosures as required under Part A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in accordance with Ind AS 24 in the note number 36.17(c) to standalone and consolidated financial statements.

Key Financial Ratios

Key Financial Ratios for the financial year ended 31st March, 2020 along with details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, and the detailed explanations, are provided in the Annexure-5 forming part of this report.

Acknowledgement

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.

Date: 12.06.2020

Place: Lucknow

Sd/-

L. K. Jhunjhunwala  
Chairman

Annexure- 1

Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

PARTICULARS	STEPS TAKEN BY THE COMPANY 2019 -2020
(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, including the modification in 50 tons boiler furnace by introducing new over fire air system to increase steam fuel ratio to save Bagasse to generate more electricity in same quantity of fuel.
(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 requirements during the year 2019-2020 was	Rs. 49.00 Lakhs approx. During 2019-2020 Apart from this, the company made 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 2019-20:

Distribution of new improved and high sugar varieties of cane seed.

Inter cropping with sugar cane for additional income of cane growers.

Distribution of fertilizers, pesticides and bio fertilizers for improving the soil health and growth of sugarcane.

Ratoon crop management and gap filling for helping increase ratoon yield.

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