



Progress through
prudence.

MAGADH SUGAR & ENERGY LIMITED
ANNUAL REPORT 2016-17

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

Mr. Chandra Shekhar Nopany, Chairperson
 Mr. Padam Kumar Khaitan
 Mr. Yashwant Kumar Daga
 Mr. Ishwari Prosad Singh Roy
 Mr. Raj Kumar Bagri
 Mrs. Shashi Sharma
 Mr. Chandra Mohan, Wholetime Director

COMMITTEES OF DIRECTORS

Audit Committee

Mr. Raj Kumar Bagri – Chairman
 Mr. Yashwant Kumar Daga
 Mr. Ishwari Prosad Singh Roy
 Mrs. Shashi Sharma

Stakeholders' Relationship Committee

Mr. Raj Kumar Bagri – Chairman
 Mr. Yashwant Kumar Daga
 Mr. Padam Kumar Khaitan

Nomination and Remuneration Committee

Mr. Yashwant Kumar Daga - Chairman
 Mr. Padam Kumar Khaitan
 Mr. Ishwari Prosad Singh Roy
 Mr. Raj Kumar Bagri

Risk Management Committee

Mrs. Shashi Sharma – Chairperson
 Mr. Chandra Mohan
 Mr. Chand Bihari Patodia
 Mr. Sunil Choraria

Corporate Social Responsibility Committee

Mr. Chandra Shekhar Nopany – Chairman
 Mr. Padam Kumar Khaitan
 Mr. Chandra Mohan

Finance & Corporate Affairs Committee

Mr. Chandra Shekhar Nopany – Chairman
 Mr. Yashwant Kumar Daga
 Mr. Ishwari Prosad Singh Roy
 Mr. Chandra Mohan

EXECUTIVES

Mr. Balwant Singh Garewal – Executive President, Sidhwalia
 Mr. Mehtab Singh – Executive President, Hasanpur
 Mr. Sunil Choraria, Chief Financial Officer
 Mr. S Subramanian, 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
 IDBI Bank Ltd.
 Punjab National Bank

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
 (Unit : Magadh 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. Hargoon 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 – U15122UP20152PLC069632

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. Narkatiaganj, Dist. West Champaran, Bihar
2. Sidhwalia, Dist. Gopalganj, Bihar
3. Hasanpur, Dist West Champaran, Bihar

DISTILLERIES

1. Narkatiaganj, Dist. West Champaran, Bihar

CO-GENERATION POWER PLANT

1. Narkatiaganj, Dist. West Champaran, Bihar
2. Sidhwalia, Dist. Gopalganj, Bihar
3. Hasanpur, Dist West Champaran, Bihar

Chairman's Insight



Dear Shareholders,

Our country is witnessing rapid transformation across all major sectors of the economy. At the same time, the rate of GDP growth is one of the highest in the world. Moreover, India has become the sixth largest manufacturing country in the world, rising from its previous ninth position. The government's focus on wide-ranging reforms is driving the economy forward, despite a largely volatile global economic scenario.

Among the major reforms that were implemented during FY 2016-17, GST deserves mention in this context. It was a radical step to bring the entire country within the ambit of a uniform indirect tax structure. The rapid rollout of GST will strengthen the economy considerably, going forward.

The performance of the agricultural sector and agro-based industries play a major role in a developing economy like India. The Government of India announced Budgetary support in 2017 to enhance 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 a gradual recovery. However, it is worthwhile to mention in this context that from a long-term perspective India's sugar industry remains highly cyclical and dependent on domestic and international supply-demand fluctuations.

Operating in such a scenario, we are striving to strengthen our operational efficiencies, augment sugar revenues, increase the proportion of value-added products and create a shared sense of purpose with all our stakeholders.

INDUSTRY SCENARIO

Despite persistent challenges, India's sugar industry contributes significantly to the country's socio-economic well being. The industry caters to the growing domestic demand for sugar and generates surplus energy to help meet the country's growing energy needs.

Sugar production in India saw a sharp fall in 2016-17 leading to a firming up of sugar prices. The performance of states in India's sugar landscape was distinctly diverse. Maharashtra and Karnataka continue to face issues because of drought. The states have not recovered yet, despite a decent monsoon in 2016. Maharashtra, Karnataka, Andhra Pradesh and Telangana also suffered a significant low cane production. On the other hand, Uttar Pradesh had a substantial increase in sugar production.

During 2016-17, sugarcane production in Bihar faced some headwinds in the form of erratic rainfall and cyclone, resulting in an overall lower production. Recently, the Bihar cane industry has set an ambitious target of increasing the sugar cane production in the state to 315 lakh metric tonne (MT) over the next five cropping seasons (2017-22). The area under sugar cane cultivation was 2.49 lakh hectare in 2011-12, which increased to 2.64 lakh hectare in 2016-17 by 'sustained motivational campaigns'. The State Government aims to

further increase the cane cultivation area to 3.50 lakh hectare by 2022. The overall increase in cane cultivation will lead to proportionate increase in overall production.

BUSINESS PERFORMANCE

During the year, we streamlined our operations to augment strengths of our businesses location-wise. 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 Bihar stand transferred and vested in Magadh Sugar & Energy Limited.

Moreover, the restructuring will enable us to focus on each business segment, individually. This will lead to concentrated efforts towards food processing and tea garden business. We are confident this move will let us address the dynamics of each business with confidence, while improving our shareholder's value.

I am especially pleased that our proactive approach towards cane development augmented our performance. Our process innovations and experiments with new varieties of sugarcane enabled us to reinforce our market prominence. We performed efficiently, crushing cane at record levels and maintaining optimum recovery at the same time. Our co-generation and ethanol production also maintained satisfactory levels.

The welfare of the farming community remains one of our top priorities. We prioritize the needs of farmers and ensure that arrears outstanding to them are cleared on time. We also help them with our insights for better farming practices.

WAY FORWARD

We are striving towards sustainable growth and our key priorities for the future comprise the following:



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- Focus on reducing high-cost debt and strengthening our debt equity ratio;
- Leverage synergies of our newly restructured business model;
- Enhance efficiencies of our machinery;
- Grow the portfolio of value-added products;
- Achieve better working capital management and rationalisation of cost structure;
- Align our corporate objectives with the aspirations of our stakeholder fraternity

We are consistently investing in enhancing the capabilities of our people through need-based training and coaching. At the same time, we continue to build better relations with our farmers, whose support remains the key foundation for our future growth.

On behalf of the Board and the entire leadership team, I thank all our stakeholders, business partners as well as customers for their continued guidance and support.

Thank you

Chandra Shekhar 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 Bihar becomes part of the Company viz; New Swadeshi Sugar Mills Narkatiaganj, Bharat Sugar Mills, Sidhwalia and Hasanpur Sugar Mills.

3. FINANCIAL RESULTS

	(₹ in lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue from Operations (Gross)	71,939.86	
Profit before Finance Costs, Tax, Depreciation and Amortization	16,056.85	(1.10)
Less: Depreciation & Amortization Expenses	1969.59	
Finance Costs	3878.50	5848.09
Profit/(Loss) Before Tax	10208.76	(1.10)
Less: Provision for Tax - Deferred Tax Charge/(Credit)	1880.00	
	2457.15	4337.15

(₹ in lacs)

	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit/(Loss) After Tax	5871.61	(1.10)
Less: Balance as per last financial year	(1.58)	(0.48)
Less : Impact of Scheme related to earlier period	(3281.07)	(3282.65)
Balance carried to Balance Sheet	2588.96	

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 ₹ 68,306.41 lacs (including other income aggregating to ₹ 148.88 lacs) during the financial year ended 31st March, 2017. The Revenue from Operations (Gross) of the Company for the year 2016-17 stood at ₹ 71,939.86 lacs. The Profit before Finance Costs, Tax, Depreciation and Amortisation for the year under review stood at ₹ 16,056.85 lacs representing 23.50 % 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 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 Cumulative dividend on 12 % Non-convertible Cumulative Redeemable Preference Shares for the financial year 2014-15 to 2016-17 aggregating to ₹ 347 lakhs 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 August 1, 2017. The dividend together with the dividend distribution tax will entail a cash outflow of ₹ 658 lakhs (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 ₹ 30,10,00,000/- (Rupees Thirty crore and ten lacs) divided into 1,51,00,000 (One Crore Fiftyone Lac) Equity Shares of ₹ 10/- (Rupees ten) each and 15,00,000 (Fifteen Lac) Preference Shares of ₹ 100/- 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/Magadh/Magadh-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 six Non-Executive Directors having experience in varied fields and a Whole time Director. Out of six Non-Executive Directors, five of them are Independent Directors and one Promoter Director. Mr Chandra Shekhar Nopany is the Chairperson of the Company.

Mr. Chandra Shekhar Nopany will retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment as Director of the Company. He 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. Yashwant Kumar Daga, Mr Padam Kumar Khaitan, Mr Ishwari Prosad Singh Roy, Mrs Shashi Sharma and Mr Raj Kumar Bagri 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. Yashwant Kumar Daga, Mr Padam Kumar Khaitan, Mr Ishwari Prosad Singh Roy, Mrs Shashi Sharma and Mr Raj Kumar Bagri respectively. The Board of Directors at its meeting held on 14th March, 2017, designated Mr. Yashwant Kumar Daga, Mr Padam Kumar Khaitan, Mr Ishwari Prosad Singh Roy, Mrs Shashi Sharma and Mr Raj Kumar Bagri 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 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. Chandra Mohan, Whole time Director
- b. Mr. Sunil Choraria, Chief Financial Officer
- c. Mr. S Subramanian, 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 Wholtime 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/Magadh/Magadh-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, on 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/Magadh/Magadh-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. Raj Kumar Bagri, Mr Yashwant Kumar Daga, Mr. Ishwari Prosad Singh Roy and Mrs Shashi 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. Raj Kumar Bagri, Mr Yashwant Kumar Daga and Mr Padam Kumar Khaitan. 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. Yashwant Kumar Daga, Mr Padam Kumar Khaitan, Mr Ishwari Prosad Singh Roy and Mr Raj Kumar Bagri. 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 Mr Chandra Shekhar Nopany, Mr. Padam Kumar Khaitan and Mr Chandra Mohan. 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 15 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 32 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. Chandra Mohan Whole time Director, Mr. Chand Bihari Patodia, Group President, Mrs. Shashi Sharma Independent Director and Sunil Choraria, Chief Financial Officer 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 controls, 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/Magadh/Magadh-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 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 Singhi & Co., Chartered Accountants, (Firm registration number 302049E), be appointed as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of the ensuing 3rd Annual General Meeting of the Company till the conclusion of the 8th Annual General Meeting, subject to the approval of the shareholders of the Company.

The remarks/observations made by the Statutory Auditors in their report are self explanatory and does not require any further clarifications/ explanation.

COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its Sugar activity is required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s D Radhakrishnan & Co., Cost Accountants, as the Cost Auditors to audit the cost accounts of the Company for the financial year 2017-18. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, has carried out Messrs Vinod Kothari & Co., Practising Company Secretaries the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report