



MAGADH SUGAR & ENERGY LIMITED

“Tackling Headwinds”

ANNUAL REPORT 2017 - 18



Dr. Krishna Kumar Birla

The late Dr. Krishna Kumar Birla was son of the legendary Indian industrialist Shri. Ghanshyam Das Birla. He was born on 12th October, 1918 at Pilani in Rajasthan and over time established himself as a captain of Indian industry. He founded one of India's well-known business conglomerates and was a man of many facets - patriot, industrialist and philanthropist.

Over the decades, he grew his business conglomerate - sugar, fertilizers, media, textiles, shipping, engineering, financial services, furniture, information technology, plantations and infrastructure – into a respectable player within their sectors. A few of the companies that Dr. Birla promoted comprised Chambal Fertilisers and Chemicals Limited, CFCL Technologies Limited, Indo Maroc Phosphore SA, Texmaco Limited, Zuari Industries Limited, HT Media Limited, Paradeep Phosphates Limited and Sutlej Textiles & Industries Limited.

As an industry statesman, Dr. Birla headed several prominent national institutions like Federation of Indian Chambers of Commerce and Industry (FICCI), the Indian Sugar Mills Association (ISMA) and the International Chambers of Commerce (ICC).

Dr. Birla was more than an industrialist; he was a statesman-visionary who developed modern and scientific institutions in India. His philanthropic engagement included Birla Institute of Technology and Science, International Centre for Excellence, K. K. Birla Foundation and K. K. Birla Academy of Scientific, Historical and Cultural Research.

Dr. Birla was a Member of Parliament for three terms (aggregate 18 years) from 1984 till 2002 and served on several committees of Parliament. He was appointed twice - 1980 and 2004 - as member of the National Integration Council chaired by the Prime Minister, which also comprised state Chief Ministers as members. In recognition of his contributions to the nation, India Post honoured him with a commemorative postage stamp.

Spiritual strength and moral values were part of Dr. Birla's personal credo. Dr. Birla and his wife Smt. Manorama Devi constructed the magnificent Shri Radha-Krishna Temple in Kolkata.

Dr. Birla passed away on 30th August, 2008 leaving behind a rich legacy.

On the occasion of his centenary, we re-dedicate ourselves to the ideals by which he lived.

FORWARD LOOKING STATEMENT

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

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Chairperson's Insight



Dear Shareholders,

It is always a pleasure to address you all. India is rising towards constructive growth path and I believe we at Magadh Sugar & Energy Limited will also be a part of our growing economy. In spite of temporary turbulence we trust that company has a lot to achieve in coming years.

India is emerging as the fastest growing economy in the world and according to IMF Indian economy is poised for a growth of 7.4 per cent on good performance by sectors like agriculture, construction and manufacturing. We envisage that revival in rural demand and gaining traction in infrastructure spending is likely to drive India's and sugar industry's development. Strong consumption story in rural India and improvement in domestic demand is a positive sign for Indian economy.

Industry Insight

Indian Sugar industry is the second largest agro-based industry contributing significantly to the socio-economic development of the nation. Sugarcane emerged as a multiple usage crop used as a basic raw material for the production of sugar, ethanol, paper, electricity. The ethanol requirement of the country is growing and Molasses is the only source to manufacture Ethanol out of sugarcane.

As per ISMA, domestic sugar industry experienced excess production of sugar at more than 31.5 mln tones reaching a record high; higher productivity and increased area under sugarcane cultivation led by more than average rainfall was the most vital reason for increase in sugar production. Uttar Pradesh continues to be the largest sugar producing state followed by Maharashtra, and recovery is better than last year. But

the overproduction situation in domestic as well as international sugar industry led to downward correction in sugar prices and compelled the millers to destock aggressively.

Sugar prices have declined to their lowest levels due to aggressive sales by mills on account of oversupply of sugar. Sugar prices have declined 24.6 per cent since the current crushing season started in October; this situation has led to arrears to farmers. Considering higher production government of India has allowed exporting 2 MT of sugar out of 2017-18 production. Government of India has also announced Rs.55/- per ton of cane crushed by the millers to reduce the losses for exporting sugar.

Business Performance

During the year, Bihar faced headwinds on account of unusual rainfall in the first half and over production situation arises in the second half of the fiscal. However, this year has been challenging for sugar industry worldwide. Nevertheless record recoveries with our units getting the highest recoveries in Bihar was achieved Sugarcane crushed during FY18 stood at 215.29 lac quintals as compared to 164.75 lac quintals in the previous year. We believe Bihar is an emerging state with great potential going forward. The welfare of the farming community remains one of our top priorities. We have always prioritized the needs of farmers and ensured that arrears outstanding to them are cleared on time and help with our insights for better farming practices. Our co-generation and ethanol production was at high levels this fiscal due to higher sugar crushing.

Way Forward

We continue to march towards the path of growth with positive attitude, despite of temporary headwinds. We focus on reducing high-cost debt and strengthening our debt equity ratio which would further strengthen our balance sheet. We will always be keen to maintain our machinery and upgrade whenever necessary to enhance efficiencies of our machinery. Our focus on increasing mix of value added products like Ethanol to enhance our profitability. Achieving better working capital management and rationalization of cost structure will always be our key focus to maintain our cashflow efficiently. We believe, "Success of company is not backed by the leader alone, but due to a strong team behind it"; hence we consistently invest in enhancing the capabilities of our people. Also, we continue to build better relations with our farmers 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 4th Annual Report on the business & operations of the Company along with the Audited Statement of Accounts for the financial year ended 31st March, 2018.

2. Financial Results

(₹ in lakhs)

Particulars	Year ended 31st March, 2018		Year ended 31st March, 2017	
Revenue from Operations (Gross)		72,590.24		71,863.37
Profit before Finance Costs, Tax, Depreciation and Amortization		6,604.71		16,219.12
Less: Depreciation & Amortization Expenses	1,868.31		1,986.46	
Finance Costs	4,333.97	7,202.28	4,069.42	6,055.88
Profit/(Loss) Before Tax		1,016.00		10,163.24
Less: Provision for Tax	242.00		1,880.00	
Income tax for earlier years	0.91		-	
Deferred Tax Charge	(1,718.05)	(1,475.14)	2,498.82	4,378.82
Profit/(Loss) After Tax		2,491.14		5,784.42

3. Operating Performance

During the year under review your Company continued to register top line growth inspite of depressed market sentiments in second half of the fiscal and a fall in sugar prices, prima-facie due to over production and aggressive sales. A detailed analysis of the Company's operations, future expectations and business environment has been given in the Management Discussion & Analysis Report which is made an integral part of this Report and marked as **Annexure "A."**

4. Financial Performance 2017-18

The Company recorded Total Revenue of ₹ 72,875.44 lacs (including other income aggregating to ₹ 285.20 lakhs) during the financial year ended 31st March, 2018. The Revenue from Operations (Gross) of the Company for the year 2017-18 stood at ₹ 72,590.24 lakhs. The Profit before Finance Costs, Tax, Depreciation and Amortization for the year under review stood at ₹ 6,604.71 lakhs representing 9.06% 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 2018 and date of this report.

5. Dividend

Your Company had adopted a dividend distribution policy that balances the dual objectives of appropriately rewarding Members through dividends and retaining capital, in order to maintain a healthy capital adequacy ratio to support long term growth of your Company. Consistent with this policy, your Board has recommended a dividend of ₹ 1/- on Equity Shares (10%) for the financial year 2017-18 to the Members of your Company. The proposal is subject to the approval of the Members at the 4th Annual General Meeting (AGM) of your Company scheduled to be held on 25th September, 2018. The dividend together with the dividend distribution tax will entail a cash outflow of ₹ 121.35 lakhs (previous year ₹ 685 lacs).

6. 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.

7. Share Capital

The Authorized Share Capital of the Company at the beginning of the year was ₹ 30,10,00,000/- (Rupees Thirty Crore and Ten lakhs) divided into 1,51,00,000 (One Crore Fifty One Lakh) Equity Shares of ₹ 10/- (Rupees ten) each and 15,00,000 (Fifteen Lac) Preference Shares of ₹ 100/- each. During the year under review the Company increased its Authorised Share Capital to ₹ 40,10,00,000/- (Rupees Forty Crores and Ten Lakhs) divided into 2,51,00,000 (Two Crore Fifty One Lakhs) Equity Shares of ₹ 10/- (Rupees ten) each and 15,00,000 (Fifteen Lakh) Equity Shares of ₹ 100/- (Rupees Hundred) each.

The present Authorized Share Capital of the Company is ₹ 40,10,00,000/- (Rupees Forty Crores and Ten Lakhs) divided into 2,51,00,000 (Two Crore Fifty One Lakhs) Equity Shares of ₹ 10/- (Rupees ten) each and 15,00,000 (Fifteen Lakh) Equity Shares of ₹ 100/- (Rupees Hundred) each.

8. Redemption of Preference Shares

During the year under review, your Company redeemed 11,50,000 (Nil) Non-convertible Cumulative Redeemable Preference Shares (NCCRPS) of ₹ 100/- each (NCCRPS), to the Preference Shareholders on 17th November, 2017. Accordingly, the paid up share capital post redemption of NCCRPS stands at ₹ 10,06,54,500/-.

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 <http://birla-sugar.com/Assets/Magadh/Magadh-Sugar-Policy-for-Determining-Material-Subsidiaries.pdf>

10. Credit Rating

CARE Ratings Limited - a Credit Rating Agency, vide its letter dated 16 August 2017, has assigned the Credit Rating of the Company "A-" with respect to long-term bank facilities whereas short-term bank facilities rating was assigned as "A2+".

11. Human Resources

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

12. Directors

The Board of Directors comprises of 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 shall retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment as Director of the Company.

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

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

In pursuance of the provisions of the Companies Act, 2013 and according to Regulation 25(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Performance Evaluation Criteria has been laid down for effective evaluation of performance of the Board of Directors, the Committees thereof and individual Directors including the Chairperson of the Company. After detailed discussion at Board level as well as taking input from each Director, Nomination and Remuneration Committee finalized the format / questionnaires containing various parameters to evaluate the performance of Board and its committee(s), Individual Directors

and Chairperson of the Company. The performance evaluation parameters are based on their roles and responsibilities, contribution to the Company's goals, decision making process, flow of information and various other aspects. The evaluation of performance of the Board as a whole, Committees of the Board, Individual Directors and Chairman of the Company was carried out for the Financial Year 2017-18. Nomination and Remuneration Committee evaluated the performance of the individual Director

The Independent Directors in their separate meeting held on 5th February, 2018 carried out the evaluation of the Board of Directors as a whole, Chairperson of the Company and Non-Independent Directors. The evaluation of Independent Directors was carried out without the presence of concerned Director.

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

13. Key Managerial Personnel

Pursuant to the provisions of Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Chandra Mohan, Whole time Director, Mr. Sunil Chordia, Chief Financial Officer and Mr. Subramanian Sathyamurthy, Company Secretary are Key Managerial Personnel of the Company. During the year under review, there was no change in the Key Managerial Personnel.

All Directors, Key Managerial Personnel and Senior Management of the Company have confirmed compliance with the Code of Conduct & Ethics applicable to Directors & employees of the Company and a declaration to the said effect by the Whole-time Director is made part of Corporate Governance Report which forms part of this report. All Directors have confirmed compliance with the provisions of Section 164 of the Companies Act, 2013. The Code is available on the Company's website at <http://www.birla-sugar.com/Magadh-Shareholders-Info/Magadh---Code-Of-Conduct>.

14. Familiarisation Programme

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

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 CSR Policy as approved by the Board is available on Company's website at <http://birla-sugar.com/Assets/Magadh/Magadh-Sugar-CSR-Policy.pdf>. The Annual Report on CSR activities is appended as **Annexure - "J"**.

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 2018, 6 (six) Meetings of the Board of Directors of the Company were held. The details of the Board Meetings held during the financial year 2017-18 have been furnished in the Corporate Governance Report forming a part of this Annual Report.

18. Audit Committee

The Audit Committee constitutes 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 constitutes 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 constitutes 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 constitutes 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. Finance & Corporate Affairs Committee

The Finance & Corporate Affairs Committee constitutes of Mr Chandra Shekhar Nopany, Mr Yashwant Kumar Daga, Mr Ishwari Prosad Singh Roy and Mr Chandra Mohan. 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.

23. Internal Complaints Committee

An Internal Complaints Committee has been 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.

24. Loans, Guarantee and Investments

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

25. Related Party Contracts / Arrangements

There have been no materially-significant related party

transactions made by the Company with the Promoters, the Directors or the Key Managerial Personnel which may be in conflict with the interests of the Company at large. The Policy on Related Party Transactions as approved by the Board can be accessed on the Company's website at <http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-Related-Party-Transaction-Policy-.pdf>. The details of related party transactions are set out in the notes to the financial statements.

26. 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 Mr. Sunil Choraria, Chief Financial Officer to oversee the risk management process in the Company with an objective to review the major risks which affect the Company from both the external and the internal environment perspective. Appropriate actions have been initiated to mitigate, partially mitigate, transfer or accept the risk (if need be) and monitor the risks on a regular basis.

27. Internal Financial Controls

The Company has laid down internal financial control's, through a combination of Entity level controls, Process level controls and IT General controls inter-alia to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors. The evaluations of these internal financial controls were done through the internal audit process and were also reviewed by the Statutory Auditors. Based on their view of these reported evaluations, the directors confirm that, for the preparation of financial statements for the financial year ended March 31, 2018, 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.

28. 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 <http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-Whistle-Blower-Policy.pdf>.

29. Corporate Governance

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Management Discussion & Analysis Report, the Report on Corporate Governance and Declaration of Whole-time Director on Code of Conduct and a Certificate on compliance of conditions of Corporate Governance form integral part of this Report and are annexed to this Report as **Annexure - "A", "B", "C" & "D"** respectively.

30. 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.

31. Auditors, Audit Qualifications and Board's Explanations

Statutory Auditors

At the 3rd Annual General Meeting (AGM) of your Company held on 1st August, 2017, Messrs Singhi & Co., Chartered Accountants, having Firm Registration No. 302049E were appointed as Statutory Auditors of your Company to hold office for a term of 5 (five) years from the conclusion of the 3rd AGM (subject to ratification of such appointment by the Members at every AGM) till the conclusion of the 8th AGM of your Company. However, since the first proviso to Sec 139(1) has been omitted by the Companies Amendment Act, 2017 with effect from 7th May, 2018, the ratification of such appointment at every AGM is not required. Accordingly, Messrs Singhi & Co., Chartered Accountants, shall continue as Statutory Auditors of your Company till the conclusion of its 8th AGM.

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 Auditor to audit the cost accounts of the Company for the financial year 2018-19. 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 Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Messrs Vinod Kothari & Co., Practising Company Secretaries to conduct the Secretarial Audit of the Company for the financial year ended 31st March, 2018. The Secretarial Audit Report is annexed herewith as **Annexure - "F"** and which is self-explanatory.

32. Investor Education and Protection Fund

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

33. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT - 9 is annexed herewith as **Annexure - "G"**

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

The information on Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as **Annexure - "H"**.

35. Particulars of Employees

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is attached as **Annexure - "I"** and forms an integral part of this Report.

36. Directors' Responsibility Statement

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

- a. that in the preparation of the Annual Accounts for the year ended 31st March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

- b. that such accounting policies as mentioned in Note 3 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

37. CEO/CFO Certification

Mr. Chandra Mohan, the Whole time Director and Mr. Sunil Choraria, Chief Financial Officer have submitted certificates to the Board as contemplated under Regulation 17(8) of the SEBI (LODR) Regulations, 2015.

38. Acknowledgement

Your Directors take this opportunity of recording their appreciation of the shareholders, financial institutions, bankers, suppliers and cane growers for extending their support to the Company. Your Directors are also grateful to various ministries in the Central Government and State Government of Bihar, the Sugar Directorate and the Sugar Development Fund for their continued support to the Company. The Directors also recognise the valuable contribution made by the employees at all levels towards Company's progress.

For and on behalf of the Board

Chandra Shekhar Nopany

Chairperson

Kolkata

Dated 15th May, 2018

DIN: 00014587

Annexure A

Management Discussion and Analysis

Cautionary Statement

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

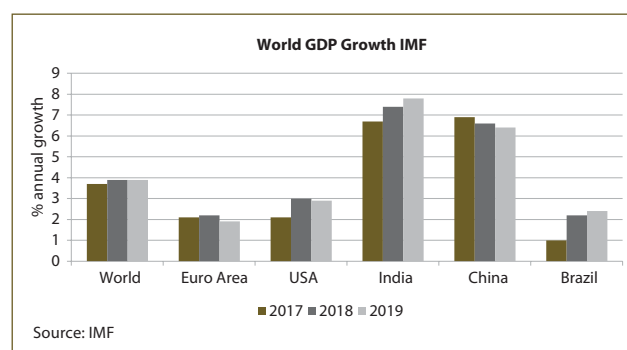
Global Economy

The global economy experienced a much needed acceleration in growth. Economic cycle picked up in the second half of 2017 led by stronger investments and trade growth with momentum being carried forward into 2018. The risk factors to the durability of current optimistic cycle are trade tensions, geopolitical risks, domestic political fractures and debt-related risks. The United States economy is in good shape, led by decent investment growth. United Kingdom also experienced modest growth mainly due to strong net exports, which still lags other European countries in terms of growth. The Japanese economy is in the middle of a long expansion and continues to perform well but domestic demand and wage growth are easing and trade frictions are rising. Emerging Asian economies have benefited from stronger domestic demand. Some threats which could drag down this growth are rising external debt levels in some emerging market economies, sensitive trade tensions. India remains the world's fastest growing major economy. China, experienced robust growth but the key challenge for China is the execution of the proposed financial and economic reforms. Brazil and Russia have recovered from their recent recessions but remain exposed to risks.

Indian Economy

According to International Monetary Fund (IMF) India is the world's fastest-growing economy and opening a wider gap with China which is projected to slow. India's economy is forecasted to grow at 7.4% in the current fiscal from 6.7% in FY18 and accelerate further in FY20 to 7.8%. There will be a gradual increase in India's growth rate as structural reforms raise potential output. India's growth is lifted by strong private consumption as well as fading transitory effects of the demonetization initiative and implementation of the national goods and services tax. India's structural reforms in recent past and implementation of GST will help reduce internal barriers to trade also increase efficiency and improve tax compliance. Bank recapitalization will also enhance improvement in India's banking sector. India's per capita output

growth reached from 5.4% in FY18 to 6% this year. According to the IMF, improvements to the monetary policy framework appear to have lowered inflation expectations.



Global Sugar Economy

World Sugar production experienced an excess production, majorly on account of higher production by Asian countries. World production is expected to reach 179.4 mln tonnes despite Brazil's production declining. On the back of growing production in exporting countries, world export availability is expected to rise by 0.9 mln tonnes to 61.0 mln tonnes to reach to the second highest level in history. On the contrary, due to higher domestic production in importing countries the import demand is expected to shrink.

World Sugar Balance Sheet (mln tonnes)

Particulars	2017/18	2016/17	Change	
			in mln tonnes	in %
Production	178.70	168.23	10.47	6.2%
Consumption	173.55	170.77	2.77	1.6%
Surplus/Deficit	5.15	-2.54	-	-
Import demand	57.34	60.68	-3.34	-5.5%
Export availability	60.90	60.53	0.37	0.6%
End Stocks	90.53	88.94	1.59	1.8%
Stocks/Consumption ratio in %	52.16	52.08	0.08	0.2%

Source: International Sugar Organisation

Export

World export availability is stabilizing during the current season at 60.9 mln tones. Exports experienced a significant stock rebuilding projected for several exporters, including Pakistan, India, the EU and Russia. Nominal exportable surplus is projected to show a 7.9 mln tonne increase year-on-year in 2017/18