



STRONG FOUNDATION



MARCHING TOWARDS GROWTH

Annual Report
2018-19

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 – Chairperson
Mr. Yashwant Kumar Daga
Mr. Ishwari Prosad Singh Roy
Mrs. Shashi Sharma

Stakeholders' Relationship Committee

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

Nomination and Remuneration Committee

Mr. Yashwant Kumar Daga – Chairperson
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 – Chairperson
Mr. Padam Kumar Khaitan
Mr. Chandra Mohan

Finance & Corporate Affairs Committee

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

EXECUTIVES

Mr. Chandra Mohan - Executive President, Narkatiaganj
Mr. Shashi Kedia - Executive Vice President, Sidhwalia
Mr. Mehtab Singh - Executive President, Hasanpur
Mr. Sunil Choraria, Chief Financial Officer
Mr. S Subramanian, Company Secretary

AUDITORS

Singhi & Co.
Chartered Accountants
161, Sarat Bose Road, Kolkata - 700 026

ADVOCATES & SOLICITORS

Khaitan & Co. LLP

BANKERS

State Bank of India
ICICI Bank Ltd
DCB Bank Ltd.

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. Hargaon District – Sitapur, (U. P.)
Pin Code – 261 121
Tel. No.: (05862) 256220, Fax No.: (05862) 256225
E-mail : magadhsugar@birlasugar.org
Website : www.birla-sugar.com
CIN – L15122UP20152PLC069632

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 : magadhsugar@birlasugar.org
Website : www.birla-sugar.com

SUGAR MILLS

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

DISTILLERY

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

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,

On behalf of the Magadh Sugar and Energy's Board of Directors, it's my pleasure to address you on the close of the Financial Year 2018 - 19 of your company. I would like to thank you for your continued support and goodwill that is important to the success of our company.

According to the International Monetary Fund (IMF) India's GDP growth for 2019-20 is projected to grow at 7.3% in 2019 (2019-20) and 7.5% in 2020. This growth is reinforced by recovery of investment and robust consumption among a more expansionary stance of monetary policy and some expected impetus from fiscal policy. The shifting focus of central bank from inflationary concerns to sustaining the growth momentum; RBI had effected two back-to-back rate cuts of 25 basis points each to boost growth. Strengthening the goods and services tax compliance and further reducing subsidies would lead to bringing down India's elevated public debt. Going forward, enhancing governance of public sector banks and reforms to hiring and dismissal regulations would incentivize job creation and boost the consumption in India. Strong consumption story in rural India and improvement in domestic demand is a positive sign for the Indian economy.

Our company's performance during the fiscal illustrates the opportunities and challenges arising in the sugar industry. Headwinds in terms of persistent over supply situation in the sugar market for which Government of India proactively implemented various measures like export quotas, increasing the Sugar MSP, etc. Government of India's focus on increasing ethanol blending and encouraging sugar millers for expansion of distillery capacities will have buoyant results on reducing India's dependability on oil imports and provide aid towards reducing glut in the sugar production. Outlook of lower production output for SS 2019-20 would be constructive for the industry and would enhance the company's performance in years to come.

Industry Insight

India stood as the world's largest sugar producer for the second consecutive season with sugar production to hit 21.9 mln tons as on February 2019 as against 20.4 mln tons manufactured in 2018. According to Indian Sugar Mills Association (ISMA's) estimates, sugar production in SS 2019-20 is expected to fall by around 5.5% YoY to 30.7 mln tons. The downward revision in estimates was mainly due to anticipated lower plantation in some of the States

Business Performance

During the year, the business faced challenges due to oversupply and lower prices of sugar. The imposition of the release mechanism and establishment of the Minimum Sugar Price helped to correct and stabilize sugar prices to more reasonable levels in the second half of the fiscal year. Improved Ethanol realization, coupled with lower price of molasses, helped the bottom line. The operational performance of the Company was excellent and we crushed 242.26 lac quintals as compared to 198.69 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. 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 are always well equipped to capitalize on the opportunities arising on account of changing market dynamics. Our focus on cane development has paid results, propelling our units to achieve the highest recoveries in Bihar. Government's support to expand the capacities to enhance the ethanol production appears lucrative and we are continuously evaluating on the same. Maintaining financial discipline will always be our main focus on path of growing ahead for which we are focusing on reducing high-cost debt and strengthening our debt equity ratio which would further strengthen our balance sheet.

"Support and patience are the two most crucial requirements to achieve success and we are thankful to our all the stakeholders for always being with us"

Thank You,

Chandra Shekhar Nopany
Chairperson

Directors' Report

Dear Members,

Your Directors present herewith the 5th Annual Report on the business & operations of the Company along with the Audited Statement of Accounts for the financial year ended 31st March, 2019.

1. Financial Results

(Rs. in lacs)

Particulars	Year ended 31st March, 2019		Year ended 31st March, 2018	
Revenue from Operations (Gross)		73,915.65		72,590.24
Profit before Finance Costs, Tax, Depreciation and Amortization		10726.11		8218.28
Less: Depreciation & Amortization Expenses	1798.00		1868.31	
: Finance Costs	3541.28	5339.28	4333.97	7202.28
Profit/(Loss) Before Tax		5386.83		1016.00
Less: Provision for Tax:				
Current Tax	1145.26	-	242.00	
Income Tax for earlier years	(3.09)	-	0.91	
Deferred Tax Charge	823.12	1965.29	(1718.05)	(1475.14)
Profit/(Loss) After Tax		3421.54		2491.14

2. Operating Performance

During the year under review your Company continued to registered top line growth despite depressed market sentiments in first half of the fiscal and a fall in sugar prices even after putting in place the quota sales system as well as MSP (minimum sale price) concept by the Govt., 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"**.

3. Financial Performance 2018-19

The Company recorded Total Revenue of Rs. 74,516.15 lacs (including other income aggregating to Rs 600.50 lacs) during the financial year ended 31st March, 2019. The Revenue from Operations (Gross) of the Company for the year 2018-19 stood at Rs. 73,915.65 lacs. The Profit before Finance Costs, Tax, Depreciation and Amortisation for the year under review stood at Rs. 10725.51 lacs representing 14.39 % 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 2019 and date of this report.

4. 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. There has been no change in this policy during the year under review. his policy is also available on the website of the Company www.birla-sugar.com.

The Company does not intend to carry any amount to Reserves.

Consistent with this policy, your Board has recommended Equity dividend of Rs. 2/- on Equity Shares (20%) for the financial year 2018-19 to the Members of your Company. The proposal is subject to the approval of the Members at the 5th Annual General Meeting (AGM) of your Company scheduled to be held on September 3, 2019. The dividend together with the dividend distribution tax will entail a cash outflow of Rs. 242.69 lacs (previous year Rs. 121.35 lacs).

5. Public Deposits

During the year, the Company has not accepted any deposits from the public under Chapter V of the Companies Act, 2013. There was no public deposit outstanding as at the beginning and end of the financial year 2018-19

6. Share Capital

The Authorized Share Capital of the Company stood at Rs.40,10,00,000/- (Rupees Forty crore and ten lacs) divided into 2,51,00,000 (Two crore fifty one lacs) Equity Shares of Rs. 10/- (Rupees ten) each and 15,00,000 (Fifteen crore) Preference Shares of Rs.10/- and there is no change in the authorised capital. The paid up share capital of the Company stands at Rs. 10,06,54,500/.

Your Company has not issued any shares/securities during the Financial Year 2018-19.

7. Subsidiary, Associate and Joint Venture

The Company does not have any subsidiary company or any associate company or any joint venture with any person. However, the Company has in place a policy for determining material subsidiaries in line with the requirement of SEBI (LODR) Regulations, 2015 as amended from time to time. The said Policy is being disclosed on the Company's website at the weblink <http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-Policy-on-Determination-of-Materiality.pdf>.

8. Credit Rating

CARE Ratings Limited - a Credit Rating Agency, vide its letter dated 30 March 2019, has revised the Credit Rating of the Company to "CARE BBB+" with respect to long-term bank facilities whereas short-term bank facilities rating was revised at "CARE A2".

9. 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.

10. 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 Promoter 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.

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 read with Regulation 25 of SEBI (LODR) Regulations, 2015.

Other information on the Directors 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 including the Chairperson of the Company was carried out for the Financial Year 2018-19. Nomination and Remuneration Committee evaluated the performance of the individual Director.

The Independent Directors in their separate meeting held on 25th March, 2019 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 has evaluated its own performance and that of its committees and individual directors including independent directors.

11. 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

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 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. There has been no change in this policy during the year under review. 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.

12. Familiarisation Programme

Periodic presentations are made at the Board Meetings on business, performance updates & business strategy of the Company. The details of the familiarisation programme (other than through meeting of Board and its Committees) imparted to Independent Director are uploaded on the website of the Company and available at the weblink <http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-Familiarisation-Programme-for-Independent-Directors.pdf>.

13. Remuneration Policy

In pursuance of the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations, the Company has formulated a Remuneration Policy. There has been no change in this policy during the year under review and a copy of the said Policy is available at the website of the Company at the weblink <http://www.birla-sugar.com/Assets/Magadh/MSEL-Nomination-and-Remuneration-Policy.pdf>.

The Remuneration Policy, inter-alia, includes the appointment criterion & qualification requirements, process for appointment & removal, retirement policy and remuneration structure & components, etc. of the Directors, Key Managerial Personnel (KMP) and other senior management personnel of the Company. As per the Remuneration Policy, a person proposed to be appointed as Director, KMP or other senior management personnel should be a person of integrity with high level of ethical standards. In case of appointment as an independent director, the person should fulfil the criteria of independence prescribed under the Companies Act, 2013, rules framed thereunder and the Listing Regulations. The Remuneration Policy also contains provisions about the payment of fixed & variable components of remuneration to the Whole-time Director and payment of sitting fee & commission to the non-executive directors.

14. Corporate Social Responsibility Policy

Your Company believes in long term strategy to contribute to the well-being and development of the society especially the rural population around its plants at Hargaon, Hata, Rosa & Seohara. As part of its CSR initiatives, the Company is working mainly in the areas of imparting School Education, Technical & Vocational Education, Rural Development, Community Healthcare etc. This multi-pronged CSR approach is showing notable improvement in the quality of life of rural population. 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 weblink <http://birla-sugar.com/Assets/Magadh/Magadh-Sugar-CSR-Policy.pdf>. There has been no change in this policy during the year under review.

The composition and terms of reference of Corporate Social Responsibility Committee are given in the Corporate Governance Report. The Annual Report on CSR activities (including the details of the development and implementation of the Corporate Social Responsibility Policy) as prescribed under Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as "**Annexure I**" to this Report.

For the purpose of Section 135 of the Companies Act, 2013, the amount equivalent to 2% of the average net profits of the Company made during the immediately preceding three financial years works out to Rs. 77.48 lacs. As against this, the Company had spent Rs. 77.48 lacs on CSR projects / programs during the Financial Year 2018-19.

15. Meetings

A calendar of Meetings 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 2019, 6 (six) Meetings of the Board of Directors of the Company were held. The details of the Board Meetings held during the financial year 2018-19 have been furnished in the Corporate Governance Report forming a part of this Annual Report.

The Company has complied with the applicable Secretarial Standards prescribed under Section 118(10) of the Companies Act, 2013.

16. Audit Committee

The Audit Committee was constituted on March 14, 2017. 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.

17. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted on March 14, 2017. The Committee 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.

18. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted on March 14, 2017. The Committee now comprises of Mr. Raj Kumar Bagri, Mr. Yashwant Kumar Daga, Mr. Ishwari Prosad Singh Roy 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.

19. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted on March 14, 2017. 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.

20. Finance & Corporate Affairs Committee

The Finance & Corporate Affairs Committee was constituted on March 14, 2017 and the Committee now comprises 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.

21. 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.

22. 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.

23. Related Party Contracts / Arrangements

All Related Party Transactions entered during the year were on arm's length basis and in the ordinary course of business. 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. Accordingly, disclosure of contracts or arrangements with Related Parties as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

The Policy on Related Party Transactions as approved by the Board can be accessed on the Company's website at following web-link <http://www.birla-sugar.com/Assets/Magadh/Magadh-Sugar-Related-Party-Transaction-Policy.pdf>. The Policy on Related Part Transactions was aligned with the changes recommended by the MCA/SEBI in this regard.

The details of related party transactions are set out in the notes to the financial statements.

24. Risk Management

In line with the regulatory requirements, the Company has formally framed 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 voluntarily comprising of an Independent Director, Whole time Director, Chief Financial Officer and the Group President 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. The details of the terms of reference, number and date of meeting, attendance of director and remuneration paid to them are separately provided in the Corporate Governance Report.

25. 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. The Directors confirm that, for the preparation of financial statements for the financial year ended March 31, 2019, 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.

26. 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 policy. During the year under review, there has been change in this policy with respect to leak or suspected leak of Unpublished Price Sensitive Information has been incorporated so that whistle blowers can report concerns. 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>.

During the year, the auditors, the secretarial auditors and cost auditors have not reported any fraud under Section 143(12) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

27. Corporate Governance & Annual Return

Your Directors strive to maintain highest standards of Corporate Governance. The Corporate Governance Report for the Financial Year 2018-19 is attached as "**Annexure B**" to this Report. The declaration of the Whole-time Director confirming compliance with the 'Code of Conduct' of the Company is enclosed as "**Annexure C**" to this Report and Auditor's Certificate confirming compliance with the conditions of Corporate Governance is enclosed as "**Annexure D**" to this Report

The extract of the Annual Return of the Company is attached as "**Annexure E**" to this Report.

28. 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.

29. Auditors, Audit Qualifications and Board's Explanations

Statutory Auditors

At the 3rd Annual General Meeting (AGM) of your Company held on 31st July, 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 provision 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 the 8th AGM of your Company.

The Notes to the Financial Statements read with the Auditor's Reports are self-explanatory and therefore, do not call for further comments or explanations. There has been no qualification, reservation, adverse remark or disclaimer in the Auditor's Reports.

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 2019-20. 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, 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, 2019. The Secretarial Audit Report is annexed herewith as "Annexure F" and which is self-explanatory.

There has been no qualification, reservation, observation, disclaimer or adverse remark in the Secretarial Audit Report.

30. 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, the Company are not applicable to your company.

31. 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 G".

32. Particulars of Employees

The human resource is an important asset which has played pivotal role in the performance and growth of the Company over the years. Your Company maintains very healthy work environment and the employees are motivated to contribute their best in the working of the Company. The information required to be disclosed in pursuance of Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as "Annexure H" to this Report and forms an integral part of this Report.