



**MAGADH SUGAR & ENERGY LIMITED**

## **INVESTING IN FUTURE**



**Annual Report 2021 – 22**

# 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. Sudershan Bajaj

### Corporate Social Responsibility Committee

Mr. Chandra Shekhar Nopany, Chairperson  
 Mr. Padam Kumar Khaitan  
 Mr. Chandra Mohan

### Finance & Corporate Affairs Committee

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

## EXECUTIVES

Mr. Chandra Mohan, Wholetime Director &  
 Executive President, Narkatiaganj  
 Mr. Shashi Kedia, Executive President, Sidhwalia  
 Mr. Ravindra Kumar Tewari Executive President, Hasanpur  
 Mr. Sudershan Bajaj, 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 Limited  
 DCB Bank Limited  
 The South Indian Bank Limited  
 HDFC Bank Limited

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
 (Unit : Magadh Sugar & Energy Limited)  
 502 & 503, 5th Floor, Vaishno Chambers,  
 6, Brabourne Road, Kolkata - 700 001  
 Tel: 91 033 4004 9728 / Fax : 91 033 4073 1698  
 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

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

My greetings and good wishes to you on the 7th anniversary of the formation of Magadh Sugar & Energy Limited. I take this platform to express my sincere gratitude to all our stakeholders for their partnership in this journey. Your company has always focussed towards disciplined and sustainable growth and with your unconditional support, we are in the midst of reaching the next leg of our growth.

During the fiscal, the world economies boosted the mass vaccination campaign to contain from the material impact of Covid-19 pandemic. The world economies are beginning to witness gradual recovery, but the emergence of numerous leading macroeconomics indicators create a sight of concern. According to IMF, the World economy is expected to grow at around 4.4% in 2022 and 3.8% in 2023.

India is standing out as a strong emerging economy in the world. Government of India's support for growth has enabled the economy to portray its strength. The Union Budget 2022-23, boosted the sentiments as the Government of India focussed towards growth

of the economy. As the world economy is moving towards "China plus one" strategy, it opens the gates of tremendous export opportunity for Indian players. In addition, the Reserve Bank of India with its accommodative policy gives further thrust to the growth sentiment. Although rising inflation and global macro events can have an adverse marginal impact, the Indian GDP is expected to witness a growth of over 9% in 2022 and around 5.4% in 2023.

## INDUSTRY INSIGHT

The Indian sugar economy is at the midst of a positive structural change. During the fiscal, the Indian sugar industry had a healthy crop which enabled Indian sugar millers to participate in export demand. The deficit in production of sugar in Brazil created a global supply deficit which resulted in higher realizations for India. In addition, the forthcoming sugar season is also expected to see a higher production in India. The expected production is around 360 lakh tonnes for the upcoming sugar season. During the season, Maharashtra surpassed Uttar Pradesh in sugar production. Government of India's thrust for ethanol production will enable the sugar millers to divert surplus sugar towards ethanol manufacturing, thus reducing the cyclicity in sugar business. As per "Niti Ayog", by 2025 the ethanol blending is targetted to reach 20% which envisions the ethanol requirement to ~1,500 crore litres. Also, with the roll out of Flex-fuel vehicles on 100 percent Bio Ethanol, the demand for ethanol is expected to jump by 4-5 times.

## BUSINESS PERFORMANCE

Your Company delivered encouraging results on account of improved performance across segments due to better realization of sugar. Additionally, a greenfield distillery was set up at Sidhwalia during the current fiscal, which expanded your company's ethanol capacity from 80 KLPD to 150 KLPD.

During the Fiscal 2022, our revenue stood at Rs. 997.88 Crores against Rs. 954.20 Crores in Fiscal 2021; Profit before Tax stood at Rs. 66.45 Crores in FY2022 as against Rs. 42.31 Crores and Profit After Tax was at Rs. 46.02 Crores in Fiscal 2022 as against Rs. 27.08 Crores in the same period last year.

## WAY FORWARD

A stable Government policy and favourable sugar market dynamics will aid towards improving sugar profitability. The huge potential in ethanol manufacturing will enable your company to deliver strong growth in the years to come.

"Discipline and Persistence is the key for the sustainable future"

Thank You,

**Chandra Shekhar Nopany**

Chairperson

## Directors' Report

Dear Members,

Your Directors present herewith the 8th Annual Report on the business & operations of the Company along with the Audited Financial Statements for the financial year ended 31st March, 2022.

### 1. Financial Results

(Rs. in lakhs)

Particulars	Year ended 31st March, 2022		Year ended 31st March, 2021	
Revenue from Operations (Gross)		99,505.83		95,194.48
Profit before Finance Costs, Tax, Depreciation and Amortization		12,714.88		11,680.28
Less: Depreciation & Amortization Expenses	2,092.01		1,918.51	
Finance Costs	3,977.97		5,530.65	
Profit/(Loss) Before Tax		6,644.90		4,231.12
Less: Provision for Tax:				
Current Tax		1,147.06		750.77
Income Tax for earlier years		0.08		-
Deferred Tax Charge		896.05		772.23
Profit/(Loss) After Tax		4,607.71		2,708.12

### 2. Operating Performance

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 2021-22

The Company recorded Total Revenue of Rs. 99,787.76 lakhs (including other income aggregating to Rs 281.93 lakhs) during the financial year ended 31st March, 2022. The Revenue from Operations (Gross) of the Company for the year 2021-22 stood at Rs. 99,505.83 lakhs. The Profit before Finance Costs, Tax, Depreciation and Amortisation for the year under review stood at Rs. 12,714.88 lakhs representing 12.74% 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 2022 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.

Consistent with this policy, your Board has recommended a dividend of Rs 6.50 p. on Equity Shares (65%) for the financial year 2021-22 to the Members of your Company. The proposal is subject to the approval of the Members at the 8th Annual General Meeting (AGM) of your Company scheduled to be held on July 21, 2022. The dividend will entail a cash outflow of Rs. 915.96 lakhs (previous year Rs. 563.67 lakhs).

As permitted under the provisions of the Companies Act, 2013, the Board does not propose to transfer any amount to General Reserve.

### 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 2021-22.

### 6. SHARE CAPITAL

The Authorized Share Capital of the Company stood at Rs.40,10,00,000/- (Rupees Forty crore and ten lakhs) divided into 2,51,00,000 (Two crore fifty one lakhs) 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 Issued and Subscribed Share Capital of your Company, as on 31st March, 2022, stood at Rs. 14,09,16,300/- divided into 1,40,91,630 Equity Shares of Rs.10/- each.

## 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time. 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>.

## 8. CREDIT RATING

India Ratings and Research - a Credit Rating Agency, has assigned the Credit Rating IND A with respect to long-term bank facilities whereas short-term bank facilities rating has been assigned rating of IND A1.

## 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 AGM and being eligible has offered himself for re-appointment as Director of the Company.

The shareholders of the Company have have vide resolution passed through Postal Ballot on March 13, 2022 re-appointed Messrs Padam Kumar Khaitan (DIN – 00019700), Ishwari Prosad Singh Roy (DIN:00217532), Yashwant Kumar Daga (DIN:00040632), Raj Kumar Bagri (DIN:00231766) and Shashi Sharma (DIN:02904948) as Independent Directors of the Company for a second term to hold office for a term of 5 (five) consecutive years from March 14, 2022 to March 13, 2027.

The Board of Directors is of the opinion that the Independent Directors are persons of integrity with high level of ethical standards, they possess requisite expertise and experience for appointment as Independent Director of the Company. All the Independent Directors are exempt from the requirement to undertake online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs.

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, the names of all the Independent Directors of the Company have been included in the data bank maintained by the Indian Institute of Corporate Affairs.

In accordance with Regulation 17(1A) of the Listing Regulations, consent of the shareholders was accorded by way of Special Resolution passed by Postal Ballot for continuation of directorship of Mr Ishwari Prosad Singh Roy beyond the age of 75 (seventy-five) years, as he would attain the said prescribed age limit during the during the midst of his second term.

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 Listing Regulations.

Other information on the Directors including required particulars of Director retiring by rotation is provided in the Notice convening the AGM.

In pursuance of the provisions of the Companies Act, 2013 and according to Regulation 25(3) of the Listing Regulations, 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 2021-22. Nomination and Remuneration Committee evaluated the performance of the individual Director.

The Independent Directors in their separate meeting held on 14th March, 2022 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 Chairperson 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 Chairperson of Nomination and Remuneration Committee, the Board has evaluated its own performance and that of its committees and individual directors including Independent Directors.



A certificate obtained by the Company from a company secretary in practice, confirming that none of the Directors on the Board of Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority, is enclosed as **Annexure "E"** to this Report.

## 11. KEY MANAGERIAL PERSONNEL

During the year under review Mr Sunil Choraria, Chief Financial Officer resigned from the services of the Company with effect from August 3, 2021. Based on the recommendation of the Nomination and Remuneration Committee and the Audit Committee, the Board of Directors at its meeting held on August 3, 2021 appointed Mr Sudershan Bajaj, as Chief Financial Officer with effect from the said date. The Key Managerial Personnel of the Company as on 31st March, 2022 are as under:

- a. Mr. Chandra Mohan, Whole time Director
- b. Mr. Sudershan Bajaj, 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 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, 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/MSEL-Familiarisation-Programme.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 Narkatiaganj, Sidhwalia and Hasanpur. As part of its Corporate Social Responsibility ("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 CSR 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.138.96 lakhs. As against this, the Company had spent Rs. 142.21 lakhs on CSR projects / programs during the Financial Year 2021-22.

## 15. BOARD 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. During the financial year ended 31st March 2022, 6 (Six) Meetings of the Board of Directors of the Company were held. The details of the Board Meetings held during the year under review are given in the Corporate Governance Report forming a part of this Annual Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the Listing Regulations.

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

## 16. 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.

## 17. 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.

## 18. 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.

## 19. 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.

## 20. 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, 2022, 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.

## 21. 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>.

## 22. CORPORATE GOVERNANCE & ANNUAL RETURN

Your Directors strive to maintain highest standards of Corporate Governance. The Corporate Governance Report for the Financial Year 2021-22 is attached as **"Annexure B"** to this Report. All the Directors of the Company and senior management personnel have confirmed the compliance of Code of Conduct of the Company. 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. Pursuant to Section 92(3) of the Act, the Annual Return as on 31st March 2022 is available on the website of the Company weblink: <http://birla-sugar.com/Magadh-Shareholders-Info/Annual>Returns-Magadh>

## 23. 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.

## 24. AUDITORS, AUDIT QUALIFICATIONS AND BOARD'S EXPLANATIONS

### STATUTORY AUDITORS

The shareholders of the Company, at the AGM held on August 1, 2017, had approved the appointment Messrs Singhi & Co, Chartered Accountants, (Firm Registration No. 302049E), as Auditors of the Company to hold office for a term of 5 (five) consecutive years from the conclusion of the Third AGM of the Company held on August 1, 2017 till the conclusion of Eighth AGM of the Company. M/s Singhi & Co., Chartered Accountants, will retire at the conclusion of the ensuing AGM of the Company. The Board places on record its appreciation of the services rendered by M/s. Singhi & Co during their association with the 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.

On the recommendations of the Audit Committee, the Board recommends to the shareholders of the Company, the appointment of M/s. B S R & Co LLP, Chartered Accountants, (Firm Registration No. 101248W/W-100022), as the Statutory Auditors of the Company to hold office from the conclusion of 8th AGM of the Company till the conclusion of 13th AGM of the Company to be held in the year 2027.

### 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 2022-23. 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 undertake the Secretarial Audit of the Company for the financial year 2021-22. 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.

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.

## 25. 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.

## 26. 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"**.

## 27. 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.

## 28. 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:

- that in the preparation of the annual financial statements for the year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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, 2022 and of the profit or loss of the Company for the year ended on that date;
- 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;
- that the annual financial statements have been prepared on a going concern basis;
- that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## 29. CEO/CFO CERTIFICATION

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

## 30. 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 Board of Directors also convey its sincere appreciation of the commitment and dedication of the employees at all levels.

For and on behalf of the Board of Directors

Place: Kolkata

Dated: 11th May, 2022

**Chandra Shekhar Nopany**

Chairperson