



ANNUAL REPORT

2016 -2017

RIGA SUGAR COMPANY LIMITED

An ISO 9001 & 14001 Certified Company

RIGA SUGAR COMPANY LIMITED

CIN : L15421WB1980PLC032970

Annual Report : 2017

Board of Directors	:	Shri O. P. Dhanuka - Chairman & Managing Director Shri Dilip Datta Shri N.C.Majumdar Shri S.Borar Shri Sarad Jha Shri S.K.Goenka Smt. Sulekha Dutta Sri N. K. Parasramka
Company Secretary	:	Shri S. Prasad
Auditors	:	K. N. Gutgutia & Co. Chartered Accountants Kolkata
Bankers	:	Bank of India Union Bank of India
Registered Office	:	14, Netaji Subhas Road, 2nd Floor, Kolkata - 700 001 Phone : 2231 3414/15 E-mail : sprasad@rigasugar.in Website : www.rigasugar.com
Registrars & Share Transfer Agent	:	S. K. Infosolutions Pvt. Ltd. 34/1A, Sudhir Chatterjee Street Kolkata - 700 001 Phone : 2219 4815 E-mail : skcdilip@gmail.com
Shares Listed at	:	The Calcutta Stock Exchange Ltd. 7, Lyons Range Kolkata - 700 001 Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001
Legal Advisor and Solicitor	:	Khaitan & Co. Emerald House 1B, Old Post Office Street Kolkata - 700 001

DIRECTORS' REPORT

To THE SHAREHOLDERS

Your Directors have pleasure in presenting their Report and audited Accounts of the Company for the financial year ended 31st March, 2017.

FINANCIAL & OPERATIONAL RESULTS

(Rs. in Lacs)

FINANCIAL RESULTS

	Financial Year 31st March, 2017	Financial Year 31st March, 2016
(a) Gross Turnover	19,321.05	18,536.84
(b) Operating Profit Before Finance Cost & Depreciation	1515.14	1337.09
(c) Finance Cost	1502.23	1,435.34
(d) Cash Accruals	12.91	(98.25)
(e) Depreciation & Amortization	432.28	408.27
(f) Profit (Loss) before extraordinary items	(419.37)	(506.52)
(g) Extraordinary Item of Exp./Income	—	—
(h) Profit (Loss) Before Tax	(419.37)	(506.52)
(i) Provision for Tax		
- Deferred Tax	64.39	(278.63)
- Income Tax of earlier year	—	0.82
(j) Profit (Loss) After Tax	(483.76)	(228.71)
(k) Balance Brought Forward from last year	(2,165.91)	(1937.20)
(L) Profit (Loss) Carried Forward to Balance Sheet	(2,649.67)	(2,165.91)

DIVIDEND:

In view of losses company is unable to pay Dividend.

OPERATIONAL RESULTS

Sugar Unit

The comparative figures in regard to duration of season, cane crush, sugar recovery and production for the year ended 31st March, 2017 vis-a-vis previous financial year ended 31st March, 2016 in respect of the Sugar Factory of your Company are given below:-

	Financial Year 31st March, 2017	Financial Year 31st March, 2016
1. Duration of crushing (gross days)	92	96
2. Cane crushed (Lac Qtls.)	32.70	36.45
3. Recovery (%)	8.72	9.38
4. Production (Lac Qtls.) -	2.85	3.42

The net sales of sugar unit increased by 10% from Rs.136.63 Cr. to Rs 150.71 Cr.

Due to adverse Agro-climatic conditions the yield and quality of sugarcane affected severally, resulting into lower cane availability for crushing and marked fall of recovery. These factors increased the cost of production of sugar substantially. .

After five years of continuous surplus production and stock, which led to free fall of sugar price, the downtrend in sugar price halted in financial year 2016-17 and prices of sugar improved to a level of break-even for sugar industry.

The FRP for the season 2016-17 remained unchanged by Central Government at Rs.230 per qtl. linked with basic recovery of 9.5%. In Bihar the cane Price for the season 2016-17 were increased to Rs. 280 per qtl. for normal varieties (last year Rs. 260), Rs. 260 per qtl. for lower varieties (last year Rs. 250) and Rs. 300 for premium variety (last year Rs. 270). Transport rebate on out center cane remains at Rs.15 per qtl.

Cane Price in Bihar for the season 2016-17 were increased by an average Rs.25 per qtl. taking into consideration the estimated recovery of 9.6%, against which actual recovery was only 9.18% for Bihar and 8.72% for your factory. Our Association requested for giving the subsidy as recovery was much lower than that of state government taken into consideration while fixing cane price.

Efforts and Agitation by Company's CMD to draw government attention toward sugar industry problem brought fruitful result

Mr. O.P. Dhanuka, CMD of the company through many representation to the government in previous 2-3 years have highlighted the plight of sugar industry with whom 5 crore sugarcane farmers are associated and also suggested various possible measures for revival of sugar industry. When the sugar industry were becoming bad to worse and worse to worst and were on the brink of collapse and when no light were visible at the end of tunnel, Mr. Dhanuka decided to intensify his effort to draw the attention of the government on the free fall of sugar industry and farmers fortune.

In an unprecedented move Mr. Dhanuka organized Satyagrah at Jantar-Mantar on 24th and 25th June, 2015 followed by Shanti Andolan at Jantar-Mantar on 4th August, 2015. Thereafter he organized Marathon Walk on 2nd October, 2015 from Vijay Ghatto Jantar-Mantar. These were unprecedented move that an industrialist was doing Dharna, Andolan and Satyagrah for the sake of Industry and millions of farmers.

Although belated the government could realize the enormity of the situations and took certain bold decisions. For last one year the sugar prices have improved from earlier bottom out price, but are still lower than the cost of production.

Withdrawal of Relief by Bihar Government

The state government of Bihar for last two years had provided relief in the form of cash subsidy of Rs.16.75 per qtl. of sugarcane. However the same were withdrawn for the season 2016-17 inspite of adverse condition of sugar industry in the state and increase of cane price coupled with sharp fall of recovery in the state.

The molasses price in Bihar during the year maintained at Rs. 287.50 per qtl.

Due to adverse Agro-climatic conditions the yield and quality of sugarcane affected severally, resulting into lower cane availability for crushing and marked fall of recovery. Rainfall last year in the year 2016 for the months of April & May were below average and in October were in excess which adversely impacted sugar yield and recovery. These factors increased the cost of production of sugar substantially. Further around 7 lac quintal of sugarcane were smuggled to Nepal through adjoining Nepal border surrounding factory.

The state government of Bihar has also not released subsidy on various account of about Rs. 11 crore, which would have used for payment to cane growers.

Distillery Unit

	Financial Year 31st March, 2017	Financial Year 31st March, 2016
1. Production of Industrial Alcohol (Lac BL)	NIL	95.24
2. Sale of Industrial Alcohol/Transfer for Country Liquor	NIL	64.04
3. Production of Ethanol from Industrial Alcohol	24.97	13.47
4. Production of Ethanol from Molasses (Lac BL)	60.60	—
5. Supply of Ethanol (Lac BL)	73.64	13.29

Ethanol

The state government of Bihar from 1st April 2016 ban the production, consumption and supply of Alcohol in all forms i.e country liquor and IMFL in the state. The Distillery of the company is producing and supplying Ethanol as per tender of OMC. Thus the

company applied for full quantity of expected production in distillery as Ethanol to be supplied to all marketing companies. The admixing of Ethanol with Petrol were increased from 5% to 10% at some depot.

From December, 2016 the Ethanol Procurement prices were downward revised to Rs. 39.00 per BL plus taxes and duties instead of earlier fixed delivered price policy of Ethanol i.e Rs. 48.50 per BL within 100 km, Rs 49.00 per BL within 100-300 km and 49.50 per BL beyond 300 km. Moreover the Excise duty exemption on Ethanol were withdrawn by Government of India in August, 2016, which impacted the margin severely. Our Association ISMA is taking up this issue with central government.

The Production of Ethanol in Distillery affected due to restriction of State Pollution Control Board, which was subsequently removed. These factors impacted turnover and profitability.

Due to stricture of the pollution control authority, the working days of Distillery unit of the company affected during the reporting financial year, although the company installed MEE during the year and is setting up new Digester for treatment of effluent of distillery. Company have filed case against the State Pollution Control Board against forcefully closure of Distillery which impacted the production and sales of ethanol to OMC and loss to Distillery of approx Rs.6.00 Crore.

Country Liquor

The state government of Bihar from 1st April 2016 ban the production, consumption and supply of Alcohol in all forms i.e country liquor and IMFL. Thus the company's exclusive License for manufacture and supply of Country Liquor in Pet Bottle to Bihar State Beverage Corporation Limited for a period of 5 years starting from 1st April, 2014 in Muzzafarpur Zone were cancelled and Manufacturing Depot of country liquor were closed and surrendered on 31st march 2016 and was sealed by the Excise Department of Bihar. The company also filed compensation application in High Court toward of Rs. 15 cr. as pre-matured termination of License.

SEGMENT-WISE PERFORMANCE:

During the reporting period sugar segment contributed 83 percent of net sales of the company whereas Distillery accounted for 17 percent. The company identified two business segments in line with the Accounting Standard on Segment Reporting, Segment-wise Revenue, Results and Capital Employed as stated in Note No.32 of financial statement enclosed with the Annual Report.

INDUSTRY STRUCTURE & POLICY

Structure

Sugar Industry, is seasonal in nature and directly dependent on monsoon for availability of adequate sugar cane. India is the largest consumer and second largest producer of sugar in the world, contributing over 15 percent of the world's sugar production through over 600 sugar factories situated in different parts of the country. The sugar Industry is the largest agro based industry in India. This industry also provides valuable by-products like bagasse, molasses and press mud. The availability of these by-products had led to setting up of Alcohol/Ethanol/co-generation of Power and Organic Manure plants. Over 5 Crore farmers, large number of agricultural labourer are involved in sugarcane cultivation and its harvesting operations. The growth of sugar industry has a powerful impact on the rural economy. Integrated Sugar Industry (comprising sugar, molasses, alcohol, power and bio-fertilizer) enjoys annual turnover of over Rs. 1,00,000 Crore and contribute about Rs.6,000 crore to the Central Government Exchequer by way of central excise duty every year beside state taxes on sugarcane and hefty taxes collected by state as excise and VAT on sale of spirit in the state which run an estimated Rs.10,000 crores annually. The Income tax also contributes to the government coffer. Industry accelerates rural development through farm employment as well as business opportunities in transport and communication.

Sugar has been declared as an 'essential commodity' under the Essential Commodities Act, 1955. Under Sugarcane (Control) Order, 1966, the Government of India fixes cane price called Fair and Remunerative Price (FRP) for sugarcane every year based on the recommendations of the Commission on Agricultural Costs & Prices. However many state government fixes higher cane price for the sugar factories in their state.

Sugar Cycle

The Indian sugar industry is characterized by cycle of high and low sugar production. This cycle of 3-4 years is broadly of two types viz. Natural comprising climatic variation, water availability and pest attacks. The other is induced cyclicity which have sequence like -- higher sugar production and accumulation of stock -- decline in sugar prices & profitability -- higher sugarcane

arrears -- decline in area under cultivation & Lower cane production -- lower sugar production -- lower sugar availability and stock and thus increase in sugar prices --- improved profitability & low cane arrears -- higher cane production -- higher sugar production and so on. Every time the cyclicity reaches its low government have to step in to provide Fiscal support in the form of Export subsidy, Buffer Stock creation, Interest Free Loans etc. This cycle was broken till 2015-16 and India was having higher production of sugar for previous five consecutive years and thus downtrend continued for five year, which was halted in the current season 2016-17 by way of lower production than previous 5 years.

The fundamental problem of the Indian Sugar Industry is that there is no parity between the price of raw material i.e. sugarcane and its finished goods of sugar i.e. Illogical intervention of state government cause wide economical distortion in sugar industry. In almost all major sugar producing countries of the world the price of cane paid to the farmers depends on realization from sugar. Untimely decision of government of import and export of sugar hampers the domestic sugar market sentiments. Timely decision of import and export of sugar based on fixed parameter is utmost necessary.

Rangrajan Committee Report-Linkage of Raw Material Costs and Sugar Realization

The main recommendation of Rangrajan Committee report of the year 2012 regarding linkage of cane price with sugar price and its by products has not been implemented so far. The committee has suggested for revenue sharing model under which 70% of sugar value and each of its major three by-products would be paid to farmers. Rangrajan Committee has indicated a derived cane price formula. It indicates that cane price will not be an absolute but linked to another variable. Cane price will be linked to the price of sugar in the market place. The higher the sugar realizations, the greater will be the cane price. This is an internationally tested model. This ensures that any increase in sectors profitability is equitably shared between its manufactures and growers. The cane grower will not be treated outsider, but as partner of entire value chain. The Rangrajan committee has gone a step further in this proposed linkage; it has proposed a sharing percentage at a level higher than what is practiced abroad, which more than secures the interest of farmers.

Fixation of cane price at high level than the market price of sugar should be made illegal. Various committees and high-level committee like Rangarajan have said so. According to Rangrajan Committee, "A sugar unit without any by-products' business will have to pay cane price of 70% of its revenue realisation, while it will have to spend 30% on its functioning. On the other hand, a sugar factory with by-products business will have to pay cane price of 75% of its revenue realization from sugar. The cane price to be fixed taking into account this formula."

Distillery & Ethanol

In Bihar since ban has been imposed on production, consumption and sale of potable from 1st April 2016 and distilleries only produces Ethanol and supply the same to oil marketing companies in any State of India. However the movement and price of Molasses is controlled by State Government.

Co-Gen of Power

The Company is supplying surplus power upto 3 MW from its co-generation Plant. This forward integration contribute to the bottom-line of the company .

Bio-Compost Fertiliser

The company is using distillery effluent and press mud from sugar and other agricultural waste to produce bio-compost which is very cost efficient. Thus the company apart from treatment of effluent and zero discharge adding value. The company got Registration of Bio-compost under Fertiliser Control Order, 1985 with Ministry of Agriculture as per requirement of CPCB.

Pollution Control- Zero Discharge Company

The Sugar and Distillery factories of the company are Zero Discharge Plants as per norms of Central Pollution Control Board and Ministry of Forest and Environment. The company treat the entire solid waste generated from Sugar factory which is generated in the form of Press-mud and liquid generated from Distillery in the form of spent wash for production of Bio-Compost. For this the company has set-up Digesters, RO, Lagoon and Bio-compost facilities on more than 17 Acres of Land. The Digesters is capable of generating bio-gas which is replacement of fossil fuel. The Bio-compost produced is rich in all organic nutrients required

for fertility of the land. The said bio-compost is sold to farmers who supply sugarcane to company and also to other farmers and even used in Tea Gardens of Assam and Darjeeling.

During last year a complaint was filed with National Green Tribunal (NGT) by one individual person against distillery of the company. After through submission of facts and figures by the company the Hon'ble NGT directed for inspection by CPCB. CPCB after detailed inspection found that company is following Zero discharge norms and thus the matter was disposed off.

The company is not only zero discharge company, but is also generating economic value from such waste products and rejuvenating the farm land through use of organic fertilizer. The company has been awarded ISO 14000: 2004 in recognition of the organization's Environmental Management System.

As per new norms of CPCB, Distillery of the company during the year has installed Multi Effect Evaporator (MEE), which reduces effluent generation substantially and thus the achieving of Zero Discharge as per new norms of CPCB has been strengthen. The Distillery during the year is also installing new Digester so as to achieve better treatment of effluent and generation of Gas.

The total project cost of MEE and Digester is Rs. 12 Cr. Thus the company is totally committed toward achievement of zero discharge and compliance of Pollution Control norms.

The Distillery during the year remained closed for total 218 days for host of reasons viz. due to direction from BSPCB, Non-renewal of License from Excise Dept., 90 days rainy season CPCB protocol of closure of Distillery. The company has complied with all the directions of regulatory bodies from time to time and has incurred huge capital investment and recurring expenses regularly. However the intermittent closure of Distillery severally impacted the profitability.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

Sugar

India is largest consumer and second largest producer of sugar in the world. The consumption of sugar is on increasing trend with the increase in consumption of cold drink, Biscuits, Confectioneries and Halwais which constitute 70% of total consumption and rest 30% by ordinary consumer. There are huge scope for further increase in demand as India is still lagging behind from many advanced countries in respect of per capita consumption of sugar. Thus there are opportunity in production and consumption of higher quantity of sugar in coming period.

Distillery

The mandatory provision of ethanol doping of 10% will have strong support for growth of sugar industry. Ethanol production improves oil security and contributes to environmental protection. The Government is further considering to increase the ethanol mixing with petrol at 20% and also mixing with Diesel. Thus coming years the Ethanol is going to be major driver for growth of sugar industry in the country.

Power

Sugar Industry offer immense scope for renewal energy project on co-generation basis, which provide clean energy. Due to this the increased demand of surplus bagasse has added imputes to revenue generation. The Tariff policy for co-gen renewal power is also lucrative in comparison to conventional power based on fusel fuel. At present sugar industry in India is producing about 4000 MW of surplus power and supplying to grid. However there is potential of 8000 MW co-gen surplus power with the sugar industry.

Bio-Compost Fertiliser

The bio-compost and vermi-compost fertilizers being produced by the company has got immense scope of demand in all major agriculture cultivation as it not only preserve the soil from excessive use of chemical fertilizer but also increase its fertility.

THREATS

- No linkage of Sugar Price with cane price

- Unreasonable increase in cane price in comparison to sugar selling price.
- The sugar sector is exposed to political intervention.
- Natural Calamity.

FUTURE PROSPECTS/OUTLOOK

As per ISMA's latest estimates, production of sugar for the season 2016-17 estimated at 203 Lacs MT and consumption of 240 Lac MT. With a high opening balance of 77.5 Lac MT, the closing balance in the current season is estimated to be around 42 Lac MT, which indicates enough availability to meet domestic demand until end of November 2017. The reason for the lower production especially in Maharashtra, Karnataka, Andhra Pradesh etc. is due to the continuous drought in last few years. On the other hand, cane yields, as well as sugar recovery in Uttar Pradesh have been substantially better than last year. With favourable monsoons approaching, yield improvement is expected in 2017-18. There has been an increase in sugar and sugarcane production of 2.63% and 2.40% CAGR, respectively over the last 10 years.

Prices of by-products such as bagasse and molasses continue to remain remunerative driven by healthy demand by consuming sectors such as power, paper and ethanol. During the year lower realizations for ethanol due to price change impacted the returns. Forward integration into distilleries, power generation, bio-fertilisers gives value addition. A significant part of profitability of the integrated sugar mills comes from by-products. It is believed that forward integration will remain crucial for improving profitability and riding through the cyclicity of the sugar industry.

From a medium to long-term perspective, the long term prices and profitability of Indian sugar companies will remain highly cyclical and dependent on domestic and international supply-demand tendencies. The price trends in the international markets will be one of the key determinants of future profitability. Further, Government action on rational linkage between cane and sugar prices will have a critical bearing on the long-term feasibility of sugar operations, especially in the states where there is interference of state. Players with high operating efficiencies, forward integration and strong capital structure within the sugar industry will be best placed to ride out the challenges.

Committee of the Board

The details of composition of Audit Committee and other committees of the Board of Directors alongwith the attendance thereof is provided in the Corporate Governance Report forming part hereof.

Audit Committee

The Audit Committee comprises Mr. Sarad Jha as its Chairman with Mr. Suyesh Borar and Mr. S.K.Goenka as members. All recommendations of the Audit Committee were accepted by the Board.

Information pursuant to Section 134 of the Companies Act, 2013

- Extract of the annual return as provided under Section 92(3) of Companies Act, 2013 is enclosed -Annexure I
- Five meetings of the Board of Directors of the Company were held during the year on 30.05.2016, 13.08.2016, 05.09.2016, 10.11.2016 and 14.02.2017.
- All the Independent Directors of the company have furnished declarations that they satisfy the requirement of Section 149 (6) of the Companies Act, 2013.
- Relevant extracts of the Company's policy on directors appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided in section 178(3) of Companies Act, 2013 is enclosed -Annexure II. We affirm that the remuneration paid to the Directors is as per terms laid out in the Nomination and Remuneration Policy of the company.
- There is no qualification, reservation or adverse remark or disclaimer made by the auditor in his report and by Company Secretary in practice in the secretarial audit report and hence no explanations or comments by the Board are required.
- The details of Loans, Guarantees and Investment covered under the provisions of section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements and also enclosed as Annexure-III.

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- g. There has been no materially-significant related party transactions made by the company with the promoters, the directors, the Key Managerial Personnel which may be in conflict with the interest of the company at large. The company has formulated a policy on Related Party Transactions and also on dealing with Related Party Transactions. The policy is disclosed on the website of the company (www.rigasugar.com). All related party transactions as placed before the Audit Committee has also received approval from the Board. Your Directors draw attention of the members the Note No. 33 to the financial statement which set out Related Party Disclosures.
- h. Details of conservation of energy, technology absorption, foreign exchange earnings and outgo as prescribed vide Rule 8(3) of Companies (Accounts) Rules 2014 is enclosed - Annexure IV
- i. The company has laid down policy on risk assessment and minimization procedures and the same is periodically reviewed by the Board. The Policy facilitates in identification of risk at appropriate time and ensure necessary steps to be taken to mitigate the risk. Brief details of risks and concerns are given in this Board Report.
- j. The corporate Social Responsibility Committee has formulated and recommended to the Board a Corporate Social Responsibility Policy (CSR Policy) indicating the activities of the company.
- The Annual Report on CSR activities is not annexed herewith due to non- applicability of relevant provisions to the company due to losses.
- k. In compliance with the Companies Act, 2013 and Regulation 17 of the Listing Regulations, during the year the Board adopted a mechanism for evaluating its performance as well as that of its Committee and Individual directors, including the Chairman of the Board.
- The evaluation of Independent was carried out by the entire Board and that of the chairman and Non-Independent directors were carried out by the Independent directors.
- The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its committee with the company.

RISK AND CONCERN

SUGAR

- (a) Delay in evolving a rational Sugarcane Pricing Policy having link with sugar price is detrimental to growth of the industry.
- (b) The output of sugar, an agro-based product, is influenced by climatic vagaries.
- (c) Sugar Industry being cyclic in nature, the growth is hampered during downtrend.

DISTILLERY

Inconsistent policy of the government in the implementation of the Ethanol Blending Programme is matter of concern.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company has adequate systems and internal control procedures to safeguard the assets of the company and to ensure maintenance of proper accounting records. There is also an Internal Audit System in place which reviews the key business and controls and also test checks on routine transactions and reports deviations. Besides, an Audit Committee periodically reviews the functioning of the entire system.

CHANGE IN SHARE CAPITAL

The company during the year allotted on 30.12.2016 and on 30.03.2017 respectively 5,50,000 equity shares and 14,50,000 equity shares of Rs.10/- each at a price of Rs.12/- per equity share of nominal value of Rs. 10/- and premium of Rs. 2/- each by way of conversion of equivalent number of convertible warrants on preferential allotment basis to promoters and to others as per SEBI (ICDR) Regulations, 2009. The entire amount of Rs.240.00 Lacs were used for improving the financial of the company. There is no outstanding share warrants.

CREDIT RATING

CARE improved credit rating for the company's Long-term debts at CARE B+; Stable from CARE B and reaffirmed short-term at CARE A4.

FIXED DEPOSITS:

The company has neither accepted nor renewed any deposit from public within the meaning of section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014 during the year under the review.

AUDITORS

(a) Statutory Auditors

The observation of Statutory Auditors in their report, read with the relevant notes to accounts are self explanatory and therefore, do not require any further explanation.

M/s. K.N. Gutgutia & Co., Chartered Accountants (ICAI Registration No. 304153E) , Kolkata,, hold office as Auditors of the Company till the conclusion of ensuing Annual General Meeting.

The Board, on the recommendation of the Audit Committee, proposed that M/s. Salarpuria & Partners, Chartered Accountants (Firm registration number 302113E), be appointed as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of the ensuing Annual General Meeting of the Company, subject to the approval of the shareholders of the Company.

(b) 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. Mani & Co., Cost Accountants (Firm Registration No 000004) as the Cost Auditor to audit the cost accounts of the Company for the financial year 2017-18. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification.

(c) Secretarial Auditor and Secretarial Audit Report

In pursuance of section 204 of the Companies Act, 2013 M/s H.M. Choraria & co., Company Secretaries were appointed as secretarial Auditors to carry out Secretarial Audit for the financial year 2016-17. Their report is annexed to this report as Annexure-V.

DIRECTORS:

Mr. Nirmal Kumar Parasramka, was appointed as Additional Director of the company in the category of Independent Director by the Board in its meeting held on 10th November, 2016. He shall hold office upto the date of ensuing Annual General Meeting of the company and will be eligible for re-appointment as Director.

Resume and other information regarding the Directors seeking appointment/reappointment as required by Regulation 36 of the Listing Regulations has been given in the Notice convening the ensuing Annual General Meeting and in the statement pursuant to section 102 of the Act. The Board of Directors recommends the above appointment /reappointment.

All Independent Directors have given declaration that they meet the criteria of Independence as laid down under section 149 (6) of the Companies Act, 2013 and Regulation 16 of the Listing Regulations.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors state that:-

- (i) in preparation of the annual accounts for the year ended 31st March, 2017 , the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any ;