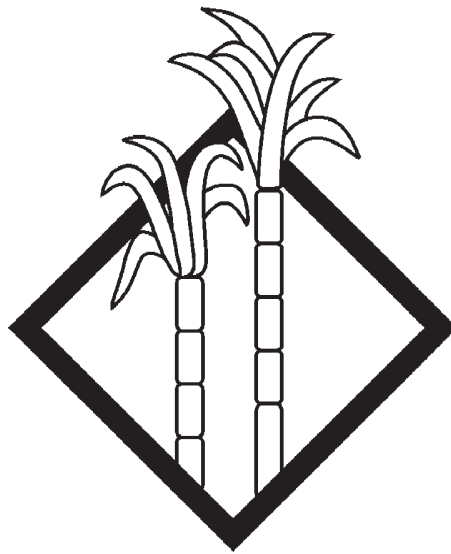


# ***SBEC Sugar Limited***



**T W E N T Y   T H I R D   A N N U A L   R E P O R T**

---

**2017**



**BOARD OF DIRECTORS**

Shri. Umesh K Modi	- Chairman & President
Shri. Abhishek Modi	- Executive Director & Chief Executive Officer
Smt. Kum Kum Modi	
Shri. Jayesh Modi	
Shri. Vijay Kumar Modi	
Shri. Narayan Prakash Bansal	
Shri. Rajeev Kumar Agarwal	
Shri. Jagdish Chandra Chawla	
Shri. Shyam Babu Vyas	
Shri. Om Prakash Modi	- (ceased on 03.06.2016)
Shri. Rohit Garg	- (Appointed in Casual Vacancy w.e.f. 25.03.2016)
Shri. Raj Kumar Sharma	- (Appointed w.e.f 23.02.2017)

**CHIEF FINANCIAL OFFICER**

Shri. L.C. Sharma

**COMPANY SECRETARY**

Shri. Shobit Nehra

**AUDITORS**

M/s Doogar & Associates  
13, Community Centre,  
East of Kailash,  
New Delhi-110 065

**BANKERS**

Axis Bank Ltd.  
Punjab National Bank  
State Bank of India

**REGISTERED OFFICE & PLANT**

Village : Loyan Malakpur,  
Tehsil : Baraut - 250 611,  
Distt. Baghpat,  
Uttar Pradesh

**REGISTRAR & SHARE TRANSFER AGENT**

M/s Beetal Financial & Computer Services (P) Ltd.  
Beetal House, 3rd Floor, 99 Madangir,  
Near Dada Harsukhdas Mandir,  
Behind Local Shopping Centre,  
New Delhi-110062

**Contents**

Directors' Report .....	1-16
Management Discussion and Analysis .....	17-17
Corporate Governance Report .....	18-25
Auditors' Certificate on Corporate Governance .....	26-26
Auditors' Report .....	27-31
Balance Sheet .....	32-32
Profit & Loss Account.....	33-33
Cash Flow Statement .....	34-34
Notes forming part of Balance Sheet.....	35-55
Consolidated Accounts .....	56-88



## DIRECTORS' REPORT

To,  
The Shareholders,  
SBEC Sugar Limited

Your Directors take pleasure in presenting the 23rd Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2017.

## FINANCIAL RESULTS

The summarised financial results of SBEC Sugar Ltd. as well as Consolidated with its subsidiaries i.e. SBEC Bioenergy Limited and SBEC Stockholding and Investment Limited for the financial year ended 31st March, 2017.

	(Rs. in Lacs)			
	STANDALONE		CONSOLIDATED	
Financial Parameters	Period ended 31.03.2017	Period ended 31.03.2016	Period ended 31.03.2017	Period ended 31.03.2016
Sales and other income	28301.24	39478.31	29291.49	40465.59
<b>Profit/(Loss) Before Interest, Depreciation &amp; Tax</b>	<b>1285.19</b>	<b>1356.66</b>	<b>1520.92</b>	<b>1647.61</b>
Interest and Finance Charges	774.15	526.94	1499.10	1034.37
Depreciation and Amortisation	279.56	311.14	324.15	353.93
Prior period expenses (net)	20.58	2.44	23.24	20.97
<b>Profit/(Loss) before Extra-Ordinary Expenses &amp; Provision for Taxation</b>	<b>210.90</b>	<b>516.14</b>	<b>(325.57)</b>	<b>238.34</b>
Exceptional Items	(2499.66)	-	(2,499.66)	-
<b>Profit/(Loss) before Tax</b>	<b>(2288.76)</b>	<b>516.14</b>	<b>(2,825.23)</b>	<b>238.34</b>
Provision for Taxation	-	-	-	12.97
Deferred Tax Charge/ (Credit)	-	-	(51.04)	(65.26)
Taxes for earlier years	-	-	-	-
MAT credit written back	-	-	-	-
<b>Profit/(Loss) After Tax</b>	<b>(2288.76)</b>	<b>516.14</b>	<b>(2,774.19)</b>	<b>290.63</b>
Transfer to Minority Interest	-	-	(218.13)	(82.54)
Transfer to Molasses Storage Fund	1.84	3.34	1.84	3.34
<b>Profit/(Loss) for the period after appropriation</b>	<b>(2290.60)</b>	<b>512.80</b>	<b>(2294.16)</b>	<b>369.83</b>
Earning Per Share (in Rs.)	(4.80)	1.08	(5.36)	0.78

## PERFORMANCE DURING THE YEAR

For the Financial Year 2016-17, there is a Loss of Rs. 2288.76 lacs as against the Profit of Rs. 516.14 lacs in the previous year. The Sugar Industry in India went through an unprecedented crisis due to all time low sugar selling prices caused by sixth straight year of surplus production as well as a drop in global prices. In fact it went below the cost of production for a substantial portion of the year.

## DIVIDEND & RESERVES

As the Company has incurred losses during the year under review, your Directors have not recommended any dividend for the financial year ended March 31, 2017.

The Company has not transferred any amount to the reserves for the financial year ended March 31, 2017.

## SHARE CAPITAL

The paid up equity capital as on March 31, 2017 was Rs. 4765.38 Lacs. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

## OPERATIONS

The crushing for the season 2016-17 started on 04.12.2016 i.e. 14 days later as compared to previous season 2015-16 and ended on 02.05.2017 i.e. 22 days later as compared to previous season 2015-16. During the season, the plant crushed 90.53 lac quintals of



sugarcane in 128 days as against 107.20 lac quintals in 159 days in the previous season. The crushing was increased by 16.67 lac quintals during this season due to increase period of crushing. The sugar recovery overall was increase at 10.83% as against 9.55% in the previous season.

The Company continued to focus on cane development activities, comprising clean cane, varietal change and modern agriculture practices that is expected to improve recovery in the coming years.

#### **MATERIAL CHANGES AND COMMITMENTS**

No material changes or commitments have occurred between the end of the financial period to which the financial statements relate and the date of this report, affecting the financial position of the Company.

#### **STATUS OF SICKNESS UNDER BIFR**

As the members are aware, the Company had reported the erosion in the net worth of the Company by more than 50% of the peak net worth as required under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 to BIFR and the BIFR has declared the Company as sick and appointed IDBI as operating agency u/s 17(3) of the Act in its hearing held on dated 04th February, 2014 & the Draft Rehabilitation Scheme is Under Compilation. However, vide notification dated 25th November, 2016, the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) was repealed with effect from 1st December, 2016, by Sick Industrial Companies (Special Provisions) Repeal Act, 2003. In terms of Section 4(b) of the Repeal Act, all pending proceedings under the previous Act (SICA) stands abated.

#### **SUBSIDIARY COMPANIES**

As on March 31st 2017, the Company has one Wholly Owned Subsidiary i.e. SBEC Stockholding & Investments Limited and one Subsidiary i.e. SBEC Bioenergy Limited. There are no associates companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and all its subsidiary companies, which is forming part of the Annual Report. A statement containing salient features of the financial statements of the subsidiary companies is also included in the Annual Report in "**Annexure-A**".

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company, [www.sbecsugar.com](http://www.sbecsugar.com). Further, as per fourth proviso of the said section, audited annual accounts of each of the subsidiary companies have also been placed on the website of the Company, [www.sbecsugar.com](http://www.sbecsugar.com). Shareholders interested in obtaining a copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary at the Company's registered office.

On the basis of Audited Financials Accounts of the Company for the FY.16-17 the Company has two Material Subsidiaries Company i.e. SBEC Bioenergy Limited and SBEC Stockholding & Investment Limited. The Minutes of the Board Meetings of the subsidiary companies are placed at the Board Meetings of the Company. Details of significant transactions and arrangements entered into by the subsidiary companies are noted by the Board. The Audit Committee of the Company reviews the financial Statement of the subsidiary companies including investments made.

There has been no change in relationship of any subsidiary company during the financial year.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements of the Company for the financial period 2016-17, are prepared in compliance with applicable provisions of the Companies Act, 2013, Accounting Standards and SEBI (LODR) Regulations, 2015.

#### **DIRECTORS**

Shri. O.P. Modi, expired on 03.06.2016. The Board of Directors placed on record its sincere appreciation for the valuable support and guidance given by Shri. O.P. Modi to the Company during their tenure as Director of the Company.

Shri. R.K. Sharma appointed as Non-executive Director on the Board of the Company w.e.f. 23rd February, 2017 and subsequently appointed as a Manager designated "General Manager- Personnel & Administration" of the Company w.e.f 14th June, 2017 subject to the approval of shareholders in forthcoming Annual General Meeting.

Shri N.P. Bansal appointed as Independent Director with effect from 23rd February, 2017 subject to the approval of shareholders in forthcoming Annual General Meeting.



In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Shri. Jayesh Modi (DIN 02849637), Non-Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

#### KEY MANAGERIAL PERSONNEL (KMP)

During the financial period ended 31.03.2017, following persons are Whole Time Key Managerial personnel (KMP) of the Company in terms of provisions of Section 203 of the Companies Act, 2013:

Sl. No.	Name	Designation
1.	Shri. Abhishek Modi	Whole Time Director
2.	Shri. L.C. Sharma	Chief Financial Officer
3.	Shri. Shobit Nehra	Company Secretary

#### BOARD MEETINGS

The Board met Four times during the financial year 2016-17, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (LODR), Regulations, 2015.

#### FORMAL ANNUAL EVALUATION

Pursuant to the requirements of Section 134(3)(p) of the Companies Act, 2013 read with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements), 2015, the Board has carried out a performance evaluation of itself, its Committees, the Chairman and each of the other Directors.

A structured questionnaire was prepared after taking into consideration the inputs received from the Directors covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligation and governance.

A separate exercise was carried out to evaluate the performance of individual directors including the Chairman of the Board. The performance evaluation of Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors at their meeting held separately.

At the conclusion of the evaluation exercise, the Members of the Board assessed that the Board as a whole together with each of its Committees was working effectively in performance of its key functions.

#### DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions contained in Section 134 (5) of the Companies Act, 2013, your Directors to the best of their knowledge, belief and according to information and explanations obtained from the management, confirm that:

- in the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates 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, 2017 and of the profit and loss of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care 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;
- The Directors have prepared the Annual Accounts on a going concern basis.
- The Directors have laid down proper internal financial controls to be followed by the Company and such controls are adequate and operating effectively; and
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### DECLARATION FROM INDEPENDENT DIRECTORS

All Independent Directors of the Company have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (LODR), Regulations, 2015.



## **INTERNAL FINANCIAL CONTROLS**

Your company has in place an adequate internal control system in order to ensure that all transactions are authorized, recorded and reported correctly and that all assets are protected against the perils of unauthorized use or disposition. Towards enhancing the efficiency of internal controls, services of consultants are hired wherever necessary, and their suggestions are reviewed and implemented. Your Company has in place an Internal Audit system, whereby an independent professionals firm of Internal Auditors conducts regular audit across the Company and their scope and findings are reviewed by the Management and Audit Committee on a regular basis.

The Audit Committee of the board also meets periodically to review the internal controls, internal audit findings, action taken reports and to advise the management on corrective policies, if any.

## **STATUTORY AUDITORS**

As per provisions of Section 139(2) Companies Act, 2013 ("the Act") read with rules made there under no listed Company shall re-appoint the existing auditor's firm who has completed two terms of five consecutive years as auditor in the same company. A transition period of three years from the commencement of the Act is provided to appoint a new auditor.

Accordingly, as per the said requirements of the Act, M/s. K.K. Jain & Co., Chartered Accountants are proposed to be appointed as Statutory Auditors of the Company in place of the existing Statutory Auditors, Doogar & Associates whose terms of appointment exceeds the limits prescribed above, to hold Office from the conclusion of the ensuing Annual General Meeting till the conclusion of the Twenty Eight Annual General Meeting, subject to ratification by members every year, as may be applicable.

As required under the provisions of Section 139 of the Companies Act, 2013, the Company has received a written consent from the auditors to their appointment and a certificate to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the rules framed there under and that they have satisfied the criteria provided in Section 141 of the Companies Act, 2013.

## **STATUTORY AUDITOR'S REPORT**

The Auditors Report contains qualifications and the response of your Director's with respect to it Audit qualification are as follows :-

### **Response to Qualified Opinion (i)**

Based on expert committee report, the State Government of Uttar Pradesh had waived interest on the delayed payment of cane price for the sugar seasons 2012-13, 2013-14 and 2014-15. The waiver was challenged by the Rashtriya Kisan Mazdoor Sangathan before the Hon'ble High Court Allahabad. The said Court order has set aside the waiver and remanded back the matter to reconsider it after hearing all Stakeholders. The aforesaid judgement is being challenged before the Hon'ble Supreme Court by the industry. The waiver of interest for the sugar season 2015-16 is under consideration. However, notice for payment of interest on delayed payment of cane price for the sugar season 2016-17 has been issued against which the industry has made representative for waiver. Based on the past practice, the management is confident that no interest liability will arise for these period. Hence the management is of the opinion that no provision is required.

### **Response to Qualified Opinion (ii)**

In view of current cash flow of the Subsidiary Company (i.e. SBEC Bioenergy Limited) the management on request has agreed to extend the time period of deed of assingement for a further period of five years after the expiry of initial period of five years . Further, the management is confident to receive balance of Rs. 8,300 lacs and is of the opinion that no provision is required.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the year under review.

## **COST AUDITORS**

As per Section 148 of the Companies Act 2013 read with Rule 4 of the Companies (Cost Records and Audit) Rules, 2014, the cost records maintained by the Company in respect of its Sugar and Cogeneration activity are required to be audited by a Cost Auditor. The Board of Directors, based on the recommendation of the Audit Committee, appointed M/s. M.K. Singhal & Co., Cost Accountants, as the Cost Auditors for auditing the cost accounting records maintained by the Company for the financial year 2017-18 on a remuneration of Rs.60,000/- plus service tax as applicable and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, a resolution seeking member's approval of the remuneration payable to the Cost Auditor forms part of the notice convening the Annual General Meeting.

## **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s R.K. Singhal & Associates, Practicing Company Secretaries in practice as the Secretarial Auditor to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is given in "Annexure-B" to this Report.



The observation in secretarial audit report are self-explanatory and therefore not call for any further explanation.

#### **FIXED DEPOSITS**

During the financial year, The Company has not accepted any deposit from public within the meaning of section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014.

#### **RISK MANAGEMENT POLICY**

As per Section 134(3) (n) of the Companies Act, 2013, the Company has adopted a Risk Management Policy which is reviewed on a periodic basis in order to recognize and reduce exposure to risks wherever possible. The Company's risk management policies are based on the philosophy of achieving substantial growth while mitigating and managing risks involved. Major risks identified are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

#### **AUDIT COMMITTEE**

The Audit Committee comprises of four Independent Directors, viz., Shri. R.K. Agarwal as Chairman, Shri. J.C. Chawla, Shri. Vijay Kumar Modi and Shri. Shyam Babu Vyas as Members. The details of terms of reference of the Audit Committee, number and dates of meeting held, attendance, among others are given separately in the attached Corporate Governance Report.

#### **NOMINATION AND REMUNERATION COMMITTEE**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with Rules made there under, the Board has constituted a Nomination & Remuneration Committee and the details of terms of reference, number & dates of meeting held, attendance and other details are given separately in the attached Corporate Governance Report. The Board on the recommendation of Nomination & Remuneration Committee framed a policy i.e. Nomination and Remuneration Policy for selection and appointment of Directors, senior managerial personnel and their remuneration.

#### **REMUNERATION POLICY**

The Company has adopted a Remuneration Policy for executive and non-executive directors and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration as approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders and such other authorities as the case may be. The Non-Executive Directors do not draw any remuneration from the Company except sitting fee paid to them for each meeting of the Board/ Committee thereof attended by them. The aforesaid policy can be accessed on the Company's website [www.sbecsugar.com](http://www.sbecsugar.com).

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES.**

Pursuant to the provisions of the Section 135 of the Companies Act, 2013 (the Act), the Company has constituted a CSR Committee of the Board of Directors to monitor the CSR activities of the Company. The details relating to the CSR Committee are described in the Corporate Governance Report forming part of this Annual Report. CSR Committee formulated and recommended to the Board, the CSR Policy of the Company and it has been approved by the Board of Directors of the Company. The aforesaid policy can be accessed on the Company's website [www.sbecsugar.com](http://www.sbecsugar.com).

It is to be noted that during the three preceding Financial Years i.e. 2015-16, 2014-15 and 2013-14 The Company had earned accumulated losses therefore the Company shall not required to spend any amount of expenditure on CSR activity in Financial Year 2016-17.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is enclosed in "Annexure-C" and forms part of this Report.

#### **PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197(12) read with Rule, 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, relating to ratio of the remuneration of each Director to the median employee's remuneration and other details shall be provided on request, in accordance with the provisions of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, none of the employee is drawing remuneration in excess of the limits set out in the said Rules.



## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the financial year 2016-17, the company has neither made any investment nor given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

## RELATED PARTY TRANSACTIONS

All contracts/arrangements/transactions entered into during the financial year with the related parties were on arm's length basis and were in the ordinary course of business. Section 188(1) of the Companies Act, 2013 exempts related party transactions that are in the ordinary course of business and are on arm's length basis. However, as per Regulation 23 of SEBI (LODR) Regulations, 2015, all material Related Party Transactions requires approval of the shareholders through Postal Ballot by way of special resolution on dated 23.05.2015. Accordingly, the Company has obtained the approval of the shareholders by way of special resolution for the material related party transactions. The Board of Directors and the Audit Committee have also approved the said related party transactions.

There are no materially significant related party transactions with the Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The particulars of the material contract and arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 read with Regulation 23 of SEBI (LODR) Regulations, 2015 is disclosed separately in Form No. AOC -2 as "**Annexure-D**" and forms part of this report.

The Board has framed a Policy on related party transactions and placed the same on the Company's website at [www.sbecsugar.com](http://www.sbecsugar.com).

Your director draw attention of members to Note. 37 of the financial statement which sets out related party disclosures.

## VIGIL MECHANISM & WHISTLE BLOWER POLICY

The Company has formulated and implemented the Whistle Blower Policy/ vigil mechanism. This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee; any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The aforesaid policy has also been uploaded on the Company's website at [www.sbecsugar.com](http://www.sbecsugar.com).

## EXTRACT OF THE ANNUAL RETURN

The details of the extract of the Annual Return in Form MGT-9 as per the provisions of Section 92 of Companies Act, 2013 read with rule Rule 12 of Companies (Management and Administration) Rules, 2014 is annexed herewith and marked as "**Annexure-E**" to this Report.

## LISTING OF SECURITIES

The equity shares of your Company are listed on the Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Limited. The Company's application for delisting of shares with The Calcutta Stock Exchange Association Limited is still pending.

## BOARD DIVERSITY

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website ([www.sbecsugar.com](http://www.sbecsugar.com)). More detail on diversity is available in the corporate governance report that forms part of this Annual Report.

## CORPORATE GOVERNANCE

In Compliance with Regulation 17 to 27 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, a detailed Corporate Governance Report has been given elsewhere in this report, along with Management Discussion and Analysis Report, which form an integral part of the Annual Report.

A certificate from R.K. Singhal & Associates, a firm of Company Secretaries in practice confirming compliance by the Company with the conditions of Corporate Governance as stipulated under part E of schedule V of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 is attached to this report.



The Whole Time Director and the Chief Financial Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under SEBI (LODR), Regulations, 2015.

#### PERSONNEL RELATIONS

Your directors hereby place on record their appreciation for the services rendered by the executives, staff and workers of the Company for their hard work, dedication and commitment. During the year under review, relations between the employees and the management continued to remain cordial.

#### APPRECIATION

Your directors thank the various Central and State Government Authorities and Agencies for the continued help and cooperation extended by them. The Directors gratefully acknowledge all stakeholders of the Company viz., farmers, customers, members, dealers, vendors and banks for their excellent support during the year. The Directors also place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued cooperation to the Company.

For & behalf of the Board  
SBEC Sugar Limited

Place: New Delhi  
Date: 28<sup>TH</sup> July, 2017

Sd/-  
Abhishek Modi  
(Whole Time Director)  
(DIN: 00002798)

Sd/-  
R.K. Agarwal  
(Director)  
(DIN: 00298252)

## ANNEXURES TO THE BOARD'S REPORT

"ANNEXURE -A "

### "FORM- AOC-1"

Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of The Financial Statements of Subsidiaries or associate companies or Joint ventures.

#### PART A - SUBSIDIARIES

(Amount in Rs.) (except % of Shareholding)

S.No	Name of the Subsidiary Company	Date of which when Subsidiary was acquired	Financial period ended	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Profit after Taxation	Proposed Dividend	% of Shareholding
1.	SBEC Bioenergy Limited	12.03.1997	31-Mar-17	INR	230,000,000	158,009,250	1,940,917,783	1,940,917,783	109,356,580	98,188,762	(53,577,022)	(48,472,823)	Nil	55%
2.	SBEC Stockholding Investments Limited	09.06.2001	31-Mar-17	INR	45500000	(4,659,123)	379,790,640	379,790,640	379,251,000	-	(70,151)	(70,151)	Nil	100%

For & behalf of the Board  
SBEC Sugar Limited

Place: New Delhi  
Date: 28<sup>TH</sup> July, 2017

Sd/-  
Abhishek Modi  
(Whole Time Director)  
(DIN: 00002798)

Sd/-  
R.K. Agarwal  
(Director)  
(DIN: 00298252)

**"ANNEXURE - B"****Form No. MR-3  
SECRETARIAL AUDIT REPORT****For The Financial Year Ended On 31st March, 2017**

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014)

To,  
The Members  
**SBEC SUGAR LIMITED**

**VIII. Lohan Malakpur, Baraut, Distt Baghpat, Uttar Pradesh**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SBEC SUGAR LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; as amended from time to time;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014 (Not applicable to the Company during the audit period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period) and;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period).
- (vi) **OTHER APPLICABLE ACTS,**
  - (a) The Factories Act, 1948
  - (b) The Payment of Wages Act, 1936, and rules made thereunder,
  - (c) The Minimum Wages Act, 1948, and rules made thereunder,
  - (d) The Payment of Gratuity Act, 1972
  - (e) The Employees Provident Fund & Miscellaneous Provisions Act, 1952.
  - (f) The Payment of Bonus Act, 1965, and rules made thereunder,
  - (g) The Industrial Dispute Act, 1947
  - (h) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975,
  - (i) The Air (Prevention & Control of Pollution) Act, 1981 Read with the Air (Prevention & Control of Pollution) Rules, 1982