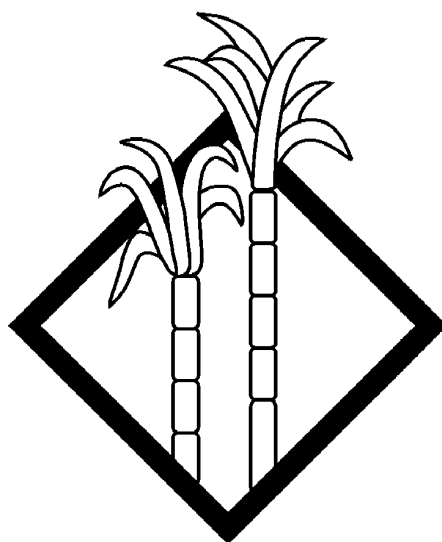




SBEC Sugar Limited



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

2023



BOARD OF DIRECTORS

Shri. Umesh K Modi - Chairman & President
Smt. Kumkum Modi
Shri. Abhishek Modi - Whole Time Director
Shri. Jayesh Modi
Shri. Vijay Kumar Modi
Shri. Narayan Prakash Bansal
Shri. Jagdish Chander Chawla
Smt. Mohi Kumari
Sh. Sudhanshu Goil

CHIEF FINANCIAL OFFICER

Shri. A.K. Goel

COMPANY SECRETARY

Shri. Ankit K. Srivastava

AUDITORS

M/s DOOGAR & ASSOCIATES
13, Community Centre,
East of Kailash
New Delhi-110065

BANKERS

Axis Bank Ltd.
Punjab National Bank
State Bank of India
U.P. Co-operative Bank Ltd.

REGISTERED OFFICE & PLANT

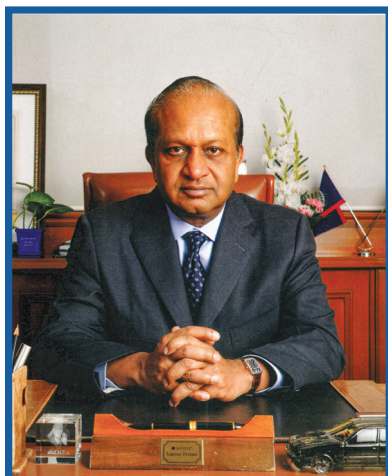
Village: Lohan Malakpur,
Tehsil: Baraut - 250 611,
Distt. Baghpat,
Uttar Pradesh

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

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Shri Umesh Kumar Modi

Chairman and President

SBEC Sugar Limited

DIRECTORS' REPORT

To,
The Shareholders,
SBEC Sugar Limited

Dear Members,

Your Directors have pleasure in presenting the 29th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2023.

FINANCIAL RESULT

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, 2023 are as under:

(Rs. in Lacs)

Financial Parameters	STANDALONE		CONSOLIDATED	
	Period ended 31.03.2023	Period ended 31.03.2022	Period ended 31.03.2023	Period ended 31.03.2022
INCOME				
Revenue from operations	64,698.49	60,218.99	65,846.19	61,401.33
Other Income	147.66	83.64	1,064.40	653.95
Total Income	64,846.14	60,302.63	66,910.59	62,055.28
Cost of materials consumed	52,415.47	52,263.67	52,415.47	52,263.67
Changes in inventories of finished goods, stock - in - trade and work - in - progress	2,687.87	(2,265.13)	2,688.99	(2,264.26)
Employee benefits expenses	1,874.93	1,629.09	2,211.12	1,913.94
Other expenses	5,715.24	6,383.89	6,470.73	6,968.99
Operating Profit/Loss	2,152.63	2,291.11	3,124.28	3,172.94
EBITDA	2,152.63	2,291.11	3,124.28	3,172.94
Depreciation and amortization expenses	1,897.85	1,850.60	2,117.59	2,070.61
EBIT	254.78	440.51	1,006.69	1,102.32
Finance costs	1,545.50	1,506.28	1,836.75	1,844.92
EBT	(1,290.72)	(1,065.77)	(830.06)	(742.60)
TAX	0.00	0.00	217.11	114.44
PAT	(1,290.72)	(1,065.77)	(1,047.17)	(857.03)



PROJECTION OF NEXT SEVEN YEARS (₹ IN LACS)



OPERATIONS

The crushing for the season 2022-23 started on November 13, 2022 and ended on April 30, 2023 and cane crushed during season 2022-23 was 133.44 Lac Qtls as compared to 134.08 Qtls in the last season.

Particulars	Unit	Sugar Season		
		2022-23	2021-22	2020-21
Cane Crush	Lac Qtl	133.44	134.08	148.84
Recovery	%	10.75	11.19	11.07
Sugar Production	Lac Qtl	14.38	15.19	16.47

Company crushed 133.44 Lac Qtls sugarcane. However, recovery decreased by 0.44% due to climatic conditions and some disease in cane.

Your Company's sugar factory is in U.P. where state government announces the Sate Administered cane Price (SAP), which is much higher than the Fair Remunerative Price (FRP). This creates a distortion in the industry because SAP is neither linked to sugar recovery nor does it take into account domestic and global prices and other relevant parameters. As a result, when sugar prices are low, mill owners are unable to pay to farmers resulting in delayed payment, huge cane arrears and trust deficit between farmers and millers.

Despite the drop in sugar production, there is ample supplies in the country to fulfill local consumption of 27.5 million tons. Considering an opening stock of 6.2 million tons as on 1st October 2022, India's consumption of 27.5 million tons, sugar exports of 6.1 million tons and an estimated production of 32.8 million tons, the closing stock of sugar in India as on 30th September, 2023 is expected at 5.5 million tons. The scenario may not undergo any significant change during the forthcoming sugar season. It is expected that the pressure on the sugar price would continue to remain given the over-supply scenario.

Despite several challenges, your company lays continuous trust on strong farmer relationship, cost control, efficiency improvement and continue to focus on cane development activities, comprising clean cane, varietal change and modern agriculture practices which is expected to further improve productivity in the coming years.

Indian sugar market

Next to Brazil, India is the largest global producer of sugar. In India, sugarcane is produced majorly in nine states, viz. Uttar Pradesh, Maharashtra, Karnataka, Punjab, Andhra Pradesh, Bihar, Gujarat, Haryana, and Tamil Nadu. It is one of the important agro-based industries that impacts the rural livelihood of many. Demand for cane and sugar is increasing in India because of their extensive use in applications like food and beverages, bakery, confectionery, and others.

Sugar exports and imports

As per Department of Food and Public Distribution (DFPD), during 2022-23 (as on 21.03.2023) India had exported 33.89 Lakh MT of white sugar and 19.22 lakh MT of raw sugar aggregating 53.11 Lakh MT of sugar. To prevent the uncontrolled export of sugar and ensure sufficient availability for domestic consumption at a reasonable price, Directorate General of Foreign Trade (DGFT), Ministry of Commerce vide notification No. 10/2015-20 dated 24.05.2022 amended the export policy with respect to sugar and covered it under the restricted category w.e.f. 01.06.2022 for 2021-22 sugar season. The Government also decided to allow the export of sugar up to a reasonable limit w.e.f. 01.11.2022 till 31.10.2023 for the current sugar season. Further, DFPD allocated an export quota of 60 LMT to sugar mills for sugar season 2022-23 w.e.f. 01.11.2022 along with the guidelines for the export of sugar.



The import of raw sugar by refineries for refining the imported raw sugar and re-exporting the same was under Advance Authorization Scheme (AAS). Such import was not meant for domestic consumption.

Sugar production

Indian Sugar Mills Association (ISMA) in its report revised the estimated sugar production to 328 Lakh Tonnes of sugar (after diversion for ethanol) between October, 2022 and May, 2023 during the current sugar season as against 358 Lakh tonnes in the same period last sugar season. This was about 30 Lakh MT lower than previous year's production. Uttar Pradesh, the Country's largest sugar producer recorded a production of 107 Lakh MT of sugar during 2022-23 season, after diversion of 14 Lakh MT for Ethanol. The second largest producer of sugar, Maharashtra, achieved a production of 105 Lakh MT of sugar after diverting 13 Lakh MT of sugar. Karnataka, the third largest producer of sugar, was estimated to have produced 57 Lakh MT after a diversion of 10 Lakh MT of sugar to ethanol. Lower cane yields owing to higher ratoon crop share and uneven distribution of rainfall caused a lower production in Maharashtra. However, cane yield in Uttar Pradesh bettered this year. Considering an opening stock of about 7 Mn Tonnes as on 1st October, 2022 domestic consumption of 27.5 Mn Tonnes, sugar exports of over 6.1 Mn Tonnes and the estimated sugar production of 32.8 Mn T, the closing stock as on 30th Sep 2023 is expected to be around 6.2 Mn Tonnes. The sugar sales by end of March 2023 is estimated to be 13.5 Mn Tonnes as against 13.6 Mn Tonnes in the corresponding period last year, which is higher by 0.75%.

Sugar consumption

The overall estimated domestic sugar consumption was 27.5 MMT in India 2022-23. Since 2019-20, the sugar consumption volume is gradually increasing. The primary reasons for increase in demand comprise a growing population and improving economic conditions. The major consumers of sugar produced directly by mills are bakeries, local sweets and candy manufacturers and together with soft drink manufacturers, they comprise almost 60% of consumers. The primary consumers of khandsari are locally operating sweet establishments, while gur is used in the rural areas, in its standard form, both as a sweetener and as feed. Manufacturers of biscuits and food products, pharmaceutical companies, hotels and restaurants also consume a fair quantity of sugar.

Long-term Industry Outlook

The Indian Sugar industry is witnessing a positive turnaround. Due to lower production of sugar, the prices of sugar is all time high and prices would further rises because of summer season & upcoming wedding season.

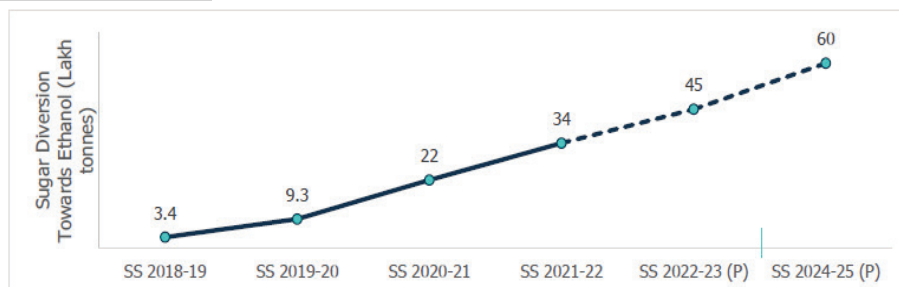
Despite India's sugar production fell by approx 8.00% to 32.8 million tons in comparison to previous year's 35.5 million tons, the production of sugar in Uttar Pradesh rose to 10.19 million tons (approx) against 10.02 million tons in the previous year period. The average recovery in the current season in the Uttar Pradesh is 9.65%.

Sugar production is estimated to be 32.8 million tons in SS 2022-23, as compared to the peak of 35.5 million tons produced in the previous SS 2021-22; with the highest ever diversion towards ethanol estimated at 45 lakh tonnes (higher by 41% y-o-y), according to the Indian Sugar Mills Association (ISMA). This increasing diversion towards high realisation ethanol is likely to support 8-12% revenue growth for sugar mills this fiscal. By the year 2025, the government is targeting to divert 6 million tonnes of excess sugar towards ethanol annually.

The lower sugar output could limit exports from the world's second-biggest exporter, lifting global prices and allowing rivals Brazil and Thailand to boost their shipments.

The sugar export quota is set at 60 lakh tonnes by the government in the current SS, which is still lower than exports of 72 lakh tonnes and 112 lakh tonnes in the SS 2020-21 and SS 2021-22, respectively. The additional sugar export quota will be decided after evaluating the current demand-supply scenario. Furthermore, a GST reduction from 18% to 5% coupled with any additional export quota announcement by the government, could support the sugar mills' performance in the near term.

Trends of sugar diversion towards ethanol



Source: ISMA

The future of the sugar industry appears encouraging; nevertheless, certain concerns need urgent attention. The Government has always been proactive and supportive of the industry, keeping in mind the size of the sugar industry and the number of livelihoods associated with it. However, the focus equally needs to be on addressing problems connected to Fair and Remunerative Price (FRP) or increase in Minimum Selling Price (MSP) and cane arrears. In June 2018, the Indian government fixed the MSP of sugar for the first time at Rs. 29 per kg when the FRP of sugarcane was Rs. 2,550 per ton. Subsequently, MSP increased to Rs. 31/Kg. However, the FRP has been steadily increasing, while the MSP of sugar has remained unchanged since February 2019.

The industry has been requesting the Government to increase the MSP for sugar from Rs. 31/kg. As per NITI Ayog, Rs. 31/kg does not cover the cost of manufacture, given the FRP, which is at a reasonably high floor. One way of improving liquidity of sugar mills is to raise the MSP of sugar, which could help sugar mills cover the cost of production, including interest, maintenance costs etc. Keeping in view the emerging developments, the MSP for sugar needs to be reviewed urgently.

To prevent the problem of arrears for sugarcane farmers and to keep the sugar industry in sound financial health, sugarcane prices must be linked to the sugar price. The Revenue Share Formula advocated by Dr. Rangarajan Committee needs to be introduced strictly with a Price Stabilization Fund (PSF) to protect farmers from receiving prices below the FRP.



Despite producing a high-quality sugar, the competitiveness of Indian exports is affected by the country's high cane costs relative to other major producers, including Brazil, Thailand and Australia, rendering exports unviable without subsidy until about a year back.

Despite diversion of sugar towards ethanol, the sugar stock is still higher than the normative carry forward requirement.

Surplus production compels the regular export of sugar. High cane prices make Indian sugar manufacturers uncompetitive and dependent on government subsidies for exports. With the probability of export subsidy being phased out after 2023 (as per WTO), Indian sugar mills need to deal with a formidable problem of diversion of surplus sugar into ethanol to improve liquidity and check a decline in sugar price.

However, with a likely increase in sugar diversion towards ethanol to 45 lakh tonnes (Sugar Season 2022: 34 lakh tonnes), the net sugar production is likely to come in at 32.8 million tonnes while consumption could continue to grow at around 1-2 per cent, increasing to 27.5 million tonnes in Sugar Season 2023.

Expansion of plant capacity:

SBEC Sugar has a total cane area of 26,500 Hectare of land which produces approx. 238.50 Lac Qtl. Cane. The yield of sugarcane is going up year after year. Thus the yield of the company's cane area is going to be approx.. 2,65,000 Ton. With 70% drawal, the sugarcane availability for crushing is going to be 1,85,500 Ton.

Previously, the production facilities were designed for a daily sugarcane crushing capacity of 8,000 TCD (approx.). To take advantage of the increasing cane production, the Company in first phase has increased its production capacity upto 9,000 TCD, which was operative from SS 2022-23. The Company is also considering to increase its production capacity upto 10,000 TCD in next phase.

ETHANOL PLANT

In the SS 2022-23, India has crossed the mark of 11.65% ethanol blending with petrol. To achieve 20% blending by 2025, about 12 million litres of ethanol would be required. The sugar diversion towards ethanol production is estimated to be at a consecutive record high of 45 lakh tonnes in SS 2022-23 against 32 lakh tonnes in SS 2021-22 (y-o-y increase of 41%). By the SS 2024-25, the government is targeting to divert 60 lakh tonnes of excess sugar towards ethanol, 88% higher than the diversion made in SS 2021-22.

Considering the emphasis being laid by the Government on increasing Ethanol production capacity to give impetus to its Ethanol Blending Policy with Petrol so as to save foreign exchange being spent on import of petro products, to some extent, the Company is taking steps for setting up a 100 KLPD Ethanol Plant within its complex in Village Loyan Malakpur (Baraut). The Company has already received the license to set-up the ethanol plant up to the capacity of 100 KLPD. The Company has also received in principle approval for interest subvention on loan for an amount of Rs. 97.88 crores from the Ministry of Consumer Affairs, F & D Department of Food & Public Distribution.

The Company has also made an application for loan of Rs. 130.50 crore with U.P. Co-operative Bank Ltd., Lucknow.

DIVIDEND & RESERVES

As the Company has incurred loss during the year under review, your Board has not recommended any dividend for the financial year ended March 31, 2023.

SHARE CAPITAL

The paid up equity capital as on March 31, 2023 was Rs.4765.38 Lacs. During the year under review, the Company has not issued any shares or any other security.

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.

SUBSIDIARY COMPANIES

As on March 31st 2023, the Company has one Wholly Owned Subsidiary i.e. SBEC Stockholding & Investments Limited and one Subsidiary i.e. SBEC Bioenergy Limited. There are no associate 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 are annexed in Form AOC-1 and marked as "**Annexure-A**" to the Annual Financial Statements.

In accordance with the provisions of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company containing standalone and consolidated financial statements has been placed on the website of the Company, www.sbecsugar.com. Further, the audited accounts of the Subsidiary Companies and the related detailed information have also been placed on the website of the Company www.sbecsugar.com. A copy of annual accounts of subsidiaries will be made available to shareholders seeking such information at any point of time.

On the basis of Audited Financials Accounts of the Company for the FY.2022-23 the Company has two Material Subsidiary Companies 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 STATEMENT

The consolidated financial statements of the Company for the financial year 2022-23, are prepared in compliance with applicable provisions of the Companies Act, 2013, Indian Accounting Standard (Ind AS) and SEBI (LODR) Regulations, 2015.



DIRECTORS

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Jayesh Modi (DIN: 02849637), Director of the Company retires by rotation at the ensuing Annual General Meeting and he is eligible for re-appointment.

The office of Mr. Shyam Babu Vyas & Mr. Rohit Garg, Independent Directors had fallen vacant w.e.f. July 20, 2020 pursuant to Section 167(1)(b) of the Companies Act, 2013, as they absented themselves from all the meetings from the Board of Directors held during the period of twelve months.

Ms. Mohi Kumari & Mr. Sudhanshu Goil were appointed as Independent Director w.e.f. August 16, 2022 in the Board Meeting held on August 06, 2022 and their appointment was regularized in the 28th Annual General Meeting.

The Board of Directors in its meeting held on August 11, 2023 appointed Mr. Anirudh Kumar Modi & Mr. Ajay Kumar Aggarwal as Additional Non-Executive Independent Directors of the Company for the period of five years w.e.f. September 01, 2023 and also proposes their regularization as Non-Executive Independent Directors for shareholders' approval in the ensuing 29th Annual General Meeting.

The Board also approved the Change in designation of Mr. Vijay Kumar Modi from Non-Executive Independent Director to Non-Executive Non - Independent Director w.e.f. September 01, 2023 subject to Shareholders approval in the ensuing 29th Annual General Meeting.

The Board also proposes the re-appointment of Sh. Abhishek Modi as Whole Time Director designated as Executive Director for the period of five years with effect from 25th May, 2024 without any remuneration. The same is subject to the shareholders in the ensuing 29th Annual General Meeting.

Particulars of Directors seeking appointment/re-appointment have been given in the explanatory statement annexed to the notice for the Annual General Meeting.

All the Directors have made necessary disclosures as required under various provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

CHAIRMAN & KEY MANAGERIAL PERSONNEL (KMP)

During the financial period ended 31.03.2023, details of Chairman & Whole Time Key Managerial personnel (KMP) of the Company are as follows:

S.No.	Name	Designation
1.	Shri Umesh Kumar Modi	Chairman & President
2.	Shri Abhishek Modi	Whole Time Director
3.	Shri Anil Kumar Goel	Chief Financial Officer
4.	Shri Ankit Kumar Srivastava	Company Secretary & Compliance officer
5.	Shri Vipin Kumar	Occupier

BOARD MEETINGS

The Board met four times during the financial year 2022-23, 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 towards performance of its key functions.

STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR

During the Year Ms. Mohi Kumari & Mr. Sudhanshu Goil were appointed as Non-Executive Independent Director of the Company w.e.f., 16th August 2022. In the opinion of Board, Ms. Mohi Kumari & Mr. Sudhanshu Goil are Advocates by profession and they have high moral values, rich experience in the matter of Corporate Laws.

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 and 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, 2023, the applicable accounting standards have been followed and there are no material departures from the same;
- the Board of 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, 2023 and of the statement of profit and loss of the Company for the year ended on that date;
- the Board of 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;



- d) The Directors have prepared the Annual Accounts on a going concern basis.
- e) The Directors have laid down proper internal financial controls to be followed by the Company and such controls are adequate and operating effectively; and
- f) 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 for the financial year 2022-23, 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 professional 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.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s. Doogar & Associates, Chartered Accountants (FRN.000561N) were appointed as Statutory Auditors of the Company for a term of 5 Years to hold office from the conclusion of 28th Annual General Meeting (AGM) held on September 29, 2022 and their tenure will expire after the conclusion of the 33rd Annual General Meeting.

STATUTORY AUDITORS' REPORT

The Auditors' Report of M/s. Doogar & Associates, Chartered Accountants contains qualifications and the Company has given its comments on Auditor Qualified Opinion for the Financial Year 2022-23. The details are mentioned here under:

Response to Qualified Opinion (i)

Under the power vested with the Cane Commissioner (U.P) for waiver of interest under U.P. Sugar Cane (Regulation of Supply and Purchase) Act, 1953 in respect of loss making/ sick companies, the Company had made an application to Cane Commissioner (U.P.) for waiver of interest on Cane Dues. Pending receipt of the Cane Commissioner's decision, no interest has been provided on the cane dues. The Company has decided to account for the same on actual payment basis.

Response to Qualified Opinion (ii)

The management is of the opinion that no provision for doubtful debts is required as the company is the major secured creditor of Modi Industries Limited which owns substantial properties which are quite sufficient to take care of its entire liabilities. In view of that the management is confident for recovery of whole amount.

Response to qualified opinion (iii)

The Company has valued closing stock at NRV of Rs. 3517.24 considering the current market price of around Rs. 3520.00 per quintal. The same is still lower than the Market price.

COST AUDITORS

As per the requirement of the Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company's cost records are subject to Cost Audit.

The Board of Directors, on the recommendation of the Audit Committee, have appointed M/s. M.K. Singhal & Co., Cost Accountants, as the Cost Auditors to audit the cost accounting records maintained by the Company for the financial year 2023-24 at a remuneration of Rs.1,00,000/- plus taxes as applicable and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the notice convening the Annual General Meeting.

SECRETARIAL AUDITOR

The Board appointed M/s Soniya Gupta & Associates, Practicing Company Secretaries, as the Secretarial Auditors to undertake the Secretarial Audit of the Company for Financial Year 2022-23. The Report of the Secretarial Auditors along with report of Secretarial Auditors of Material Subsidiary Companies are annexed in "**Annexure-B**" to this Report.

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

FIXED DEPOSITS

During the financial year, 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., Mr. Vijay K. Modi as Chairman, Mr. J.C. Chawla, Mr. N.P. Bansal & Ms. Mohi Kumari 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.sbcsugar.com

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

Pursuant to the provisions of the Section 135 of the Companies Act, 2013 (the Act), the CSR provisions are not applicable as per immediately preceding financial years of the Company. The CSR Committee constituted by the Board of Directors has been dissolved **w.e.f. 9th August, 2018**.

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 AND RELATED DISCLOSURES

The information required under Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board's Report for the year ended March 31, 2022 are given in "**Annexure -D**" to this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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 financial statements.

RELATED PARTY TRANSACTIONS

The transactions entered with related parties during the year under review were on Arm's Length basis and in the ordinary course of business and complied the provisions of Section 188 of the Companies Act, 2013. All related party transactions were approved by the Audit Committee and the Board. The relevant information regarding related party transactions has been set out in Note No. 30 of the Financial Statements for the financial year ended 31.3.2023.

However, there was a transaction between the Company and SBEC Bioenergy Limited which was on arm's length basis but the same was a material transaction. All the relevant details of the said transaction have been given in AOC-2 which is enclosed as "**Annexure E**" and forms part of this directors' report.

The Board has framed a Policy on related party transactions and placed the same on the Company's website at www.sbcsugar.com.

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.sbcsugar.com.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company is committed to a workplace free of harassment, including sexual harassment at the workplace, and has zero tolerance for such unacceptable conduct. The Company encourages reporting of any harassment concerns and is responsive to complaints about harassment or other unwelcome or offensive conduct. The Company has in place a policy on prevention of sexual harassment in line with the requirements of the Sexual Harassment of women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Policy). An Internal Complaint Committee is in place to redress the complaints received regarding sexual harassment. All employees are covered under this policy. Necessary disclosures in relation to the sexual harassment complaints received and redressal thereof are provided in Board's Report 2023. The Company has also a Whistleblower Policy to report genuine concerns and grievances. As part of Whistleblower Policy and POSH Policy, there is a provision on the protection of identity of the complainant to provide necessary safeguards against victimisation of employees. All such matters are dealt in strict confidence. Also as part of its Code of Conduct, the Company does not tolerate any form of retaliation against anyone reporting legitimate concerns.

During the year from April 1, 2022 to March 31, 2023 the Committee has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. At the end of March 31, 2023, no complaint was pending for redressal.

**ANNUAL RETURN**

As per Companies Act, 2013 the Annual Return of the Company for the year will be available on the website of the Company at <http://sbecsugar.com>.

COMPLIANCE OF SECRETARIAL STANDARDS

The Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government as required under Section 118(10) of the Companies Act, 2013.

LISTING OF SECURITIES

The equity shares of your Company are listed on the BSE 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). 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 M/s Soniya Gupta & 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.

INSOLVENCY & BANKRUPTCY CODE

During the year, an application was filed under section 9 of the Insolvency and Bankruptcy Code, 2016 against the Company before the National Company Law Tribunal, Allahabad bench alleging default of an amount of Rs. 1,08,02,731/- (Rupees One Crore Eight Lakh Two Thousand Seven Hundred Thirty One).

However as per the Company's records, nothing is payable to said party as the party did not lift the contracted material within stipulated time limit. A detailed counter was filed by the Company refuting all the allegations. The matter is still pending before the NCLT, Allahabad bench.

During the year no application was made under the Insolvency & Bankruptcy Code, 2016.

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS

During the year there were no differences in the valuation of the Company, as there was no one time settlement in the FY 2022-23.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals that could impact the going concern status of the Company and its future operations.

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**

**sd/-
Umesh Kumar Modi
(Chairman & President)
(DIN: 00002757)**

**Place: New Delhi
Date: 11.08.2023**