

MANAGEMENT REPORT

To,
The Members,
Sanwaria Consumer Limited
(Under Corporate Insolvency Resolution Process vide Order of Hon'ble NCLT dated 29.05.2020)

The Hon'ble National Company Law Tribunal, Indore Bench, ("NCLT"), had vide its order dated May 29, 2020 admitted the application for the initiation of the corporate insolvency resolution process ("CIRP") of Corporate Debtor in terms of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder, as amended from time to time ("Code"). Accordingly, pursuant to the provisions of Section 17 of the IBC, the powers of the Board of Directors of the Corporate Debtor stands suspended and such powers shall be vested with Mr. Rajeev Goel, appointed as the Insolvency Resolution Professional (the IRP or interim Resolution Professional). Further, the committee of creditors (CoC) of the Corporate Debtor, pursuant to the meeting held on July 28, 2020 and in terms of Section 22 (2) of the Code, resolved with 100% voting share, to replace the existing Interim Resolution Professional with Mr. Gautam Mittal as the resolution professional (RP) for the Corporate Debtor. Accordingly, the NCLT has in its hearing dated 4th September, 2020 through video conferencing pronounced the approval for the appointment of Mr. Gautam Mittal as the RP ("Resolution Professional") of the Corporate Debtor.

The Board of Directors hereby submits the report of the business and operations of your Company ('the Company' or 'SCL'), along with the audited financial statements, for the financial year ended March 31, 2020.

RESULTS OF OUR OPERATIONS

Your Company's financial performance for the year under review has been encouraging. Key aspects of Standalone Financial Performance of SCL for the current financial year 2019-2020 along with the previous financial year 2018-19 are tabulated below:

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Total Income	298030.93	531779.77	298038.71	531779.77
Profit Before Depreciation, Interest and Tax	(129216.30)	28594.05	(114701.30)	28981.75
Less: Depreciation & Amortization expenses	693.48	748.58	828.03	883.13

Less: Finance cost	6528.45	8320.27	6528.45	8320.28
Profit before Taxation and Exceptional Items	(121994.36)	19525.20	(122057.78)	1978.33
Less: Extraordinary and Exceptional Item	--	--	--	--
Profit before Taxation	(121994.36)	19525.20	(122057.78)	1978.33
Less: Provision for Tax for Current Year	--	4027.13	--	4094.60
Less: Provision for deferred Tax	(95.38)	(105.32)	(95.38)	(105.33)
Profit for the period	(121898.98)	15605.67	(121962.40)	15789.06
Other Comprehensive Income(net)	--	(8.82)	--	(17.66)
Profit After Tax	(121898.98)	15596.84	(121962.40)	15771.40

Dividend	0%	0%	0%	0%
Transferred to Reserves	(121898.98)	15596.84	(121962.40)	15771.40
Shareholders' Fund	(56758.77)	65115.22	(56622.95)	65314.46
Earnings Per Share (EPS)				
i) Basic	(16.56)	2.12	(16.57)	2.14
ii) Diluted	(16.56)	2.12	(16.57)	2.14

The revenue from operations for the year ended 31st March, 2020 stood at Rs.2,86,472.33 Lacs (Rupees Two Lacs Eighty Six Thousand Four Hundred Seventy Two Lacs Approx.) as compared to Rs.5,30,379.11 Lacs (Rupees Five Lacs Thirty Thousand Three Hundred and Seventy Nine Approx) for the previous year ending 31st March, 2019. The loss before tax for the year ended 31st March, 2020 stood at Rs.1,21,994.37 Lacs (Rupees One lac Twenty One Thousand Nine Hundred and Ninety Four Lacs Approx.) as compared to profit of Rs. 19,525.20 Lacs (Rupees Nineteen Thousand Five Hundred and Twenty Five lacs Approx.) for the year ending 31st March, 2019. The Loss after Tax stood at Rs.1,21,898.98 Lacs (Rupees One Lac Twenty One Thousand Eight hundred and Ninety Eight Lacs Approx.) for the year ending 31st March, 2020 as compared to profit of Rs.15,605.67 Lacs (Rupees Fifteen Thousand Six Hundred and Five Lacs Approx.) for the previous year.

INDIAN ACCOUNTING STANDARDS

The Ministry of Corporate Affairs (MCA), vide its notification in the Official Gazette dated February 16, 2015 has issued Companies (Indian Accounting Standards) Rules, 2015. Accordingly, in compliance with the said Rules, the Standalone and Consolidated Financial Statements of the company for the Financial Year 2019-2020 have been prepared as per Indian Accounting Standards.

CORPORATE GOVERNANCE

The Company has complied with the corporate governance requirements under the Companies Act, 2013, and as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR)"). A separate section on Corporate Governance under SEBI (LODR) along with a certificate from the auditors confirming the compliance is marked as 'Annexure- 1' and forms part of this Directors Report.

DISCLOSURES OF AMOUNTS, IF ANY, TRANSFER TO ANY RESERVES

An amount of (Rs.121898.98 Lacs) is proposes to transfer to General Reserve from the profits of the year under review.

DIVIDEND

The Company due to loss incurred do not recommend any dividend during the year under review.

SHARE CAPITAL

The Authorised Capital of the Company is Rs. 78,00,00,000 consisting of 76,00,00,000 Equity Shares of face value of Rs. 1.00 each and 20,00,000 Preference Shares of Face value of Rs. 10 each and the Paid up capital was increased to Rs. 73,61,00,000 consisting of 73,61,00,000 Equity shares of face value of Rs. 1.00 each.

MATERIAL CHANGES AND COMMITMENTS,IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY, OCCURED AFTER THE BALANCE SHEET DATE AND AS AT THE DATE OF SIGNING THIS REPORT

Except for the initiation of the CIRP w.e.f. 29th May, 2020 and appointment Ms. Shilpa Agarwal (Membership No. 8608) as the Company Secretary of the Company with effect from July 15, 2020 in pursuance to the provisions of Section 203 of the Companies Act, 2013, there are no material changes and commitments affecting the financial position of the Company occurred after the Balance Sheet Date and as at the date of signing of this report.

BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIR

The Company is engaged in the business of basmati rice, pulses, poha, sugar, soya chunks, wheat flour and other food grains products including soya meal and edible oil. There has been no change in the business of the Company during the year under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans, guarantees or investments covered under the provisions of Section 186 of the Companies Act, 2013 during the financial year 2019-2020.

DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

QUALITY & BRANDING

The "SANWARIA" brand is a key intangible asset of the Company. In addition the Company owns other brand names including "SULABH", "SANWARIA SETH" and "NARMADA". While sustaining existing brand names; SCL has added "NASHIRA" as its new brand name for basmati rice to reach put the customers in the gulf countries and mark the presence in the international market. The existing and future brands of SCL can be leveraged to enter new markets or to resist economic downturn successfully.

SCL thrusts upon the quality of products. The Company is ISO 9001 14001, 22000, Halal Certified, “ Good Manufacturing Practice” (GMP) as per the norms laid down by WHO and has been certified by U.K. Certification and Inspection Limited, and Government Recognized Trading House by DGFT & now the company is aiming at the Star Trading House status.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

As on March 31, 2020, the Composition of Board of Directors of the Company included total of 5 (Five) directors comprising of 3 (Three) Executive Directors, 1 (One) Non-Executive Non Independent Directors and 1 (One) Non-Executive Independent Director.

Re-appointment

Mr. Ashok Kumar Agrawal, Director of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment. The detail of the Directors being eligible to be reappointed is set out in the explanatory statement to the notice of the ensuing Annual General Meeting.

Key Managerial Personals

The Key Managerial Personals (KMPs) of the Company in accordance with the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force) are as follows:

S.No.	Name of KMP's	Designation
1.	Gulab Chand Agrawal	Chairman & Whole Time Director
2.	Ashok Agrawal	Whole Time Director
3.	Satish Agrawal	Whole Time Director
4.	Surendra Kumar Jain	Independent Director
5.	*Sailesh Baluapuri	Independent Director
6.	**Amitendra Shrivastava	Independent Director
7.	#Shilpi Jain	Independent Director
7.	Anil Kumar Vishwakarma	Chief Financial Officer
8.	##Shilpa Agarwal	Company Secretary

*Ceased to be director w.e.f. 11th October, 2019

** Ceased to be director w.e.f. 31st October, 2019

Ceased to be director w.e.f. 21st September, 2019 and again appointed as director w.e.f. 20th May, 2020

Appointed as Company Secretary on July 15, 2020.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and SEBI Listing Regulations.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company's policy on programmes and measures to familiarize Independent Directors about the Company, its business, updates and development includes various measures viz. issue of appointment letters containing terms, duties etc., management information reports, presentation and other programmes as may be appropriate from time to time. The Policy and programme aims to provide insights into the Company to enable independent directors to understand the business, functionalities,

business model and others matters. The said Policy and details in this respect is displayed on the Company's website.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

As the ultimate responsibility for sound governance and prudential management of a company lies with its Board, it is imperative that the Board remains continually energized, proactive and effective. An important way to achieve this is through an objective stock taking by the Board of its own performance.

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of Board/Committee Governance. The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfillment of Directors' obligations and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee meetings.

The Companies Act, 2013 not only mandates board and directors evaluation, but also requires the evaluation to be formal, regular and transparent. Subsequently, SEBI Listing Regulations has also contained the provisions regarding requirement of performance evaluation of independent directors by the entire board of directors.

The Independent Directors of the Company met separately without the presence of Non-Independent Directors and the members of management and reviewed, inter-alia, the performance of Non Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of Executive and Non-Executive Directors

In compliance with the provisions of SEBI Listing Regulations, the Board of Directors has also carried out evaluation of every independent director's performance during the year. Board members had submitted to Nomination and Remuneration Committee, their response on a scale from 5 (Excellent) to 1 (Performance Needs Improvement) for evaluating the entire Board, respective Committees of which they are members and of their peer Board members, including Chairman of the Board.

MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, Sixteen Board Meetings and Four Audit Committee Meetings were convened and held; 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.

COMMITTEES OF THE BOARD

As on March 31, 2020; the Board has five committees:

- ❖ Audit Committee
- ❖ Nomination & Remuneration Committee
- ❖ Stakeholders relationship Committee
- ❖ Corporate Social Responsibility Committee

The details of all the Committees of the Board along with their charters, composition and meetings held during the year, are provided in the Corporate Governance Report which forms part of this Annual Report.

POLICY ON REMUNERATION OF DIRECTORS, KMPs, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

The remuneration paid to the Directors is in accordance with the Nomination and Remuneration Policy of SCL formulated in accordance with Section 134(3)(e) and Section 178(3) of the Companies Act, 2013 read with Regulation 19 of SEBI Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force). The salient aspects covered in the Nomination and Remuneration Policy is outlined below:

- ❖ To identify the persons who are qualified to become director and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- ❖ To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees of SCL.
- ❖ To formulate the criteria for evaluation of Independent Director and the Board.
- ❖ To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board and to determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- ❖ To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- ❖ To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- ❖ To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- ❖ To develop a succession plan for the Board and to regularly review the plan.
- ❖ To assist the Board in fulfilling responsibilities.
- ❖ To implement and monitor policies and processes regarding principles of corporate governance.

PARTICULARS OF REMUNERATION OF DIRECTORS AND KMP'S

A statement containing the details of the Remuneration of Directors and KMP's as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as 'Annexure 2' which forms part of this Annual Report. However, the Company has not paid any Managerial Remuneration for the financial year 2019-2020 to any of its Whole-Time Directors and Non-Executive Director.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

SCL has two wholly owned Subsidiary Companies:

- Sanwaria Singapore Private Limited (Singapore);
- Sanwaria Energy Limited

During the year, there has been no business activity by Sanwaria Singapore Private Limited (Singapore), foreign subsidiary of the Company. The Board has reviewed the affairs of the subsidiary. In accordance with Section 129(3) of the Companies Act, 2013 and in accordance with the Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report include the financial information of its subsidiary.

Further, in accordance to the Section 136 of the Companies Act, 2013; the Annual Accounts and related documents of the subsidiary company shall be kept open for inspection till the date of AGM during the business hours at the Registered Office of the Company. The Company will also make available copy thereof upon specific request by any Member of the Company interested in obtaining the same.

The statement containing the salient features relating to Subsidiary Company in the prescribed format in AOC-1 is appended as an annexure to this Report.

COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS

Your Directors states that Company has complied with all applicable Secretarial Standards issued by Institute of Company Secretaries of India revised and notified on October 01, 2017.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the website of the Company and shall be made available to the members on request.

ORDERS PASSED BY REGULATORS/COURTS/ TRIBUNALS

Except for commencement of CIRP under the Code, no material orders were passed by Regulators/ Courts / Tribunals during the period impacting the going concern status and Company's operations in future.

DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 134 (5) of the Companies Act, 2013, directors, to the best of their knowledge and belief, state that:

- i. in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments 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 31st March, 2020 and of its profits/ losses for the year ended on that date;
- iii. they 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; and

- iv. they have prepared the annual accounts for the year ended 31st March, 2020 on a 'going concern' basis; and
- v. they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MAINTAINENCE OF COST RECORDS

The Company is required to maintain Cost Records as specified by the Central Government under Section 148 (1) of the Companies Act, 2013.

STATUTORY AUDITOR

M/s. Pramod K. Sharma & Co.; Chartered Accountants (Firm Registration No. 007857C 11-12, Sarnath Complex, Opp. Board Office, Shivaji Nagar, Bhopal (M.P.) were appointed as the statutory auditors of the Company to hold office for a period of five consecutive years from the conclusion of the 28th Annual General Meeting held on December 26, 2019 of the Company till the conclusion of 33rd Annual General Meeting to be held in the year 2024.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Report given by the Auditors on the financial statements of the Company is part of the Annual Report.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed P.K.Rai & Associates, Practicing Company Secretaries, having their office at F-5/159, Zone-2, MP Nagar, Bhopal-462011 , M.P. to undertake the Secretarial Audit functions of the Company.

The Secretarial Audit Report submitted by P.K.Rai & Associates in the prescribed form MR- 3 is attached as an 'Annexure' which forms part of this Annual Report.

INTERNAL FINANCIAL CONTROL SYSTEM

According to Section 134(5)(e) of the Companies Act, 2013, the term Internal Financial Control (IFC) means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has a well-placed, proper and adequate internal financial control system which ensures that all assets are safeguarded and protected and that the transactions are authorized recorded and reported correctly.

Your Company has appointed **M/s Nitin R. Garg & Co.**, Chartered Accountants, E-2/93, Arera Colony, Bhopal as the Internal Auditors of the Company to focus on review of business processes and suggest improvements

as applicable. Independence of the audit and compliance is ensured by direct reporting of Internal Audit Team to the Audit Committee of the Board.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

In addition; the Companies Act, 2013 re-emphasizes the need for an effective Internal Financial Control system in the Company. The system should be designed and operated effectively. Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board's report.

To ensure effective Internal Financial Controls the Company has laid down the following measures:

- ❖ All operations are executed through Standard Operating Procedures in all functional activities for which key manuals have been put in place. The manuals are updated and validated periodically.
- ❖ The Company has a comprehensive risk management framework.
- ❖ The Company has in place a well-defined Vigil Mechanism (Whistle Blower Policy).
- ❖ Compliance of secretarial functions is ensured by way of secretarial audit.
- ❖ Compliance relating to cost records of the company is ensured by way of cost audit.

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

DISCLOSURE ON VIGIL MECHANISM (WHISTLE BLOWER POLICY)

Pursuant to Regulation 22 of SEBI Listing Regulations, your Company has established a mechanism called 'Vigil Mechanism (Whistle Blower Policy)' for directors and employees to report to the appropriate authorities of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguards against victimization of employees who avail the mechanism. The policy permits all the directors and employees to report their concerns directly to the Chairman of the Audit Committee of the Company.

RISK MANAGEMENT

The Company has an elaborate Risk Management procedure, which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. Pursuant to section 134 (3) (n) of the Companies Act, 2013 and the Listing Agreement, 2015, the Company has a Risk Management Committee to monitor the risks and their mitigating actions and the key risks are also discussed at the Committee. The details of the committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board Report. At present the company has not identified any element of risk which may threaten the existence of the company. Some of the risks identified by the Risk Management Committee relate to competitive intensity and cost volatility.