

ASEL/SE/2019-20/43

August 9, 2019

The Manager  
Listing Department  
National Stock Exchange of  
India Limited  
'Exchange Plaza'  
C - 1, Block G  
Bandra-Kurla Complex  
Bandra (E)  
Mumbai 400051  
**SYMBOL - AVADHSUGAR**

The Manager  
Listing Department  
BSE Ltd.  
1st Floor, New Trading Ring  
Rotunda Building  
P.J. Towers  
Dalal Street, Fort  
Mumbai-400 001  
**STOCK CODE - 540649**

The Secretary  
The Calcutta Stock  
Exchange Ltd.  
7, Lyons Range  
Kolkata 700 001

**Scrip Code - 11610**


Dear Sirs,

**Sub: Annual Report & Accounts for the year ended 31<sup>st</sup> March, 2019**

We enclose a copy of the Report and Accounts of the Company for the financial year ended 31st March, 2019 together with the Notice dated 13<sup>th</sup> May, 2019 convening the 5<sup>th</sup> Annual General Meeting of the Company on 2<sup>nd</sup> September, 2019 at the Registered Office of the Company at P.O. Hargaon, Dist Sitapur, Uttar Pradesh, in terms of Regulations 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Thanking you,

Yours faithfully,  
**For Avadh Sugar & Energy Limited**

  
Anand Sharma  
Company Secretary  
FCS - 7305



Encl - as above



**K.K. BIRLA GROUP OF SUGAR COMPANIES**

**EXPERIENCE † EXPERTISE † EXCELLENCE**

# Corporate Information

## BOARD OF DIRECTORS

Mrs. Nandini Nopany, Chairperson  
Mr. Chandra Shekhar Nopany, Co-Chairperson  
Mr. Anand Ashvin Dalal  
Mr. Gaurav Swarup  
Mr. Pradip Kumar Bishnoi  
Mr. Kalpataru Tripathy  
Mrs. Kausalya Madhavan  
Mr. Devendra Kumar Sharma, Wholetime Director

## COMMITTEES OF DIRECTORS

### Audit Committee

Mr. Anand Ashvin Dalal – Chairperson  
Mr. Pradip Kumar Bishnoi  
Mr. Kalpataru Tripathy  
Mrs. Kausalya Madhavan  
Mr. Devendra Kumar Sharma

### Stakeholders' Relationship Committee

Mr. Anand Ashvin Dalal - Chairperson  
Mr. Pradip Kumar Bishnoi  
Mr. Gaurav Swarup  
Mr. Devendra Kumar Sharma

### Nomination and Remuneration Committee

Mr. Gaurav Swarup - Chairperson  
Mr. Mr. Anand Ashvin Dalal  
Mr. Kalpataru Tripathy  
Mrs. Kausalya Madhavan

### Risk Management Committee

Mr. Pradip Kumar Bishnoi – Chairperson  
Mr. Chand Bihari Patodia  
Mr. Dilip Patodia  
Mr. Devendra Kumar Sharma

### Corporate Social Responsibility Committee

Mrs. Nandini Nopany – Chairperson  
Mr. Pradip Kumar Bishnoi  
Mr. Devendra Kumar Sharma

### Finance & Corporate Affairs Committee

Mrs. Nandini Nopany – Chairperson  
Mr. Chandra Shekhar Nopany  
Mr. Gaurav Swarup  
Mr. Devendra Kumar Sharma

## EXECUTIVES

Mr. Dilip Patodia – President (Finance) & Chief Financial Officer  
Mr. Devendra Kumar Sharma – Executive President, Hargaon  
Mr. Sukhvir Singh – Executive President, Seohara  
Mr. Bal Kishore Malpani – Executive President, Rosa  
Mr. Karan Singh – Executive President, Hata  
Mr. Anand Sharma – Vice President (Legal) & Company Secretary

## AUDITORS

B S R & Co. LLP  
Chartered Accountants  
Godrej Waterside, Unit No. 603  
6th Floor, Tower 1, Plot No 5, Block – DP, Sector V, Salt Lake  
Kolkata - 700 091

## ADVOCATES & SOLICITORS

Khaitan & Co. LLP

## BANKERS

State Bank of India  
ICICI Bank Ltd.  
IDBI Bank Limited  
DCB Bank Limited  
Karur Vysya Bank.  
Lakshmi Vilas Bank  
South Indian Bank

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
(Unit : Avadh Sugar & Energy Limited)  
59C, Chowringhee Road, Kolkata - 700 020  
Tel. No.:(033)2289 0540, Fax No.:(033)-2289 0539  
E-mail : kolkata@linkintime.co.in

## REGISTERED OFFICE

P.O. Hargaon District – Sitapur, (U. P.), Pin Code – 261 121  
Tel. No.: (05862) 256220, Fax No. : (05862) 256225  
E-mail : avadhsugar@birlasugar.org  
Website : www.birla-sugar.com  
CIN – L15122UP20152PLC069635

## CORPORATE & HEAD OFFICE

Birla Building  
9/1, R.N. Mukherjee Road, 5th Floor Kolkata - 700 001  
Tel. No. (033)2243 0497/8, Fax No.:(033) 2248 6369  
E-mail : avadhsugar@birlasugar.org  
Website : www.birla-sugar.com

## SUGAR MILLS

1. Hargaon, Dist. Sitapur, (U. P.)
2. Seohara, Dist. Bijnor (U.P.)
3. Rosa, Dist. Shahjahanpur, (U. P.)
4. Hata, Dist. Kushinagar (U. P.)

## DISTILLERIES

1. Hargaon, Dist. Sitapur, (U. P.)
2. Seohara, Dist. Bijnor, (U.P.)

## CO-GENERATION POWER PLANT

1. Hargaon, Dist. Sitapur, (U. P.)
2. Seohara, Dist. Bijnor, (U.P.)
3. Hata, Dist. Kushinagar (U.P.)

## FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘estimate’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

## Contents

---

### CORPORATE OVERVIEW

Chairperson’s Insight	02
-----------------------	----

### STATUTORY REPORTS

Directors’ Report	03
Management Discussion and Analysis	10
Report on Corporate Governance	19

### FINANCIAL STATEMENTS

---

58
----

## Chairperson's Insight



Dear Shareholders,

On behalf of Avadh Sugar & Energy Limited, it's my pleasure to address you on the close of the Financial Year 2018 - 19 of your company. We sincerely thank you all for your support during the challenging phase of the industry and company. Proactive policy measures and a pragmatic approach to peculiarities of the industry will help the company and its shareholders to tide over difficult times.

Indian economy started the fiscal year 2018-19 with a healthy 8.2 percent growth in the first quarter of this year. The economy faced some challenges like the Indian Rupee suffered because of the crude price increase, and conditions exacerbated as recovery in some advanced economies caused faster investment outflows. Despite softer growth, the Indian economy remains one of the fastest growing and possibly the least affected by global chaos. The Indian economy is projected to grow at the range on 7 per cent to 7.5 per cent for the year ahead. Growth would be backed by rise in consumption and a gradual revival in investments, especially with a greater focus on infrastructure development added by the improving macroeconomic fundamentals are improving backed by implementation of reforms, which would boost the investments and ease

banking sector concerns. India has become the sixth-largest economy and it is marching towards achieving the position of the fifth largest economy in the world.

Government's rightful measures and active support towards revival in the sugar industry followed by India's strong growing rural consumption will help the Indian sugar industry in the coming future.

### Industry Insight

Sugar output is expected to reach 33.0 mn tonnes in SS 2018-19. and is set to exceed India's annual demand by 8.0 mn tonnes. The Government has initiated various proactive steps to support the sugar millers. Centre revised Sugar Minimum Selling prices (MSP) by 7% from its current level of Rs 29 per kg to Rs 31 per kg, a major step towards pushing up sugar industry. The government had set a sugar export quota of 2.0 mln tonnes for the 2017-18 (October/September) season under the Minimum Indicative Export Quota (MIEQ) scheme in order to clear surplus stocks and improve the cash flow to millers for making payment to sugarcane farmers. The subsidy (INR 45 / tonne) was paid directly to farmers on behalf of the mills and adjusted against the cane price payable to the farmers towards the Fair and Remunerative Price (FRP) including arrears relating to previous years. Government fixed export target of 5 million tonnes of sugar in current sugar season 2018-19 by allocating mill-wise minimum indicative export quotas (MIEQ) which was at 2 million tonnes of sugar in sugar season 2017-18, which would aid to improve the liquidity of sugar mills. Focus to encourage ethanol production is a major step towards addressing the glut in the sugar industry. Ethanol production will help millers to drive their profitability. Sugar being a cyclical industry is governed by several external variables, has its share of heartaches and its fate is determined by the Government in power.

### Business Performance

The Company has faced numerous challenges in this fiscal, which it being a fully integrated sugar player we were able to withstand the headwinds. At the end of second half of this fiscal we saw a slight revival in the sugar industry which also reflected in company's performance; we believe government's support for sugar millers and focus on increasing ethanol blending will continue to improve the company's performance going ahead.

During FY19 our revenue stood at Rs. 2133.68 crores against Rs. 2372.57 in FY18, Operating profit stood at Rs.154.37 crore in FY19 against Rs. 114.24 in FY18 and Profit After Tax was at Rs.119.87 in FY19 as against Rs.88.16 in the same period last year.

### Our Core Strategies

Avadh Sugar and Energy Limited, a conglomerate, has a strong essence of values for building a strong and sustainable company. Our core business philosophy is based on strong principles, we always, with day to day business activities, take under consideration to fulfill the aspirations of farmers, customers, employees, financiers and the society at large; to excel in the manufacturing of sugar and allied products. We manage our business around responsible governance practices; employees being the most valuable asset, we provide opportunity for employees and business associates to realize their full potential. We keep in consideration growth of all its stakeholders with the growth of the company.

Another focus area in FY18 is to achieve fiscal discipline and operational efficiencies.

### Way Forward

Government's focus on increasing ethanol blending and changing market dynamics, will help to curtail the glut situation in the country. We are well positioned to grasp the market opportunities which will help us enhance our performance in imminent years. Several initiatives have already been taken early, results of which we are already witnessing.

Warm regards,

**Nandini Nopany**  
Chairperson

## Directors' Report

Dear Members,

Your Directors present herewith the 5th Annual Report on the business & operations of the Company along with the Audited Financial Statements for the financial year ended 31st March, 2019.

### 1. Financial Results

(Rs. in lacs)

Particulars	Year ended 31st March, 2019		Year ended 31st March, 2018	
	Revenue from Operations (Gross)		213016.59	
Profit before Finance Costs, Tax, Depreciation and Amortization		29494.09		27,298.40
Less: Depreciation & Amortization Expenses	4365.24		4,446.35	
Finance Costs	9692.21	14057.45	11,427.95	15,874.30
Profit/(Loss) Before Tax		15436.64		11,424.17
Less: Provision for Tax:		3449.24		2,607.78
Profit/(Loss) After Tax		11987.40		8,816.39

### 2. Operating Performance

During the year under review your Company continued to registered top line growth despite depressed market sentiments in first half of the fiscal and a fall in sugar prices even after putting in place the quota sales system as well as MSP (minimum sale price) concept by the Govt., prima-facie due to over production and aggressive sales. A detailed analysis of the Company's operations, future expectations and business environment has been given in the Management Discussion & Analysis Report which is made an integral part of this Report and marked as "Annexure A".

### 3. Financial Performance 2018-19

The Company recorded Total Revenue of Rs. 2,13,368.26 lacs (including other income aggregating to Rs. 351.67 lacs) during the financial year ended 31st March, 2019. The Revenue from Operations (Gross) of the Company for the year 2018-19 stood at Rs. 2,13,016.59 lacs. The Profit before Finance Costs, Tax, Depreciation and Amortisation for the year under review stood at Rs. 29,494.09 lacs representing 13.82 % of the total revenue.

There is no change in the nature of business of the Company. There were no significant or material orders passed by regulators, courts or tribunals impacting the Company's operation in future.

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year i.e. 31st March 2019 and date of this report.

### 4. Dividend

Your Company had adopted a dividend distribution policy that balances the dual objectives of appropriately rewarding Members through dividends and retaining capital, in order to maintain a healthy capital adequacy ratio to support long term growth of your Company. There has been no change in this policy during the year under review. his policy is also available on the website of the Company [www.birla-sugar.com](http://www.birla-sugar.com)

The Company does not intend to carry any amount to Reserves.

Consistent with this policy, your Board has recommended a dividend on 8.5 % Non-convertible Cumulative Redeemable Preference Shares for the financial year 2018-19 aggregating to Rs. 206.98 lacs ; and dividend of Rs. 3/- on Equity Shares (30 %) for the financial year 2018-19 to the Members of your Company. The proposal is subject to the approval of the Members at the 5th Annual General Meeting (AGM) of your Company scheduled to be held on September 2, 2019. The dividend together with the dividend distribution tax will entail a cash outflow of Rs. 611.55 lacs (previous year Rs. 619.73 lacs).

### 5. Public Deposits

During the year, the Company has not accepted any deposits from the public under Chapter V of the Companies Act, 2013. There was no public deposit outstanding as at the beginning and end of the financial year 2018-19.

## 6. Share Capital

The Authorized Share Capital of the Company stood at Rs.170,05,00,000/- (Rupees One hundred seventy crore and five lacs) divided into 5,60,50,000 (Five crore sixty lacs fifty thousand) Equity Shares of Rs. 10/- (Rupees ten) each; 8,00,00,000 (Eight crore) Preference Shares of Rs.10/- and 34,00,000 (Thirty-four lacs) Preference Shares of Rs.100/- each and there is no change in the authorised capital.

Your Company has not issued any shares/securities during the Financial Year 2018-19.

## 7. Redemption of Preference Shares

During the year under review, your Company had redeemed 2,43,50,000 8.5% Non-convertible Cumulative Redeemable Preference Shares of Rs.10/- each (NCCRPS), to the Preference Shareholders along with the accrued dividend on 1st March, 2019. Accordingly, the paid up share capital post partial redemption of 8.5% NCCRPS stood at Rs. 34,35,92,100/.

## 8. Subsidiary, Associate and Joint Venture

The Company does not have any subsidiary company or any associate company or any joint venture with any person. However, the Company has in place a policy for determining material subsidiaries in line with the requirement of SEBI (LODR) Regulations, 2015 as amended from time to time. The said Policy is being disclosed on the Company's website at the weblink [www.birla-sugar.com](http://www.birla-sugar.com).

## 9. Credit Rating

CARE Ratings Limited - a Credit Rating Agency, vide its letter dated 30 March 2019, has revised the Credit Rating of the Company to "BBB+" with respect to long-term bank facilities whereas short-term bank facilities rating was revised at "A2".

## 10. Human Resources

The Company continued to create a productive, learning and caring environment by implementing robust and comprehensive HR processes, fair transparent performance evaluation and taking new initiatives to further align its Human Resource policies to meet the growing needs of its business.

## 11. Directors

The Board of Directors comprises of seven Non-Executive Directors having experience in varied fields and a Whole time Director. Out of seven Non-Executive Directors, five of them are Independent Directors and other two directors are Promoter Directors. Mrs Nandini Nopany is the Chairperson of the Company whereas Mr Chandra Shekhar Nopany is Co-Chairperson of the Company. During the year, Mrs Kausalaya Madhavan was appointed w.e.f. 11th February 2019 as an Additional Director in the category of Independent Director and who shall hold office upto the date of ensuing 5th Annual General Meeting. The Company has received notice in writing from a member proposing her candidature. The Board recommends to the shareholders for her appointment as an Independent Director for a period of three consecutive years. Mr Sunil Kanoria, an Independent Director has resigned from the directorship of the Company vide his letter dated March 27, 2019. The Board records its appreciation for his unstinted support and counselling towards development of the Company while being in the office of Director.

Mrs. Nandini Nopany will retire by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment as Director of the Company.

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 read with Regulation 25 of SEBI (LODR) Regulations, 2015.

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

In pursuance of the provisions of the Companies Act, 2013 and according to Regulation 25(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Performance Evaluation Criteria has been laid down for effective evaluation of performance of the Board of Directors, the Committees thereof and individual Directors including the Chairperson of the Company. After detailed discussion at Board level as well as taking input from each Director, Nomination and Remuneration Committee finalized the format / questionnaires containing various parameters to evaluate the performance of Board and its committee(s), Individual Directors and Chairperson of the Company. The performance evaluation parameters are based on their roles and responsibilities, contribution to the Company's goals, decision making process, flow of information and various other aspects. The evaluation of performance of the Board as a whole, Committees of the Board, Individual Directors including the Chairperson of the Company was carried out for the Financial Year 2018-19. Nomination and Remuneration Committee evaluated the performance of the individual Director.

The Independent Directors in their separate meeting held on 15th March, 2019 carried out the evaluation of the Board of Directors as a whole, Chairperson of the Company and Non-Independent Directors. The evaluation of Independent Directors was carried out without the presence of concerned Director.

The Chairman of Nomination and Remuneration Committee has submitted report of the respective evaluations to the Chairperson of the Company. Based on the questionnaires received from the Directors and considering the reports of Chairman of Nomination and Remuneration Committee, the Board has evaluated its own performance and that of its committees and individual directors including independent directors.

## 12. Key Managerial Personnel

The Board of Directors of the Company at its meeting held on 30th March, 2017 had appointed following persons as Key Managerial Personnel of the Company viz:

- a. Mr. Devendra Kumar Sharma, Whole time Director
- b. Mr. Dilip Patodia, Chief Financial Officer
- c. Mr. Anand Sharma, Company Secretary

During the year under review, there was no change in the Key Managerial Personnel.

All Directors, Key Managerial Personnel and Senior Management of the Company have confirmed compliance with the Code of Conduct applicable to Directors & employees of the Company and a declaration to the said effect by the Whole-time Director is made part of Corporate Governance Report which forms part of this report. There has been no change in this policy during the year under review. The Code is available on the Company's website at the weblink <http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-Code-of-Conduct.pdf>. All Directors have confirmed compliance with the provisions of Section 164 of the Companies Act, 2013.

## 13. Familiarisation Programme

Periodic presentations are made at the Board Meetings on business, performance updates & business strategy of the Company. The details of the familiarisation programme (other than through meeting of Board and its Committees) imparted to Independent Director are uploaded on the website of the Company and available at the weblink- <http://www.birla-sugar.com/Assets/Avadh/ASEL-Familiarisation-Programme.pdf>.

## 14. Remuneration Policy

In pursuance of the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations, the Company has formulated a Remuneration Policy. There has been no change in this policy during the year under review and a copy of the said Policy is available at the website of the Company at the weblink <http://www.birla-sugar.com/Assets/Avadh/ASEL-Nomination-and-Remuneration-Policy.pdf>.

The Remuneration Policy, inter-alia, includes the appointment criterion & qualification requirements, process for appointment & removal, retirement policy and remuneration structure & components, etc. of the Directors, Key Managerial Personnel (KMP) and other senior management personnel of the Company. As per the Remuneration Policy, a person proposed to be appointed as Director, KMP or other senior management personnel should be a person of integrity with high level of ethical standards. In case of appointment as an independent director, the person should fulfil the criteria of independence prescribed under the Companies Act, 2013, rules framed thereunder and the Listing Regulations. The Remuneration Policy also contains provisions about the payment of fixed & variable components of remuneration to the Whole-time Director and payment of sitting fee & commission to the non-executive directors.

## 15. Corporate Social Responsibility Policy

Your Company believes in long term strategy to contribute to the well-being and development of the society especially the rural population around its plants at Hargaon, Hata, Rosa & Seohara. As part of its CSR initiatives, the Company is working mainly in the areas of imparting School Education, Technical & Vocational Education, Rural Development, Community Healthcare etc. This multi-pronged CSR approach is showing notable improvement in the quality of life of rural population. The Company continues to spend to support local initiatives to improve infrastructure as well as support in other corporate social responsibilities. The CSR Policy as approved by the Board is available on Company's weblink <http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-CSR-Policy.pdf>. There has been no change in this policy during the year under review.

The composition and terms of reference of Corporate Social Responsibility Committee are given in the Corporate Governance Report. The Annual Report on CSR activities (including the details of the development and implementation of the Corporate Social Responsibility Policy) as prescribed under Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as "Annexure J" to this Report.

For the purpose of Section 135 of the Companies Act, 2013, the amount equivalent to 2% of the average net profits of the Company made during the immediately preceding three financial years works out to Rs. 251.19 lacs. As against this, the Company had spent Rs. 250.13 lacs on CSR projects / programs during the Financial Year 2018-19.



## 16. Meetings

A calendar of Meetings is prepared and circulated in advance to the Directors. The Board evaluates all the decisions on a collective consensus basis amongst the Directors. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. During the financial year ended 31st March 2019, 6 (six) Meetings of the Board of Directors of the Company were held. The details of the Board Meetings held during the financial year 2018-19 have been furnished in the Corporate Governance Report forming a part of this Annual Report.

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

## 17. Audit Committee

The Audit Committee was constituted on March 14, 2017. The Committee now comprises of Mr. Anand Ashvin Dalal, Mr. Pradip Kumar Bishnoi, Mr. Kalpataru Tripathy, Mrs. Kausalya Madhavan and Mr. Devendra Kumar Sharma. The Company Secretary acts as the Secretary to the Committee and the Chief Financial Officer is a permanent invitee to the meetings. During the year there were no instances where Board has not accepted the recommendation of Audit Committee.

The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

## 18. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted on March 14, 2017. The Committee now comprises of Mr. Gaurav Swarup, Mr. Anand Ashvin Dalal, Mr. Pradeep Kumar Bishnoi and Mr. Devendra Kumar Sharma. The Company Secretary acts as the Secretary to the Committee. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

## 19. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted on March 14, 2017. The Committee now comprises of Mr. Gaurav Swarup, Mr. Anand Ashvin Dalal, Mr. Kalpataru Tripathy and Mrs. Kausalya Madhavan. The Company Secretary acts as the Secretary to the Committee. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

## 20. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted on March 14, 2017. The Committee now comprises of Mrs Nandini Nopany, Mr. Pradip Kumar Bishnoi and Mr. Devendra Kumar Sharma. The Company Secretary acts as the Secretary to the Committee. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

## 21. Finance & Corporate Affairs Committee

The Finance & Corporate Affairs Committee was constituted on March 14, 2017 and the Committee now comprises of Mrs. Nandini Nopany, Mr. Chandra Shekhar Nopany, Mr. Gaurav Swarup and Mr. Devendra Kumar Sharma. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

## 22. Internal Complaints Committee

An Internal Complaints Committee was constituted by the Company in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Act aims at protecting women's right to gender equality, life and liberty at workplace to encourage women participation at work. The Committee meets all the criteria including its composition mentioned in the Act and relevant Rules. No complaint has been received by the Committee during the year under review.

## 23. Loans, Guarantee and Investments

It is the Company's policy not to give any loans, directly or indirectly, to any person (other than to employees under contractual obligations) or to other body corporate or person. In compliance with Section 186 of the Companies Act, 2013, loans to employees bear applicable interest rates. During the year under review, the Company has not made any investment in securities of other body corporate. The details of Investments, Loans and Guarantees covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## 24. Related Party Contracts / Arrangements

All Related Party Transactions entered during the year were on arm's length basis and in the ordinary course of business. There have been no materially-significant related party transactions made by the Company with the Promoters, the Directors or the Key Managerial Personnel which may be in conflict with the interests of the Company at large. Accordingly, disclosure of contracts or arrangements with Related Parties as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

The Policy on Related Party Transactions as approved by the Board can be accessed on the Company's website at following web-link <http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Related-Party-Transaction-Policy-.pdf>. The Policy on Related Part Transactions was aligned with the changes recommended by the MCA/SEBI in this regard.

The details of related party transactions are set out in the notes to the financial statements.

## 25. Risk Management

In line with the regulatory requirements, the Company has formally framed Risk Management Policy to identify and assess the key risk areas, monitor and report the compliance and effectiveness of the same. A Risk Management Committee, though not mandatory, has been constituted voluntarily comprising of an Independent Director, Whole time Director, Chief Financial Officer and the Group President to oversee the risk management process in the Company with an objective to review the major risks which effect the Company from both the external and the internal environment perspective. Appropriate actions have been initiated to either mitigate, partially mitigate, transfer or accept the risk (if need be) and monitor the risks on a regular basis. The details of the terms of reference, number and date of meeting, attendance of director and remuneration paid to them are separately provided in the Corporate Governance Report.

## 26. Internal Financial Controls

The Company has laid down internal financial control's, through a combination of Entity level controls, Process level controls and IT General controls inter-alia to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors. The evaluations of these internal financial controls were done through the internal audit process and were also reviewed by the Statutory Auditors. The Directors confirm that, for the preparation of financial statements for the financial year ended March 31, 2019, the applicable Accounting Standards have been followed and the internal financial controls are generally found to be adequate and were operating effectively & that no significant deficiencies were noticed.

## 27. Whistle Blower / Vigil Mechanism

The Company has established a vigil mechanism and adopted whistle blower policy, pursuant to which whistle blowers can report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct policy. During the year under review, there has been change in this policy with respect to leak or suspected leak of Unpublished Price Sensitive Information has been incorporated so that whistle blowers can report concerns. The mechanism provides adequate safeguards against victimisation of persons who use this mechanism. The brief detail about this mechanism may be accessed on the Company's website at the weblink <http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Whistle-Blower-Policy.pdf>.

During the year, the auditors, the secretarial auditors and cost auditors have not reported any fraud under Section 143(12) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

## 28. Corporate Governance & Annual Return

Your Directors strive to maintain highest standards of Corporate Governance. The Corporate Governance Report for the Financial Year 2018-19 is attached as "**Annexure B**" to this Report. The declaration of the Whole-time Director confirming compliance with the 'Code of Conduct' of the Company is enclosed as "**Annexure C**" to this Report and Auditor's Certificate confirming compliance with the conditions of Corporate Governance is enclosed as "**Annexure D**" to this Report

The extract of the Annual Return of the Company is attached as "**Annexure E**" to this Report.

## 29. Research & Development

During the year under review the Company has undertaken Research & Development initiatives with an intention to improve the sugar recovery ratio and to educate the cane growers to cultivate improved variety of sugarcane and to otherwise increase the sucrose contents in their produce.

## 30. Auditors, Audit Qualifications and Board's Explanations

### Statutory Auditors

At the 3rd Annual General Meeting (AGM) of your Company held on 31st July, 2017, Messrs B S R & Co LLP, Chartered Accountants, having Firm Registration No. 101248W/W-100022, were appointed as Statutory Auditors of your Company to hold office for a term of 5 (five) years from the conclusion of the 3rd AGM (subject to ratification of such appointment by the Members at every AGM) till the conclusion of the 8th AGM of your Company. However, since the first provision to Sec 139(1) has been omitted by the Companies Amendment Act, 2017 with effect from 7th May, 2018, the ratification of such appointment at every AGM is not required. Accordingly, Messrs B S R & Co LLP, Chartered Accountants, shall continue as Statutory Auditors of your Company till the conclusion of the 8th AGM of your Company.

The Notes to the Financial Statements read with the Auditor's Reports are self-explanatory and therefore, do not call for further comments or explanations. There has been no qualification, reservation, adverse remark or disclaimer in the Auditor's Reports.

### Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its Sugar activity is required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed Mr Somnath Mukherjee, Cost Accountant, as the Cost Auditor to audit the cost accounts of the Company for the financial year 2019-20. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification.

### Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Messrs Vinod Kothari & Co., Practising Company Secretaries to undertake the Secretarial Audit of the Company for the financial year 2018-19. The Secretarial Audit Report is annexed herewith as "**Annexure F**" and which is self-explanatory.

There has been no qualification, reservation, observation, disclaimer or adverse remark in the Secretarial Audit Report.

## 31. Investor Education and Protection Fund

The provisions pertaining to Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company are not applicable to your company.

## 32. Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "**Annexure G**".

## 33. Particulars of Employees

The human resource is an important asset which has played pivotal role in the performance and growth of the Company over the years. Your Company maintains very healthy work environment and the employees are motivated to contribute their best in the working of the Company. The information required to be disclosed in pursuance of Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as "**Annexure H**" to this Report and forms an integral part of this Report.

## 34. Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. that in the preparation of the annual financial statements for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in Note 3 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;

- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### 35. CEO/CFO Certification

Mr. Devendra Kumar Sharma, the Whole time Director and Mr. Dilip Patodia, Chief Financial Officer have submitted certificates to the Board as contemplated under Regulation 17(8) of the SEBI (LODR) Regulations, 2015.

### 36. Acknowledgement

Your Directors take this opportunity of recording their appreciation of the shareholders, financial institutions, bankers, suppliers and cane growers for extending their support to the Company. Your Directors are also grateful to various ministries in the Central Government and State Government of Uttar Pradesh, the Sugar Directorate and the Sugar Development Fund for their continued support to the Company. The Board of Directors also convey its sincere appreciation of the commitment and dedication of the employees at all levels.

Place: Kolkata

Dated: 13th May, 2019

For and on behalf of the Board

**Chandra Shekhar Nopany**

Co-Chairperson

## Annexure A

### Management Discussion and Analysis

#### Cautionary Statement

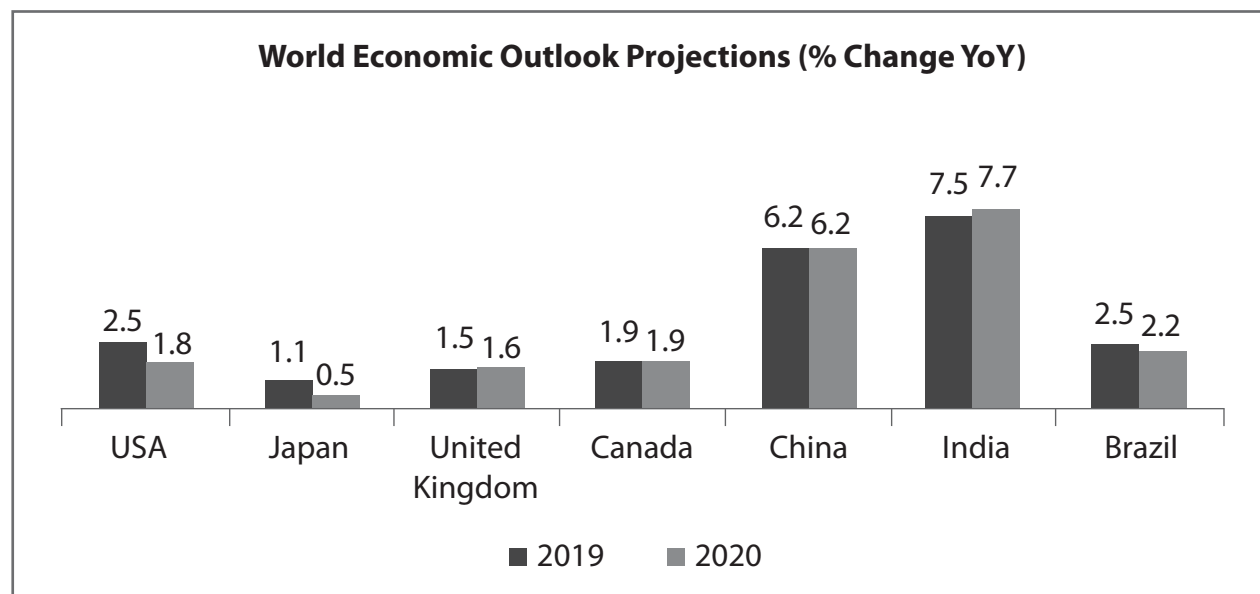
Some statements in the Management Discussion and Analysis describing the Company's objectives, predictions, expectations and the macro-economic estimates may be "forward-looking statements". Actual results may differ from the forward-looking statements contained in this document due to various uncertainties. These uncertainties may be due to various factors affecting global supply-demand and export import trend, macro-economic policy fluctuations, new regulations and pricing. The Company does not assume responsibility for any of the forward-looking statements contained in this report as the same may be altered in future due to the subsequent development and events.

#### Global Economy

According to latest outlook by IMF it is observed that the global expansion has weakened. Global growth for 2018 is estimated at 3.7 percent, as in the October 2018 World Economic Outlook (WEO) forecast, despite weaker performance in some economies, notably Europe and Asia. The global economy is projected to grow at 3.5 percent in 2019 and 3.6 percent in 2020, 0.2 and 0.1 percentage point below last October's projections. The potential reasons for the downward projections are because of the negative effects of tariff increases enacted in the United States and China followed by introduction of new automobile fuel emission standards in Germany and Italy where concerns about sovereign and financial risks have weighed on domestic demand. Further to add to this, the weakening financial market sentiments and contraction in Turkey makes the world economy sentiments weaker. Across all the economies, improvement measures to boost potential growth and strengthen fiscal and financial stability would be essential to maintain the growth outlook for coming years.

#### Indian Economy

According to the International Monetary Fund (IMF) India's GDP growth for 2019-20 is projected to grow at 7.3% in 2019 (2019-20) and 7.5% in 2020 (2020-21). This growth is supported by recovery of investment and robust consumption among a more expansionary stance of monetary policy and some expected impetus from fiscal policy. The focus of central bank has shifted from inflationary concerns to sustaining the growth momentum; RBI effected two back-to-back rate cuts of 25 basis points each to boost growth. Strengthening goods and services tax compliance and further reducing subsidies will lead to bring down India's elevated public debt. Enhancing governance of public sector banks and reforms to hiring and dismissal regulations that would incentivize job creation and focus on spending on infrastructure, will enhance growth of the Indian economy going forward.



Source: IMF

### Global Sugar Economy

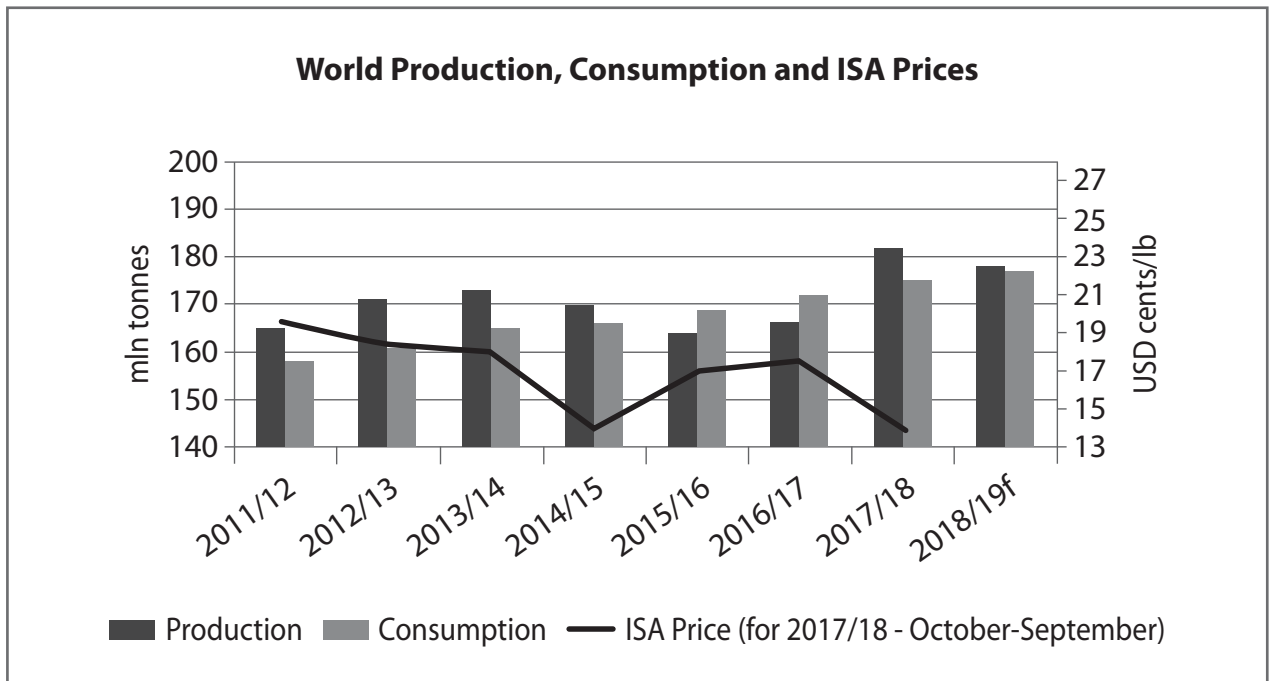
According to ISO global production is projected to achieve 178.68 mln tons in sugar season (SS) 2018-19 compared to 182.97 mln tons in SS 2017-18. Projected lower production outlook for Brazil and the EU fuelled to lower production in current sugar season. Thailand is expected to witness an increase in production. India's output to be a deciding factor for world sugar outlook for current season 2018-19.

Particulars	World Sugar Balance Sheet (mln tons)			
	(October/September)		Change	
	2018-19 (Projected)	2017-18 (Actuals)	in mn tonnes	in %
Production	178.68	182.97	-4.28	-2.34
Consumption	178.04	175.19	2.85	1.63
Surplus/Deficit	0.64	7.77	-	-
Import demand	58.75	59.27	-0.33	-0.55
Export availability	58.82	60.19	-1.37	-2.27
End Stocks	93.27	92.71	0.76	0.82
Stocks/Consumption ratio in %	52.50	52.92	-	-

Source: International Sugar Organisation

### World Production Outlook

World production is forecast at 178.68 mln tons in 2018-19, the change in the world total, as against that projected in November, can be mainly attributed to the downward revisions introduced for Brazil and the EU. India's output remains probably the main uncertainty. According to ISO, the global usage of sugar is anticipated to grow at the rate of 1.63% against 1.60% in 2017-18. Modest decrease in exports is expected on account of difference in stock dynamics in exporting countries in 2017-18 and in-significant increase in inventories for 2018-19 is projected. ISO expects world imports to decline by 0.3 mln tons compared to about 9 mln tons recorded in 2017-18. Thus, our third assessment shows a well-balanced global trade as the difference between global import demand and export availability is minuscule.



Source: International Sugar Organisation

## Production Falls and Rises in 2018/19 (October / September)

Falls	Changes from 2017/18 in mln tons	Rises	Changes from 2017/18 in mln tons
EU	-2.67	Cuba	+0.45
Brazil	-1.35		
Thailand	-0.92		
Russia	-5.56		
Pakistan	-0.52		

Source: International Sugar Organisation

World production in 2018-19 - 178.7 mln tonnes

World production in 2017-18- 182.9mln tonnes

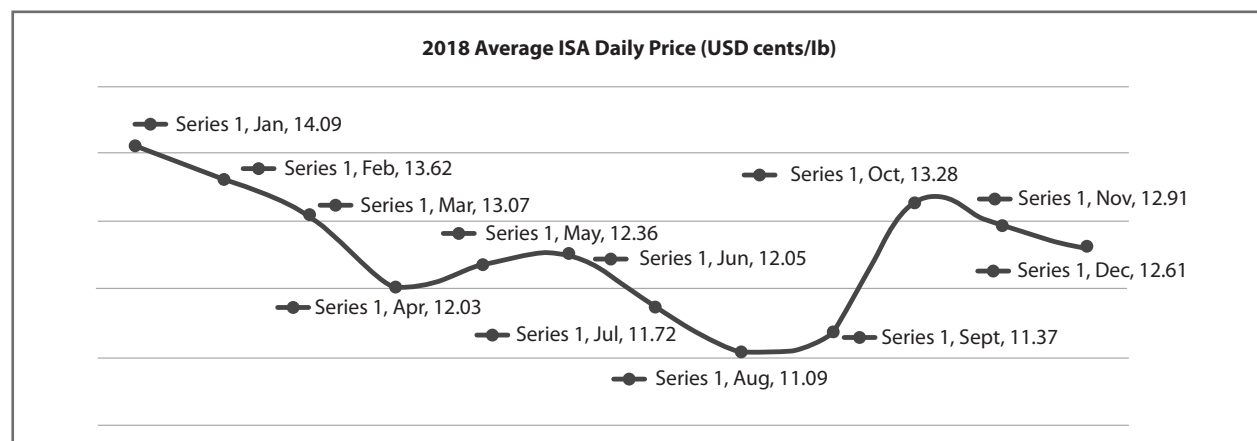
## Global Price Scenario

The world standards have remained on a neutral note. Indeed, in November raw sugar spot prices (the ISA Daily Price) were hovering around 13.00 cents/lb. Up to mid-February, prices varied in a relatively narrow range between 11.83 cents/lb and 13.30 cents/lb (the limit was broken on February 19th, but it remains to be seen whether the recent price rises will result in a rally). In terms of monthly averages, the ISA Price fell slightly in December from 12.91 cents/lb to 12.65 cents/lb before recovering to 12.81 cents/lb in January. The average for the first 21 days in February was 12.91 cents/lb.

## Domestic price changes in LCU and USD in Selected Countries

Particulars	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	3-month change (Nov-Jan*)
ISA DP	USD/ton 244.5	250.7	292.8	284.6	278.9	282.4	-1%
Brazil	BRL/ton 1,029.8	1,213.8	1,287.4	1,354.8	1,371.4	1,376.7	2%
	USD/ton 262.0	295.7	342.7	357.6	353.1	368.4	3%
China	CNY/ton 4,803.7	4,638.4	4,883.9	4,952.7	4,925.3	4,912.2	-0.01
	USD/ton 701.1	676.6	704.4	713.6	715.2	723.9	1%
EU	EUR/ton 350.0	347.0	320.0	320.0	-	-	-0.08
	USD/ton 404.2	404.6	367.5	363.7	-	-	-10%
India	INR/ton 31,682.4	31,025.6	31,272.4	30,708.0	29,959.5	30,320.4	-1%
	USD/ton 455.5	429.6	424.8	427.1	423.7	428.7	0%
Mexico	MXN/ton 14,130.1	13,934.0	13,023.1	12,778.5	12,082.4	12,120.8	-0.05
	USD/ton 749.4	732.7	678.9	630.3	600.5	632.8	0%
Philippines	PHP/ton -	1,696.8	1,628.6	1,541.7	1,563.1	1,521.7	-0.01
	USD/ton -	630.6	602.5	580.8	592.9	579.8	0%
Russia	RUB/ton 31,182.6	33,361.9	38,700.9	39,211.6	38,697.2	38,212.3	-3%
	USD/ton 470.9	494.2	587.9	590.3	576.0	575.5	-3%
US	USD/ton 793.7	793.7	735.9	769.4	771.6	771.6	0.00

Source: International Sugar Organisation \*EU Sep-Nov 2018



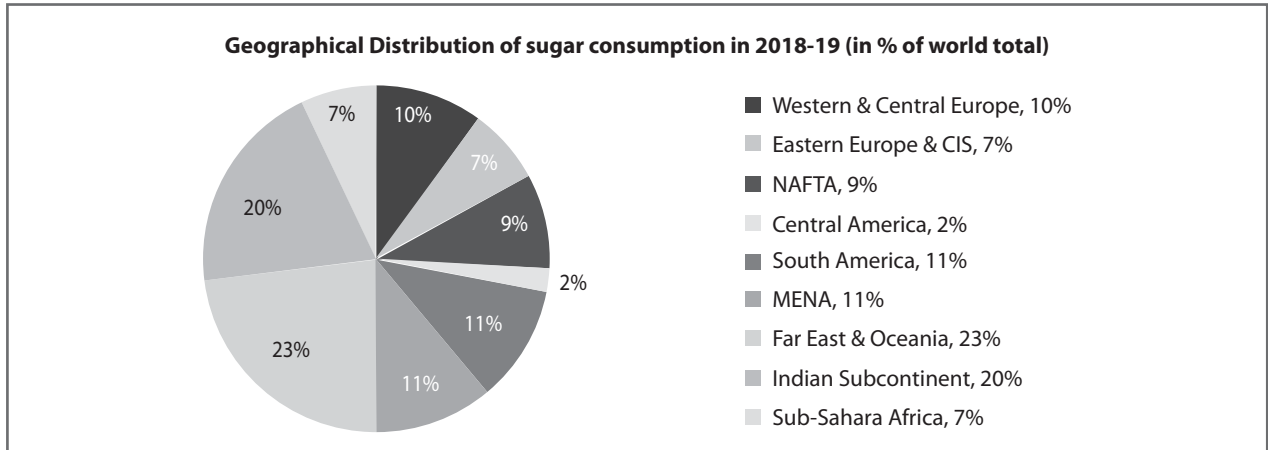
Source: International Sugar Organisation

## Demand Outlook

Global use of sugar is anticipated to grow at a rate of 1.63% in 2018-19 against 1.60% growth rate in 2017/18. In 2018-19 there is no expectation of higher consumption which will aid to increase in import demand in 2018-19. ISO projected increase in consumption in importing countries of ~1.62 mln tons is expected to be covered by higher domestic production of ~1.28 mln tons and modest releases of sugar from stocks in the US ~0.21 mln tons as well as lower reexports by a number of importing countries down by ~0.19 mln tons in 2017-18 rather than higher imports.

## Consumption Outlook

World sugar balance in 2018-19, estimated global import demand at 58.75 mln tons as against 59.27 mln tons in the previous season. World imports are anticipated to decline by modest tonnage of 0.3 mln tons as compared to 9 mln tons in 2017-18.



Source: International Sugar Organisation

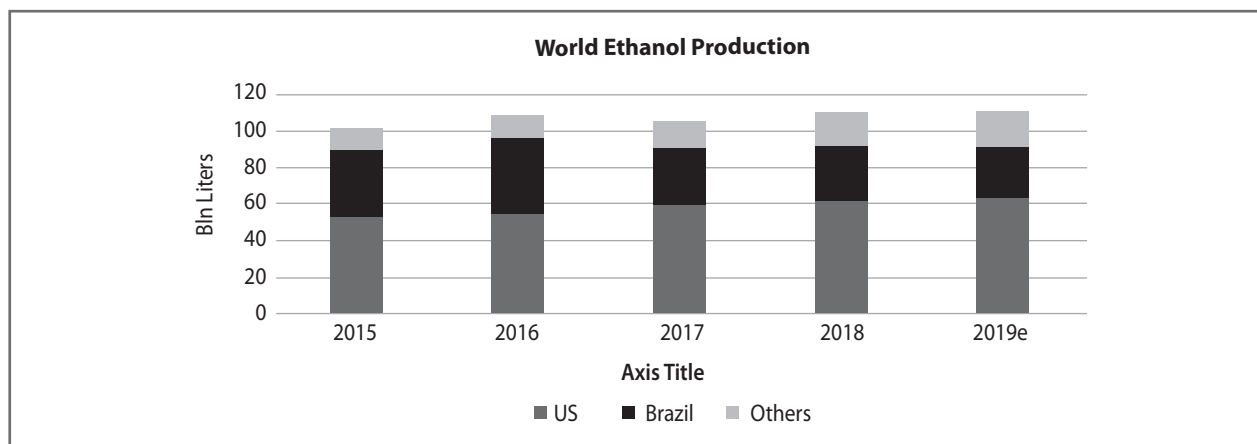
## Global Ethanol

Higher global production in 2018 is yet to be matched by the establishment of long-term higher presence rates while political progress towards reduced carbon emissions are also yet to receive firm backing from all corners. Production expanded significantly in the USA by +0.9 bln litres and Brazil +7.4 bln litres which are the two biggest markets whereas leaving a separate indication on the demand side. US demand was little changed while Brazilian ethanol demand grew substantially. Two other developments within the ethanol market in 2019 are moving towards greater production in India and the continued government support for higher blending rates in China. Indian ethanol demand rose mainly on account of increased blending with petrol. Furthermore, the continuous support from government including loans for the construction of distilleries, feedstock flexibility and a huge increase in buying programme from the Oil Marketing Companies, have pushed inclusion rates up significantly. Chinese ethanol programme faced a slow down on account of China – US trade dispute.

Country	2013	2014	2015	2016	2017	2018e	2019f
Argentina	476	653	804	910	1,050	1,100	1,150
Australia	255	233	205	185	190	205	205
Brazil	21,456	24,085	28,796	26,200	25,562	29,740	31,000
Canada	2,730	2,875	2,820	3,000	3,100	3,150	3,200
China	2,890	3,050	3,200	3,200	3,500	4,500	5,500
Colombia	394	419	459	427	470	590	600
EU	5,430	5,453	5,340	5,188	5,298	5,350	5,400
India	270	360	953	1,000	778	1,464	2,300
Japan	340	485	550	700	870	900	900
Paraguay	174	200	160	180	252	215	215
Peru	160	160	160	180	190	190	200
Philippines	363	425	475	540	590	660	660
Thailand	948	1,186	1,302	1,431	1,536	1,700	1,800
US	49,930	51,030	52,760	53,750	54,442	54,182	56,000
Others	595	629	630	591	485	650	550
<b>Total</b>	<b>86,411</b>	<b>91,242</b>	<b>98,614</b>	<b>97,483</b>	<b>98,313</b>	<b>1,04,596</b>	<b>1,09,705</b>



According to ISO world production in 2019 is expected to reach 110.1 bln litres, down marginally from a previous estimate of 110.2 bln litres.

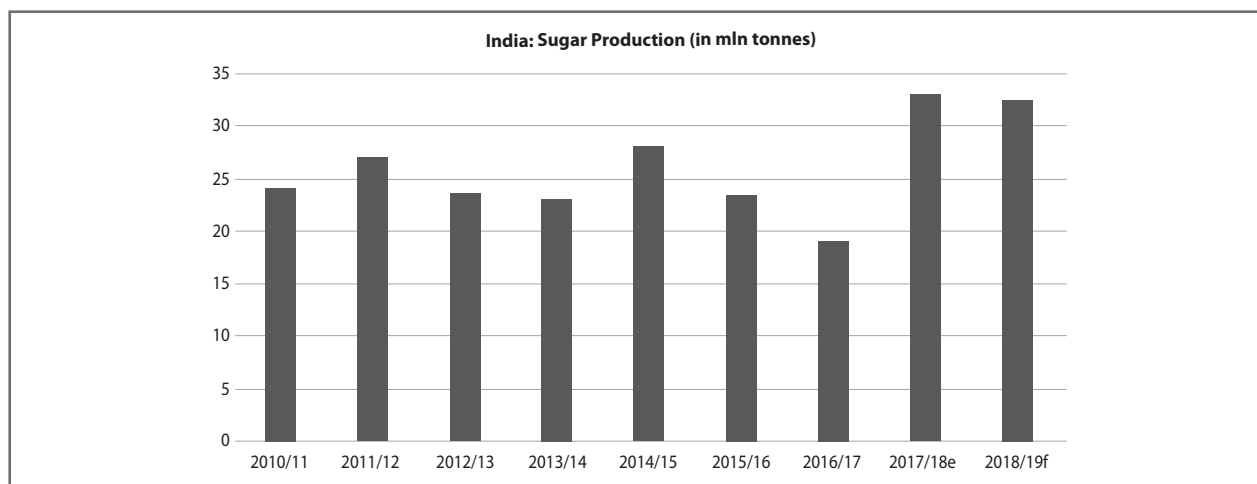


Source: International Sugar Organisation

### Domestic Sugar Industry Overview

According to ISO, India stood as the world’s largest sugar producer for the second consecutive season. As reported by Indian Sugar Mills Association (ISMA), total sugar production in India hit 32.12 mln tons as on 30th April, 2019 as compared to 31.18 mln tons manufactured in 2018.

The sugar recovery in Northern India has been substantially better than the sugar recovery achieved in the last season. In the other parts of the country, including Maharashtra and Karnataka also, the sugar recovery is better than last year, though not as high as achieved in North India. Therefore, even though the quantum of sugarcane crushing in the current season is less than that in the last season, the sugar production in current sugar year 2018-19 will be marginally more than last year. Therefore, the sugar production in the current sugar year for the whole country is expected to be around 33.0 mln tons which is about 0.5 mln tons more than the last year.



Source: ISMA

### Regional Overview

The sugar recovery has been higher across India compared to last season, whereas the estimation for SS 2019-20 has been projected lower sugarcane crop on account of higher diversion of crop for ethanol manufacturing. Centre has raised sugar sales quota to 2.1 mln ton for May and a similar quota is expected for June 2019.

According to Indian Sugar Mills Association (ISMA), water in Maharashtra reservoirs was below normal levels due to lower rainfall in the last monsoon season. Portraying cane acreage in the state will be significantly lower in the coming season. Even at the pan-India level, there is expectation that sugarcane availability will be much lower compared to the SS 18-19, thereby reducing sugar production in next sugar season.

With additional green field and brown field ethanol production capacities coming up, the sugar industry would be better placed to divert larger quantities of 'B' heavy molasses/sugarcane juice, away from sugar into ethanol. This would further reduce sugar production in 2019-20 and insulate the industry from market glut conditions. Production upto April 30, 2019 in Uttar Pradesh reached 112.65 lac tons of sugar in 2018-19 while Maharashtra produced 107.0 lac tons and Karnataka too produced 43.20 lac tons of sugar. Considering higher production, GOI has allowed to export, 50 lac tons of sugar out of 2018-19 production.

### Demand Supply Scenario

According to India Ratings production in SS 2018-19 is likely to exceed sugar demand of around 26 mln tons. With a high opening stock of 10.7 mln tons, India is likely to end SS 2018-19 with a stock of around 11 mln tons (including a buffer stock of 3 mln tons).

Particulars	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019E
Opening Stock	8.2	6.5	8.8	7.7	4.02	10.72
Production	24.3	28.3	25.1	20.3	32.5	33.0
Increase in Production	-3.19%	16.46%	-11.31%	-19.12%	60.10%	1.54%
Internal Consumption	24.0	24.8	24.6	23.98	25.8	26.0
Closing Stock – net of exports/imports	6.5	8.8	7.7	4.02	10.72	14.22
FRP	210	220	230	230	275	275
SAP (UP)	280*	280*	280	305	315	315

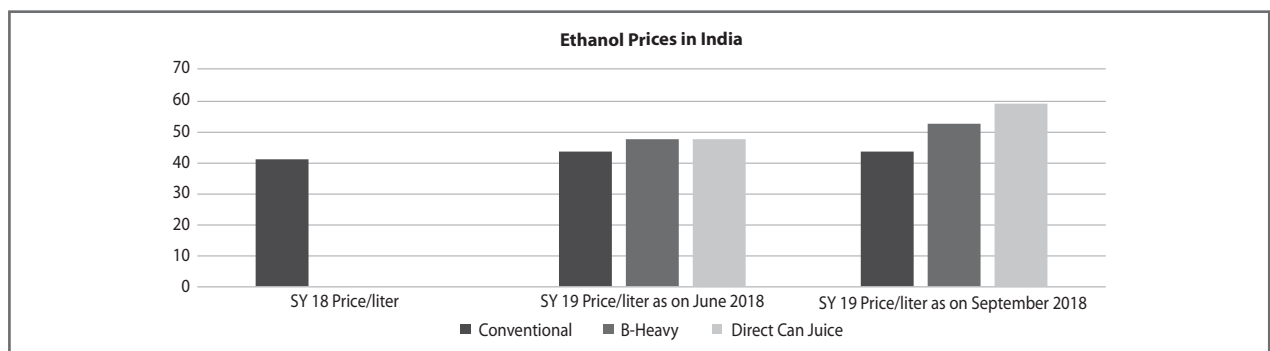
### Domestic Ethanol

Total quantity for ethanol in India was up while the overall tender volume was reduced from 3.3 bln litres to around 2.6 bln litres after offers had been evaluated. The increasing quantity of OMC's will increase acceptance of ethanol and would help to increase the total volume of ethanol blended into domestic fuel by a further 800 mln litres this year, after a similar increase last year. The feedstock of choice for most of the ethanol production is likely to be C-molasses. Last season saw record production of over 14 million tonnes of molasses, in line with record sugar output. This gave some storage problems at the mills and resulted in a fall in molasses prices on the domestic market. The government has opened a soft-loan programme in order to expand ethanol capacity at sugar mills. The overall loan book value was increased to INR 74 bln, from INR 44 bln previously due to high interest.

In the recent past, India's ethanol production had picked up. However, for India to be a leading producer of ethanol will require a long road to march as the lag between world's largest producers of ethanol USA and Brazil are way too ahead on their production capacities. India clocked ethanol production of 1,250 mln liters in 2018 against 350 mln liters in 2014 which is 1.2% and 0.4% of global production of ethanol; whereas USA and Brazil together account for 83% of global ethanol production in 2018 and 87% of global ethanol production in 2010. Government of India is encouraging the ethanol production by various initiatives and monetary support to millers.

The new EBP programme stipulates procurement of ethanol produced directly from B-grade molasses, sugarcane juice, and damaged food grains such as wheat and broken rice. Separate pricing has been decided for three different routes namely conventional, B-grade and directly from sugarcane. The government has reduced GST rate on ethanol reduced to 5% from 18% earlier to boost production. Control of production, movement and storage of ethanol has been passed on to the central government under the new scheme in order to ensure smooth implementation of EBP programme and to facilitate centralised monitoring. Under the new programme, ethanol blending target of 10% by 2022 and 20% by 2030 has been proposed and 5% blending of biodiesel with diesel by 2030 is also proposed.

The government announced a soft loan of INR 4,400 cr and provided an interest subvention of INR 1,332 cr to mills for the next five years, including a moratorium period of one year, to enhance ethanol output. In February 2019 an extra soft loan of INR 15,500 cr was cleared and agreed to bear an interest subvention of INR 3,355 cr. In order to incentivize molasses based standalone distilleries, the government also allocated INR 2,600 cr. Till date, the Food Ministry has received application worth over INR 13,400 cr and has approved loans amounting to INR 6,000 cr.



Source: Edelweiss Research Report

Increased ethanol blending will help to curtail the demand – supply scenario of sugar imbalance. Millers diverting their capacities of sugar towards ethanol will reduce the consumption of sugar, which would help in reducing the demand supply imbalance of sugar rise due to over production of sugar. In SY20E, it is estimated that around 2 mln ton of sugar will get diverted for ethanol production. Higher ethanol production would also help in reducing India’s oil imports by \$1.7 billion annually. India’s ~80% of the domestic oil consumption is imported. India’s annual oil trade balance is \$92 billion, which is more than 50% of the total trade balance. At 6% ethanol blending rate in SY19E, India is estimated to save \$1 bn of foreign currency outgo. At 10% ethanol blending rate target, overall saving to the import bill would be \$1.7 bn, 1.8% of India’s oil trade balance.

### Indian Sugar Prices

Recently, the Government has raised the minimum support price (MSP) of sugar by Rs 2 per kg which is expected to generate an additional income of ~INR 3,000-3,500 crore for the sugar producers in the SS 2018-19. According to ISMA, the hike in MSP would aid at addressing the issue of mounting cane arrears. In SS 2018-19 India started with a pretty high opening stock of 10.72 lac mln tons up from the 2017-18 level of 4.02 lac mln tons. According to ISMA, India is likely to end the current SS 2018-19 with a stock of 14.22 Lac MT mt including a buffer stock of 30 Lac MT. The same was created for one year in July 2018 adjusting for this buffer stock, the stock-to-consumption ratio could exceed 33% compared to the normative carry forward requirement of 25%-27%.

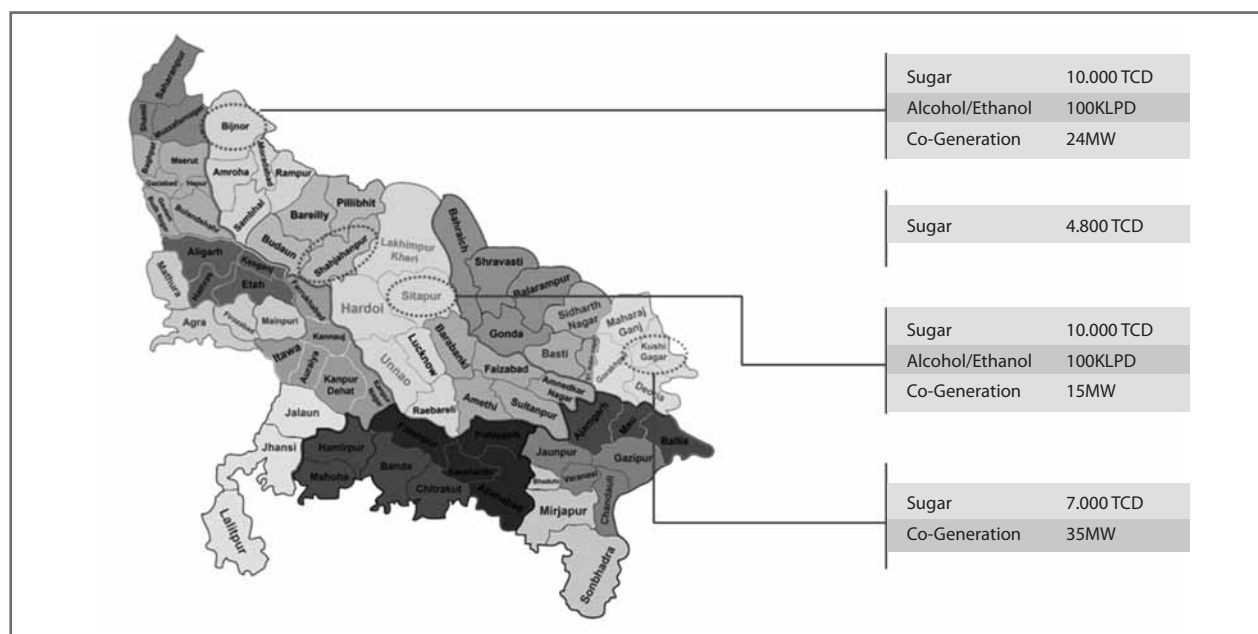
### Co-Generation

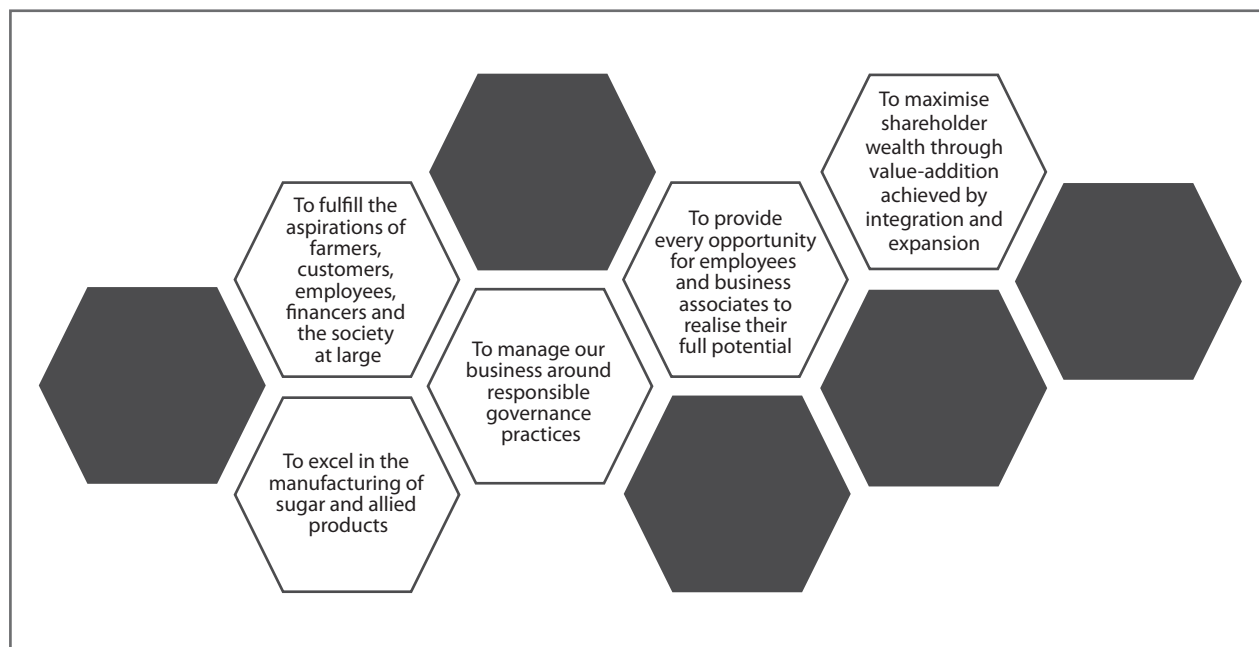
In India, bagasse-based generation amounted to 13,307 GWh in 2018, up significantly from 9,777 GWh generated in 2017 and slightly above the previous record of 13,208 GWh established in 2015. The state of Maharashtra generated 1,489 GWh, Uttar Pradesh generated 1,130 GWh and Karnataka generated 974 GWh which is around 84% of India’s total bagasse generation in the 3-month period.

### Company Overview

Avadh Sugar and Energy Limited is a part of the prestigious K. K. Birla Group of Sugar Companies. Established since 1932, the Group is in sugar business over 7 decades and consequent upon various schemes of merger and demerger, this Company was formed in 2015. Avadh Sugar & Energy Limited (Avadh) is an integrated sugar player dealing in sugar, spirits & ethanol, cogeneration and other byproducts. Avadh has four sugar mills at Uttar Pradesh and a combined crushing capacity of 32,000 TCD. Avadh has two distilleries with a total capacity of 200 KLPD, to be further expanded to 220 KLPD in 2019. Cogeneration facilities with capacity of 74 MW to be increased upto 80 MW on account of distillery expansion. Avadh is strategically located in Uttar Pradesh, a major State in manufacturing for sugar and best recovery pan India, since last two years.

#### Current capacities and geographical presence of the plants of the companies



**Avadh Sugar Philosophy:**

**Financial Parameters**

Sl. No.	Particulars	Year ended 31 March 2019 (Amount in Rs.)
1	Total Income from Operations	2,13,016.59
2	Net Profit / (Loss) for the period(before Tax, Exceptional and / or Extraordinary items)	15,436.64
3	Net Profit / (Loss) for the period before tax(after Exceptional and / or Extraordinary items)	15,436.64
4	Net Profit / (Loss) for the period after tax(after Exceptional and / or Extraordinary items)	11,987.40
5	Total Comprehensive Income for the period[Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	11,921.91
6	Equity Share Capital	1,000.92
7	Other Equity	49,850.62
8	Earning Per Share (Basic & Diluted)	119.76

**Disclosure under Regulation 34(3) read with Schedule V Clause B of SEBI (LODR) Regulations, 2015**

Sl. No.	Ratio	2018-19	2017-18
1	Debtor Turnover	20.09	31.89
2	Inventory Turnover	1.25	1.71
3	Interest Coverage Ratio	3.04	2.39
4	Current Ratio	1.01	0.83
5	Debt Equity Ratio	3.05	3.46
6	Operating Profit Margin (%)	11.90%	9.93%
7	Net Profit Margin (%)	5.62%	3.72%
8	Return on Network	30%	25%

## Operational Highlights

### Sugar Production

Particulars	Financial year 2018-19				Financial year 2017-18			
	Hargaon	Seohara	Rosa	Hata	Hargaon	Seohara	Rosa	Hata
Sugarcane crushed (lac quintals)	215.78	171.99	80.65	100.55	190.24	182.42	63.58	82.27
Recovery %	11.62	11.88	11.67	12.21	11.30	11.61	10.56	11.16
Sugarcane produced (lac quintals)	25.06	20.40	9.42	12.26	21.47	21.12	6.68	9.11
Crushing days	221	172	190	148	188	179	149	128

### Alcohol Production (including Ethanol)

Particulars	Financial year 2018-19		Financial year 2017-18	
	Hargaon	Seohara	Hargaon	Seohara
Alcohol Produced (lac litres)	310.79	261.76	274.11	221.14
Recovery (%) (litres per quintal)	22.76	23.22	22.78	23.10
No. of distillery operational days	296	253	273	230

### Power Generated, Consumed and Sold

Particulars	Financial year 2018-19			Financial year 2017-18		
	Haragon	Seohara	Hata	Hargaon	Seohara	Hata
Power generated	739.87	895.99	729.32	624.89	963.51	553.00
Power sold to grid (units in lac)	470.13	558.28	874.36	422.67	626.05	663.17
No. of days worked	223	175	178	189	186	128

### Human Resources management and Industrial relations

The Company aspires to act as a catalyst for transforming its human capital necessary for a sustained business outperformance. The human resource makes the heart and soul of the organisation. The Company is committed to encourage and inspire its employees to realise their maximum potential thereby adding value to the organisation. Regular training and development sessions are conducted to upgrade its employees' and keep them abreast of latest industry trends. Health and safety are paramount for the Company's employees. All manufacturing facilities are closely monitored in terms of safety of operations of machinery. We are proud of our talent pool. We encourage healthy conversations for employees with their supervisors and leaders to maintain transparency. The Company believes in offering equal opportunity to everyone in the organisation. The Company does not distinguish between people on basis of caste, creed, gender and physical abilities. The current strength of management staff in 2018-19 is 98 and non-management staff is 1790.

### Corporate Social Responsibility

We demonstrate environmental and social responsibility at every step. We aim to benefit the communities around us – workforce, public and environment. We organise regular medical camps, give free medicines and also any emergency medical equipment required by the deprived. We are sowing the seeds for a budding nation by providing education to the underprivileged children and giving them access to free books. We also run an inter-level college for the students. We consider ourselves responsible for the environment around us and consciously take efforts for its upliftment.

### Internal Control Systems

Avadh Sugar & Energy has a vigorous internal control system in place. The internal control system is designed to maintain efficiency measurability and verifiability, reliability of accounting and management information. Internal audit is conducted for all the processes to identify risks and verify whether all systems and processes are commensurate with the business size and structure. Usage of SAP has increased the operational efficiency significantly. Adequate internal control systems safeguard the assets of the company with timely identification and intervention to alleviate risks. The internal controls are verified by the members of Audit Committee to keep a check on the existing systems and take corrective action to further enhance the control measures.

### Risk Management

The risk committee comprises members of the Board of Directors. The committee has prepared a complete Risk Management policy that is imbibed at the operations level to curb internal and external risk challenges. The committee also spreads awareness among employees about various risks associated with the market. An enterprise-wide risk identification, management and reduction programme helps Avadh Sugar & Energy take risk-eliminating actions more proactively and in advance.

The Committee implements measures to counter all risks. Structural risks like sugar price volatility, low sugar recovery, State Advised Price fixation by Government and other industry risks are mitigated through R&D, organising seminars to educate farmers about efficient harvesting practices and adopting operational efficiency at the facilities. These help increase cane yields, improve sugar recovery and help the Company navigate various industry risks and challenges.

## Annexure B

### Report on Corporate Governance

#### 1. Company's Philosophy

Avadh Sugar & Energy Limited (ASEL), a part of K K Birla Group of Sugar Companies, is of the firm conviction that Corporate Governance in essence refers to the rules, procedures, values, systems or laws by which businesses are operated, regulated, and controlled. A well-defined and enforced corporate governance provides a structure that works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well to formal laws. Governance practices may vary but the principles are generic and universal. Accordingly the Board of ASEL manages its business ethically and in a transparent manner with the profit objective balanced by long term value equitably for all stakeholders which term includes every one ranging from the board of directors, management, shareholders, cane growers, customers, employees and society at large.

Given the fact that the business operations of ASEL is well diversified, sound governance practices are indispensable for it to build and sustain trust in all its stakeholders. ASEL is committed to run its business in a legal, ethical and transparent manner with dedication that originates from the very top and permeates throughout the organization. Besides adhering to the prescribed corporate practices as per the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it voluntarily governs itself as per highest ethical and responsible standards of business.

This chapter, along with the chapters on Management Discussion and Analysis and Shareholders information, reports ASEL's compliance with SEBI (LODR) Regulations, 2015 highlighting the additional initiatives taken in line with international best practices.

#### Corporate Governance Philosophy

ASEL's philosophy is to constantly achieve business excellence and optimize long term value through ethical business conditions. Being a value driven organization ASEL envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations including everyone it works with, the community it is in touch with and the environment it has an impact on. Strong Governance practices by the Company have boosted the level of stakeholder's confidence testified by improved performance and various recognitions achieved by the Company. This has helped ASEL to pay uninterrupted value based services to all its stakeholders.

The corporate governance structure in the Company ensures that its Board of Directors is well informed and well equipped to fulfill its overall responsibility by way of providing strategic direction to the senior management, employees, etc. which is the backbone of the ability to meet the aspirations of all stakeholders.

ASEL's initiatives towards adhering to highest standards of governance include: professionalization of the Board; fair and transparent processes and reporting systems; and going beyond the mandated Corporate Governance Code requirements of SEBI. At the highest level the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopt innovative approaches for leveraging resources, converting opportunities into achievements through proper coordination, empowerment and motivation, fostering a healthy all round growth and development to take the Company forward.

#### 2. Board of Directors

- i. The Company has in all 8 Directors with considerable professional experience in divergent areas connected with corporate functioning. Out of these 8 Directors, 5 (62.50%) are Independent Directors, 2 of them are Promoter Directors and 1 Wholtime Director. The composition of the Board is in conformity with SEBI (LODR) Regulations, 2015. The Board is headed by the Non-Executive Promoter Chairperson Mrs. Nandini Nopany.
- ii. During the year, Mrs Kausalya Madhavan was appointed w.e.f. 11th February 2019 as an Additional Director in the category of Independent Director who shall hold office upto the date of ensuing 5th Annual General Meeting. The Company has received proposal from a member for her appointment as Independent Director for a tenure of 3 years at the ensuing 5th Annual General Meeting. Mr Sunil Kanoria, an Independent Director has resigned from the directorship of the Company vide his letter dated March 27, 2019. The Board records its appreciation for his unstinted support and counselling towards development of the Company while being in the office of Director.
- iii. The Independent Directors take part in the proceedings of the Board and Committee meetings which enables qualitative decision-making. They receive sitting fees for attending the meetings and do not have any other material or pecuniary relationship or transaction with the Company, its promoters, promoter group, its directors, management, subsidiaries or associates.

- iv. As per the disclosure received by the Company from the Directors, none of them is member in more than ten committees, nor as Chairman of more than five committees across all companies in which they are Directors, in compliance with Regulation 26 of SEBI (LODR) Regulations, 2015 as well as not have been debarred or disqualified from being appointed or continuing as director by SEBI/ Ministry of Corporate Affairs or any other statutory authority. The Directors intimate the Company about the committee positions they occupy in other companies and also notify changes from time to time.
- v. The Independent Directors have confirmed that they satisfy the 'criteria of independence' as stipulated in Sec 149(7) of the Companies Act, 2013 read with Regulation 25 of SEBI (LODR) Regulations, 2015. Independent Directors of the Company do not serve as Independent Directors in more than 7 listed companies.
- vi. No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 2013 except for the Chairperson who is related to Mr. Chandra Shekhar Nopany, Co-Chairperson.
- vii. The Board looks at strategic planning and policy formulation. The Board meets at least once in every quarter to review the Company's operations and the maximum time gap between any two meetings is not more than 120 (One Hundred Twenty) days.
- viii. The Whole time Director is responsible for corporate strategy, planning, external contacts and Board matters. The senior management personnel heading respective divisions are responsible for all day-to-day operations-related issues, profitability, productivity, recruitment and employee retention for their divisions.
- ix. The Independent Directors (IDs) met on 15th March, 2019 without the presence of the Chairperson, Wholetime Director, the Non-Executive Non-Independent Directors and the Management Team. The meeting was attended by Independent Directors in person and which enabled them to discuss various matters pertaining to the Company's affairs and thereafter put forth their combined views to the Board. The IDs reviewed the performance of non-independent directors, chairperson, co-chairperson and the Board as a whole as well as the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- x. The Board is of the opinion that independent directors fulfill the conditions specified in the SEBI (LODR) Regulations, 2015 as amended from time to time and are independent of the management.
- xi. The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Business	Understanding of Sugar business dynamics across various geographical markets, industry verticals and regulatory jurisdictions.
Strategy and Planning	Ability to think strategically, identify and critically assess strategic opportunities and threats and develop effective strategies in the context of strategic objectives of the Company's policies and priorities.
Governance	Experience in developing governance practices, serving the best interest of all stakeholders, protecting shareholder interests, maintaining board and management accountability and driving corporate ethics and values.

### Familiarisation Programme

In terms of Regulation 25(7) of SEBI (LODR) Regulations, 2015, the Company is required to conduct Familiarisation Programme for Independent Directors (IDs) to familiarise them about the Company including nature of industry in which the Company operates, business model of the Company, roles, rights and responsibilities of IDs and any other relevant information. As a part of the familiarisation programme, presentation was made to the Independent Directors giving a brief overview of roles, responsibilities and liabilities of Independent Directors under Corporate Governance norms with focus on constitution of various Committees under the Companies Act, 2013.

In addition to the above, the Directors are continuously encouraged to participate in various training sessions to ensure that the Board members are kept up to date.

At the time of appointment, a new Director is welcomed to the Board of Directors of the Company by sharing an Induction Kit containing inter-alia the Organization Chart, brief profile of all Directors and Key Managerial Personnel (KMPs), Policy Compendium, Investor Presentation, amongst others.

Further, the management of the Company makes various presentations to the Independent Directors on an ongoing basis which inter-alia includes Company overview, various business verticals, latest key business highlights, financial statements, evolution as well as business model of the various business of the Company, as part of the familiarisation programme for Independent Directors.

Significant Statutory updates are circulated as a part of the agenda of the Board Meetings through which Directors are made aware of the significant new developments and highlights from various regulatory authorities viz. Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), other statutory authority etc.

The Board has open channels of communication with executive management which allows free flow of communication among Directors in terms of raising query, seeking clarifications and other related information. Directors are also informed of the various developments in the Company.

The details of the familiarisation programme (other than through meeting of Board and its Committees) imparted to Independent Director are uploaded on the website of the Company and available at the weblink <http://www.birla-sugar.com/Assets/Avadh/ASEL-Familiarisation-Programme.pdf>

## Performance Evaluation

The Company had in place a policy on Performance Evaluation wherein it had laid down criteria for Performance Evaluation of the Board (including Committees) and every Director (including Independent Directors and Chairperson) pursuant to provisions of Section 134, Section 149 read with Code of Independent Directors (Schedule IV) and Section 178 of the Companies Act, 2013 and Regulation 19(4) read with Part D of Schedule II of SEBI Listing Regulations, 2015 covering inter-alia the following parameters, namely:

- i. For Board Evaluation - degree of fulfillment of key responsibilities; Board culture and dynamics.
- ii. Board Committee Evaluation - effectiveness of meetings; Committee dynamics.
- iii. Individual Director Evaluation (including IDs) - contribution at Board Meetings.

Further, the Chairperson and Co-Chairperson are evaluated on key aspects of their role which includes inter- alia effective leadership to the Board and adequate guidance to the Wholetime Director.

During the year under review, the Board carried out annual evaluation of its own performance as well as evaluation of the working of various Board Committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. This exercise was carried out through a structured questionnaire prepared separately for Individual Board Member and Board Committees based on the criteria as formulated by the Nomination and Remuneration Committee and in context of the Guidance note dated January 05, 2017 issued by SEBI.

Based on these criteria, the performance of the Board, various Board Committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee, and individual Directors (including Independent Directors) was evaluated and found to be satisfactory.

During the year under review, the Independent Directors of the Company reviewed the performance of Non- Independent Directors, the Board as a whole and of the Chairperson of the Company, taking into account the views of Executive Director and Non- Executive Directors.

Further, the Independent Directors hold unanimous opinion that the Non- Independent Directors including the Chairperson and Co-Chairperson bring to the Board, abundant knowledge in their respective field and are experts in their areas. Besides, they are insightful, convincing, astute, with a keen sense of observation, mature and have a deep knowledge of the Company.

The Board as a whole is an integrated, balanced and cohesive unit where diverse views are expressed and dialogued when required, with each Director bringing professional domain knowledge to the table. All Directors are participative, interactive and communicative.

The Chairperson and Co-Chairperson have abundant knowledge, experience, skills and understanding of the Board's functioning, possesses a mind for detail, is meticulous to the core and conducts the Meetings with poise and maturity.

## Board meetings

The meetings of the Board of Directors are scheduled in advance. The Company Secretary prepares the agenda for the meetings in consultation with the Chairperson and other concerned persons in the senior management. The detailed agenda and other relevant notes are circulated to the Directors well in advance. All material back up information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on the table at the meeting with specific reference to this effect in the Agenda.

During the period under review six Board Meetings were held on 17th April, 2018, 14th May, 2018, 6th August, 2018, 1st November, 2018, 11th February, 2019 and 26th March, 2019 respectively.



Details of Board meetings attended by Directors, attendance at the last Annual General Meeting, number of other Directorships/Committee membership (viz. only Audit Committee and Stakeholders Relationship Committee are considered as per Regulation 26(1) of SEBI (LODR) Regulations, 2015 held by them during the year 2018-19 are tabulated below:

Name of the Director	Category of the Director	No. of Board meetings attended	Attendance at last AGM	No. of Directorships in other Public companies	No. of Chairmanship/ Membership of Board Committees in other Companies		Names of the Listed Companies and Category of Directorship		No. of Equity Shares held
					Chairman	Member	Name of the Company	Category	
Mrs. Nandini Nopany (DIN – 00051362)	C/NED	3	No	8	-	-	<ul style="list-style-type: none"> <li>● Ganges Securities Ltd.</li> <li>● Ronson Traders Ltd.</li> </ul>	Non-Independent	2,99,602*
Mr. Chandra Shekhar Nopany (DIN – 00014587)	CO/ NED	5	No	8	2	-	<ul style="list-style-type: none"> <li>● Magadh Sugar &amp; Energy Ltd</li> <li>● Ganges Securities Ltd</li> <li>● Chambal Fertilisers and Chemicals Ltd</li> <li>● New India Retailing &amp; Investment Ltd</li> <li>● Sutlej Textiles and Industries Ltd</li> <li>● SIL Investments Ltd</li> <li>● Ronson Traders Ltd</li> </ul>	Non-Independent	35,922**
Mr. Gaurav Swarup (DIN- 00374298)	I/NED	5	No	6	2	3	<ul style="list-style-type: none"> <li>● Graphite India Ltd</li> <li>● Swadeshi Polytex Ltd</li> <li>● KSB Ltd</li> <li>● Industrial and Prudential Investment Company Ltd</li> <li>● TIL Ltd</li> </ul>	Independent	NIL
Mr. Anand Ashvin Dalal (DIN – 0353555)	I/NED	4	Yes	2	-	-	<ul style="list-style-type: none"> <li>● The Janshri Ranjitsinghji Spinning and Weaving Mills Ltd</li> </ul>	Independent	NIL
Mr. Pradip Kumar Bishnoi (DIN- 00732640)	I/NED	5	No	1	1	1	<ul style="list-style-type: none"> <li>● Rane (Madras) Ltd</li> </ul>	Independent	NIL
Mr. Kalpataru Tripathy (DIN – 00865794)	I/NED	4	No	4	1	1	<ul style="list-style-type: none"> <li>● JK Tyre &amp; Industries Ltd</li> <li>● Texmaco Infrastructure &amp; Holdings Ltd</li> </ul>	Independent	NIL
Mr. Devendra Kumar Sharma (DIN – 06498196)	WTD	3	Yes	-	-	-	-		NIL
Mr. Sunil Kanoria# (DIN – 00421564)	I/NED	2	No	2	-	4	<ul style="list-style-type: none"> <li>● Srei Infrastructure Finance Ltd</li> </ul>	Independent	NIL
Ms Kausalya Madhavan (DIN – 05198559)##	I/NED	-		-	-	-	-	Independent	NIL

C – Chairperson  
CO – Co-Chairperson

I - Independent

NED - Non-executive Director

WTD – Whole-time Director

\* includes 15923 equity shares held as Trustee of Chandra Shekhar Charity Trust

\*\* includes 1834 equity shares held jointly with Mrs. Shalini Nopany

# upto 27 March 2019

## w.e.f. 11 February 2019

Note: The number of directorships held by the Directors does not include Private Limited Companies, Foreign Companies and Companies incorporated under Sec 8 of the Companies Act, 2013.

Not less than two thirds of the total number of Directors (excluding Independent Directors) shall be liable to retire by rotation. One third of the number of directors liable to retire by rotation will retire by rotation every year. As per the provisions of Sec 149 of the Companies Act, 2013, the independent Directors are not liable to retire by rotation. Accordingly, Mrs Nandini Nopany is liable to retire by rotation and is eligible for re-appointment. Brief particulars of Mrs. Nandini Nopany forms part of the Notice convening the Annual General Meeting.

### Committees of the Board

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and non-mandatory committees viz. Risk Management Committee, Finance & Corporate Affairs Committee of Directors. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the Board Meetings.

## 3. Audit Committee

### i. Overall purpose/Objective

The Audit Committee has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (LODR) Regulations, 2015 as amended from time to time, by the Board of Directors, at its meeting held on March 14, 2017.

The purpose of the Audit Committee is to assist the Board of Directors ("the Board") in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls established in the Company, appointing, retaining and reviewing the performance of Statutory Auditors/independent accountants/internal auditors and overseeing the Company's accounting and financial reporting processes and the audit of the Company's financial statements.

### ii. Terms of Reference

The Terms of Reference of this Committee includes oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible, recommending appointment, remuneration and terms of appointment of auditors, reviewing/ examining quarterly and annual financial statements and auditor's report thereon before submission to the Board for approval, evaluate Company's internal financial controls and risk management systems, reviewing performance of statutory and internal auditors, discussing with auditors significant findings, if any, related party transactions and adequacy of internal control systems, reviewing the functioning of the Whistle Blower Mechanism and other matters specified for Audit Committee in Section 177 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (LODR) Regulations, 2015, as amended from time to time. It also deals with matters relating to Company's Code of Conduct for Prohibition of Insider Trading framed in line with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended and related matters.

Mr. Anand Ashvin Dalal, Chairman of the Audit Committee attended the Annual General Meeting of the Company to provide clarifications and answer queries.

The Company's system of internal controls covering financial and operational activities, compliances, IT applications, etc. are reviewed by the Internal Auditors and presentations are made to the Audit Committee on the findings of such reviews. Further, in compliance with Section 177(4)(vii) of the Companies Act, 2013 the Audit Committee maintains and evaluates the effectiveness of internal control systems of the Company pertaining to financial reporting, compliance with Standards of Accounting specified under Sec 133 of the Companies Act, 2013, and looks after overall financial activities under applicable laws and regulations governing the Company.

### iii. Composition and Meetings

The Audit Committee as on 31st March, 2019, comprises of Mr. Anand Ashvin Dalal, Mr. Pradip Kumar Bishnoi, Mr. Kalpataru Tripathy, Mrs. Kausalya Madhavan, Independent Directors and Mr. Devendra Kumar Sharma, Whole time Director. Mr. Anand Ashvin Dalal, Independent Director of the Company is the Chairman of the Audit Committee. All the Members of the Audit Committee are financially literate and have accounting or related financial management expertise. The Chief Financial Officer (CFO) is a permanent invitee to the meetings of the Audit Committee and the Company Secretary acts as the Secretary to the Audit Committee. The Statutory Auditors

as well as Internal Auditors of the Company are invited to attend the Audit Committee meetings. The Company also invite the Cost Auditor and Secretarial Auditor to attend the meeting and discuss their report. The Committee also invites senior executives, as it considers appropriate, to be present at the meetings of the Committee.

Four meetings of the Audit Committee were held during the year 2018-19 on 14th May, 2018, 6th August, 2018, 1st November, 2018 and 11th February, 2019 respectively. The maximum time gap between any two consecutive meetings did not exceed 120 (One Hundred Twenty) days. Moreover, the requisite quorum as required by SEBI (LODR) Regulations, 2015, was present in all the meetings of the Audit Committee held during the year.

**Attendance of the members at the meetings was as follows:**

Name of the Member	Status	No of meetings attended
Mr. Anand Ashvin Dalal	Chairperson	4
Mr. Pradip Kumar Bishnoi	Member	4
Mr. Kalpataru Tripathy	Member	3
Mrs. Kausalya Madhavan w.e.f. 11th February, 2019	Member	-
Mr. Devendra Kumar Sharma	Member	2

#### 4. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee of the Company was constituted on 14th March, 2017, in line with the provisions of Regulation 20 of SEBI (LODR) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

**Terms of Reference:**

The Stakeholders Relationship Committee oversees the redressal of complaints/grievances of investors such as transfer/transmission of shares, credit of shares to demat accounts, non-receipt of dividend/annual reports, approval of physical transfer/transmission of more than 1000 shares, taking note of shares transferred during each quarter, status of dematerialized shares as at the end of each quarter, stock of blank stationery of share certificates as at the end of each quarter, shareholding pattern of the Company as at the end of each quarter and detail of investors' grievances pending as at the end of each quarter among others. It also approves issuance of duplicate shares and matters incidental thereto. The Stakeholders Relationship Committee meets at regular intervals to take note of share transfer and other matters.

**Composition & Meetings:**

The composition of the Stakeholders' Relationship Committee as on 31st March, 2019 is as follows:

- Mr. Gaurav Swarup
- Mr. Anand Ashvin Dalal
- Mr. Pradip Kumar Bishnoi
- Mr. Devendra Kumar Sharma

During the period under review the Committee met four times on 14th May, 2018, 6th August, 2018, 1st November, 2018 and 11th February, 2019. The Committee is headed by Mr. Gaurav Swarup, an Independent Director and the Company Secretary is the Compliance Officer.

**Attendance of the members at the meetings was as follows:**

Name of the Member	Status	No of meetings attended
Mr. Anand Ashvin Dalal*	Chairperson	4
Mr. Gaurav Swarup#	Member	4
Mr. Pradip Kumar Bishnoi	Member	4
Mr. Devendra Kumar Sharma	Member	2

\* w.e.f. 13th May 2019

# Chairperson upto 13th May 2019

The Board of Directors have authorised the Company Secretary to approve transfers/ transmissions of shares in physical form upto 1000 shares. The transfers/ transmissions approved by the Company Secretary are periodically placed before the Committee.

The Company has in place a comprehensive Investor Grievance Redressal system prescribing the standards of shareholders' service & grievance redressal procedure and mechanism to be adhered to by the Registrar and Share Transfer Agents as well as by the Company. The shareholders can write to the Company at 'avadhinvestors@birla-sugar.com'.

During the financial year ended 31st March, 2019, the Company did not receive any complaints from the shareholders and no complaints were pending as on 31st March, 2019.

Further, pursuant to Regulation 13(3) read with Regulation 13(4) of SEBI (LODR) Regulations, 2015, Statements of investor complaints as received from the Registrar & Share Transfer Agents, Link Intime Private Limited, were filed with the Stock Exchanges on a quarterly basis and the said Statements were also placed before the Board of Directors for information and noting.

## 5. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company was constituted on 14th March, 2017 in line with the provisions of Regulation 19 of SEBI (LODR) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

### i. Objectives:

The Committee evaluates the composition and organization of the Board and its Committees in light of requirements established by any regulatory body or any other applicable statutes, rules and regulations which the Committee deems relevant, makes recommendations to the Board of Directors in respect to the appointment, re-appointment and resignation of Independent, Executive and Non-Executive Directors of the Company, identifies the persons who are qualified to become Directors and who may be appointed in senior management including their remuneration in accordance with the criteria laid down, recommends to the Board their appointment and removal and other matters specified for Nomination and Remuneration Committee in Section 178 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and under SEBI (LODR) Regulations, 2015.

### ii. Terms of Reference:

**The broad terms of reference of the Nomination and Remuneration Committee, inter-alia includes the following:**

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment, remuneration and removal.

### iii. Composition and Meetings:

The Committee comprises of the following Directors as on 31st March, 2019

- a. Mr. Gaurav Swarup
- b. Mr. Anand Ashvin Dalal
- c. Mr. Kalpataru Tripathy

During the period under review the Committee met four times on 14th May, 2018, 6th August, 2018, 1st November, 2018 and 11th February, 2019.

**Attendance of the members at the meetings was as follows:**

Name of the Member	Status	No of meetings attended
Mr Sunil Kanoria*	Chairperson	1
Mr Gaurav Swarup #	Chairperson	4
Mr Anand Ashvin Dalal	Member	4
Mr Kalpataru Tripathy	Member	3
Mrs. Kausalya Madhavan §	Member	-

\* upto 27th March 2019

# Chairperson w.e.f. 13th May 2019

§ Member w.e.f. 13th May 2019

#### iv. Remuneration Policy:

The Board of Directors of the Company had at its meeting held on 30th March, 2017 adopted the Remuneration Policy as recommended by the Nomination and Remuneration Committee of the Company. The Remuneration Policy is available on the Company website at weblink <http://www.birla-sugar.com/Assets/Avadh/ASEL-Nomination-and-Remuneration-Policy.pdf>.

The Remuneration Policy, inter-alia, includes the appointment criteria & qualification requirements, process for appointment & removal, retirement policy and remuneration structure & components, etc. of the Directors, Key Managerial Personnel (KMP) and other senior management personnel of the Company. As per the Remuneration Policy, a person proposed to be appointed as Director, KMP or other senior management personnel should be a person of integrity with high level of ethical standards. In case of appointment as an independent director, the person should fulfil the criteria of independence prescribed under the Companies Act, 2013, rules framed thereunder and the SEBI (LODR) Regulations, 2015.. The Remuneration Policy also contains provisions about the payment of fixed & variable components of remuneration to the Whole-time Director and payment of sitting fee & commission to the non-executive directors.

#### i. Remuneration of Directors

Detail of remuneration paid to the Directors for the financial year 2018-19:

##### a. Wholetime Director (₹ in lakhs)

Wholetime Director	Salary	Perquisites	Retirement Benefits	Total
Mr. Devendra Kumar Sharma	81.13	6.93	6.05	94.11

Mr. Devendra Kumar Sharma's remuneration package includes salary, free furnished accommodation with all expenses for upkeep and maintenance thereof, contribution to Provident Fund, reimbursement of medical expenses, leave travel concession, car with driver and telephone etc.

##### b. Non-Executive Directors

The Company pays a sitting fee of Rs.40,000/- and Rs.20,000/- per meeting to each Non-executive Director for attending meetings of the Board of Directors and Committees thereof respectively.

The shareholders of the Company, at the Extra-Ordinary General Meeting held on March 1, 2017, had approved payment of commission to non-executive directors for a period of 5 years with effect from the financial year 2017-18 subject to the aggregate annual limit of one percent of the net profits of the Company determined in accordance with the terms and provisions of Section 198 of the Companies Act, 2013. However, the Board of Directors of the Company within the aforesaid limit has further put forth a ceiling of maximum Rs.6 lakhs to be paid to each Non-Executive Directors. In pursuance of the approval of the shareholders, the Board of Directors determined the commission payable to individual Directors for the Financial Year 2018-19 based on the time devoted and the contribution made by individual directors in the affairs of the Company.

**The details of sitting fee paid and the commission payable to the Directors are as follows:**

Sl. No.	Name of the Director	Sitting Fee Paid (Rs)	Commission payable for the Financial Year 2018-19 (Rs.)
1	Mrs. Nandini Nopany	1,80,000	6,00,000
2	Mr. Chandra Shekhar Nopany	2,40,000	6,00,000
3	Mr. Anand Ashvin Dalal	4,00,000	6,00,000
4	Mr. Sunil Kanoria	1,00,000	5,92,000
5	Mr. Gaurav Swarup	4,00,000	6,00,000
6	Mr. Pradip Kumar Bishnoi	4,20,000	6,00,000
7	Mr. Kalpataru Tripathy	2,80,000	6,00,000
8	Mrs. Kausalya Madhavan	-	81,000

There was no other pecuniary relationship or transaction with the non-executive directors.

## 6. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Company was constituted on 14th March, 2017 in line with the provisions of SEBI (LODR) Regulations, 2015 read with Section 135 of the Companies Act, 2013.

The Corporate Social Responsibility Committee comprises of Mrs. Nandini Nopany, Chairperson, Mr. Pradip Kumar Bishnoi, Independent Director and Mr. Devendra Kumar Sharma, Whole time Director. Mrs. Nandini Nopany, Chairperson of the Company acts as the Chairperson of the Corporate Social Responsibility Committee. Mr. Anand Sharma, Company Secretary of the Company acts as the Secretary to the Committee. The Committee is responsible for monitoring the Corporate Social Responsibility Policy (CSR Policy) of the Company from time to time, instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company etc. The Company's CSR Policy is available on the Company's website at <http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-CSR-Policy.pdf>

During the period under review the Committee met twice on 14th May, 2018 and 1st November, 2018.

**Attendance of the members at the meetings was as follows :**

Name of the Member	Status	No of meetings Attended
Mrs. Nandini Nopany	Chairperson	1
Mr. Pradip Kumar Bishnoi	Member	2
Mr.Devendra Kumar Sharma	Member	2

## 7. Risk Management Committee

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The Risk Management Committee was constituted voluntarily on 23rd May, 2017 in line with the provisions of SEBI (LODR) Regulations, 2015. The Committee comprises of Mr. Pradip Kumar Bishnoi, Independent Director, Mr. Chand Bihari Patodia, Group President, Mr. Devendra Kumar Sharma, Wholetime Director and Mr. Dilip Patodia, Chief Financial Officer. Mr Pradip Kumar Bishnoi is the Chairperson of the Committee.

**The objectives and scope of the Risk Management Committee broadly comprises:**

- Oversight of risk management performed by the executive management;
- Reviewing the risk & its mitigation plans within framework and in line with local legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

Within its overall scope as aforesaid, the Committee reviews risks trends, exposure, potential impact analysis and mitigation plan.

One meeting of the Risk Management Committee of the Company was held during the year on 1st November, 2018. The attendance of each member of the Committee is given below:

Name of the Member	Status	No of meetings attended
Mr. Pradip Kumar Bishnoi	Chairperson	1
Mr. Chand Bihari Patodia	Member	-
Mr. Dilip Patodia	Member	1
Mr. Devendra Kumar Sharma	Member	1

## 8. Finance & Corporate Affairs Committee

The Finance & Corporate Affairs Committee of Board of Directors was constituted on 14th March, 2017 and comprises of Mrs. Nandini Nopany, Chairperson, Mr Chandra Shekhar Nopany, Co-Chairperson, Mr. Gaurav Swarup, Non-Executive & Independent Director and Mr. Devendra Kumar Sharma, Wholetime Director. Mr. Anand Sharma, Company Secretary of the Company acts as the Secretary to the Committee and Mr Dilip Patodia, CFO is a regular invitee to such Committee.

The Terms of Reference of this Committee include oversight of banking and borrowing related matters, to authorise the Company officials for signing various agreements, deeds and documents etc., to consider, approve and submit various bid documents etc. for participation in ethanol tenders, amongst others and to do such other businesses as may be delegated by the Board from time to time. Two meetings of the Finance & Corporate Affairs Committee of Directors of the Company were held during the year on 19th July, 2018 and 2nd January, 2019. The attendance of each member of the Committee is given below:

<b>Name of the Member</b>	<b>Status</b>	<b>No of meetings attended</b>
Mrs. Nandini Nopany	Chairperson	2
Mr. Chandra Shekhar Nopany	Member	2
Mr. Gaurav Swarup	Member	2
Mr. Devendra Kumar Sharma	Member	-

## 9. Subsidiary Companies

The Company does not have any subsidiary neither does has any associate nor any joint venture. However, the Board of Directors have formulated a Policy for determining material subsidiaries in its meeting held on 30th March, 2017 and subsequently modified on 26th March 2019 in line with changes envisaged in SEBI (LODR) Regulations and such modified Policy has been disclosed on the company website at <http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-Policy-for-Determining-Material-Subsidiaries.pdf>

## 10. Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Similarly, there were no transaction with person or entity belonging to Promoter/Promoter Group which holds 10% or more shareholding in the Company. Suitable disclosure as required by the Indian Accounting Standards (IND As) have been made in the notes to the Financial Statements. The Board has approved a policy for related party transactions which modified in line with amended provisions of Companies Act, 2013 read with SEBI (LODR) Regulations, 2015 and has been uploaded on the Company's website <http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Related-Party-Transaction-Policy-.pdf>.

## 11. Vigil Mechanism / Whistle Blower Policy

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility and accordingly has formulated Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination is meted out to any person for a genuinely raised concern. The said policy was updated with recent amendments w.r.t. Unpublished Price Sensitive Information as mandated by SEBI laws and has been uploaded on the Company's website at <http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Whistle-Blower-Policy.pdf>

## 12. Policy Against Sexual and Workplace Harassment

The Company is committed to provide and promote a safe, healthy and congenial atmosphere irrespective of gender, caste, creed or social class of the employees. The Company in its endeavour to provide a safe and healthy work environment for all its employees has developed a policy to ensure zero tolerance towards verbal, physical, psychological conduct of a sexual nature by any employee or stakeholder that directly or indirectly harasses, disrupts or interferes with another's work performance or creates an intimidating, offensive or hostile environment such that each employee cannot realize his / her maximum potential. As per the Policy, any employee may report his / her complaint to the Internal Complaint Committee formed for this purpose. The Company affirms that during the year under review adequate access was provided to any complainant who wished to register a complaint under the Policy. During the financial year 2018-19, the Company has not received any complaint on sexual harassment from any of the women employees of the Company, neither there were any pending complaints which were disposed of nor there were any complaints pending as on the end of the FY 2018-19

### 13. General Body Meetings

**i. The last three Annual General Meetings of the Company were held as under:**

Financial Year	Date	Time	Location
2017-18	24.09.2018	02:00 P.M.	Registered Office: P.O. Hargaon, Dist. Sitapur Uttar Pradesh - 261 121
2016-17	31.07.2017	11.00 a.m.	
2015-16	18.09.2016	11.00 a.m.	

The last Annual General Meeting was held on 24th September, 2018, which was chaired by Mr. Devendra Kumar Sharma.

No Special Resolution was passed at the last Annual General Meeting held on 24th September 2018.

**ii. The following Special Resolutions were passed at the Extra-Ordinary General Meeting held on 1st March, 2017.**

1. Appointment of Mr. Devendra Kumar Sharma as the Wholetime Director of the Company.
2. Approval under Section 180(1)(c) of the Companies Act, 2013.
3. Approval under Section 180(1)(a) of the Companies Act, 2013.
4. Approval under Section 181 of the Companies Act, 2013.
5. Approval under Section 188 of the Companies Act, 2013.
6. Approval under Section 186 of the Companies Act 2013.

**iii. Postal Ballot**

No special resolutions were passed during the year 2018-19 through postal ballot.

No special resolution requiring postal ballot is being proposed for at the ensuing AGM.

### 14. Means of Communication

- i. The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within two months from the close of the financial year as per the requirements of SEBI (LODR) Regulations 2015. The aforesaid financial results are sent to BSE Limited (BSE), The National Stock Exchange of India Limited (NSE) and The Calcutta Stock Exchange Ltd (CSE) where the Company's securities are listed, immediately after these are approved by the Board and also published in 'Business Standard', in English and 'Business Standard' in Hindi in Lucknow edition.
- ii. The quarterly results, shareholding pattern, corporate governance reports, intimation of Board meetings, etc. are filed with the stock exchanges through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre.
- iii. The Annual Report of the Company, the quarterly/half yearly and annual financial results are simultaneously posted on the Company's website [www.birla-sugar.com](http://www.birla-sugar.com) and can be downloaded.
- ii. The Company also displays official press releases as and when released on the above website.
- iii. Email id earmarked for redressing Investor queries is [avadhinvestors@birla-sugar.com](mailto:avadhinvestors@birla-sugar.com).
- viii Presentation made to any Institutional Investor or to any Analysts during the period under review is made available on the above website.

### 15. General Shareholders' Information

**i. 5th Annual General Meeting**

Day : Monday

Date : September 2, 2019

Time : 1.00 p.m.

Venue : Registered Office of the Company at - P.O. Hargaon, Dist. Sitapur Uttar Pradesh - 261 121



**ii. Tentative Financial Calendar for the year 2019-20**

Approval of Audited Annual Results (2018-19)	13th May, 2019
First Quarter Results	On or before 14th August, 2019
Second Quarter Results	On or before 14th November, 2019
Third Quarter Results	On or before 14th January, 2020
Audited Annual Results (2019-20)	On or before 30th May, 2020

**iii. Book Closure**

The Register of Members and Share Transfer Books of the Company will remain closed from 5th June, 2019 (Wednesday) to 7th June, 2019 (Friday) (both days inclusive)

**iv. Dividend Payment Date**

Within 30 days of the Annual General Meeting.

**v. Listing on Stock Exchanges and Stock Codes**

The names of the Stock Exchanges at which the Equity Shares of the Company are listed and the respective stock codes are as under:

Name and Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN Number for NSDL/CDSL (Demateri- alised Shares)
BSE Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001	540649	INE349W01017
National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400051	AVADHSUGAR	
The Calcutta Stock Exchange Ltd. (CSE) 7, Lyons Range, Kolkata 700 001	11160	

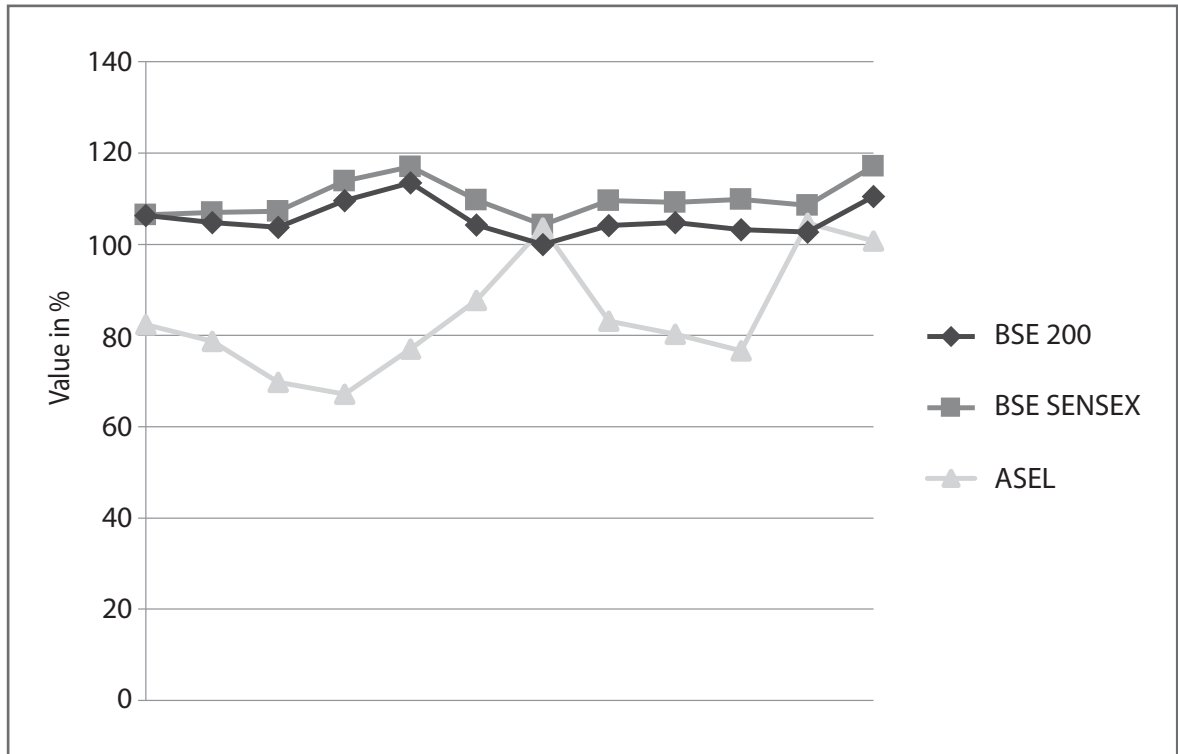
Listing fees for the FY 2019-20 have been paid to the above Stock Exchanges.

**vi. Market Price data**

Monthly high/low of market price of the Company's Equity Shares traded on BSE Ltd. and National Stock Exchange of India Ltd. during the last financial year was as follows:

Month	BSE Ltd.		National Stock Exchange of India Ltd.	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2018	502.15	336.50	502.70	336.65
May, 2018	397.50	298.05	397.40	297.00
June, 2018	388.80	317.85	388.60	316.85
July, 2018	351.00	265.00	347.80	270.00
August, 2018	409.50	311.00	405.00	312.70
September, 2018	595.20	340.00	598.00	335.25
October, 2018	522.00	371.20	524.00	372.50
November, 2018	499.60	377.35	499.00	377.50
December, 2018	416.60	353.25	415.80	348.60
January, 2019	414.70	340.00	414.00	336.00
February, 2019	518.30	345.00	518.00	342.55
March, 2019	530.00	450.00	530.55	460.10

vii. Performance of Company's Equity Shares in comparison to BSE Sensex



The shares of the company were never suspended.

viii. Registrar & Share Transfer Agent

The Company has appointed Link Intime India Pvt. Ltd. as its Registrar & Share Transfer Agent (RTA) for handling work related to share registry in terms of both physical and electronic modes. Accordingly, all correspondence, share transfer, demat/remat requests and other communication in relation thereto should be mailed/hand delivered to the said RTA directly at the following address:

Link Intime India Pvt. Ltd.  
 Unit: Avadh Sugar & Energy Limited  
 59C, Chowringhee Road, 3rd Floor Kolkata - 700 020  
 Tel: 91 033 2289 0540 / Fax : 91 033 2289 0539  
 E-mail: kolkata@linkintime.co.in

ix. Share Transfer System

The Board of Directors have authorised the Company Secretary to approve transfer/transmission of upto 1,000 shares. The requests for transfer/transmission more than 1000 shares in physical form are approved by the Stakeholders' Relationship Committee and sent to the Registrar & Share Transfer Agent for completing the necessary procedural formalities and dispatch to the shareholders.

x. Distribution of Shareholding

a. Equity Share Capital History

The Paid up Capital of the Company consists of 1,00,09,210 Equity shares of Rs.10/- each fully paid up and allotted as under:

Date of Allotment	No. of shares	Issue Price (₹ per share)
30.03.2017	1,00,09,210	10

**a. The Distribution of Shareholding as on 31st March, 2019 was as follows:**

No of Equity Shares	No.of Shareholders	% of total shareholders	No of shares held	% of total shares
1 to 500	16438	95.08	1000397	9.99
501 to 1000	435	2.52	327370	3.27
1001 to 2000	194	1.12	285652	2.85
2001 to 3000	76	0.44	188942	1.89
3001 to 4000	32	0.19	114401	1.14
4001 to 5000	18	0.10	83612	0.84
5001 to 10000	36	0.21	255256	2.55
10001 and above	60	0.34	7753580	77.47
<b>Total</b>	<b>17289</b>	<b>100.00</b>	<b>10009210</b>	<b>100.00</b>

**b. Detail of Shareholding pattern of the Company as on 31st March, 2019 was as follows:**

Category	No. of Shares held	% of Shareholding
Promoters	60,40,836	60.35
Mutual Funds, Financial Institutions, Banks, Insurance Companies, etc.	2,93,081	2.93
Bodies Corporate	9,65,162	9.64
Indian Public	26,66,447	26.64
NRIs / OCBs / FIIs / Foreign Nationals	43,684	0.44
<b>Total</b>	<b>1,00,09,210</b>	<b>100.00</b>

**xi. Dematerialisation of Shares and Liquidity**

The Equity Shares of the Company are in compulsorily dematerialised form at all the stock exchanges viz. BSE Ltd., The National Stock Exchange of India Ltd. and The Calcutta Stock Exchange Ltd. under depository systems at both the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited. 99,20,874 Equity Shares viz. 99.12% of the Equity Share Capital of the Company have already been dematerialized.

xii. Outstanding GDRs /ADRs/Warrants or Convertible Instrument : The Company has never issued GDRs/ ADRs/Warrants or any other Convertible Instrument.

xiii. Commodities price risk or foreign exchange risk and hedging : Not Applicable

**xiv. Location of Plants:**
**Sugar Mills:**

- Hargaon, District Sitapur, Uttar Pradesh, Pin-261 121.
- Seohara, District Bijnor, Uttar Pradesh, Pin-246 746.
- Hata, District Kushinagar, Uttar Pradesh, Pin-274 207
- Rosa, District Shahjahanpur, Uttar Pradesh, Pin-242 406

**Distilleries:**

- Hargaon, District Sitapur, Uttar Pradesh, Pin-261 121.
- Seohara, District Bijnor, Uttar Pradesh, Pin-246 746.

**Co-generation Power Plants:**

- Hargaon, District Sitapur, Uttar Pradesh, Pin-261 121.
- Seohara, District Bijnor, Uttar Pradesh, Pin-246 746.
- Hata, District Kushinagar, Uttar Pradesh, Pin-274 207

**xv. Address for Correspondence:**

Company Secretary,	Link Intime India Pvt. Ltd.
Avadh Sugar & Energy Limited	Registrar & Share Transfer Agent
9/1, R.N. Mukherjee Road	Unit: Avadh Sugar & Energy Limited
5th Floor, Birla Building	59C, Chowringhee Road, 3rd Floor
Kolkata - 700 001, India	Kolkata - 700 020, India
Tel: 91 - 033 - 2243 0497/8	Tel : 91-033-2289 0540
Fax: 91 - 033 - 2248 6369	Fax : 91-033-2289 0539
e-mail: avadhinvestors@birla-sugar.com	e-mail: kolkata@linkintime.co.in

**xvi. Transfer of unpaid/unclaimed dividend amounts to Investor Education and Protection Fund**

The Company is not required to credit any sum to the Investor Education and Protection Fund (IEPF) pursuant to Section 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

**xvii. Credit Ratings**

Particulars	Agency	Assigned Rating	Revised ratings w.e.f. 31.3.2019
Long-term Bank facilities	CARE Ratings Limited	CARE A-	CARE BBB+
Short-term Bank facilities		CARE A2+	CARE A2

## 16. CEO and CFO Certification

The Whole time Director and the Chief Financial Officer of the Company have certified that all the requirements of SEBI ( LODR) Regulations, 2015 inter-alia, dealing with the review of financial statements and cash flow statements for the year ended 31st March, 2019, transactions entered into by the Company during the said year, their financial reporting and evaluation of the effectiveness of the internal control system and making necessary disclosures to the auditors and the audit committee have been duly complied with.

## 17. Information about directors seeking appointment/ re-appointment

The details of Directors seeking appointment/re- appointment are given in the Annexure to the Notice, under the head Particulars of Directors seeking appointment/re-appointment at the Annual General Meeting.

## 18. Prevention of Insider Trading

The Company has in place a Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders as envisaged under the SEBI (Prohibition of Insider Trading) Regulations, 2015 for its designated persons. The Company also has in place Code of Practice and Procedure for Fair Disclosure of Unpublished Price Sensitive Information. This Code is available on Company's website at <http://www.birla-sugar.com/Assets/Avadh/Avadh%20Sugar-CODE-FOR-FAIR-DISCLOSURE-OF-UNPUBLISHED-PRICE-SENSITIVE-INFORMATION.pdf>. The Code ensures the prevention of dealing in Company's shares/ securities by persons having access to unpublished price sensitive information. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the designated persons while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code. All Board of Directors and the designated persons have confirmed compliance with the Code.

## 19. Code of Conduct

The Company has also adopted a Code of Conduct (Code) for the members of Board of Directors, Key Managerial Personnel and Senior Management Personnel of the Company to follow. The Code is posted on the website of the Company at <http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-Code-of-Conduct.pdf>. The essence of the Code is to conduct the business of the Company in an honest and ethical

manner, in compliance with applicable laws and in a way that excludes considerations of personal advantage. All Directors, Key Managerial Personnel and Senior Management Personnel have affirmed their compliance with the Code, and a declaration to this effect, signed by the Wholetime Director, is attached to this report and which forms an integral part of this report.

## 20. Legal Compliances

The Board reviews periodically compliance reports of all laws applicable to the Company, prepared by the Company Secretary which is duly supported by the legal compliance report of the internal auditors and heads of different units. The Board also reviews periodically the steps taken by the Company to rectify instances of non compliances, if there be any.

## 21. Payment of Dividend etc. in electronic mode

Pursuant to Regulation 12 of SEBI (LODR) Regulations, 2015, listed entity shall use any of the electronic modes of payment facility approved by the Reserve Bank of India (RBI) in the manner specified in Schedule I of SEBI Listing Regulations, 2015, for making payments of dividend, interest, redemption or repayment amounts etc. However, where it is not possible to use electronic mode of payment, 'payable at-par' warrants or cheques may be issued. Further, where the amounts payable as dividend exceeds Rs.1,500 (Rupees One Thousand and Five Hundred), the 'payable at- par' warrants or cheques shall be sent by speed post.

The Company is using various RBI approved electronic mode of payment for making payments such as dividend, etc. to the investors, failing which the bank details available with the depository participants and the Company's Registrar and Share Transfer Agents (RTA) are printed on the physical payment instruments.

Payment of dividend and other benefits through electronic mode is beneficial to the Members since the risks associated with receiving payment through dividend warrants and other instruments such as loss in transit/misplacement/revalidation etc. can be easily mitigated.

Members who wish to avail of the electronic facility of remittance, may update their bank details with the depository participants for shares held in demat form and Members holding securities of the Company in physical form are requested to update their bank details with the Company or its RTA.

The Company is using NACH mandate for remittance of dividend either through NACH or other electronic modes failing which the bank details available with the depository participants and the Company's RTA are printed on the dividend warrant. All the arrangements are subject to RBI guidelines, issued from time to time.

Members who wish to receive dividend in a bank account other than the one registered with the depository participants for shares held in demat form and with the Company's RTA for shares held in physical form, may notify their depository participants and the Company or its RTA, respectively, about any change in the bank account details.

Further, pursuant to Regulation 43A of SEBI Listing Regulations, 2015, a Dividend Distribution Policy was adopted by the Company covering, inter alia, the parameters for declaration of dividend, utilization of retained earnings, procedure for dividend declaration etc.

## 22. Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified practising Company Secretary carries out an audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the Report thereon is submitted to the concerned Stock Exchanges. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

## 23. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)

The Institute of Company Secretaries of India (ICSI), one of the premier professional bodies in India, has issued Secretarial Standards on Board Meetings and General Meetings. Further, pursuant to Section 118(10) of the Companies Act, 2013, every company shall observe secretarial standards specified by ICSI with respect to Board and General Meetings. The Company confirms that it has duly adhered to the said Secretarial Standards.

## 24. Secretarial Audit & Secretarial Compliance Report

The Secretarial Auditor appointed by the Company undertook the Secretarial Audit of records and documents in accordance with Section 204 of the Companies Act, 2013 and the Rules made thereunder. The Secretarial Audit Report confirms that the Company has complied inter alia with all the applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Depositories Act, 1996 and the Regulations and Bye- laws framed thereunder, Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India), Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of the Securities and Exchange Board of India (SEBI) as applicable to the Company, including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Prohibition of Insider Trading) Regulations, 2015, the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. The Secretarial Audit Report for the financial year ended March 31, 2019 is provided in the Annual Report. In addition to the Secretarial Audit Report, SEBI vide its Circular dated 8th February 2019 has mandated on annual basis a check by the company secretary in practice on compliance of SEBI Regulations and circulars/ guidelines issued thereunder and to submit a compliance report to the Company within 60 days of the end of the financial year, which was carried out by M/s Vinod Kothari & Co, Practising Company Secretary and their report shall be submitted to Stock Exchange within stipulated time and shall also be uploaded on company's website at [www.birla-sugar.com](http://www.birla-sugar.com).

## 25. Disclosures

- i. There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large. Transaction with Related Parties is disclosed in Note No. 43 of the Accounts in the Annual Report.
- ii. No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets for non-compliance by the Company during the last three years.
- iii. The Company has in place the Whistle Blower Policy and no personnel has been denied access to the Audit Committee.
- iv. The Company has complied with all the applicable mandatory requirements.
- v. In the preparation of the financial statements, the Company has followed Standards of Accounting notified under Sec 133 of the Companies Act, 2013, as amended. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.
- vi. Total fees paid by the Company, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part are given in Note 35(a) to the Financial Statements.
- vii. During the year the Company has not raised any funds through preferential allotment or qualified institutional placement as specified in Reg 32(7A) of SEBI (LODR) Regulations, 2015, as amended from time to time.
- viii. There were no instances where Board had not accepted any recommendations/ suggestions of any committee of Board which is mandatorily required during the financial year 2018-19.
- ix. None of the Directors of the Company has been debarred or disqualified from being appointed or continuing as a Director by SEBI / Ministry of Corporate Affairs / Statutory Authorities, which has also been confirmed by Messrs. A K Labh & Co., Practising Company Secretaries.

## 26. Discretionary Requirements

- a. **Chairman of the Board:** Whether Non-Executive Chairman is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties  
Yes, the Company does provide for maintenance of Chairperson office at the Company's expense.
- b. **Shareholder rights:** A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders  
Since quarterly, half-yearly and annual results of the Company are published in a leading English daily newspaper having a nationwide circulation and a Hindi daily newspaper (having circulation in Lucknow) and regularly hosted on Company's website, these are not sent individually to the shareholders of the Company. There is no declaration/publication of second half yearly results as the audited annual results are taken on record by the Board and then communicated to the shareholders through the Annual Report. The Annual Report of the Company for the financial year 2018- 19 shall be emailed to the Members whose email addresses are available with the depositories or are obtained directly from the Members, as per Section 136 of the Companies Act, 2013 and

Rule 11 of the Companies (Accounts) Rules, 2014. For other Members, who have not registered their email addresses, the Annual Report shall be sent at their registered address. If any Member wishes to get a duly printed copy of the Annual Report, the Company shall send the same, free of cost, upon receipt of request from the Member.

The Company communicates with shareholders through e-mail, telephone etc.

- c. **Modified opinion(s) in audit report:** Company may move towards a regime of unmodified financial statements  
It is always the Company's endeavour to present unmodified audit opinion on the financial statements. There is no audit modified audit opinion on the Company's financial statements for the year ended on 31st March, 2019.
- d. **Reporting of Internal Auditor:** The Internal Auditor may report directly to the Audit Committee. The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meetings and regularly attends the Meetings for reporting audit findings to the Audit Committee.

## 27. Web links to Company policies and programmes

The Company's policies and programmes as prescribed under the SEBI (LODR) Regulations are available at:

- a. **Code For Fair Disclosure Of Unpublished Price Sensitive Information :**  
<http://www.birla-sugar.com/Assets/Avadh/Avadh%20Sugar-CODE-FOR-FAIR-DISCLOSURE-OF-UNPUBLISHED-PRICE-SENSITIVE-INFORMATION.pdf>
- b. **Code of Conduct :**  
<http://www.birla-sugar.com/Avadh-Shareholders-Info/Avadh---Code-Of-Conduct>
- c. **CSR Policy :**  
<http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-CSR-Policy.pdf>
- d. **Policy for Determining Material Subsidiaries :**  
<http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-Policy-for-Determining-Material-Subsidiaries.pdf>
- e. **Policy on Determination of Materiality :**  
<http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Policy-on-Determination-of-Materiality.pdf>
- f. **Policy on preservation of documents including archival:**  
<http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Policy-on-preservation-of-documents-including-archival.pdf>
- g. **Policy on Related Party Transaction/s :**  
<http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Related-Party-Transaction-Policy-.pdf>
- h. **Whistle Blower Policy :**  
<http://www.birla-sugar.com/Assets/Avadh/Avadh-Sugar-Whistle-Blower-Policy.pdf>
- i. **Familiarisation Programme :**  
<http://www.birla-sugar.com/Assets/Avadh/ASEL-Familiarisation-Programme.pdf>

## 28. Disclosure of compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015,

Pursuant to Schedule V of SEBI (LODR) Regulations, 2015, the Company hereby confirms that it has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) inter-alia covering the following subject matter/heads:

- i. Board of Directors
- ii. Audit Committee
- iii. Nomination and Remuneration Committee
- iv. Stakeholders' Relationship Committee
- v. Risk Management Committee – Voluntarily
- vi. Vigil Mechanism
- vii. Related Party Transactions
- viii. Obligations with respect to Independent Directors
- ix. Obligations with respect to Directors and senior management
- x. Other Corporate governance requirements as stipulated under the Regulations
- xi. Dissemination of various information on the website of the Company w.r.t clauses (b) to (i) of Regulation 46(2).

## Annexure C

### Certificate on Code of Conduct

To  
The Members  
**Avadh Sugar & Energy Limited**  
P.O. Hargaon, Dist - Sitapur  
U.P – 261 121

Pursuant to Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 I, Devendra Kumar Sharma, Wholetime Director of Avadh Sugar & Energy Limited, declare that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct during the financial year 2018-19.

Place: Kolkata  
Date: 13th May, 2019

**Devendra Kumar Sharma**  
Wholetime Director

## Annexure D

### Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To  
The Members of **Avadh Sugar & Energy Limited**

1. This certificate is issued in accordance with the terms of our engagement letter dated 12 March 2019.
2. This report contains details of compliance of conditions of Corporate Governance by Avadh Sugar & Energy Limited ('the Company'), for the year ended 31 March 2019, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations'), pursuant to the Listing Agreement of the Company with Stock Exchanges.

#### Management's Responsibility for compliance with the conditions of Listing Regulations

3. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is also responsible for ensuring that the Company complies with the requirements as stipulated in Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations.

#### Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2019.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

#### Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Place: Kolkata  
Date: 13th May, 2019

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022  
**Jayanta Mukhopadhyay**  
Partner  
Membership No. 055757  
UDIN: 19055757AAAAAH9934



## Annexure E

# Secretarial Audit Report

**Form No. MR-3**

### Secretarial Audit Report

**For the Financial Year Ended on March 31, 2019**

*[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,  
**AVADH SUGAR & ENERGY LIMITED**  
P.O. Hargaon, Dist.- Sitapur,  
Uttar Pradesh – 261 121

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AVADH SUGAR & ENERGY 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 (as specified in Annexure- A1, hereinafter referred to as “Books and Papers”) and also the 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 March 31, 2019, 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 and Papers maintained by the Company for the Audit Period according to the provisions of:

1. The Companies Act, 2013 (“the Act”) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. SEBI (Prohibition of Insider Trading) Regulations, 2015;
  - c. 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;
  - d. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and rules made thereunder;
  - e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”);
  - f. The Securities and Exchange Board of India (Issue of Capital & Disclosure Requirement) Regulations, 2009;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - h. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;
  - i. The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
  - j. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
6. Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:
  - a. The Essential Commodities Act, 1955
  - b. The Sugar (Control) Order, 1966;

- c. The Sugar Cess Act, 1982 and Rules made thereunder;
  - d. Sugar Development Fund Act, 2006;
  - e. Food Safety and Standards Act, 2006;
  - f. Legal Metrology Act, 2009 and rules made thereunder;
  - g. Uttar Pradesh Sheera Niyam Adhiniyam, 1964;
  - h. Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Rules, 1954.
7. We have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 as issued by the Institute of Company Secretaries of India and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Management Responsibility:**

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company or examined any books, information or statements other than Books and Papers;
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc;
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

**We report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Women Director and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Resolutions have been approved by majority while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the Audit Period, the Company has not incurred any specific event/ action that can have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

During the audit period the Company had redeemed 2,43,50,000 8.5% Non-convertible Cumulative Redeemable Preference Shares of Rs. 10/- each alongwith accrued dividend in compliance with the provisions of Companies Act, 2013

For **M/s Vinod Kothari & Company**  
Company Secretaries in Practice

**Arun Kumar Maitra**  
Partner

Membership No: A3010  
CP No.: 14490

Place: Kolkata  
Date: 13.05. 2019

## ANNEXURE-A1

### List of Documents

1. Corporate Matters
  - 1.1 Minutes books of the following Meetings were provided:
    - 1.1.1 Board Meeting
    - 1.1.2 General Meeting
    - 1.1.3 Audit Committee
    - 1.1.4 Nomination and Remuneration Committee
    - 1.1.5 Stakeholder Relationship Committee
    - 1.1.6 Risk Management Committee
    - 1.1.7 Corporate Social Responsibility Committee;
    - 1.1.8 Finance & Corporate Affairs Committee.
  - 1.2 Annual Report (2017-18);
  - 1.3 Agenda papers for Board Meeting along with Notice;
  - 1.4 Financial Results up to March 31, 2019;
  - 1.5 Memorandum and Articles of Association;
  - 1.6 Policies framed under the Act, 2013 and the Listing Regulations, 2015;
  - 1.7 Forms and returns filed with the ROC;
  - 1.8 Registers maintained under Act, 2013;
  - 1.9 Disclosures under Act, 2013 and Listing Regulations.

## Annexure F

### Form No. MGT-9

### Extract of Annual Return as on the financial year ended on 31st March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and Other Details

CIN	L15122UP2015PLC069635
Registration Date	19-03-2015
Name of the Company	AVADH SUGAR & ENERGY LIMITED
Category / Sub-Category of the Company	Company having Share Capital
Address of the Registered office and contact details	P O Hargaon Dist Sitapur Uttar Pradesh 261 121, Tel No : 05862 256220
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>Link Intime India Private Limited</b> 59C, Chowringhee Road, 3rd Floor Kolkata - 700 020 Tel: 91 033 2289 0540 / Fax : 91 033 2289 0539 E-mail: kolkata@linkintime.co.in

#### II. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Sugar	1072	82.77 %

#### III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
NOT APPLICABLE					

#### IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Shareholding

Sl. No	Category of Shareholders	Shareholding at the beginning of the year - 2018				Shareholding at the end of the year - 2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	<b>Shareholding of Promoter and Promoter Group</b>									
[1]	<b>Indian</b>									
(a)	Individuals / Hindu Undivided Family	335515	-	335515	3.35	340515	-	340515	3.40	0.05
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**i) Category-wise Shareholding (Contd)**

Sl. No	Category of Shareholders	Shareholding at the beginning of the year - 2018				Shareholding at the end of the year - 2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group (Contd)</b>									
(d)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Promoter Trust	-	-	-	-	200	-	200	-	-
	Bodies Corporate	5605121	-	5605121	56.00	5700121	-	5700121	56.95	0.95
	<b>Sub Total (A)(1)</b>	<b>5940636</b>	<b>-</b>	<b>5940636</b>	<b>59.35</b>	<b>6040836</b>	<b>-</b>	<b>6040836</b>	<b>60.35</b>	<b>1.00</b>
<b>[2]</b>	<b>Foreign</b>	-	-	-	-	-	-	-	-	-
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b>	<b>5940636</b>	<b>-</b>	<b>5940636</b>	<b>59.35</b>	<b>6040836</b>	<b>-</b>	<b>6040836</b>	<b>60.35</b>	<b>1.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>[1]</b>	<b>Institutions</b>	-	-	-	-	-	-	-	-	-
(a)	Mutual Funds / UTI	-	1058	1058	0.01	-	1058	1058	0.01	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor	1243	-	1243	0.01	3431	-	3431	0.03	0.02
(f)	Financial Institutions / Banks	8304	261	8565	0.09	19460	261	19721	0.20	0.11
(g)	Insurance Companies	372772	3	372775	3.72	195325	3	195328	1.95	-1.77
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub Total (B)(1)</b>	<b>382319</b>	<b>1322</b>	<b>383641</b>	<b>3.83</b>	<b>218216</b>	<b>1322</b>	<b>219538</b>	<b>2.19</b>	<b>-1.64</b>
<b>[2]</b>	Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-	-	-
	<b>Sub Total (B)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>[3]</b>	<b>Non-Institutions</b>									
(a)	Individuals	-	-	-	-	-	-	-	-	-
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	1611514	83746	1695260	16.94	1656389	77709	1734098	17.33	0.39
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	642589	-	642589	6.42	786385	-	786385	7.85	1.43
(b)	NBFCs registered with RBI	-	-	-	-	2706	-	2706	0.03	0.03
(d)	Overseas Depositories(holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Trusts	2582	-	2582	0.03	656	-	656	0.01	-0.02
	Foreign Nationals	284	247	531	0.01	-	247	247	-	-
	Hindu Undivided Family	169609	1	169610	1.69	145307	1	145308	1.45	-0.24

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**

**i) Category-wise Shareholding (Contd)**

Sl. No	Category of Shareholders	Shareholding at the beginning of the year - 2018				Shareholding at the end of the year - 2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(B)</b>	<b>Public Shareholding (Contd.)</b>									
	Non Resident Indians (Non Repat)	20955	-	20955	0.21	16977	-	16977	0.17	-0.04
	Non Resident Indians (Repat)	23369	2	23371	0.23	23027	2	23029	0.23	-
	Clearing Member	125907	1	125908	1.26	74081	1	74082	0.74	-0.52
	Market Maker	186	-	186	-	186	-	186	-	-
	Bodies Corporate	994534	9207	1003741	10.03	956108	9054	965162	9.64	-0.39
	<b>Sub Total (B)(3)</b>	<b>3591529</b>	<b>93204</b>	<b>3684733</b>	<b>36.81</b>	<b>3661822</b>	<b>87014</b>	<b>3748836</b>	<b>37.45</b>	<b>0.64</b>
	<b>Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)</b>	<b>3973848</b>	<b>94526</b>	<b>4068374</b>	<b>40.65</b>	<b>3880038</b>	<b>88336</b>	<b>3968374</b>	<b>39.65</b>	<b>-1.00</b>
	<b>Total (A)+(B)</b>	<b>9914684</b>	<b>94526</b>	<b>10009210</b>	<b>100.00</b>	<b>9920874</b>	<b>88336</b>	<b>10009210</b>	<b>100.00</b>	<b>-</b>
<b>(C)</b>	<b>Non Promoter - Non Public</b>	-	-	-	-	-	-	-	-	-
[1]	Custodian/DR Holder	-	-	-	-	-	-	-	-	-
[2]	Employee Benefit Trust under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-
	<b>Total (A)+(B)+(C)</b>	<b>9914684</b>	<b>94526</b>	<b>10009210</b>	<b>100.00</b>	<b>9920874</b>	<b>88336</b>	<b>10009210</b>	<b>100.00</b>	<b>-</b>

**ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year - 2018			Shareholding at the end of the year - 2019			% change in shareholding during the year
		No of shares held	% of total shares of the Company	%of Shares Pledged/ encumbered to total shares	No of shares held	% of total Shares of the Company	%of Shares Pledged/ encumbered to total shares	
1	NEW INDIA RETAILING AND INVESTMENT LTD	972652	9.72	6.17	972652	9.72	6.17	-
2	SCM INVESTMENT & TRADING CO. LTD.	749945	7.49	-	749945	7.49	-	-
3	UTTAR PRADESH TRADING CO. LTD	739312	7.39	-	739312	7.39	-	-
4	RTM INVESTMENT AND TRADING CO. LTD.	672596	6.72	5.21	672596	6.72	5.21	-
5	SIL INVESTMENTS LIMITED	567240	5.67	-	567240	5.67	-	-
6	YASHOVARDHAN INVESTMENT &TRADING CO. LTD.	356692	3.56	-	381692	3.81	-	0.25
7	NANDINI NOPANY	299602	2.99	-	299602	2.99	-	-
8	HARGAON INVESTMENT & TRADING CO. LTD.	241255	2.41	-	241255	2.41	-	-
9	GMB INVESTMENTS PRIVATE LIMITED	219705	2.20	-	-	-	-	-2.20
10	RONSON TRADERS LIMITED	219346	2.19	0.65	279346	2.79	0.65	0.60
11	SIDH ENTERPRISES LTD.	214998	2.15	-	214998	2.15	-	-
12	SONALI COMMERCIAL LTD.	149050	1.49	1.33	149050	1.49	1.33	-
13	DEEPSHIKHA TRADING CO. PRIVATE LIMITED	102450	1.02	1.02	332155	3.32	1.02	2.29
14	CHAMPARAN MARKETING CO. LTD.	95642	0.96	-	95642	0.96	-	-
15	OSM INVESTMENT & TRADING CO. LTD.	86127	0.86	-	86127	0.86	-	-
16	UTTAM COMMERCIAL LTD.	68595	0.69	-	68595	0.69	-	-
17	NILGIRI PLANTATIONS LIMITED	50600	0.51	-	50600	0.51	-	-
18	NARKATIAGANJ FARMS LIMITED	37305	0.37	-	37305	0.37	-	-
19	RAJPUR FARMS LIMITED	33309	0.33	-	33309	0.33	-	-

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**ii) Shareholding of Promoters (Contd)**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year - 2018			Shareholding at the end of the year - 2019			% change in shareholding during the year
		No of shares held	% of total shares of the Company	%of Shares Pledged/ encumbered to total shares	No of shares held	% of total Shares of the Company	%of Shares Pledged/ encumbered to total shares	
20	CHANDRA SHEKHAR NOPANY	30922	0.31	-	35922	0.36	-	0.05
21	SHREE VIHAR PROPERTIES LTD	11563	0.12	-	11563	0.12	-	-
22	LA MONDE TRADING & INVESTMENTS PRIVATE LTD	9233	0.09	-	9233	0.09	-	-
23	PALASH SECURITIES LIMITED	6807	0.07	-	6807	0.07	-	-
24	URVI NOPANY	4991	0.05	-	4991	0.05	-	-
25	PAVAPURI TRADING AND INVESTMENT COMPANY LTD.	424	0.00	-	424	0.00	-	-
26	THE OUDH TRADING CO. (P) LTD.	275	0.00	-	275	0.00	-	-
27	CHANDRA SHEKHAR NOPANY #	100	0.00	-	100	0.00	-	-
28	CHANDRA SHEKHAR NOPANY ##	100	0.00	-	100	0.00	-	-
	<b>Total</b>	<b>5940636</b>	<b>59.35</b>	<b>14.38</b>	<b>6040836</b>	<b>60.35</b>	<b>14.38</b>	<b>1.00</b>

# As trustee of Shekhar Family Trust

## As trustee of Shruti Family Trust

**iii) Change in Promoters' Shareholding (Please specify, if there is no change)**

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
1	<b>NEW INDIA RETAILING AND INVESTMENT LTD</b>	972652	9.7176			972652	9.7176
	AT THE END OF THE YEAR					972652	9.7176
2	<b>SCM INVESTMENT &amp; TRADING CO. LTD.</b>	749945	7.4925			749945	7.4925
	AT THE END OF THE YEAR					749945	7.4925
3	<b>UTTAR PRADESH TRADING CO. LTD</b>	739312	7.3863			739312	7.3863
	AT THE END OF THE YEAR					739312	7.3863
4	<b>RTM INVESTMENT AND TRADING CO. LTD.</b>	672596	6.7198			672596	6.7198
	AT THE END OF THE YEAR					672596	6.7198
5	<b>SIL INVESTMENTS LIMITED</b>	567240	5.6672			567240	5.6672
	AT THE END OF THE YEAR					567240	5.6672
6	<b>YASHOVARDHAN INVESTMENT &amp; TRADING CO. LTD.</b>	356692	3.5636			356692	3.5636
	Transfer			13 Apr 2018	25000	381692	3.8134
	AT THE END OF THE YEAR					381692	3.8134
7	<b>DEEPSHIKHA TRADING CO PVT LTD</b>	102450	1.0236			102450	1.0236
	Transfer			13 Apr 2018	10000	112450	1.1235
	Transfer			14 Sep 2018	219705	332155	3.3185
	AT THE END OF THE YEAR					332155	3.3185
8	<b>NANDINI NOPANY</b>	299602	2.9933			299602	2.9933
	AT THE END OF THE YEAR					299602	2.9933

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

iii) Change in Promoters' Shareholding (Please specify, if there is no change) (Contd)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
9	<b>RONSON TRADERS LIMITED</b>	219346	2.1914			219346	2.1914
	Transfer			13 Apr 2018	60000	279346	2.7909
	AT THE END OF THE YEAR					279346	2.7909
10	<b>HARGAON INVESTMENT &amp; TRADIND CO. LTD.</b>	241255	2.4103			241255	2.4103
	AT THE END OF THE YEAR					241255	2.4103
11	<b>SIDH ENTERPRISES LTD.</b>	214998	2.1480			214998	2.1480
	AT THE END OF THE YEAR					214998	2.1480
12	<b>SONALI COMMERCIAL LTD.</b>	149050	1.4891			149050	1.4891
	AT THE END OF THE YEAR					149050	1.4891
13	<b>CHAMPARAN MARKETING CO. LTD.</b>	95642	0.9555			95642	0.9555
	AT THE END OF THE YEAR					95642	0.9555
14	<b>OSM INVESTMENT &amp; TRADING CO. LTD.</b>	86127	0.8605			86127	0.8605
	AT THE END OF THE YEAR					86127	0.8605
15	<b>UTTAM COMMERCIAL LTD.</b>	68595	0.6853			68595	0.6853
	AT THE END OF THE YEAR					68595	0.6853
16	<b>NILGIRI PLANTATIONS LIMITED</b>	50600	0.5055			50600	0.5055
	AT THE END OF THE YEAR					50600	0.5055
17	<b>CHANDRA SHEKHAR NOPANY</b>	30922	0.3089			30922	0.3089
	Transfer			20 Apr 2018	5000	35922	0.3589
	AT THE END OF THE YEAR					40922	0.4088
18	<b>NARKATIAGANJ FARMS LIMITED</b>	37305	0.3727			37305	0.3727
	AT THE END OF THE YEAR					37305	0.3727
19	<b>RAJPUR FARMS LIMITED</b>	33309	0.3328			33309	0.3328
	AT THE END OF THE YEAR					33309	0.3328
20	<b>SHREE VIHAR PROPERTIES LTD</b>	11563	0.1155			11563	0.1155
	AT THE END OF THE YEAR					11563	0.1155
21	<b>LA MONDE TRADING &amp; INVESTMENTS PRIVATE LTD</b>	9233	0.0922			9233	0.0922
	AT THE END OF THE YEAR					9233	0.0922
22	<b>PALASH SECURITIES LIMITED</b>	6807	0.0680			6807	0.0680
	AT THE END OF THE YEAR					6807	0.0680
23	<b>URVI NOPANY</b>	4991	0.0499			4991	0.0499
	AT THE END OF THE YEAR					4991	0.0499
24	<b>PAVAPURI TRADING AND INVESTMENT COMPANY LTD.</b>	424	0.0042			424	0.0042
	AT THE END OF THE YEAR					424	0.0042
25	<b>THE OUDH TRADING CO. (P) LTD.</b>	275	0.0027			275	0.0027
	AT THE END OF THE YEAR					275	0.0027
26	<b>CHANDRA SHEKHAR NOPANY #</b>	100	0.0010			100	0.0010
	AT THE END OF THE YEAR					100	0.0010
27	<b>CHANDRA SHEKHAR NOPANY**</b>	100	0.0010			100	0.0010
	AT THE END OF THE YEAR					100	0.0010
28	<b>GMB INVESTMENTS PRIVATE LIMITED</b>	219705	2.1950			219705	2.1950
	Transfer			07 Sep 2018	(219705)	-	-
	AT THE END OF THE YEAR					-	-

# As trustee of Shekhar Family Trust

\*\* As trustee of Shruti Family Trust



**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
<b>1</b>	<b>ANIL KUMAR GOEL</b>	340000	3.3969			340000	3.3969
	Transfer			27 Jul 2018	35	340035	3.3972
	Transfer			09 Nov 2018	4965	345000	3.4468
	Transfer			25 Jan 2019	3169	348169	3.4785
	Transfer			01 Feb 2019	4831	353000	3.5268
	Transfer			08 Feb 2019	1000	354000	3.5367
	Transfer			22 Feb 2019	15000	369000	3.6866
	Transfer			01 Mar 2019	32348	401348	4.0098
	Transfer			15 Mar 2019	13652	415000	4.1462
	Transfer			22 Mar 2019	20000	435000	4.3460
	Transfer			29 Mar 2019	(35000)	400000	3.9963
	AT THE END OF THE YEAR					400000	3.9963
<b>2</b>	<b>NAVJEEWAN MEDICAL INSTITUTE</b>	275194	2.7494			275194	2.7494
	AT THE END OF THE YEAR					275194	2.7494
<b>3</b>	<b>LIFE INSURANCE CORPORATION OF INDIA</b>	328587	3.2828			328587	3.2828
	Transfer			15 Feb 2019	(14402)	314185	3.1390
	Transfer			22 Feb 2019	(12804)	301381	3.0110
	Transfer			01 Mar 2019	(72794)	228587	2.2838
	Transfer			08 Mar 2019	(5000)	223587	2.2338
	Transfer			15 Mar 2019	(23731)	199856	1.9967
	Transfer			22 Mar 2019	(30919)	168937	1.6878
	Transfer			29 Mar 2019	(17797)	151140	1.5100
	AT THE END OF THE YEAR					151140	1.5100
<b>4</b>	<b>EARTHSTONE HOLDING (TWO) PRIVATE LIMITED</b>	107206	1.0711			107206	1.0711
	AT THE END OF THE YEAR					107206	1.0711
<b>5</b>	<b>SHRI PARASRAM HOLDINGS PVT. LTD.</b>	23993	0.2397			23993	0.2397
	Transfer			06 Apr 2018	(2011)	21982	0.2196
	Transfer			13 Apr 2018	(546)	21436	0.2142
	Transfer			20 Apr 2018	373	21809	0.2179
	Transfer			27 Apr 2018	(3592)	18217	0.1820
	Transfer			04 May 2018	(96)	18121	0.1810
	Transfer			11 May 2018	11	18132	0.1812
	Transfer			18 May 2018	(109)	18023	0.1801
	Transfer			25 May 2018	(189)	17834	0.1782
	Transfer			01 Jun 2018	(5329)	12505	0.1249
	Transfer			08 Jun 2018	(193)	12312	0.1230
	Transfer			15 Jun 2018	6	12318	0.1231
	Transfer			22 Jun 2018	373	12691	0.1268

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)**

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
<b>5</b>	<b>SHRI PARASRAM HOLDINGS PVT. LTD. (Contd.)</b>						
	Transfer			30 Jun 2018	5078	17769	0.1775
	Transfer			06 Jul 2018	46	17815	0.1780
	Transfer			13 Jul 2018	(43)	17772	0.1776
	Transfer			20 Jul 2018	(98)	17674	0.1766
	Transfer			27 Jul 2018	(215)	17459	0.1744
	Transfer			03 Aug 2018	(1192)	16267	0.1625
	Transfer			10 Aug 2018	(190)	16077	0.1606
	Transfer			17 Aug 2018	16	16093	0.1608
	Transfer			24 Aug 2018	(11033)	5060	0.0506
	Transfer			31 Aug 2018	1075	6135	0.0613
	Transfer			14 Sep 2018	(151)	5984	0.0598
	Transfer			21 Sep 2018	25195	31179	0.3115
	Transfer			29 Sep 2018	44870	76049	0.7598
	Transfer			05 Oct 2018	14682	90731	0.9065
	Transfer			12 Oct 2018	873	91604	0.9152
	Transfer			19 Oct 2018	1973	93577	0.9349
	Transfer			26 Oct 2018	4877	98454	0.9836
	Transfer			02 Nov 2018	(8468)	89986	0.8990
	Transfer			09 Nov 2018	(48559)	41427	0.4139
	Transfer			16 Nov 2018	(6941)	34486	0.3445
	Transfer			23 Nov 2018	357	34843	0.3481
	Transfer			30 Nov 2018	954	35797	0.3576
	Transfer			07 Dec 2018	1224	37021	0.3699
	Transfer			14 Dec 2018	956	37977	0.3794
	Transfer			21 Dec 2018	1155	39132	0.3910
	Transfer			31 Dec 2018	180	39312	0.3928
	Transfer			11 Jan 2019	18785	58097	0.5804
	Transfer			18 Jan 2019	(19908)	38189	0.3815
	Transfer			25 Jan 2019	(605)	37584	0.3755
	Transfer			01 Feb 2019	453	38037	0.3800
	Transfer			08 Feb 2019	(687)	37350	0.3732
	Transfer			15 Feb 2019	22	37372	0.3734
	Transfer			22 Feb 2019	(4855)	32517	0.3249
	Transfer			01 Mar 2019	1987	34504	0.3447
	Transfer			08 Mar 2019	2027	36531	0.3650
	Transfer			15 Mar 2019	18406	54937	0.5489
	Transfer			22 Mar 2019	35145	90082	0.9000
	Transfer			29 Mar 2019	15361	105443	1.0535
	Transfer			30 Mar 2019	(7000)	98443	0.9835
	AT THE END OF THE YEAR					98443	0.9835

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)**

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
<b>6</b>	<b>B. LAVANYA</b>	20000	0.1998			20000	0.1998
	Transfer			29 Sep 2018	(20000)	-	-
	Transfer			05 Oct 2018	10000	10000	0.0999
	Transfer			12 Oct 2018	(10000)	-	-
	Transfer			26 Oct 2018	20000	20000	0.1998
	Transfer			16 Nov 2018	(20000)	-	-
	Transfer			04 Jan 2019	20000	20000	0.1998
	Transfer			08 Mar 2019	30000	50000	0.4995
	Transfer			15 Mar 2019	15000	65000	0.6494
	Transfer			22 Mar 2019	5000	70000	0.6994
	AT THE END OF THE YEAR					70000	0.6994
<b>7</b>	<b>SEEMA GOEL</b>	-	-			-	-
	Transfer			29 Mar 2019	59878	59878	0.5982
	AT THE END OF THE YEAR					59878	0.5982
<b>8</b>	<b>MANU GOPALDAS CHHABRIA</b>	52606	0.5256			52606	0.5256
	Transfer			06 Apr 2018	2120	54726	0.5468
	Transfer			13 Apr 2018	500	55226	0.5518
	Transfer			02 Nov 2018	(300)	54926	0.5488
	AT THE END OF THE YEAR					55142	0.5509
<b>9</b>	<b>THE NEW INDIA ASSURANCE COMPANY LIMITED</b>	41260	0.4122			41260	0.4122
	AT THE END OF THE YEAR					41260	0.4122
<b>10</b>	<b>MOHAN GUPTA</b>	40000	0.3996			40000	0.3996
	Transfer			14 Sep 2018	10000	50000	0.4995
	Transfer			01 Feb 2019	(16172)	33828	0.3380
	Transfer			08 Feb 2019	(16153)	17675	0.1766
	Transfer			15 Mar 2019	(5931)	11744	0.1173
	AT THE END OF THE YEAR					11744	0.1173
<b>11</b>	<b>MUGI CONSTRUCTIONS PRIVATE LIMITED</b>	119865	1.1975			119865	1.1975
	Transfer			06 Apr 2018	(91652)	28213	0.2819
	Transfer			13 Apr 2018	(28213)	-	-
	AT THE END OF THE YEAR					-	-
<b>12</b>	<b>STEWART INVESTMENT AND FINANCIAL PRIVATE LIMITED</b>	27767	0.2774			27767	0.2774
	Transfer			29 Sep 2018	(2744)	25023	0.2500
	Transfer			05 Oct 2018	(25023)	-	-
	AT THE END OF THE YEAR					-	-

**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**v) Shareholding of Directors and Key Managerial Personnel:**

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
<b>Mrs. Nandini Nopany, Chairperson</b>				
At the beginning of the year	299602	2.99	299602	2.99
At the end of the year			299602	2.99
<b>Mr. Chandra Shekhar Nopany, Co-Chairperson</b>				
At the beginning of the year	30922	0.31	30922	0.31
Transfer	-	-	5000	0.05
At the end of the year	35922	0.36	35922	0.36
<b>Mr Devendra Kumar Sharma, Wholetime Director</b>				
At the beginning of the year	NIL	NIL	NIL	NIL
At the end of the year	NIL	NIL	NIL	NIL
<b>Mr Dilip Patodia, Chief Financial Officer</b>				
At the beginning of the year	NIL	NIL	NIL	NIL
At the end of the year	NIL	NIL	NIL	NIL
<b>Mr. Anand Sharma, Company Secretary and Compliance Officer</b>				
At the beginning of the year	NIL	NIL	NIL	NIL
At the end of the year	NIL	NIL	NIL	NIL

**Note:** Mr Anand Ashvin Dalal, Mr Gaurav Swarup, Mrs. Kausalya Madhavan, Mr Pradip Kumar Bishnoi and Mr Kalpataru Tripathy held no shares in the Company during the year

**V. Indebtedness**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Working Capital-Secured	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	39,892.73	35,350.00	54,634.07	1,29,876.80
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	64.49	91.27	40.35	196.11
<b>Total (i+ii+iii)</b>	<b>39,957.22</b>	<b>35,441.27</b>	<b>54,674.42</b>	<b>1,30,072.91</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	16,713.74	(22,650.81)	-	(5,937.07)
Reduction	-	-	(28,778.43)	(28,778.43)
<b>Net Change</b>	<b>16,713.74</b>	<b>(22,650.81)</b>	<b>(28,778.43)</b>	<b>22,841.36</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	56,670.96	12,425.00	83,452.85	1,52,548.81
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	365.46	-	365.46
<b>Total (i+ii+iii)</b>	<b>56,670.96</b>	<b>12,790.46</b>	<b>83,452.85</b>	<b>1,52,914.27</b>

**VI. Remuneration of Directors and Key Managerial Personnel**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Mr Devendra Kumar Sharma, Wholetime Director (₹)	Total Amount (₹)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	81,13,352	81,13,352
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6,93,058	6,93,058
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Options	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- As % of profit	-	-
	- As others specify	-	-
5	Others please specify	6,05,423	6,05,423
	<b>Total (A)</b>	<b>94,11,833</b>	<b>94,11,833</b>

**B. Remuneration to other Directors:**

Sl. No.	Particulars of Remuneration	Name of Director								Total Amount (₹)
		Mrs Nandini Nopany (₹)	Mr Chandra Shekhar Nopany (₹)	Mr Anand Ashvin Dalal (₹)	Mr Pradip Kumar Bishnoi (₹)	Mr Kalpataru Tripathy (₹)	Mr Gaurav Swarup (₹)	Mr Sunil Kanoria (₹)	Mrs Kausalya Madhavan (₹)	
<b>1</b>	<b>Independent Directors</b>									
	Fee for attending Board/ Committee Meetings	-	-	4,00,000	4,00,000	2,8,000	4,00,000	1,00,000	-	15,80,000
	Commission	-	-	6,00,000	6,00,000	6,00,000	6,00,000	5,91,780	80,547	30,72,327
	Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total B (1)</b>	-	-	<b>10,00,000</b>	<b>10,00,000</b>	<b>8,8,000</b>	<b>10,00,000</b>	<b>7,00,000</b>	-	<b>46,52,327</b>
<b>2</b>	<b>Independent Directors</b>									
	Fee for attending Board/ Committee Meetings	1,80,000	2,40,000	-	-	-	-	-	-	4,20,000
	Commission	6,00,000	6,00,000	-	-	-	-	-	-	12,00,000
	Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total B (2)</b>	<b>7,80,000</b>	<b>8,40,000</b>	-	-	-	-	-	-	<b>16,20,000</b>
	<b>Total B (1+2)</b>	<b>7,80,000</b>	<b>8,40,000</b>	<b>10,00,000</b>	<b>10,00,000</b>	<b>8,8,000</b>	<b>10,00,000</b>	<b>7,00,000</b>	<b>80,547</b>	<b>66,72,327</b>

**VI. Remuneration of Directors and Key Managerial Personnel (Contd.)**
**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Sl No.	Particulars of Remuneration	Mr Dilip Patodia, Chief Financial Officer (₹)	Mr. Anand Sharma, Company Secretary (₹)	Total Amount (₹)
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	86,45,000	50,66,000	1,37,11,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	16,08,100	12,87,450	28,95,550
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- As % of profit	-	-	-
	- As others specify	-	-	-
5	Others please specify	-	-	-
	<b>Total (A)</b>	<b>1,02,53,100</b>	<b>63,53,450</b>	<b>1,66,06,550</b>

**VII. Penalties / Punishment/ Compounding of Offences:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority[RD / NCLT/ COURT]	Appeal made, if any(give Details)
<b>A. Company</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. Other Officers in Default</b>					
Penalty			None		
Punishment					
Compounding					

## Annexure G

### Information under section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the financial year ended 31st March, 2019.

#### a) Conservation of Energy:

##### i The Company continues to take following initiatives to conserve Energy during the year 2018-19:

- 1) Various machineries and equipments installed during earlier years besides increasing generation of steam tend to reduce consumption of steam and fuel.
- 2) Auto control combustion system fitted with all the boilers reduce the consumption of bagasse.
- 3) VFDs are being installed at several working stations like Cane carrier, rake carrier etc. that will result in power saving.
- 4) The modified system of heating sugarcane juices and bleeding of vapors for pan boiling is working satisfactorily in the form of considerably reducing consumption of steam and fuel.

##### ii. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

In view of lesser availability of funds the Company does not intend to commit it's already strained financial resources towards implementation of energy reduction programmes though the Company shall continue to use its existing resources and implement conventional methods to substantially reduce consumption of energy.

##### iii. Impact of measures of I and II above for the reduction of energy consumption and consequent impact on the cost of production of goods.

None significant.

#### b) Research & Development and Technology Absorption:

##### The Company continues to carry out Research & Development in the following specific areas:

##### 1) Control of Insect, Pest and Disease-

- a) **Through Moist, Hot Treatment:** In order to maintain the genetic purity of varieties of Sugarcane, treatment is given to cane seed with moist hot air treatment. It improves the quality and yield of sugarcane. This process shall continue for the future also.
- b) **Chemical Control:** In order to control the Insect, Pest and Borer, insecticide and pesticide is being applied on the crop just before indent of Pest and Borer for its control.
- c) **Biological Control of Borer:** Parasites (Tricogranna Cards) have been applied in the crop to protect from Insects, Pests, and Borers.

##### 2) Ratoon Management :- To increase the yield of the Ratoon, farmers are being educated on constant basis to burn the trash in the field, stubbing the plant and giving the proper dose of fertilizers and irrigation. Farmers are educated also to fill the gaps by new and improved plants.

Owing to above efforts, higher yield of disease free cane is being made available to the Company's sugar mills resulting in higher return to cane growers as well as to the Company. This has also contributed to higher recovery of cane.

The Company has not imported any new technology.

The Company had incurred an expenditure on research and cane development amounting to ₹ 392.73 lakhs

#### c) Foreign Exchange Earnings And Outgo :

- a) Activities relating to exports, initiatives taken to increase exports
- b) Development of new export markets for products and services and export plan
- c) Earnings in Foreign Exchange (FOB Value) ₹ Nil
- d) Expenditure in Foreign Currency ₹ Nil

## Annexure H

### A) Information pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. The percentage increase in remuneration of each Director, Wholetime Director, Chief Financial Officer and Company Secretary in the financial year 2018-19 and the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018-19:

Name	Designation	Remuneration for the year ended 31.03.2019 (₹ in lakhs)	% age increase in remuneration in the FY 2018-19 as compared to Previous Year 2017-18	Ratio of remuneration of each director to the median remuneration of the employees of the Company
Mrs. Nandini Nopany	Non-Executive Chairperson	7.8	(4.88)	3.30
Mr. Chandra Shekhar Nopany	Non-Executive Co-Chairperson	8.40	No Change	3.56
Mr. Anand Ashvin Dalal	Independent Director	10.40	8.33	4.40
Mr. Sunil Kanoria	Independent Director	6.92	8.12	2.93
Mr Gaurav Swarup	Independent Director	10.00	19.05	4.23
Mr. Pradip Kumar Bishnoi	Independent Director	10.20	8.51	4.32
Mr. Kalpataru Tripathy	Independent Director	8.80	2.33	3.72
Mrs. Kausalya Madhavan	Independent Director	0.81	-	0.34
Mr. Devendra Kumar Sharma	Whole-time Director	87.19	11.87%	32.99
Mr. Dilip Patodia	Chief Financial Officer	118.60	7.92 %	Not Applicable
Mr. Anand Sharma	Company Secretary	70.03	8.25%	Not Applicable

- ii. The percentage increase in the median remuneration of employees in the financial year 2018-19 : 2.55%
- iii. The number of permanent employees on the rolls of the Company : 2426
- iv. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :**  
Average increase in the salaries of employees other than managerial personnel in the financial year 2018-19 is 7.74%. Details of percentage increase in the remuneration of managerial personnel is given in the table above.
- v. It is hereby affirmed that the remuneration is as per the remuneration policy of the Company.



## Annexure H

### B) Particulars of Employees pursuant to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

#### Top Ten Employees in terms of Remuneration Drawn during the Financial Year 2018-19

Sl. No.	Name & Designation of the Employee	Designation	Qualification	Age (years)	Experience (Years)	Date of Commencement of Employment	Remuneration Received	Last employment	Equity Shares held
1	Mr. Chand Bihari Patodia	Group President	Intermediate	70	51	01-02-1990	1,94,23,041	The Oudh Sugar Mills Ltd.	-
2	Mr. Dilip Patodia	Chief Financial Officer	B.Com, CA, CS	53	28	01-07-2011	1,18,59,544	The Oudh Sugar Mills Ltd.	-
3	Mr. Sukhvair Singh	Executive President - Seohara	B.Sc	58	25	01-09-2008	94,84,857	Upper Ganges Sugar & Industries Ltd.	-
4	Mr. Devendra Kumar Sharma	Wholetime Director	M.Com, AICWA	50	28	01-04-2014	87,18,775	The Oudh Sugar Mills Ltd.	-
5	Mr. Anand Sharma	Company Secretary	B.Com, FCS, LLB	47	23	01-07-2014	70,03,490	The Oudh Sugar Mills Ltd.	-
6	Mr. S. K. Maheshwari	Executive Vice President (Finance)	B.Sc, FCA	63	38	01-10-1986	55,12,837	Upper Ganges Sugar & Industries Ltd.	4
7	Mr. Mahesh Agarwal	Finance Controller	B.Com. (Hons.), FCA	58	26	01-07-1995	52,47,764	Upper Ganges Sugar & Industries Ltd.	-
8	Mr. Praveen Agarwal	Technical Advisor	Diploma In Engineering	56	32	01-09-2015	47,09,137	The Oudh Sugar Mills Ltd.	-
9	Mr. Bal Kishore Malpani	Executive President - Rosa	Post Graduation	72	50	12-09-2008	44,13,024	Upper Ganges Sugar & Industries Ltd.	318
10	Mr. Shoorveer Singh	Executive Vice President	MBA	54	31	22-09-2010	28,18,744	The Oudh Sugar Mills Ltd.	-

#### Notes :

- The remuneration includes salary, Company's contribution to provident fund and perquisite value of rent paid.
- The appointment is contractual.
- Other terms and conditions are as per rules of the Company.
- No employee is a relative of any Director or Key Managerial Personnel of the Company. Rule 5(2)(iii) of the captioned Rules is not applicable.

Place: Kolkata  
Date: 13th May, 2019

For and on behalf of the Board  
**Chandra Shekhar Nopany**  
Co-Chairperson

## Annexure I

### Annual Report on CSR Activities to be Included in the Board's Report

Sr. No.	Particulars	Remarks
1.	A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and project or programs.	<p>The Company's CSR policy focuses on practicing its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders and with an intent to make a positive difference to society and to conduct the business in socially responsible, ethical and transparent manner to demonstrate commitment to respect the interest of and be responsive towards all stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large etc. and create value for all of them.</p> <p>The Company has undertaken the CSR project named as "Sanitation Project" with an intent to built toilets in the neighbouring areas of the New India Sugar Mills, Hata as well as construction of mini sulabh-sochalay (toilets) in Goverdhan area in Uttar Pradesh as well as to in the neighbouring areas of Hargaon Unit, Rosa Unit. Apart from Sanitation the Company has also made contribution in Health care initiative including preventive health care as well asa promotion of safe drinking water in the neighbouring areas of Seohara, Rosa and Hargaon Units. The Company has also made contribution towards promotion of education.</p> <p>The CSR policy is available on the website of the Company viz. <a href="http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-CSR-Policy.pdf">http://birla-sugar.com/Assets/Avadh/Avadh-Sugar-CSR-Policy.pdf</a></p>
2.	The Composition of the CSR Committee.	<p>Mrs Nandini Nopany, Chairperson</p> <p>Mr Pradip Kumar Bishnoi, Independent Director</p> <p>Mr Devendra Kumar Sharma, Whole-time Director</p>
3.	Average net profit of the Company for last three financial years.	Rs. 12559.35 lacs
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above).	Rs.251.19 lacs approx
5.	Details of CSR spent during the financial year:	
	a) Total amount to be spent for the financial year	Rs. 250.13 lacs
	b) Amount unspent, if any;	Rs.1.06 lacs
	c) Manner in which the amount spent during the financial year is detailed below	As provided in enclosed Table
6.	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report	-
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objective and Policy of the company	The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

**Table : Manner in which the amount spent during the financial year ended 31 March, 2019**

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs		Amount Outlay (budget)* project or programs wise (in Rs. lacs)	Amount spent on the project or programs (in Rs. lacs)		Cumulative expenditure upto to the reporting period (in Rs. lacs)	Amount Spent: Direct or through implementing agency
			Area	Name of District		Direct Expenditure	Overheads		
1.	Healthcare Initiative (Construction of Toilets)	Sanitation	In the neighbouring areas of Hata which includes: a. Dhadha Khurd b. Dhadh Bujurg c. Mishra Dhadha d. Ghortap e. Dhadha Baldeeha f. BandhuTola g. Harpur h. Pipraurf Titala i. Semri Maheshpur j. Sukrauli	Kusinagar (UP)	-	112.74	-	112.74	Direct
2.	Healthcare Initiative (Construction of Toilets)	Sanitation	In the neighbouring areas of Hargaoon @ Murad Nagar, Hargaoon as well as Hargaoon Tirath Mandir, Hargaoon	Sitapur (UP)	-	03.60	-	116.34	Direct
3.	Healthcare Initiative (Construction of Toilets)	Sanitation Schedule VIII(i) of the Companies Act, 2013 and amendments made thereunder	At Goverdhan area	Mathura (UP)	-	30.00	-	146.34	Direct
4.	Healthcare Initiative (construction of hand pumps, borings etc.)	Safe drinking water / Water Schedule VIII of the Companies Act, 2013 and amendments made thereunder	At neighbouring areas of Hargaoon at a. Vill - Forojpur b. Vill- Belithara c. Vill - Kabeeapur d. Vill - Kaseemapur e. Vill - Parsera Shareefapur f. Vill- Baksoheya g. Vill - Muradnagar h. Vill - Kazitolla	Sitapur (UP)	-	09.01	-	155.35	Direct
5.	Education Initiative Promoting education, incl. Sp. education and employment enhancing vocation skills especially among children, women, elderly, differently abled and livelihood enhancement projects	Promotion of education activities	Ranchi, Jharkhand	Ranchi, Jharkhand	50.00	50.00	-	205.35	Contribution of to Manav Vikas Vidyalaya Trust, Kolkata and Rs.30 lacs to Vishwa Managal Educational Trust, Kolkata

Table : Manner in which the amount spent during the financial year ended 31 March, 2019 (Contd.)

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs		Amount Outlay (budget)* project or programs wise (in Rs. lacs)	Amount spent on the project or programs (in Rs. lacs)		Cumulative expenditure upto to the reporting period (in Rs. lacs)	Amount Spent: Direct or through implementing agency
			Area	Name of District		Direct Expenditure	Overheads		
6.	Education Initiative Promoting education, incl. Sp. education and employment enhancing vocation skills especially among children, women, elderly, differently abled and livelihood enhancement projects	Promotion of education activities	Ranchi, Jharkhand	Ranchi, Jharkhand	30.00	30.00	-	235.35	Contribution of to Vishwa Managal Educational Trust, Kolkata
7.	Healthcare initiative including preventive healthcare (Supply & Installation of Water Cooler & Purifier)	Safe drinking water	Bijnor (UP)	In the neighbouring areas of Seohara at Mandori Gram Panchayat, Sattongali Gram Panchyat, Khalipur Gram Panchyat;	-	1.63	-	236.98	Direct
8.	Plantation & development of green belt;	Ensuring environment sustainability & ecological balance	Bijnor (UP)	In the neighbouring areas of Seohara at Mandori Gram Panchayat, Sattongali Gram Panchyat, Khalipur Gram Panchyat; Budanpur	-	2.80	-	239.78	Direct
9.	Construction of cement Benches at public places	Promotion of Social activities	Bijnor (UP)	In the neighbouring areas of Seohara at Mandori Gram Panchayat, Sattongali Gram Panchyat	-	0.50	-	240.28	Direct
10.	Contribution made for desk and tables for school	Promotion of education activities	Bijnor (UP)	In the neighbouring school at Seohara,	-	2.01	-	242.29	Direct
11.	Contribution towards distribution of medicine	Promotion of Health care initiative	Bijnor (UP)	In the neighbouring school at Seohara,	-	2.87	-	245.16	Direct
12.	Healthcare initiative (Construction of Toilets	Sanitation	Shahjahanpur (UP)	In the neighbouring areas of Rosa Unit at Bhashahnagar, Bhawal Kera	-	1.75	-	246.91	Direct
13.	Construction of Hand Pumps	Safe drinking water	Shahjahanpur (UP)	In the neighbouring areas of Rosa Unit at Bhashahnagar, Bhawal Kera	-	3.22	-	250.13	Direct

Place : Kolkata

Date : 13th May, 2019

Devendra Kumar Sharma  
Whole-time Director

Nandini Nopany  
Chairperson, CSR Committee

## Independent Auditor's Report

To the Members of  
**Avadh Sugar & Energy Limited**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Avadh Sugar & Energy Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Description of Key Audit Matter

##### Accounting for Government Grants

See note 3.14, 40 and 44 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company operates in the sugar industry and accordingly, it has to comply with the requirements of various applicable directives, notifications, orders, etc. issued by the appropriate authorities from time to time ('the regulators').</p> <p>The regulators have issued notifications for assistance to sugar mills, inter alia, export of sugar, along with compliance of other conditions to be eligible to get certain government grants for offsetting the cost of cane crushed and to facilitate timely payment of farmers' dues for sugar season 2017-18 and 2018-19.</p> <p>We determined this to be a matter of significance to our audit due to the quantum of the government grant, compliance requirements of such notifications/schemes, appropriateness of timing of recognition of grant income and also because these are subject to significant judgment of the management.</p>	<p>We performed the following procedures, among others:</p> <ul style="list-style-type: none"> <li>Evaluated eligibility requirements of schemes issued by the regulators</li> <li>Understood and tested the design and operating effectiveness of controls established by the management for recognition and assessment of the recoverability of the grant</li> <li>Considered the relevant notifications to ascertain the basis for determination, completion of performance obligation and assessing the appropriateness of the management estimates for accounting of government grant and timing of recognition</li> <li>Tested the information used by the management to determine the recoverability of the claims by considering claim collection against historical trends.</li> </ul> <p>Based on the above procedures performed, we concluded that income from government grant has been appropriately accounted for and recoverability thereof to be reasonable.</p>

## Inventory Valuation

See note 3.7 and 8 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>As per the accounting policy of the Company, inventory of finished goods of sugar is valued at the lower of cost and net realisable value ('NRV').</p> <p>Sugar industry being seasonal in nature, the assessment of carrying value at each reporting date involves ascertainment of cost incurred till that reporting period for each sugar mill and estimation of corresponding NRV.</p> <p>We determined this to be a key audit matter given the significant judgment involved in the process due to different valuation parameters among sugar mills arising out of variability in seasonal factors e.g. number of sugarcane crushing days, recovery of sugar from cane crushing and fluctuating selling price.</p>	<p>We performed the following procedures, among others</p> <ul style="list-style-type: none"> <li>● Considered the appropriateness of the Company's accounting policies relating to valuation of finished goods of sugar and assessing compliance with the applicable accounting standards</li> <li>● Tested the effectiveness of the Company's controls over calculation of cost of finished goods for each sugar mill and estimation of corresponding NRV</li> <li>● Based on data used by the Company to arrive at cost and NRV, including minimum selling price and actual selling price during the year end, we assessed the permanence of methods used, relevance and reliability of data and the calculations applied. We also compared them with previously considered corresponding valuation to assess the quality of the management's NRV estimate</li> </ul> <p>Based on the above procedures performed, we concluded that management's process for determination of NRV and comparing that with cost of inventory of finished sugar is reasonable and accordingly the valuation of finished inventory of sugar is appropriate.</p>

## Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  - (A) As required by Section 143(3) of the Act, we report that:
    - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
    - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
    - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
    - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its financial statements - Refer Note 39 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

**Jayanta Mukhopadhyay**

Partner

Membership No. 055757

Place: Kolkata

Date: 13th May, 2019



## Annexure – A to the Independent Auditor’s Report (Referred to in our report of even date)

The Annexure referred to in Independent Auditors’ Report to the members of the Company on the financial statements for the year ended 31 March 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
- (c) According to information and explanations given to us and on the basis of our examination of the records of the Company, title deeds of immovable properties amounting to Rs. 25,355.20 lakhs, included in Property, Plant and Equipment which were transferred to the Company pursuant to the Scheme of arrangement (refer note 1 and 4 to the Financial Statements) are not held in the name of the Company. As explained to us, steps are being taken to complete the transfer of the name in the title deeds in the name of the Company.
- (ii) The inventory, except goods in transit, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. For goods-in-transit, subsequent receipt of goods have been verified. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been adjusted in books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3(iii) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loans or provided any guarantee or security during the year that would attract provisions of section 185 and 186 of the Act. The provisions of section 186 of the Act in respect of investments made have been complied with by the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the provisions of paragraph 3(v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Goods and Service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, there were no dues payable in respect of Value Added tax, Sales tax, Service tax, duty of excise and duty of customs.  
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Sales tax, duty of excise, Entry tax and Value Added tax which have not been deposited with the appropriate authorities on account of any dispute, except the following:

Name of the Statute	Nature of the dues	Amount (Rs. in lakhs)	Amount paid (Rs. in lakhs)*	Period to which the amount relates	Forum where dispute is pending
U.P. Tax on Entry of Goods Act, 2007	Entry tax on sugar	6.73	3.23	2000-01	High Court Judicature at Allahabad, Lucknow Bench
	Entry tax on sugar	1.26	-	2011-12	Additional Commissioner Grade-II (Appeals)
Sales Tax Act, 1948	Discount on molasses	6.83	0.44	2006-07	Sales Tax Tribunal, Lucknow

Name of the Statute	Nature of the dues	Amount (Rs. in lakhs)	Amount paid (Rs. in lakhs)*	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Taxability on alcohol sale	2.17	0.27	1977-78	High Court Judicature at Allahabad, Lucknow Bench
	Taxability on alcohol sale and other goods	34.56	29.97	2012-13 and 2017-18	Appellate authority upto Commissioner's level
Central Excise Act, 1944	Disallowance of Cenvat Credit on certain inputs / capital items / input services and others	38.09	19.54	1977-78, 2001-02 to 2004-05 , 2007-08	High Court, Allahabad and High Court, Lucknow
		78.67	29.64	1977-78, 2005-06 to 2008-09, 2010-11 to 2012-13, 2014 -2016	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
	96.68	27.37	1994-95,2003-04 to 2007-08	Appellate authority upto Commissioner's level	
	Excise duty on waste and loss on storage of molasses etc.	15.27	-	1990-91	CESTAT, Allahabad

\* paid under protest

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings from financial institutions or banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Term loans raised during the year was applied for the purpose for which it were obtained.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provisions of paragraph 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, wherever applicable, and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of paragraph 3(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, the provisions of paragraph 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, the provisions of paragraph 3(xvi) of the Order are not applicable to the Company.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

**Jayanta Mukhopadhyay**

Partner

Membership No. 055757

Place: Kolkata

Date: 13th May, 2019

## Annexure – B to the Independent Auditor’s Report (Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

### Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

#### Opinion

We have audited the internal financial controls with reference to financial statements of Avadh Sugar & Energy Limited (“the Company”) as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

#### Management’s Responsibility for Internal Financial Controls

The Company’s management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively 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, as required under the Companies Act, 2013 (hereinafter referred to as “the Act”).

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

#### Meaning of Internal Financial Controls with reference to Financial Statements

A company’s internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in

accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place: Kolkata  
Date: 13th May, 2019

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**Jayanta Mukhopadhyay**  
Partner  
Membership No. 055757

## Balance Sheet as at 31st March, 2019

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2019	As at 31st March, 2018
<b>ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, Plant and Equipment	4	97,394.43	98,283.28
(b) Capital Work-in-Progress	5	439.54	966.52
(c) Other Intangible Assets	6	45.24	26.29
<b>(d) Financial Assets</b>			
(i) Investments	7	1,225.72	1,274.00
(ii) Loans	13	23.83	33.08
(iii) Other Financial Assets	14	38.00	30.58
(e) Deferred Tax Assets (net)	15	-	-
(f) Non-current Tax Assets (net)	16	302.96	312.21
(g) Other Non-current Assets	17	192.44	254.51
<b>Total Non-current Assets</b>		<b>99,662.16</b>	<b>1,01,180.47</b>
<b>2. Current Assets</b>			
(a) Inventories	8	1,42,664.02	1,00,869.33
(b) Biological assets other than bearer plants	9	4.33	4.74
<b>(c) Financial Assets</b>			
(i) Trade Receivables	10	12,636.72	8,284.96
(ii) Cash and Cash Equivalents	11	314.58	390.19
(iii) Bank Balances other than (ii) above	12	198.04	140.31
(iv) Loans	13	123.93	121.96
(v) Other Financial Assets	14	13.81	11.28
(d) Other Current Assets	18	5,256.48	1,071.72
<b>Total Current Assets</b>		<b>1,61,211.91</b>	<b>1,10,894.49</b>
<b>TOTAL ASSETS</b>		<b>2,60,874.07</b>	<b>2,12,074.96</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	19	1,000.92	1,000.92
(b) Other Equity	20	49,850.62	38,097.17
<b>Total Equity</b>		<b>50,851.54</b>	<b>39,098.09</b>
<b>LIABILITIES</b>			
<b>1. Non-Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	21	47,775.33	39,683.47
(ii) Other Financial Liabilities	23	105.52	95.52
(b) Provisions	24	177.08	262.56
(c) Other Non-current Liabilities	25	1,987.01	-
<b>Total Non-current Liabilities</b>		<b>50,044.94</b>	<b>40,041.55</b>
<b>2. Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	21	95,427.85	88,484.07
(ii) Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises; and	22	511.91	82.51
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.	22	47,011.70	33,470.21
(iii) Other Financial Liabilities	23	13,543.66	8,501.97
(b) Provisions	24	679.33	657.54
(c) Other Current Liabilities	26	1,923.65	1,739.02
(d) Current Tax Liabilities (net)	27	879.49	-
<b>Total Current Liabilities</b>		<b>1,59,977.59</b>	<b>1,32,935.32</b>
<b>Total Liabilities</b>		<b>2,10,022.53</b>	<b>1,72,976.87</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,60,874.07</b>	<b>2,12,074.96</b>
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached.

For and on behalf of the Board of Directors

 For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 101248W/W-100022

**Jayanta Mukhopadhyay**

Partner

Membership No.: 055757

Place: Kolkata

Date: 13th May, 2019

**Devendra Kumar Sharma**

Whole-time Director

DIN: 06498196

**Anand Sharma**

Company Secretary

**Chandra Shekhar Nopany**

Co-Chairperson

DIN: 00014587

**Dilip Patodia**

Chief Financial Officer

**Statement of Profit and Loss** for the year ended 31st March, 2019

(₹ in lakhs)

Particulars	Notes	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>I.</b> Revenue from Operations	28	2,13,016.59	2,36,844.35
<b>II.</b> Other Income	29	351.67	412.52
<b>III. Total Income (I + II)</b>		<b>2,13,368.26</b>	<b>2,37,256.87</b>
<b>IV. Expenses</b>			
Cost of Materials Consumed	30	1,93,022.38	1,76,049.34
Purchases of Stock-in-Trade		1,254.89	1,194.76
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-progress	31	(41,531.31)	3,257.44
Excise duty and cess		-	3,264.29
Employee benefits expense	32	8,509.32	7,816.69
Finance costs	33	9,692.21	11,427.95
Depreciation and amortization expense	34	4,365.24	4,446.35
Other expenses	35	22,618.89	18,375.88
<b>Total Expenses</b>		<b>1,97,931.62</b>	<b>2,25,832.70</b>
<b>V. Profit before tax (III - IV)</b>		<b>15,436.64</b>	<b>11,424.17</b>
<b>VI. Tax expense</b>			
Current tax	36	3,452.41	2,593.64
Provision for tax related to earlier years	36	0.45	14.14
Provision for tax no longer required written back	36	(3.62)	-
Deferred tax	36	-	-
<b>Total Tax expenses</b>		<b>3,449.24</b>	<b>2,607.78</b>
<b>VII. Profit for the year (V-VI)</b>		<b>11,987.40</b>	<b>8,816.39</b>
<b>VIII. Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
(a) Remeasurement of defined benefit liability / (asset)		(17.71)	(18.08)
(b) Equity investments through other comprehensive income - net change in fair value		(47.78)	(822.69)
(c) Income taxes relating to items that will not be reclassified to profit or loss		-	-
<b>Other comprehensive income for the year, net of income tax</b>		<b>(65.49)</b>	<b>(840.77)</b>
<b>IX. Total comprehensive income for the year (VII+VIII)</b>		<b>11,921.91</b>	<b>7,975.62</b>
<b>X. Earnings per equity share [Nominal value per equity share ₹ 10 (₹10)]</b>			
(a) Basic (₹)	37	119.76	88.08
(b) Diluted (₹)	37	119.76	88.08
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm's Registration No.: 101248W/W-100022

**Jayanta Mukhopadhyay**  
Partner  
Membership No.: 055757  
Place: Kolkata  
Date: 13th May, 2019

**Devendra Kumar Sharma**  
Whole-time Director  
DIN: 06498196

**Anand Sharma**  
Company Secretary

**Chandra Shekhar Nopany**  
Co-Chairperson  
DIN: 00014587

**Dilip Patodia**  
Chief Financial Officer

## Statement of Changes in Equity for the year ended 31st March, 2019

### A. Equity Share Capital

Particulars	Notes	As at 31st March, 2019		As at 31st March, 2018	
		No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Balance at the beginning of the year	19	1,00,09,210	1,000.92	1,00,09,210	1,000.92
Change in equity share capital during the year	19	-	-	-	-
Balance at the end of the year	19	1,00,09,210	1,000.92	1,00,09,210	1,000.92

### B. Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus				Items of OCI	Total
	Capital Reserve	Capital Redemption Reserve	Molasses Storage and Maintenance Reserve	Retained Earnings	Equity instruments through OCI	
Balance at 1st April, 2017	25,761.69	1,700.00	186.00	613.71	2,089.42	30,350.82
Total comprehensive income for the year						
- Profit for the year	-	-	-	8,816.39	-	8,816.39
- Remeasurement of defined benefit liability / (asset)	-	-	-	(18.08)	-	(18.08)
- Net change in fair value of Equity investments	-	-	-	-	(822.69)	(822.69)
Total comprehensive income	-	-	-	8,798.31	(822.69)	7,975.62
Provided during the year	-	-	11.67	-	-	11.67
Transfer to Capital Redemption Reserve	-	4,870.00	-	(4,870.00)	-	-
Dividend (including dividend distribution tax) on equity shares [Note 20]	-	-	-	(240.94)	-	(240.94)
Balance at 31st March, 2018	25,761.69	6,570.00	197.67	4,301.08	1,266.73	38,097.17
Total comprehensive income for the year						
- Profit for the year	-	-	-	11,987.40	-	11,987.40
- Remeasurement of defined benefit liability / (asset)	-	-	-	(17.71)	-	(17.71)
- Net change in fair value of Equity investments	-	-	-	-	(47.78)	(47.78)
Total comprehensive income	-	-	-	11,969.69	(47.78)	11,921.91
Provided during the year	-	-	26.21	-	-	26.21
Utilised during the year	-	-	(74.00)	-	-	(74.00)
Dividend (including dividend distribution tax) on equity shares [Note 20]	-	-	-	(120.67)	-	(120.67)
<b>Balance at 31st March, 2019</b>	<b>25,761.69</b>	<b>6,570.00</b>	<b>149.88</b>	<b>16,150.10</b>	<b>1,218.95</b>	<b>49,850.62</b>

The description, nature and purpose of each reserve within other equity are as follows:

- Capital Reserve**  
The difference between the net fair value of assets and liabilities of the sugar business undertakings acquired and shares allotted pursuant to the scheme of arrangement in earlier year.
- Capital Redemption Reserve**  
The Company had created Capital Redemption Reserve on Non-convertible cumulative redeemable preference shares in accordance with the Companies Act, 2013. The reserve may be applied in accordance with the provisions of Section 69 of the Companies Act, 2013.
- Molasses Storage and Maintenance Reserve**  
Molasses Storage and Maintenance Reserve is a fund, which is required under Uttar Pradesh Sheera Niyantaran Adhiniyam, 1964 read with Uttar Pradesh Sheera Niyantaran Niyamavali, 1974. This fund may be utilised against the cost of construction / maintenance of molasses storage tanks under the requisite permission.

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 101248W/W-100022

**Jayanta Mukhopadhyay**

Partner

Membership No.: 055757

Place: Kolkata

Date: 13th May, 2019

**Devendra Kumar Sharma**

Whole-time Director

DIN: 06498196

**Anand Sharma**

Company Secretary

**Chandra Shekhar Nopany**

Co-Chairperson

DIN: 00014587

**Dilip Patodia**

Chief Financial Officer

## Cash Flow Statement for the year ended 31st March, 2019

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Profit before tax</b>	15,436.64	11,424.17
Adjustments for:		
Depreciation and amortisation expense	4,365.24	4,446.35
Depreciation in relation to Biological Assets other than bearer plants	3.09	3.08
Finance Costs	9,692.21	11,427.95
Provision for bad and doubtful debts / advances	9.33	0.17
Bad debts, irrecoverable claims and advances written off	0.76	0.21
Loss on sale / discard of Property, Plant and Equipment (net)	30.85	72.24
Molasses storage and maintenance fund	26.21	11.67
Interest income	(16.98)	(13.61)
Dividend income	(10.62)	(21.23)
Income from investments in co-operative farming societies	(168.75)	(104.82)
Unspent liabilities, Provisions no longer required and Unclaimed balances written back	(92.03)	(164.41)
	<b>29,275.95</b>	<b>27,081.77</b>
<b>Working capital adjustments:</b>		
(Increase) / Decrease in Inventories	(41,794.69)	9,385.89
Decrease / (Increase) in Biological assets other than bearer plants	0.41	(1.00)
(Increase) in Trade Receivables and Loans	(4,344.48)	(1,841.11)
Decrease in Other Financial Assets	-	1,739.83
(Increase) / Decrease in Other Assets	(4,188.95)	443.20
Increase in Trade Payables	14,062.92	12,022.46
(Decrease) in Other Financial Liabilities	(16.15)	(18,443.41)
(Decrease) / Increase in Provisions	(81.40)	68.96
(Decrease) in Other Liabilities	(905.27)	(6,484.53)
Cash Generation from Operations	<b>(7,991.66)</b>	<b>23,972.06</b>
Income tax paid	(2,560.50)	(7,388.06)
<b>Net Cash (used in) / generated from Operating Activities</b>	<b>(10,552.16)</b>	<b>16,584.00</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of Property, Plant and Equipment	147.69	42.95
Acquisition of Property, Plant and Equipment	(3,197.54)	(4,887.03)
Acquisition of Other Intangible Assets	(25.11)	(13.54)
Proceeds from Investments (net)	0.50	-
Interest received	14.45	17.89
Dividend received	10.62	21.23
Income from Investments in co-operative farming societies received	168.75	104.82
Bank deposits made (net)	(64.05)	(42.86)
<b>Net Cash (used in) Investing Activities</b>	<b>(2,944.69)</b>	<b>(4,756.54)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Repayment of Non-current Borrowings	(7,076.32)	(27,171.45)
Proceeds from Non-current Borrowings	25,711.42	33,631.44
Redemption of Preference Shares	(2,435.00)	(1,700.00)
Proceeds from / (Repayment of) Current Borrowings (net)	6,943.78	(2,850.64)
Interest Paid	(8,874.60)	(12,507.36)
Dividend on Preference Shares including tax thereon paid	(727.37)	(3,597.07)
Dividend on Equity Shares including tax thereon paid	(120.67)	(240.94)
<b>Net Cash generated from / (used in) Financing Activities</b>	<b>13,421.24</b>	<b>(14,436.02)</b>
<b>Net Changes in Cash and Cash Equivalents (A + B + C)</b>	<b>(75.61)</b>	<b>(2,608.56)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>390.19</b>	<b>2,998.75</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>314.58</b>	<b>390.19</b>

### Change in Liability arising from financing activities

(₹ in lakhs)

Particulars	As on 1st April, 2018	Cash Flow	Fair Value Change	As on 31st March, 2019
Non-current Borrowings [Note 21]	41,392.73	18,635.10	(2,906.87)	57,120.96
Current Borrowings [Note 21]	88,484.07	6,943.78	-	95,427.85

Particulars	As on 1st April, 2017	Cash Flow	Fair Value Change	As on 31st March, 2018
Non-current Borrowings [Note 21]	34,990.57	6,459.99	(57.83)	41,392.73
Current Borrowings [Note 21]	91,334.71	(2,850.64)	-	88,484.07

As per our report of even date attached.

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm's Registration No.: 101248W/W-100022

**Jayanta Mukhopadhyay**  
Partner  
Membership No.: 055757

Place: Kolkata  
Date: 13th May, 2019

For and on behalf of the Board of Directors

**Devendra Kumar Sharma**  
Whole-time Director  
DIN: 06498196

**Anand Sharma**  
Company Secretary

**Chandra Shekhar Nopany**  
Co-Chairperson  
DIN: 00014587

**Dilip Patodia**  
Chief Financial Officer



## Notes to Financial Statements for the year ended 31st March, 2019

### 1. Reporting entity

Avadh Sugar & Energy Limited ('the Company') is a public company domiciled in India. The Company is incorporated under the provisions of the Companies Act, 2013. Consequent to a composite scheme of arrangement approved by the National Company Law Tribunal (NCLT) on 2nd March, 2017, and its filing with the Registrar of Companies, Kanpur on 23rd March, 2017, the residual The Oudh Sugar Mills Limited (OSML) comprising of the business undertakings located at Hargaon District Sitapur, Dhadha Bujurg (Hata) District Kushinagar and Rosa District Shahjahanpur in the state of Uttar Pradesh and the residual Upper Ganges Sugar & Industries Limited (UGSIL) comprising of the business undertaking located at Seohara, District Bijnor in the state of Uttar Pradesh had been transferred and amalgamated with the Company from the appointed date i.e. 1st April, 2015. Thereafter, its shares are listed on National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE) with effect from 28th July, 2017.

The Company is primarily engaged in the manufacture and sale of sugar and its by-products (molasses, bagasse and press-mud), spirits including ethanol and power. The Company has operations in India.

### 2. Basis of preparation

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act.

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 13th May, 2019.

Details of the Company's accounting policies are included in Note 3.

#### 2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded off to the nearest lakhs, unless otherwise indicated.

#### 2.3 Basis of measurement

The financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

Items	Measurement basis
(i) Certain financial assets and liabilities	Fair value
(ii) Biological assets other than bearer plants	Fair value less costs to sell
(iii) Employee's defined benefit plan	As per actuarial valuation (present value of defined benefit obligation less fair value of plan assets)

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### 2.4 Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### **Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included in the following notes:

- Note 4 and 6 - Useful life and residual value of property, plant and equipment and other intangible assets;
- Note 7 - Determining the fair values of investments;
- Note 9 - Determining the fair values of biological assets other than bearer plants on the basis of significant unobservable inputs;
- Note 15 - Recognition of deferred tax assets: availability of future taxable profit against which carried forward tax losses can be used;
- Note 24 - Measurement of defined benefit obligations: key actuarial assumptions;
- Note 39 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 45 - Impairment of financial assets: key assumptions used in estimating recoverable cash flows.

### **2.5 Measurement of fair value**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- **Level 2:** inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3:** inputs are unobservable inputs for the asset or liability.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 2.4.

## **3. Summary of Significant accounting policies**

### **3.1 Classification of assets and liabilities as current and non-current**

All assets and liabilities are classified as Current or Non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

#### **Assets**

An asset is classified as current when it satisfies any of the following criteria :

- (i) it is expected to be realised in or intended for sale or consumption in the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is expected to be realised within twelve months after the reporting date; or
- (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### **Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- (i) it is expected to be settled in the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is due to be settled within twelve months after the reporting date; or
- (iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### **Operating cycle**

For the purpose of current / non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

## **3.2 Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of initial transaction.

Exchange differences are recognised in the Statement of Profit and Loss in the period in which they arise.

## **3.3 Financial instruments**

### **Recognition and initial measurement**

Trade Receivables issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

### **Classification and subsequent measurement**

#### **(i) Financial assets**

On initial recognition, a financial asset is classified and measured at:

- amortised cost; or
- fair value through other comprehensive income (FVOCI) - Equity Investment; or
- fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

#### **(ii) Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

The effective interest rate (EIR) amortisation is included in finance income in the Statement of Profit and Loss. This category generally applies to long-term deposits and long-term trade receivables.

**(iii) Financial assets at fair value through other comprehensive income (FVOCI)**

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

**(iv) Financial assets at fair value through profit or loss (FVTPL)**

All financial assets which do not meet the criteria for categorisation as at amortised cost or FVOCI as described above are classified as at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**(v) Financial assets: Subsequent measurement and gains and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method (EIR). The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Statement of Profit and Loss.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

**(vi) Financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL.

**(vii) Financial liabilities through fair value through profit or loss (FVTPL)**

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

**(viii) Financial liabilities at amortised cost**

Other financial liabilities are subsequently measured at amortised cost using the effective interest (EIR) method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss.

Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

### **Derecognition**

**(i) Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**(ii) Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

### **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## **3.4 Property, plant and equipment [PPE]**

**(i) Recognition and measurement**

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price inclusive of duties, taxes, after deducting trade discounts and rebates, incidental expenses, erection/ commissioning expenses, borrowing cost, any directly attributable cost of bringing the item to its working condition for its intended use and costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate components of property, plant and equipment.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

Property, plant and equipment under construction are disclosed as Capital work-in-progress.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### (ii) **Subsequent expenditure**

Subsequent costs are capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

### (iii) **Depreciation**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets and recognised in the Statement of Profit and Loss.

The useful lives have been determined based on technical evaluation done by the management's expert, supported by independent assessment by professionals, and are in line with the useful life specified in Part C of Schedule II to the Companies Act; 2013, except for certain plant and equipments as 5-40 years, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

**The range of estimated useful lives of items of property, plant and equipment are as follows:**

Class of assets	Management estimate of useful life (in years)
Factory buildings	5 - 30
Non factory buildings	5 - 60
Plant and equipments	5 - 40
Computer and data processing equipment	3 - 6
Furniture and fixtures	10
Vehicles	8 - 10
Office equipments	5

Depreciation method, useful lives and residual values of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Depreciation on additions to or disposal of assets is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off). Leasehold land is being amortised over the period of lease tenure. Freehold land is not depreciated.

Individual assets costing below ₹ 5,000 are fully depreciated in the year of purchase as these assets have no significant useful life

### (iv) **Capital work-in-progress (CWIP)**

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Directly attributable expenditure (including finance costs relating to borrowed funds / general borrowings for construction or acquisition of fixed assets) incurred on project under implementation are treated as Pre-operative expenses pending allocation to the asset and are shown under CWIP.

### 3.5 Intangible assets

Intangible assets including Computer software are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised on straight line method basis over the estimated useful life. Estimated useful life of the Computer software is considered as 5 years.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Statement of Profit and Loss as incurred.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted, if appropriate.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

### 3.6 Biological assets other than bearer plants

Biological assets other than bearer plants comprise standing crops of sugarcane and other agriculture products.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

On initial recognition and at the end of each reporting period, Biological assets other than bearer plants are measured at fair value less estimated costs to sell. Changes in fair value are recognised in the Statement of Profit and Loss.

The fair value of these assets excludes the land upon which the crops are planted or the items of property, plant and equipment utilised in the upkeep of planted areas.

The biological process starts with preparation of land for planting, seedlings and ends with the harvesting of crops. For biological assets, where little biological transformation has taken place since the initial cost was incurred (for example seedlings planted immediately before the balance sheet date), such biological assets are measured at cost i.e. the total expenses incurred on such plantation upto the balance sheet date.

When harvested, sugarcane is transferred to inventory at fair value less costs to sell.

### 3.7 Inventories

Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on annual weighted average method / moving average method.

Work-in-progress, Finished goods (including Power banked) and Traded goods are valued at lower of cost and net realizable value. Work-in-progress and Finished goods include cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity. Cost is determined on weighted average basis.

By products and Saleable scraps, whose cost is not identifiable, are valued at estimated net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount so written-down is adjusted in terms of policy as stated above.

### 3.8 Impairment

#### ***Impairment of financial instruments: financial assets***

At each reporting date, the Company assess whether financial assets, than those at FVTPL are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

#### **Evidence that a financial asset is credit-impaired includes the following observable data:**

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

The Company recognises loss allowances using the expected credit losses (ECL) model for the financial assets which are fair valued through profit or loss.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Statement of Profit and Loss.

In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

For all other financial assets, expected credit losses are measured unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### (i) **Measurement of expected credit losses**

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

### (ii) **Presentation of allowance for expected credit losses in the balance sheet**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### (iii) **Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### **Impairment of non-financial assets**

The Company's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 3.9 Employee benefits

### **Short-term employee benefit**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

### **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Statement of Profit and Loss in the periods during which the related services are rendered by employees. The Company makes specified periodically contribution to the following defined contribution plans :

- a) Provident / Pension funds;
- b) Superannuation fund.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.



## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### **Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plans ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The contributions are deposited with the Life Insurance Corporation of India based on information received by the Company. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested.

### **Compensated absences**

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature.

The expected cost of accumulating compensated absences is measured on the basis of an annual independent actuarial valuation using the projected unit credit method, for the unused entitlement that has accumulated as at the balance sheet date. Remeasurement gains or losses are recognised in the Statement of Profit and Loss in the period in which they arise.

Non-accumulating compensated absences are recognised in the period in which the absences occur.

### **3.10 Provisions (other than for employee benefits)**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Expected future operating losses are not provided for.

### **3.11 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is possible. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

### **3.12 Revenue from contract with customer**

Ind AS 115 was issued on 28th March, 2018 and supersedes Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company has adopted Ind AS 115 using the cumulative method. Under the cumulative method, there were no significant adjustments required to the retained earnings at 1st April, 2018 in the Financial Statements. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the Financial Statements.

### ***Sale of goods and rendering of services***

Revenue from sale of product is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the product. The normal credit term is 0 to 45 days upon delivery.

At contract inception, the Company assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. Revenue from contracts with customers is recognized when control of goods or services are transferred to customers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from the sale of goods is measured at the fair value of the consideration received or receivables, net of returns and allowances, trade discounts and volume rebates.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specific of each arrangement.

In accordance with Schedule III to the Companies Act, 2013, Sales for the period 1st April, 2017 to 30th June, 2017 in the previous year were reported gross of Central Excise Duty and net of Value Added Tax (VAT) / Sales Tax. Central Excise Duty was reported as a separate expense line item in the statement of profit or loss. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July, 2017, VAT / Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of sales as per the requirements of the Act.

### ***Sale of Power***

The Company's derives its power revenue from the production and sale of electricity based on long-term Power Purchase Agreements. Revenue is recognised upon delivery of electricity produced to the electricity grid based on the agreed tariff rate (net of discounts for prompt payment of bills). Delivery is deemed complete when all the risks and rewards associated with ownership have been transferred to the grid as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable.

### ***Income from Renewable Energy Certificates (RECs)***

Income from Renewable Energy Certificates (RECs) is recognised at estimated realisable value on confirmation of RECs by the concerned Authorities.

### ***Interest income***

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### ***Interest is recognised on time proportion basis.***

Interest income is included in "Other Income" in the Statement of Profit and Loss.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### **Dividend Income**

Dividend income is recognised when the Company's right to receive the dividend is established i.e. in case of interim dividend, on the date of declaration by the Board of Directors; whereas in case of final dividend, on the date of approval by the shareholders.

### **Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

### **3.13 Expenses**

All expenses are accounted for on accrual basis.

### **3.14 Government grants**

Grants from Government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with the conditions attached thereto.

Government grants related to revenue are recognised in the Statement of Profit and Loss on a systematic and rational basis in the periods in which the Company recognises the related costs for which the grants are intended to compensate and are netted off with the related expenditure. If not related to a specific expenditure, it is taken as income and presented under "Other Operating Revenue".

Government grants relating to property, plant and equipment and other intangible assets are treated as deferred income and are credited to the statement of profit or loss on a systematic basis over the expected useful life of the related depreciable asset to match them with the costs for which they are intended to compensate and presented within other income.

However, in terms of the Companies (Indian Accounting Standards) Second Amendment Rules, 2018, Government grants received relating to property, plant and equipment and other intangible assets are deducted from the gross value of the property, plant and equipment and other intangible assets concerned in arriving at the carrying amount of the related property, plant and equipment and other intangible assets. The grant is recognised in the statement of profit or loss over the life of the related depreciable asset as a reduced depreciation expense. This change has no impact on these financial statements.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates and is being recognised in the Statement of Profit and Loss by netting with the related finance cost. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

### **3.15 Leases**

#### ***Determining whether an arrangement contains a lease***

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

#### ***Assets held under leases***

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet. Payments made under operating leases are recognised in the Statement of Profit or Loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with general inflation.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### **Lease payments**

Payments made under operating leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### **3.16 Income tax**

Income tax expense comprises of current tax and deferred tax. Current tax and deferred tax is recognised in the Statement of profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

#### **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are off set only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

#### **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to off set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

#### **Minimum Alternative Tax (MAT) Credit**

In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as a deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

### **3.17 Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

financial information is available. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. Refer Note 42 for segment information presented.

Operating segments are reported in manner consistent with the internal reporting provided to the chief operating decision maker.

The Company's Whole-Time Director (WTD) has been identified as being the chief operating decision maker by the management of the Company. Refer Note 42 for segment information presented.

### 3.18 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### 3.19 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank as well as short-term deposits with an original maturity of three months or less

### 3.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit or loss for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### 3.21 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 3.22 Determination of fair values

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### i) **Financial assets**

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI.

Investments in equity instruments are measured at FVOCI and combination of different methodologies i.e. discounted cash flow method, comparable companies method and net assets method with different weightage has been used for fair valuations of investment in unquoted securities.

#### ii) **Trade and other receivables**

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date

#### iii) **Financial liabilities**

Financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 3.23 Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new Ind AS and amendments to existing issued Ind AS which the Company has not applied as they are effective from 1st April, 2019:

#### **Ind AS 116 - Leases**

Ind AS 116 Leases was notified on 30th March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

Ind AS 116, which is effective for annual periods beginning on or after 1st April, 2019, requires lessees and lessors to make more extensive disclosures than under Ind AS 17.

#### **Transition to Ind AS 116**

The Company plans to adopt Ind AS 116 with modified retrospectively approach with cumulative effect of applying the standard, recognised on the date of initial application (1st April, 2019). The Company will elect to apply the standard to contracts that were previously identified as leases applying Ind AS 17.

The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying Ind AS 17.

The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The Company intends to adopt this standard. However, adoption of this standard is not likely to have a significant impact in the Financial Statements.

### **Amendment to Existing issued Ind AS**

#### **Ind AS 19 - Employee benefits**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

#### **Ind AS 23 - Borrowing costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 4. Property, Plant and Equipment

(₹ in lakhs)

Particulars	Freehold Land (a) and (b)	Leasehold Land (a)	Buildings	Plant and Equipments	Computer and Data Processing Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total
<b>Reconciliation of carrying amount</b>									
<b>Gross carrying amount</b>									
<b>Balance at 1st April, 2017</b>	25,360.00	17.30	14,857.76	62,603.29	74.18	97.79	192.06	41.76	1,03,244.14
Additions during the year	186.67	-	221.95	3,563.61	23.70	29.56	68.50	6.30	4,100.29
Disposal / deduction during the year	22.10	-	30.08	83.22	0.11	0.18	6.92	0.23	142.84
Balance at 31st March, 2018	25,524.57	17.30	15,049.63	66,083.68	97.77	127.17	253.64	47.83	1,07,201.59
Additions during the year	<b>11.20</b>	-	<b>967.75</b>	<b>2,339.90 (d)</b>	<b>26.98</b>	<b>84.71</b>	<b>157.68</b>	<b>63.64</b>	<b>3,651.86</b>
Disposal / deduction during the year	-	-	-	<b>216.64</b>	<b>2.80</b>	<b>7.35</b>	<b>23.16</b>	<b>2.18</b>	<b>252.13</b>
<b>Balance at 31st March, 2019</b>	<b>25,535.77</b>	<b>17.30</b>	<b>16,017.38</b>	<b>68,206.94</b>	<b>121.95</b>	<b>204.53</b>	<b>388.16</b>	<b>109.29</b>	<b>1,10,601.32</b>
<b>Accumulated depreciation</b>									
Balance at 1st April, 2017	-	0.78	696.73	3,729.24	23.33	13.84	28.90	14.58	4,507.40
Depreciation for the year (c)	-	0.78	677.78	3,659.63	28.69	18.35	40.83	12.50	4,438.56
Disposal / deduction during the year	-	-	2.65	21.94	0.10	0.14	2.68	0.14	27.65
Balance at 31st March, 2018	-	1.56	1,371.86	7,366.93	51.92	32.05	67.05	26.94	8,918.31
Depreciation for the year (c)	-	<b>0.79</b>	<b>581.01</b>	<b>3,681.94</b>	<b>23.22</b>	<b>19.03</b>	<b>46.33</b>	<b>9.85</b>	<b>4,362.17</b>
Disposal / deduction during the year	-	-	-	<b>62.73</b>	<b>1.53</b>	<b>6.39</b>	<b>1.52</b>	<b>1.42</b>	<b>73.59</b>
<b>Balance at 31st March, 2019</b>	-	<b>2.35</b>	<b>1,952.87</b>	<b>10,986.14</b>	<b>73.61</b>	<b>44.69</b>	<b>111.86</b>	<b>35.37</b>	<b>13,206.89</b>
<b>Carrying amount (net)</b>									
At 31st March, 2018	25,524.57	15.74	13,677.77	58,716.75	45.85	95.12	186.59	20.89	98,283.28
<b>At 31st March, 2019</b>	<b>25,535.77</b>	<b>14.95</b>	<b>14,064.51</b>	<b>57,220.80</b>	<b>48.34</b>	<b>159.84</b>	<b>276.30</b>	<b>73.92</b>	<b>97,394.43</b>

- (a) Title deeds of freehold and leasehold land of ₹ 24,276.25 lakhs (31st March, 2018: ₹ 24,276.25 lakhs), transferred to the Company pursuant to the scheme of arrangement in earlier year and the Company is in the process of getting the title deeds transferred in its name.
- (b) Title deeds of land of ₹ 1,078.95 lakhs (31st March, 2018: ₹ 1,078.95 lakhs) are yet to be executed pending for registration in favour of the Company.
- (c) Includes ₹ 3.09 lakhs (31st March, 2018 ₹ 3.08 lakhs) in relation to biological assets other than bearer plants.
- (d) After adjusting ₹ 74.00 lakhs being the amount utilised out of Molasses Storage and Maintenance Reserve [Note 20].
- (e) Entire Property, Plant and Equipment given as security for borrowings [Note 21].

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 5. Capital Work-in-Progress

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Reconciliation of carrying amount</b>		
Balance at the beginning of the year	966.52	136.69
Add: Additions during the year	2,155.87	3,304.02
Less: Transfer to Property, Plant and Equipment	2,682.85	2,474.19
<b>Balance at the end of the year</b>	<b>439.54</b>	<b>966.52</b>

### 6. Other Intangible Assets

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Computer Software</b>		
<b>Reconciliation of carrying amount</b>		
<b>Gross carrying amount</b>		
Balance at the beginning of the year	80.74	67.20
Additions during the year	25.11	13.54
<b>Balance at the end of the year</b>	<b>105.85</b>	<b>80.74</b>
<b>Accumulated depreciation</b>		
Balance at the beginning of the year	54.45	43.58
Amortisation for the year	6.16	10.87
<b>Balance at the end of the year</b>	<b>60.61</b>	<b>54.45</b>
<b>Carrying amount (net)</b>	<b>45.24</b>	<b>26.29</b>

### 7. Investments

#### A. Non-current Investments

(₹ in lakhs)

Particulars	Face Value of Share / Unit (₹)	As at 31st March, 2019	As at 31st March, 2018
<b>Investment in Equity instruments carried at FVOCI - quoted (fully paid)</b>			
10,61,539 (31st March, 2018: 10,61,539) equity shares of Magadh Sugar & Energy Limited	10.00	1,223.95	1,271.73
		<b>1,223.95</b>	<b>1,271.73</b>
<b>Investment in Co-operative farming societies carried at amortised cost - unquoted (fully paid)</b>			
5 (31st March, 2018: 5) units of Krishna Sahakari Kheti Samiti Limited	100.00	0.01	0.01
1 (31st March, 2018: 1) unit of Kuri Sanyukta Sahakari Kheti Samiti Limited*	100.00	-	-
1 (31st March, 2018: 1) unit of Keshopur Sanyukta Sahakari Kheti Samiti Limited*	100.00	-	-
1 (31st March, 2018: 1) unit of Pandia Sanyukta Sahakari Kheti Samiti Limited*	100.00	-	-
1 (31st March, 2018: 1) unit of Seohara Co-operative Cane Development Union Limited*	100.00	-	-
1 (31st March, 2018: 1) unit of Najibabad Co-operative Cane Development Union Limited*	10.00	-	-
1 (31st March, 2018: 1) unit of Nagina Co-operative Cane Development Union Limited*	10.00	-	-
1 (31st March, 2018: 1) unit of Moradabad Co-operative Cane Development Union Limited*	10.00	-	-
		<b>0.01</b>	<b>0.01</b>



## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 7. Investments (Contd.)

#### A. Non-current Investments (Contd.)

(₹ in lakhs)

Particulars	Face Value of Share / Unit (₹)	As at 31st March, 2019	As at 31st March, 2018
<b>Investment in Government securities carried at amortised cost - unquoted (fully paid)**</b>			
12 Years National Savings Certificates		0.01	0.01
12 Years National Plan Savings Certificates		0.08	0.08
6 Years National Savings Certificates		1.67	2.17
		<b>1.76</b>	<b>2.26</b>
		<b>1,225.72</b>	<b>1,274.00</b>
Aggregate book value of quoted investments		1,223.95	1,271.73
Aggregate market value of quoted investments		1,223.95	1,271.73
Aggregate book value of unquoted investments		1.77	2.27

\* the figures, being less than ₹ 500, have been shown above as ₹ Nil.

\*\* Deposited / pledged with various Government authorities.

#### B. Equity shares designated at FVOCI

The Company has designated the investments shown below as equity instruments at FVOCI because these equity instruments represent investments that the Company intends to hold on long-term basis for strategic purposes.

(₹ in lakhs)

Particulars	Fair value at 31st March, 2019	Dividend income recognised during 2018-19	Fair value at 31st March, 2018	Dividend income recognised during 2017-18	Fair value at 1st April, 2017
Investment in Magadh Sugar & Energy Limited	1,223.95	10.62	1,271.73	21.23	2,094.42
	<b>1,223.95</b>	<b>10.62</b>	<b>1,271.73</b>	<b>21.23</b>	<b>2,094.42</b>

No strategic investment was disposed off during 2018-19 and there were no transfer of any cumulative gain or loss within equity relating to these investment.

### 8. Inventories

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<i>(Valued at lower of cost and net realisable value)</i>		
Raw materials	844.30	1,077.90
Work-in-progress	2,158.81	1,907.62
Finished goods	1,35,747.60	94,802.02
Stock-in-trade	23.87	24.56
Stores, chemicals and spare parts*	2,513.77	2,016.79
Power - Banked	127.57	116.46
<i>(Valued at estimated net realisable value)</i>		
By-Products	1,172.37	851.96
Scrap	75.73	72.02
	<b>1,42,664.02</b>	<b>1,00,869.33</b>
<b>* includes stock in transit:</b>		
Stores, chemicals and spare parts	55.15	97.13

a) During the year ended 31st March, 2019, ₹ Nil (31st March, 2018: ₹ 11,659.20 lakhs) are recognised as expenses, being write-down of inventories to net realisable value, included in Changes in inventories of Finished Goods, Work-in-progress and Stock-in-Trade.

b) Inventories of ₹ **1,37,207.13 lakhs** (31st March, 2018: ₹ 97,518.60 lakhs) are hypothecated / pledged against borrowings [Note 21].

c) Finished goods includes ₹ **17,715.77 lakhs** (31st March, 2018: ₹ Nil) as Buffer Stock maintained by the Company as per directions of the Government of India [Note 44(c)].

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 9. Biological assets other than bearer plants

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Reconciliation of carrying amount</b>		
Balance at the beginning of the year	4.74	3.74
Expenditure incurred during the year	17.28	13.29
Change in fair value	6.58	11.06
New Crop Plantations	4.33	4.74
Decrease due to harvested sugarcane transferred to inventory [including captive consumption of ₹ 19.67 lakhs (31st March, 2018: ₹ 19.21 lakhs)]	(28.60)	(28.09)
<b>Balance at the end of the year</b>	<b>4.33</b>	<b>4.74</b>

#### A. Measurement of fair values

The fair value of the sugarcane and other agriculture products at harvest is determined by the quantities harvested, it is valued at the rate fixed by the Uttar Pradesh Government (Level 1). The fair value of the harvested sugarcane is the cost of the raw material used in the production of sugar including captive consumption. For biological assets, where little biological transformation has taken place since the initial cost was incurred (for example seedlings planted immediately before the balance sheet date), such biological assets are measured at cost i.e. the total expenses incurred on such plantation upto the balance sheet date (Level 3).

#### B. Risk management strategy related to agricultural activities

The Company is exposed to a number of risks related to its sugarcane plantations.

##### i. Regulatory and environmental risks

The Company has established environmental policies and procedures, aimed for compliance, with local environmental and other laws.

##### ii. Supply and demand risk

The Company is exposed to risks arising from fluctuations in the sale price and quantity of sugarcane produced. When possible the Company manages this risk by aligning its harvest volume to market supply and demand.

##### iii. Climate and other risks

The Company's sugar cane plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks.

### 10. Trade Receivables

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Current</b>		
Considered good - Unsecured	12,636.72	8,284.96
	<b>12,636.72</b>	<b>8,284.96</b>

- (a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (b) Information about the Company's exposure to credit risks and loss allowances related to trade receivables are disclosed in Note 45(C)(i).
- (c) Trade receivable of ₹ 3,200.29 lakhs (31st March, 2018: ₹ 487.51 lakhs) are hypothecated against borrowings [Note 21].

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 11. Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Cash and cash equivalents</b>		
Cash on hand	22.93	24.59
Balances with banks		
- Current accounts	291.62	365.57
- Savings accounts	0.03	0.03
	<b>314.58</b>	<b>390.19</b>

### 12. Other bank balances

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Bank deposits due to mature after 3 months of original maturities but within 12 months of the reporting date*	194.29	137.66
Earmarked balances with bank for unpaid dividend accounts	3.46	2.36
In Post office Saving bank account *	0.29	0.29
	<b>198.04</b>	<b>140.31</b>

\* Pledged / lodged with various Government Authorities and Banks as security / earmarked / margin money and under court order.

### 13. Loans

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<i>(Considered good - Unsecured)</i>		
<b>Non-current</b>		
Security and other deposits	23.83	33.08
	<b>23.83</b>	<b>33.08</b>
<b>Current</b>		
Security and other deposits	101.72	101.10
Loans to employees	22.21	20.86
	<b>123.93</b>	<b>121.96</b>

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 14. Other Financial Assets

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Non-current</b>		
Bank deposits due to mature after 12 months of the reporting date*	38.00	30.58
	<b>38.00</b>	<b>30.58</b>
<b>Current</b>		
<i>(Considered good - Unsecured)</i>		
Renewable Energy Certificates Entitlement	0.03	0.03
Interest accrued on Loans, deposits, investments, etc.	13.78	11.25
	<b>13.81</b>	<b>11.28</b>

\* Pledged / lodged with various Government Authorities, Banks as security / earmarked / margin money.

### 15. Deferred Tax Assets (net)

(₹ in lakhs)

Particulars	As at 31st March, 2018	Recognised in profit or loss	Recognised in other comprehensive income	As at 31st March, 2019
<b>Deferred tax assets</b>				
Carried forward tax losses / unabsorbed depreciation	14,060.75	(6,005.04)	-	8,055.71
MAT credit entitlement	7,209.82	3,448.79	-	10,658.61
Investments	34.66	-	5.90	40.56
Provisions - employee benefits	318.43	(25.94)	6.77	299.26
Provisions - others	0.17	3.26	-	3.43
	21,623.83	(2,578.93)	12.67	19,057.57
Less: Deferred tax assets not recognised*	2,388.82	(2,299.38)	12.67	102.11
	<b>19,235.01</b>	<b>(279.55)</b>	-	<b>18,955.46</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipments including intangible assets	19,235.01	(279.55)	-	18,955.46
	<b>19,235.01</b>	<b>(279.55)</b>	-	<b>18,955.46</b>
<b>Net deferred tax assets</b>	-	-	-	-

Particulars	As at 31st March, 2017	Recognised in profit or loss	Recognised in other comprehensive income	As at 31st March, 2018
<b>Deferred tax assets</b>				
Carried forward tax losses / unabsorbed depreciation	18,873.51	(4,812.76)	-	14,060.75
MAT credit entitlement	4,616.18	2,593.64	-	7,209.82
Investments	-	-	34.66	34.66
Provisions - employee benefits	288.31	23.86	6.26	318.43
Provisions - others	0.11	0.06	-	0.17
	23,778.11	(2,195.20)	40.92	21,623.83
Less: Deferred tax assets not recognised*	4,067.58	(1,719.68)	40.92	2,388.82
	<b>19,710.53</b>	<b>(475.52)</b>	-	<b>19,235.01</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipments including intangible assets	19,710.53	(475.52)	-	19,235.01
	<b>19,710.53</b>	<b>(475.52)</b>	-	<b>19,235.01</b>
<b>Net deferred tax assets</b>	-	-	-	-

\* Deferred tax assets have been recognised to the extent of Deferred tax liabilities.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 15. Deferred Tax Assets (net) (Contd.)

MAT credit entitlement is the amount which can be recovered and set off in subsequent years as per the provisions of the Income Tax Act, 1961. The MAT credit entitlement recognised will expire as follows:

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Year of expiry, based on the last day of the financial year for which MAT credit is available for use as per prevailing tax laws as at the reporting date</b>		
Assessment Year 2024-2025 [Financial Year 2023-2024]	113.35	113.35
Assessment Year 2031-2032 [Financial Year 2030-2031]	177.01	177.01
Assessment Year 2032-2033 [Financial Year 2031-2032]	4,325.82	4,325.82
Assessment Year 2033-2034 [Financial Year 2032-2033]	2,590.02	2,593.64
Assessment Year 2034-2035 [Financial Year 2033-2034]	3,452.41	-
	<b>10,658.61</b>	<b>7,209.82</b>

### 16. Non-Current Tax Assets (net)

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advance tax and tax deducted at sources	7,218.80	7,408.68
Less: Provision for taxation	6,915.84	7,096.47
	<b>302.96</b>	<b>312.21</b>

### 17. Other Non-current Assets

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<i>(Considered good - Unsecured)</i>		
<b>Capital Advances</b>	-	56.17
<b>Advances other than Capital Advances</b>		
Other advances		
- Deposits against demand under appeal and / or under dispute	188.05	188.96
- Prepaid Expenses	4.39	9.38
	<b>192.44</b>	<b>198.34</b>
	<b>192.44</b>	<b>254.51</b>

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 18. Other Current Assets

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Advances other than Capital Advances</b>		
Advances to suppliers		
- Considered good - Unsecured	453.06	435.55
- Considered doubtful - Unsecured	9.82	0.49
	<b>462.88</b>	<b>436.04</b>
Less: Provision for loss allowance	9.82	0.49
	<b>453.06</b>	<b>435.55</b>
<b>Other advances</b> (considered good - unsecured)		
- Claims / refunds receivable	3,983.28	127.36
- Balance with Excise and other Government Authorities	564.08	434.96
- Prepaid Expenses	256.06	73.85
	<b>4,803.42</b>	<b>636.17</b>
	<b>5,256.48</b>	<b>1,071.72</b>

### 19. Share Capital

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Authorised:</b>		
5,60,50,000 (31st March, 2018: 5,60,50,000) equity shares of ₹ 10 each	5,605.00	5,605.00
34,00,000 (31st March, 2018: 34,00,000) preference shares of ₹ 100 each	3,400.00	3,400.00
8,00,00,000 (31st March, 2018: 8,00,00,000) preference shares of ₹ 10 each	8,000.00	8,000.00
	<b>17,005.00</b>	<b>17,005.00</b>
<b>Issued, subscribed and fully paid-up:</b>		
1,00,09,210 (31st March, 2018: 1,00,09,210) equity shares of ₹ 10 each	1,000.92	1,000.92
	<b>1,000.92</b>	<b>1,000.92</b>

2,43,50,000 (31st March, 2018: 4,87,00,000) 8.5% Non-convertible Cumulative Redeemable Preference Shares (NCCRPS) of ₹ 10 each issued are classified as financial liability. [Note 21]

#### (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
<b>Equity shares</b>				
At the beginning and at the end of the year	1,00,09,210	1,000.92	1,00,09,210	1,000.92

#### (b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares with par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 19. Share Capital (Contd.)

#### (c) Particulars of shareholders holding more than 5% shares of fully paid up equity shares

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	% of total shares in the class	Number of shares	% of total shares in the class
<b>Equity shares of ₹ 10 each fully paid up held by</b>				
New India Retailing & Investment Limited	9,72,652	9.72%	9,72,652	9.72%
SCM Investment & Trading Co. Limited	7,49,945	7.49%	7,49,945	7.49%
Uttar Pradesh Trading Co. Limited	7,39,312	7.39%	7,39,312	7.39%
RTM Investment & Trading Co. Limited	6,72,596	6.72%	6,72,596	6.72%
SIL Investments Limited	5,67,240	5.67%	5,67,240	5.67%
<b>NCCRPS of ₹ 10 each fully paid up held by</b>				
Sutlej Textiles & Industries Limited	2,43,50,000	100%	4,87,00,000	100%

#### (d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2015
Equity shares of ₹ 10 each allotted as fully paid-up*	-	-	1,00,09,210	-	-
Preference shares of ₹ 100 each allotted as fully paid-up*	-	-	17,00,000	-	-
Preference shares of ₹ 10 each allotted as fully paid-up*	-	-	4,87,00,000	-	-

\* pursuant to the scheme of arrangement [Note 1].

### 20. Other Equity

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Capital Reserve</b>		
Balance at the beginning and at the end of the year	25,761.69	25,761.69
<b>Capital Redemption Reserve</b>		
Balance at the beginning of the year	6,570.00	1,700.00
Provided during the year	-	4,870.00
Balance at the end of the year	6,570.00	6,570.00
<b>Molasses Storage and Maintenance Reserve</b>		
Balance at the beginning of the year	197.67	186.00
Provided during the year	26.21	11.67
Utilised during the year	(74.00)	-
Balance at the end of the year	149.88	197.67

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 20. Other Equity (Contd.)

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Retained Earnings</b>		
Balance at the beginning of the year	4,301.08	613.71
Profit for the year	11,987.40	8,816.39
Remeasurement of defined benefit liability / (asset)	(17.71)	(18.08)
Transfer to Capital Redemption Reserve	-	(4,870.00)
Dividend (including dividend distribution tax) on equity shares [refer Note (a) below]	(120.67)	(240.94)
Balance at the end of the year	<b>16,150.10</b>	<b>4,301.08</b>
<b>Equity Instruments through OCI</b>		
Balance at the beginning of the year	1,266.73	2,089.42
Net change in fair value	(47.78)	(822.69)
Balance at the end of the year	<b>1,218.95</b>	<b>1,266.73</b>
	<b>49,850.62</b>	<b>38,097.17</b>

#### (a) Dividend (including dividend distribution tax) on equity shares

The following dividends were declared and paid by the Company:

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
₹ 1 per equity share (31st March, 2018: ₹ 2 per equity share) as final dividend	100.09	200.18
Dividend distribution tax on final dividend to equity shareholders	20.58	40.76
	<b>120.67</b>	<b>240.94</b>

After the reporting date, the following dividends (excluding dividend distribution tax) were proposed by the Board of Directors, subject to the approval at the Annual General Meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Proposed dividend for the year ended 31st March, 2019 ₹ 3 per equity share (31st March, 2018: ₹ 1 per equity share)	300.28	100.09
	<b>300.28</b>	<b>100.09</b>

#### (b) Recommendation to issue Bonus share

After the reporting date, the Board of Directors in their meeting held on 13th May, 2019 has considered, approved and recommended a bonus issue of one equity share of ₹ 10/- each for every equity share of ₹ 10/- each held, subject to the approval of shareholders and any other applicable statutory and regulatory approvals.



## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 21. Borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Non-current Borrowings</b>		
<b>Term Loans (secured)</b>		
From banks -		
Term loan	2,218.34	3,993.06
Rupee term loan	31,494.17	32,131.44
Under financial assistance scheme (SEFASU 2014)	-	3,519.70
Under financial assistance scheme (SOFT 2015)	193.43	248.53
Under financial assistance scheme (SEFASU 2018)	22,765.02	-
<b>Term Loans (unsecured)</b>		
From a bank -		
Medium term loan	450.00	1,500.00
	<b>57,120.96</b>	<b>41,392.73</b>
<b>Non-convertible Cumulative Redeemable Preference Shares (unsecured) (Including interest accrued, as per effective interest method)</b>		
2,43,50,000 (31st March, 2018: 4,87,00,000) 8.5% preference shares of ₹ 10/- each	2,682.91	5,367.06
	<b>2,682.91</b>	<b>5,367.06</b>
	<b>59,803.87</b>	<b>46,759.79</b>
Less: Current portion of Non-current borrowings [Note 23]	12,028.54	7,076.32
	<b>47,775.33</b>	<b>39,683.47</b>
<b>Current Borrowings</b>		
<b>Secured</b>		
From banks (repayable on demand)		
Cash credit including working capital demand loan	83,452.85	54,634.07
<b>Unsecured</b>		
Short term loan from a bank	10,000.00	25,000.00
Inter-corporate deposits	1,975.00	8,850.00
	<b>95,427.85</b>	<b>88,484.07</b>

Information about the Company's exposure to interest and liquidity risk is included in Note 45(C).

#### A. Nature of Securities and Terms of repayment

##### (i) Term Loans

- Term loan from a bank carry interest @ 10.55% p.a. and is repayable in 32 quarterly installments by 30th June, 2020. This loan is secured by first mortgage / charge created on all the fixed assets, present and future, of the Company's Sugar & Co-generation Units at Hargaoan, Seohara, Dhadha Bujurg (Hata) and Sugar Unit at Rosa, ranking pari-passu amongst the various lenders. The above loan is further secured by second charge on current assets of Sugar Unit at Dhadha Bujurg (Hata) ranking pari-passu amongst the various lenders.
- Rupee Term Loans from banks carry interest in the range of 10.45% to 10.90% p.a. and are repayable in 14/28 quarterly installments by March 2026. These Loans are secured by first mortgage / charge created on entire fixed assets, present and future, of the Company, ranking pari passu amongst the various lenders.
- Term loan from a bank under Financial Assistance Scheme of the Government of India (SOFT Loan 2015), carry interest @ 10.55% p.a. and repayable in 20 equal quarterly installments by 1st July, 2022. The Company had availed interest subvention from the Government of India upto 10% p.a. for the first year as per terms of the Scheme. The above loan is secured by first charge created on all the fixed

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 21. Borrowings (Contd.)

assets, both present and future, of the Company's Sugar & Co-generation Units at Hargaon, Seohara, Dhadha Bujurg (Hata) and Sugar Unit at Rosa, ranking pari-passu amongst the various lenders.

- (d) Term loan from a bank under Scheme of the Government of Uttar Pradesh for Extending Financial Assistance to Sugar Undertakings 2018 (SEFASU 2018), carry interest @ 5% p.a. and is repayable in 60 equal monthly installments commencing from July, 2019. The above loan is secured by first charge created / to be created on all the immovable and movable fixed assets, both present and future, of the Company, ranking pari-passu amongst the various lenders.
- (e) Medium Term loan (Unsecured) from a bank carry interest @ 10% p.a. and is repayable by April, 2019.

#### (ii) Cash credit including working capital demand loan

- (a) Cash credit from banks, other than from District Co-operative Banks, is secured by hypothecation of current assets of Sugar Units of the Company ranking pari passu amongst the various lenders and also by way of 3rd charge created / to be created on the fixed assets of the Company.

Further, cash credit other than from District Co-operative Bank is also secured by pledge of 14,39,841 equity shares of the Company held by promoter group companies, ranking pari-passu amongst the various lenders.

- (b) Cash credit of ₹ 35,679.19 lakhs (31st March, 2018: ₹ 24,043.88 lakhs) from District Co-operative Banks carry interest rate of 9.45% p.a. and is secured by pledge of the stock of sugar pertaining to Sugar units at Seohara, Hargaon and Rosa.
- (c) Cash Credit borrowings including Working Capital Demand Loan (WC DL) carry interest in the range of 8.70% to 10.25% p.a. However, working capital demand loans are repayable within a period range from one month to three months.
- (d) Short Term loan (Unsecured) from a bank carry interest @ 9.75% p.a. and is repayable in 3 monthly installments from December, 2019 to February, 2020.
- (e) Inter-corporate deposits carry interest range of 8.50% to 10.20% p.a. and are repayable on demand.

### B. Non-convertible Cumulative Redeemable Preference Shares

#### (i) Rights, preferences and restrictions attached to 8.5% non-convertible cumulative redeemable preference shares of ₹ 10 each

The Non-convertible Cumulative Redeemable Preference Shares (NCCRPS) of ₹ 10 each carries dividend @ 8.50% per annum. NCCRPS shall be redeemable at par on 2nd August, 2023 being twelve years and one day from the date of the original allotment i.e. 1st August, 2011 with a right vested to the Board of Directors to redeem it earlier, subject to consent of the lenders. The dividend is payable at the time of redemption of the NCCRPS. However, the Board reserves the right to pay dividend earlier subject to the availability of the profit.

As approved by the Board of Directors, 2,43,50,000 8.5% NCCRPS of ₹ 10 each out of total 4,87,00,000 8.5% NCCRPS has been redeemed during the year and the balance 2,43,50,000 8.5% NCCRPS of ₹ 10 each will be redeemed in financial year 2019-20.

### 22. Trade Payables

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total outstanding dues of micro enterprises and small enterprises	511.91	82.51
Total outstanding dues of creditors other than micro enterprises and small enterprises	47,011.70	33,470.21
	<b>47,523.61</b>	<b>33,552.72</b>

The Company's exposure to currency and liquidity risk related to trade payable are disclosed in Note 45(C).

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 22. Trade Payables (Contd.)

The following details relating to Micro enterprises and small enterprises are as under:

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year:		
Principal amount due to micro and small enterprises	494.01	64.25
Interest due on above	3.48	0.24
<b>Total</b>	<b>497.49</b>	<b>64.49</b>
(ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act 2006) along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	2,432.36	243.78
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	27.22	6.98
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year.	17.90	18.26
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006.	8.74	11.04

### 23. Other Financial Liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Non-current</b>		
Trade and other deposits	105.52	95.52
	<b>105.52</b>	<b>95.52</b>
<b>Current</b>		
Current portion of Non-current borrowings [Note 21]	12,028.54	7,076.32
Interest accrued but not due	365.46	196.11
Payable to employees	961.26	968.71
Liability for capital goods	176.36	231.19
Unclaimed dividend *	3.46	2.36
Other payables	8.58	27.28
	<b>13,543.66</b>	<b>8,501.97</b>

\* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Information about the Company's exposure to liquidity risks related to the above financial liabilities is disclosed in Note 45(C).

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 24. Provisions

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Provision for employee benefits</b>		
Net defined benefit liability - Gratuity	589.86	665.93
Liability for compensated absences	266.55	254.17
	<b>856.41</b>	<b>920.10</b>
Non-current	177.08	262.56
Current	679.33	657.54
	<b>856.41</b>	<b>920.10</b>

#### Defined benefits - Gratuity Plan

The Company has a defined benefit gratuity plan. Every employee who has completed continuously at least five years or more of service is entitled to Gratuity on terms as per the provisions of The Payment of Gratuity Act, 1972. The approved gratuity fund of erstwhile companies in respect of transferred business undertakings has been transferred to the Company and which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

#### Net defined benefit liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Present value of defined benefit obligations	1,980.55	1,894.26
Fair value of plan assets	1,390.69	1,228.33
Net defined benefit liabilities	<b>589.86</b>	<b>665.93</b>

These defined benefit plans expose the Company to actuarial risks, such as currency risk, interest risk and market (investment) risk.

The Company expects to contribute ₹ 272.64 lakhs to Gratuity Fund in the next year.

#### Inherent risk

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.

The following tables analyse present value of defined benefit obligations, fair value of defined plan assets, actuarial gain / (loss) on plan assets, expense recognised in the Statement of Profit and Loss and Other Comprehensive Income, actuarial assumptions and other information:

#### Reconciliation of the net defined benefit liabilities / (assets):

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>(i) Reconciliation of present value of defined benefit obligations</b>		
(a) Balance at the beginning of the year	1,894.26	1,727.53
(b) Current service cost	115.92	110.15
(c) Past service cost	-	74.35
(d) Interest cost	146.81	125.81
(e) Benefits paid	(182.74)	(166.49)
(f) Actuarial (gain) / loss on defined benefit obligations:		
- due to change in financial assumptions	16.09	(59.45)
- due to change in demographic assumptions	-	34.03
- due to experience changes	(9.79)	48.33
<b>Balance at the end of the year</b>	<b>1,980.55</b>	<b>1,894.26</b>

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 24. Provisions (Contd.)

#### Reconciliation of the net defined benefit liabilities / (assets): (Contd.)

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>(ii) Reconciliation of fair value of plan assets</b>		
(a) Balance at the beginning of the year	1,228.33	1,141.01
(b) Actual return on plan assets	83.79	88.12
(c) Contributions by the employer	261.31	165.69
(d) Benefits paid	(182.74)	(166.49)
<b>Balance at the end of the year</b>	<b>1,390.69</b>	<b>1,228.33</b>
<b>(iii) Actuarial gain / (loss) on plan assets</b>		
(a) Expected Interest Income	95.20	83.29
(b) Actual return on plan assets	83.79	88.12
<b>Actuarial gain / (loss) on plan assets</b>	<b>(11.41)</b>	<b>4.83</b>
<b>(iv) Expense recognised in Employee benefits expenses</b>		
(a) Current service cost	115.92	110.15
(b) Past service cost	-	74.35
(c) Interest cost	146.81	125.81
(d) Interest income	(95.20)	(83.29)
<b>Amount charged to Employee benefits expenses</b>	<b>167.53</b>	<b>227.02</b>
<b>(v) Remeasurement recognised in Other Comprehensive Income</b>		
(a) Actuarial gain / (loss) on defined benefit obligations	(6.30)	(22.91)
(b) Actuarial gain / (loss) on plan assets	(11.41)	4.83
<b>Amount recognised in Other Comprehensive Income</b>	<b>(17.71)</b>	<b>(18.08)</b>
<b>(vi) Plan assets</b>		
Plan assets comprise of the following:		
(a) Investments with LIC	100%	100%
<b>(vii) Actuarial assumptions</b>		
Principal actuarial assumptions at the reporting date (expressed as weighted averages)		
(a) Discount rate	7.62%	7.75%
(b) Future salary growth	5.00%	5.00%
(c) Attrition rates	Less than 40 Years - 4.2%	
	40 Years and above - 1.8%	

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08).

#### (viii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

(₹ in lakhs)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Increase	Decrease	Increase	Decrease
a) Discount rate (0.50% movement)	60.62	(64.12)	57.74	(61.10)
b) Future salary growth (1% movement)	(129.19)	117.82	(123.05)	112.14
c) Withdrawal assumption (4% movement)	(75.80)	60.60	(76.88)	61.97

Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions as shown.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 24. Provisions (Contd.)

#### Reconciliation of the net defined benefit liabilities / (assets): (Contd.)

(ix) The following payments are expected contributions to the defined benefit plan in future years:

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Within the next 12 months (next annual reporting period)	412.78	403.37
Between 1 and 2 years	161.85	156.20
Between 2 and 3 years	117.57	145.99
Between 3 and 4 years	129.01	103.89
Between 4 and 5 years	121.09	113.10
Between 5 and 6 years	128.90	113.31
Beyond 6 years	909.35	858.40
<b>Total expected payments</b>	<b>1,980.55</b>	<b>1,894.26</b>

### 25. Other Non-Current Liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deferred Income on Government Grant [Note 44(e)]	1,987.01	-
	<b>1,987.01</b>	-

### 26. Other Current Liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advance from customers	114.91	368.37
Statutory dues payable	849.34	1,370.65
Deferred Income on Government Grant [Note 44]	959.40	-
	<b>1,923.65</b>	<b>1,739.02</b>

### 27. Current Tax Liabilities (net)

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for taxation	3,452.41	-
Less: Advance tax and tax deducted at sources	2,572.92	-
	<b>879.49</b>	-

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 28. Revenue from Operations

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>Sale of Goods (including excise duty) (A)</b>		
Finished goods	1,96,115.84	2,24,077.97
Stock-in-trade	1,294.73	1,220.76
Power	9,512.69	8,209.54
By products	3,112.47	2,910.38
Others	111.79	108.87
	<b>2,10,147.52</b>	<b>2,36,527.52</b>
<b>Other operating revenue (B)</b>		
Cane Price Subsidy	2,109.11	-
Subsidy towards Export Quota (net)	507.08	-
Buffer Stock Subsidy towards Insurance and Storage Charges	188.30	-
Renewable Energy Certificates Credit	-	210.28
Scrap Sales	64.58	106.55
	<b>2,869.07</b>	<b>316.83</b>
<b>Total revenue from operations (A+B)</b>	<b>2,13,016.59</b>	<b>2,36,844.35</b>

#### Disaggregated revenue information

The disaggregation of the Company's revenue from contracts with customers are as under:

(₹ in lakhs)

Segment	Year ended 31st March, 2019				
	Sugar	Distillery	Co-generation	Others	Total
<b>Type of Goods:</b>					
<b>Finished goods</b>					
- Sugar	1,70,821.90	-	-	-	1,70,821.90
- Spirits	-	25,293.94	-	-	25,293.94
	<b>1,70,821.90</b>	<b>25,293.94</b>	-	-	<b>1,96,115.84</b>
<b>Stock-in-trade</b>					
- Diesel	-	-	-	1,293.88	1,293.88
- Oil and Lubricants	-	-	-	0.85	0.85
	-	-	-	<b>1,294.73</b>	<b>1,294.73</b>
<b>Power</b>	-	-	9,512.69	-	9,512.69
<b>By products</b>					
- Molasses	31.04	-	-	-	31.04
- Bagasse	2,824.83	-	-	-	2,824.83
- Press-mud	256.60	-	-	-	256.60
	<b>3,112.47</b>	-	-	-	<b>3,112.47</b>
<b>Others</b>	-	111.79	-	-	111.79
<b>Total revenue from contracts with customers</b>	<b>1,73,934.37</b>	<b>25,405.73</b>	<b>9,512.69</b>	<b>1,294.73</b>	<b>2,10,147.52</b>
<b>Revenue by Customers:</b>					
- Government concerns (including PSUs)	-	24,258.16	9,512.69	-	33,770.85
- Others	1,73,934.37	1,147.57	-	1,294.73	1,76,376.67
<b>Total revenue from contracts with customers</b>	<b>1,73,934.37</b>	<b>25,405.73</b>	<b>9,512.69</b>	<b>1,294.73</b>	<b>2,10,147.52</b>

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 28. Revenue from Operations (Contd.)

#### Disaggregated revenue information (Contd.)

The disaggregation of the Company's revenue from contracts with customers are as under:

(₹ in lakhs)

Segment	Year ended 31st March, 2018				
	Sugar	Distillery	Co-generation	Others	Total
<b>Type of Goods:</b>					
<b>Finished goods</b>					
- Sugar	2,04,758.38	-	-	-	2,04,758.38
- Spirits	-	19,319.59	-	-	19,319.59
	<b>2,04,758.38</b>	<b>19,319.59</b>	-	-	<b>2,24,077.97</b>
<b>Stock-in-trade</b>					
- Diesel	-	-	-	1,220.03	1,220.03
- Oil and Lubricants	-	-	-	0.73	0.73
	-	-	-	<b>1,220.76</b>	<b>1,220.76</b>
<b>Power</b>	-	-	8,209.54	-	8,209.54
<b>By products</b>					
- Molasses	312.90	-	-	-	312.90
- Bagasse	2,314.16	-	-	-	2,314.16
- Press-mud	283.32	-	-	-	283.32
	<b>2,910.38</b>	-	-	-	<b>2,910.38</b>
<b>Others</b>	-	108.87	-	-	108.87
<b>Total revenue from contracts with customers</b>	<b>2,07,668.76</b>	<b>19,428.46</b>	<b>8,209.54</b>	<b>1,220.76</b>	<b>2,36,527.52</b>
<b>Revenue by Customers:</b>					
- Government concerns (including PSUs)	-	18,731.19	8,209.54	-	26,940.73
- Others	2,07,668.76	697.27	-	1,220.76	2,09,586.79
<b>Total revenue from contracts with customers</b>	<b>2,07,668.76</b>	<b>19,428.46</b>	<b>8,209.54</b>	<b>1,220.76</b>	<b>2,36,527.52</b>

The reconciliation of the revenue from contracts with customers and other operating revenue with amount disclosed in the segment information [Note 42]:

(₹ in lakhs)

Segment	Year ended 31st March, 2019				
	Sugar	Distillery	Co-generation	Others	Total
<b>Sale of Goods (including excise duty)</b>					
- External customers	1,73,934.37	25,405.73	9,512.69	1,294.73	2,10,147.52
- Inter-segment	14,426.69	38.53	9,972.82	-	24,438.04
<b>Other Operating Revenue</b>	2,867.37	1.70	-	-	2,869.07
	<b>1,91,228.43</b>	<b>25,445.96</b>	<b>19,485.51</b>	<b>1,294.73</b>	<b>2,37,454.63</b>
Less: Inter-segment elimination	14,426.69	38.53	9,972.82	-	24,438.04
Less: Other Operating Revenue	2,867.37	1.70	-	-	2,869.07
<b>Total revenue from contracts with customers</b>	<b>1,73,934.37</b>	<b>25,405.73</b>	<b>9,512.69</b>	<b>1,294.73</b>	<b>2,10,147.52</b>



## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 28. Revenue from Operations (Contd.)

The reconciliation of the revenue from contracts with customers and other operating revenue with amount disclosed in the segment information [Note 42]: (Contd.)

(₹ in lakhs)

Segment	Year ended 31st March, 2018				
	Sugar	Distillery	Co-generation	Others	Total
<b>Sale of Goods (including excise duty)</b>					
- External customers	2,07,668.76	19,428.46	8,209.54	1,220.76	2,36,527.52
- Inter-segment	16,510.81	31.80	7,791.00	-	24,333.61
<b>Other Operating Revenue</b>	316.83	-	-	-	316.83
	<b>2,24,496.40</b>	<b>19,460.26</b>	<b>16,000.54</b>	<b>1,220.76</b>	<b>2,61,177.96</b>
Less: Inter-segment elimination	16,510.81	31.80	7,791.00	-	24,333.61
Less: Other Operating Revenue	316.83	-	-	-	316.83
<b>Total revenue from contracts with customers</b>	<b>2,07,668.76</b>	<b>19,428.46</b>	<b>8,209.54</b>	<b>1,220.76</b>	<b>2,36,527.52</b>

- a) The Company presented disaggregated revenue based on the type of goods sold to customers and type of customers. Further, the Company's sales are made within India only and revenue is recognised for goods transferred at a point in time. The Company's performance obligations are satisfied on delivery of goods to the customer. Delivery of goods completes when the goods have been dispatched or delivered to the specific location, of the customer, as the case may be.

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payments by the customer exceeds one year and hence, there are no significant financing component included in such contracts.

The Company believes that the above disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are effected by industry, market and other economic factors.

- b) Trade receivables [Note 10] and Advance from customers [Note 26].
- c) The amount of revenue from contracts with customers recognised in the statement of profit and loss is the contracted price.

### 29. Other Income

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Interest income on:		
- Loans and deposits	16.98	12.86
- Refund from income tax department	-	0.75
Dividend income on investment in equity instruments	10.62	21.23
Insurance and other claims	9.20	53.05
Unspent liabilities, Provisions no longer required and Unclaimed balances written back	92.03	164.41
Income from investments in co-operative farming societies	168.75	104.82
Change in fair value of biological assets other than bearer plants [Note 9]	6.58	11.06
Miscellaneous receipts	47.51	44.34
	<b>351.67</b>	<b>412.52</b>

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 30. Cost of Materials Consumed

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Inventory of materials at the beginning of the year	1,077.90	561.00
Add: Purchases and procurement expenses *	1,92,788.78	1,76,566.24
	<b>1,93,866.68</b>	<b>1,77,127.24</b>
Less: Inventory of materials at the end of the year	844.30	1,077.90
	<b>1,93,022.38</b>	<b>1,76,049.34</b>

\* net of Government grants [Note 44].

### 31. Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-progress

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>Inventories at the end of the year</b>		
Finished goods	1,35,747.60	94,802.02
Stock-in-trade	23.87	24.56
Power - Banked	127.57	116.46
By Products	1,172.37	851.96
Work-in-progress	2,158.81	1,907.62
Scrap	75.73	72.02
	<b>1,39,305.95</b>	<b>97,774.64</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	94,802.02	1,01,058.78
Stock-in-trade	24.56	11.34
Power - Banked	116.46	153.32
By Products	851.96	4,891.71
Work-in-progress	1,907.62	1,569.66
Scrap	72.02	53.53
	<b>97,774.64</b>	<b>1,07,738.34</b>
	(41,531.31)	9,963.70
Increase / (Decrease) of excise duty on inventories	-	(6,706.26)
	<b>(41,531.31)</b>	<b>3,257.44</b>

### 32. Employee benefits expense

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Salaries, wages, bonus etc.	7,567.22	6,801.76
Contribution to provident and other funds	593.58	610.86
Expenses related to post-employment defined benefit plans [Note 24]	167.53	227.02
Staff welfare expenses	180.99	177.05
	<b>8,509.32</b>	<b>7,816.69</b>

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 32. Employee benefits expense (Contd.)

#### Defined contribution plans

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Contribution to Provident / Pension Funds	575.87	594.73
Contribution to Superannuation Fund	17.71	16.13
	<b>593.58</b>	<b>610.86</b>

### 33. Finance costs

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Interest expense on financial liabilities measured at amortised cost *	9,082.57	10,666.88
Dividend on Redeemable Preference Shares classified as financial liabilities measured at amortised cost (including related dividend distribution tax)	478.22	654.49
Interest on income tax	131.42	106.58
	<b>9,692.21</b>	<b>11,427.95</b>

\* Net of Government grants [Note 44].

### 34. Depreciation and amortization expense

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Depreciation of property, plant and equipment * [Note 4]	4,359.08	4,435.48
Amortisation of intangible assets [Note 6]	6.16	10.87
	<b>4,365.24</b>	<b>4,446.35</b>

\* excluding ₹ 3.09 lakhs (31st March, 2018: ₹ 3.08 lakhs) in relation to biological assets other than bearer plants.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 35. Other expenses

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Consumption of stores and spares	2,488.25	2,230.96
Packing materials	2,494.86	2,112.43
Power and fuel	786.11	912.55
Repairs to:		
- Buildings	825.68	636.84
- Machinery	4,804.64	3,780.89
- Others	170.20	188.97
Rent [Note 41]	337.32	174.78
Rates and taxes	907.46	911.36
Insurance	147.21	137.13
Payment to auditors [refer Note (a) below]	66.25	58.39
Payment to cost auditors	1.17	0.55
Commission on sales	623.93	728.73
Freight and forwarding charges	6,225.59	4,035.46
Charity and donations	122.01	22.96
Provision for bad and doubtful advances	9.33	0.17
Bad debts, irrecoverable claims and advances written off	0.76	0.21
Loss on sale / discard of Property, Plant and Equipment (net)	30.85	72.24
Molasses storage and maintenance fund	26.21	11.67
Contribution towards Corporate Social Responsibility expenses [refer Note (b) below]	250.13	174.99
Director's commission	42.72	42.00
Director's sitting fees	20.20	17.00
Miscellaneous expenses	2,238.01	2,125.60
	<b>22,618.89</b>	<b>18,375.88</b>

#### (a) Payment to auditors

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>As Auditors</b>		
- Statutory audit	32.00	32.00
- Limited review of quarterly results	19.50	19.50
<b>In other capacity</b>		
- Tax audit	9.00	-
- For certificates and other services	1.50	1.80
<b>Reimbursement of expenses</b>	4.25	5.09
	<b>66.25</b>	<b>58.39</b>

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 35. Other expenses (Contd.)

#### (b) Contribution towards Corporate Social Responsibility expenses

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>(A) Gross amount required to be spent by the Company during the year</b>	250.13	171.22
<b>(B) Amount spent during the year on:</b>		
(i) Construction / acquisition of any asset		
- In Cash	-	-
- Yet to be paid in cash	-	-
<b>Total</b>	-	-
(ii) On purpose other than (i) above		
- In Cash	250.13	174.99
- Yet to be paid in cash	-	-
<b>Total</b>	<b>250.13</b>	<b>174.99</b>

### 36. Tax expense

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>Current tax</b>	3,452.41	2,593.64
<b>Provision for tax related to earlier years</b>	0.45	14.14
<b>Provision for tax no longer required written back</b>	(3.62)	-
<b>Deferred tax</b>		
Attributable to origination and reversal of temporary differences	-	-
<b>Total tax expense for the year</b>	<b>3,449.24</b>	<b>2,607.78</b>

#### Reconciliation of effective tax rate

Particulars	Year ended 31st March, 2019		Year ended 31st March, 2018	
	Rate	(₹ in lakhs)	Rate	(₹ in lakhs)
<b>Profit before tax</b>		<b>15,436.64</b>		<b>11,424.17</b>
Tax using the Company's domestic tax rate	34.944%	5,394.18	34.608%	3,953.68
Tax effect of:				
- Deferred tax expense adjusted with deferred tax assets not recognised in earlier years	-14.896%	(2,299.38)	-15.053%	(1,719.68)
- Interest expense on Preference shares classified as liability not deductible for tax purposes	1.083%	167.11	1.983%	226.51
- Amount related to earlier years	-0.021%	(3.17)	0.124%	14.14
- Other permanent differences	1.234%	190.50	1.165%	133.13
<b>Effective tax rate</b>	<b>22.344%</b>	<b>3,449.24</b>	<b>22.827%</b>	<b>2,607.78</b>

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 37. Earnings per equity share (EPS)

#### Basic and Diluted earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and diluted earnings per share calculation are as follows:

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
(i) Profit attributable to equity shareholders (₹ in lakhs)	11,987.40	8,816.39
(ii) Weighted average number of equity shares for the year		
At the beginning and at the end of the year	1,00,09,210	1,00,09,210
(iii) <b>Earning per equity share [Nominal value of share ₹ 10] [(i)/(ii)]</b>		
Basic and Diluted (₹)	119.76	88.08

There is no dilutive potential equity share.

### 38. Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ **324.50 lakhs** (31st March, 2018: ₹ 459.90 lakhs).

### 39. Contingent Liabilities

(to the extent not provided for)

#### (a) Claims against the Company not acknowledged as debt

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
(i) Excise duty and service tax	1,181.52	1,011.96
(ii) Sugarcane Society Commission pertaining to Sugar Season 2012-13, 2014-15 and partly for 2015-16	3,962.62	3,962.62
(iii) Sales and entry tax	60.48	60.05
(iv) Duty under state acts	6.45	6.45
(v) Others	615.83	356.45
<b>Total *</b>	<b>5,826.90</b>	<b>5,397.53</b>

#### \* Notes:

- Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments / decisions pending with various forums / authorities.
  - The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (b) There has been a Supreme Court Judgment dated 28th February, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the Employees Provident Fund & Miscellaneous Provision Act, 1952. There are interpretative aspects related to the judgement including the effective date of application. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

**40.** The Central Government, pursuant to notification dated 5th October, 2018, issued by Ministry of Consumer Affairs, Food and Public Distribution, has notified a Scheme for financial assistance of ₹ 13.88 per quintal of actual sugarcane crushed during sugar season 2018-19 or the proportionate inter-se allocation of 3000 lakhs MT of sugarcane to be crushed (for sugar season 2018-19) on the basis of their average sugar production of last three sugar seasons, whichever is lower. Such financial assistance is subject to fulfillment of certain eligibility conditions as specified therein. The company has fulfilled the conditions as stipulated in the said scheme in respect of its two units by 31st March, 2019 accordingly the subsidy of ₹ **607.94 lakhs** has been accounted for in these accounts by netting with "Cost of Material Consumed". The said assistance is after adjusting the related cost of ₹ **1,381.29 lakhs** incurred thereon in performing the obligation. In respect of other two units, the Company has incurred ₹ **854.57 lakhs** for carrying out performance obligation and has been recognized as an other assets and will be adjusted once the performance obligation is fully completed.

### 41. Operating Lease

Certain office premises, godowns, cane purchasing centre etc. are held on operating lease. The lease term is ranging up to 3 years and are renewable for further year either mutually or at the option of the Company. There are no escalation clause in the lease agreement. There are no restrictions imposed in lease agreements. There are no subleases. The leases are cancellable.

(₹ in lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Amount recognised in the Statement of Profit and Loss	337.32	174.78

### 42. Operating Segments

#### A. Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments and its operating results are reviewed regularly by the Company's Whole-Time Director (WTD) as the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

The Company has three reportable segments as described below, which are the Company's strategic business:

Reportable segments	Operations
Sugar	Manufacture and sale of sugar, molasses and bagasse
Distillery	Manufacture and sale of industrial spirits (including ethanol), fusel oil and bio-compost
Co-generation	Generation and transmission of power
Others	Trading of petroleum products business comprising of less than 10% revenues.

#### B. Information about reportable segments

Information related to each reportable segment is set-out below. The Company's WTD reviews the results of each segment on a quarterly basis. The Company's WTD uses Earning Before Interest and Tax (EBITA) to assess the performance of the operating segments. Segment is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within same industries. Inter-segment pricing is determined on an arm's length basis.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 42. Operating Segments (Contd.)

#### B. Information about reportable segments (Contd.)

(₹ in lakhs)

Particulars	Reportable segments			Others	Total
	Sugar	Distillery	Co-generation		
<b>Year ended 31st March, 2019</b>					
<b>Revenue:</b>					
<b>Segment revenue</b>	1,91,228.43	25,445.96	19,485.51	1,294.73	2,37,454.63
Less: Inter-segment revenue	14,426.69	38.53	9,972.82	-	24,438.04
<b>Total revenue from operations</b>	<b>1,76,801.74</b>	<b>25,407.43</b>	<b>9,512.69</b>	<b>1,294.73</b>	<b>2,13,016.59</b>
<b>Segment profit before income tax</b>	6,801.28	14,213.74	5,460.45	39.64	26,515.11
Finance costs					9,692.21
Unallocable expenses (net of unallocable income)					1,386.26
<b>Profit before tax</b>					<b>15,436.64</b>
<b>As at 31st March, 2019</b>					
<b>Segment assets</b>	2,10,389.67	18,029.08	29,040.56	32.05	2,57,491.36
Unallocated assets					3,382.71
<b>Total assets</b>					<b>2,60,874.07</b>
<b>Segment liabilities</b>	52,032.77	1,313.99	187.06	-	53,533.82
Unallocated liabilities					1,56,488.71
<b>Total liabilities</b>					<b>2,10,022.53</b>
<b>Year ended 31st March, 2019</b>					
<b>Other segment information</b>					
Capital expenditure					
- Property, Plant and Equipments	2,554.11	517.08	53.69	-	3,124.88
- Intangible assets	25.11	-	-	-	25.11
Depreciation	2,833.42	849.38	676.28	-	4,359.08
Amortization	6.16	-	-	-	6.16
Non-cash expenses	26.21	-	-	-	26.21
<b>Year ended 31st March, 2018</b>					
<b>Revenue:</b>					
<b>Segment revenue</b>	2,24,496.40	19,460.26	16,000.54	1,220.76	2,61,177.96
Less: Inter-segment revenue	16,510.81	31.80	7,791.00	-	24,333.61
<b>Total revenue from operations</b>	<b>2,07,985.59</b>	<b>19,428.46</b>	<b>8,209.54</b>	<b>1,220.76</b>	<b>2,36,844.35</b>
<b>Segment profit before income tax</b>	14,254.98	5,715.78	3,998.33	38.60	24,007.69
Finance costs					11,427.95
Unallocable expenses (net of unallocable income)					1,155.57
<b>Profit before tax</b>					<b>11,424.17</b>
<b>As at 31st March, 2018</b>					
<b>Segment assets</b>	1,61,454.64	19,240.74	28,431.44	33.65	2,09,160.47
Unallocated assets					2,914.49
<b>Total assets</b>					<b>2,12,074.96</b>
<b>Segment liabilities</b>	36,489.58	1,044.66	169.12	-	37,703.36
Unallocated liabilities					1,35,273.51
<b>Total liabilities</b>					<b>1,72,976.87</b>
<b>Year ended 31st March, 2018</b>					
<b>Other segment information</b>					
Capital expenditure					
- Property, Plant and Equipments	4,728.83	185.33	15.96	-	4,930.12
- Intangible assets	13.54	-	-	-	13.54
Depreciation	2,853.30	900.96	681.22	-	4,435.48
Amortization	10.87	-	-	-	10.87
Non-cash expenses	11.67	-	-	-	11.67

#### C. Geographical information

The Company at present, operates in India only and therefore the analysis of geographical segments is not applicable to the Company.

#### D. Major customer

No single customer contributed 10% or more of the total revenue of the Company for the year ended 31st March, 2019 and 31st March, 2018.



## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 43. Related Party Disclosures

In accordance with the requirements of Indian Accounting Standard (Ind-AS) 24 "Related Party Disclosures", names of the related parties, related party relationships, transactions and outstanding balances, where control exist and with whom transactions have been taken placed during the reported periods are:

#### A. Names of related parties and related party relationship

##### Related parties with whom transactions have taken place during the year

Key management personnel	Mrs. Nandini Nopany	-	Chairperson / Non-Executive Director
	Mr. Chandra Shekhar Nopany	-	Co-Chairperson / Non-Executive Director
	Mr. Anand Ashvin Dalal	-	Independent / Non-Executive Director
	Mr. Sunil Kanoria	-	Independent / Non-Executive Director (upto 27th March, 2019)
	Mr. Gaurav Swarup	-	Independent / Non-Executive Director
	Mr. Pradip Kumar Bishnoi	-	Independent / Non-Executive Director
	Mr. Kalpataru Tripathy	-	Independent / Non-Executive Director
	Mrs. Kausalya Madhavan	-	Independent / Non-Executive Director (w.e.f. 11th February, 2019)
	Mr. Devendra Kumar Sharma	-	Whole-Time Director
	Mr. Dilip Patodia	-	President (Finance) and Chief Financial Officer
	Mr. Anand Sharma	-	Company Secretary

#### B. The following transactions were carried out with related parties in the ordinary course of business

##### a. Dividend paid

(₹ in lakhs)

Particulars	Year ended 31st March	Dividend on Equity Shares	Dividend on Preference Shares	Amount owed to related parties
Mrs. Nandini Nopany	2019	3.00	-	-
	2018	6.00	-	-
Mr. Chandra Shekhar Nopany	2019	0.36	-	-
	2018	0.62	-	-

##### b. Director's sitting fees / commission

(₹ in lakhs)

Particulars	Year ended 31st March	Director's sitting fees	Director's commission	Amount owed to related parties
Mrs. Nandini Nopany	2019	1.80	6.00	5.40
	2018	2.20	6.00	6.00
Mr. Chandra Shekhar Nopany	2019	2.40	6.00	5.40
	2018	2.40	6.00	6.00
Mr. Anand Ashvin Dalal	2019	4.00	6.00	5.40
	2018	3.60	6.00	6.00
Mr. Sunil Kanoria	2019	1.00	5.92	5.33
	2018	0.40	6.00	6.00
Mr. Gaurav Swarup	2019	4.00	6.00	5.40
	2018	2.40	6.00	6.00
Mr. Pradip Kumar Bishnoi	2019	4.20	6.00	5.40
	2018	3.40	6.00	6.00
Mr. Kalpataru Tripathy	2019	2.80	6.00	5.40
	2018	2.60	6.00	6.00
Mrs. Kausalya Madhavan	2019	-	0.81	0.72
	2018	-	-	-

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 43. Related Party Disclosures (Contd.)

#### c. Remuneration to key managerial personnel

##### (i) Short term employee benefits

(₹ in lakhs)

Particulars	Year ended 31st March	Transaction during the year	Amount owed by related parties	Amount owed to related parties
Mr. Devendra Kumar Sharma*	2019	87.19	-	3.26
	2018	77.94	-	3.30
Mr. Dilip Patodia	2019	118.60	-	-
	2018	109.90	-	-
Mr. Anand Sharma	2019	70.03	-	-
	2018	64.69	-	-

\* excluding ₹ 6.93 lakhs (31st March, 2018: ₹ 6.18 lakhs) value of perquisites determined under the provisions of Income Tax Act, 1961.

##### (ii) Post employment benefits

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

#### C. Details of loans, investments and guarantee covered under Section 186(4) of the Companies Act, 2013

- (i) The Company has neither given any loan nor has advanced any amount either during the year ended 31st March, 2019 or year ended 31st March, 2018.
- (ii) Particulars of investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed in Note 7.

#### D. Terms and conditions of transactions with related parties

- (i) The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.
- (ii) The amounts outstanding are unsecured and will be settled in cash and cash equivalent. No guarantees have been given or received.
- (iii) For the year ended 31st March, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by the related parties. This assessment is undertaken in each financial year through examining the financial position of the related parties and the market in which the related party operates.
- (iv) The remuneration of directors is determined by the Nomination & Remuneration Committee having regard to the performance of individuals and market trends.

### 44. Government Grants

The Company is eligible to receive various government grants by way of cane price subsidy, production subsidy, reimbursement of carrying cost towards maintenance of buffer stock, remission of society commission and interest subvention / grant on certain term loans. Accordingly, the Company has recognised these government grants in the following manner:

(₹ in lakhs)

Sr. No.	Particulars	Treatment in Financial Statements	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>Revenue related Government Grants:</b>				
(i)	Cane Price Subsidy on sugarcane purchased [Note (a) below]	Shown as "Cane Price Subsidy" in Note 28 Deducted from "Cost of Material Consumed" in Note 30	2,109.11 618.89	- -
(ii)	Production Subsidy [Note (b) below and Note 40]	Shown as "Subsidy towards Export Quota (net)" in Note 28 Deducted from "Cost of Material Consumed" in Note 30	507.08 607.94	- -
(iii)	Reimbursement of Carrying Cost towards maintenance of Buffer Stock [Note (c) below]	Shown as "Buffer Stock Subsidy towards Insurance and Storage Charges" in Note 28 Deducted from "Finance costs" in Note 33	188.30 1,162.62	- -
(iv)	Remission of Society Commission on Sugarcane purchased [Note (d) below]	Deducted from "Cost of Material Consumed" in Note 30	1,539.41	1,315.91
(v)	Interest Subvention / grant on term loans [Note (e) below]	Deducted from "Finance costs" in Note 33	573.82	674.27

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 44. Government Grants (Contd.)

(₹ in lakhs)

Sr. No.	Particulars	Treatment in Financial Statements	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>Deferred Government Grants:</b>				
(i)	Interest grant on term loans [Note (e) below]	Shown as "Deferred income on Government Grant" in Note 25	1,987.01	-
		Shown as "Deferred income on Government Grant" in Note 26	959.40	-

- (a) The State Government of Uttar Pradesh vide Order No. 13/2018/1697/46-3-18-3(37)/2018 dated 1st October, 2018 announced a financial assistance of ₹ 4.50 per quintal of sugarcane purchased during the sugar season 2017-18. The above subsidy related to purchase made during the year has been netted with the Cost of Material Consumed and related to purchase made during the previous year has been recognised as "Cane Price Subsidy" under the head Other Operating Revenue.
- (b) The Central Government, pursuant to notification dated 9th May, 2018 issued by Ministry of Consumer Affairs, Food and Public Distribution, has notified a Scheme for financial assistance of ₹ 5.50 per quintal of actual sugarcane crushed during sugar season 2017-18 or the proportionate inter-se allocation of 2800 lakhs MT of sugarcane to be crushed (for sugar season 2017-18) on the basis of their average sugar production of last two sugar seasons and season of 2017-18 (upto February 2018), whichever is lower. ₹ **507.08 lakhs**, net of expenses of ₹ **1,975.63 lakhs** incurred towards performing the obligation, received during the year as per the said scheme has been disclosed as "Subsidy towards Export Quota (net)" under the head Other Operating Revenue.
- (c) The Government of India vide its Notification No. 1(6)/2018-SP-I dated 15th June, 2018 announced a financial assistance as reimbursement of carrying cost pertaining to interest and insurance including storage charges towards maintenance of buffer stock. The above subsidy related to interest cost has been netted with the Finance Cost and in respect of insurance including storage charges has been disclosed as "Buffer Stock Subsidy towards Insurance & Storage Charges" under the head Other Operating Revenue.
- (d) As per U.P. Sugarcane (Regulation on Supply and Purchase) Act, 1953 and its Rules 1954, society commission is payable on sugarcane purchased at the rate of three percent of Fair and Remunerative Price (F.R.P.) fixed by the Government of India. However, the same was reduced by the Government of Uttar Pradesh for the sugar season 2016-17, 2017-18 and 2018-19 by ₹ 2.40, ₹ 2.55 and ₹ 2.75 per quintal of sugarcane purchased respectively. The above reduction in society commission applicable on sugarcane purchased during the periods has been netted with the Cost of Material Consumed.
- (e) The Company has obtained certain term loans from banks under financial assistance schemes SEFASU 2014 at subvention of interest and SEFASU 2018 at below market rate of interest. The difference between the fair value of the loans based on prevailing market interest rates and interest paid on such loans has been recognised in the Statement of Profit and Loss by netting with the related finance cost. Accordingly, during the year deferred income on government grant of ₹ **3,276.01 lakhs** (31st March, 2018: Nil) has been recognised and will be derecognised by netting with related finance cost systematically over the tenure of the respective loan under finance assistance scheme. The loan is subsequently measured as per accounting policy applicable to financial liabilities.

### 45. Financial instruments - fair values and risk management

#### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities:

(₹ in lakhs)

Particulars	Carrying amount				Fair value
	FVTPL	FVOCI	Amortised cost	Total carrying amount	
<b>As at 31st March, 2019</b>					
<b>Financial assets measured at fair value</b>					
Investment in equity instruments (Quoted)	-	1,223.95	-	1,223.95	1,223.95
	-	<b>1,223.95</b>	-	<b>1,223.95</b>	<b>1,223.95</b>

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 45. Financial instruments - fair values and risk management (Contd.)

#### A. Accounting classification and fair values (Contd.)

(₹ in lakhs)

Particulars	Carrying amount				Fair value
	FVTPL	FVOCI	Amortised cost	Total carrying amount	
<b>Financial assets not measured at fair value</b>					
Investment in Co-operative Farming Societies	-	-	0.01	0.01	0.01
Investment in Government Securities	-	-	1.76	1.76	1.76
Trade receivables	-	-	12,636.72	12,636.72	12,636.72
Cash and cash equivalents	-	-	314.58	314.58	314.58
Other bank balances	-	-	198.04	198.04	198.04
Loans	-	-	147.76	147.76	147.76
Other financial assets	-	-	51.81	51.81	51.81
	-	-	<b>13,350.68</b>	<b>13,350.68</b>	<b>13,350.68</b>
<b>Financial liabilities not measured at fair value</b>					
Borrowing	-	-	1,55,231.72	1,55,231.72	1,55,392.82
Trade payables	-	-	47,523.61	47,523.61	47,523.61
Other financial liabilities	-	-	1,620.64	1,620.64	1,620.64
	-	-	<b>2,04,375.97</b>	<b>2,04,375.97</b>	<b>2,04,537.07</b>
<b>As at 31st March, 2018</b>					
<b>Financial assets measured at fair value</b>					
Investment in equity instruments (Quoted)	-	1,271.73	-	1,271.73	1,271.73
	-	<b>1,271.73</b>	-	<b>1,271.73</b>	<b>1,271.73</b>
<b>Financial assets not measured at fair value</b>					
Investment in Co-operative Farming Societies	-	-	0.01	0.01	0.01
Investment in Government Securities	-	-	2.26	2.26	2.26
Trade receivables	-	-	8,284.96	8,284.96	8,284.96
Cash and cash equivalents	-	-	390.19	390.19	390.19
Other bank balances	-	-	140.31	140.31	140.31
Loans	-	-	155.04	155.04	155.04
Other financial assets	-	-	41.86	41.86	41.86
	-	-	<b>9,014.63</b>	<b>9,014.63</b>	<b>9,014.63</b>
<b>Financial liabilities not measured at fair value</b>					
Borrowing	-	-	1,35,243.86	1,35,243.86	1,35,457.99
Trade payables	-	-	33,552.72	33,552.72	33,552.72
Other financial liabilities	-	-	1,521.17	1,521.17	1,521.17
	-	-	<b>1,70,317.75</b>	<b>1,70,317.75</b>	<b>1,70,531.88</b>

The management assessed that trade receivables, cash and cash equivalent, other bank balances, trade payable, cash credits including working capital loan, inter corporate deposits and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

#### The following methods and assumptions were used to estimate the fair values:

- The fair value of the quoted investments are based on market price at the respective reporting date.
- The fair value of the unquoted investments is determined using combination of different methodologies i.e. discounted cash flow method, comparable Companies method and net assets method with different weightage. The discount rate used is based on management estimates.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 45. Financial instruments - fair values and risk management (Contd.)

#### B. Measurement of fair values

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

The Company has established the following fair value hierarchy that categories the value into three levels.

Financial assets and liabilities measured at fair value - recurring fair value measurements as under:

Particulars	Note	Level 1	Level 2	Level 3	Total
<b>As at 31st March, 2019</b>					
Investment in equity instruments (Quoted)	7	1,223.95	-	-	1,223.95
<b>As at 31st March, 2018</b>					
Investment in equity instruments (Quoted)	7	1,271.73	-	-	1,271.73

Investments in quoted equity instruments, which are classified as FVOCI are based on market price at the respective reporting date.

#### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

#### Risk management framework

The Company's principal financial liabilities includes borrowings, trade payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, cash and cash equivalents, other bank balances, investments, loans and other financial assets that derive directly from its operations.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

#### The sources of risks which the Company is exposed to and their management is given below:

Risk	Exposure Arising from	Measurement	Management
<b>Credit risk</b>	Trade receivables	Ageing analysis, credit rating	Credit limit and credit worthiness monitoring, credit based approval process
<b>Liquidity risk</b>	Borrowings and Other liabilities	Rolling cash flow forecasts	Adequate unused credit lines and borrowing facilities
<b>Market risk</b>	Long term borrowings at variable rates	Sensitivity analysis Interest rate movements	Fund management
Interest rate risk			
Equity risk	Investment in equity securities	Sensitivity analysis	Long term investment
Regulatory risk	Commercial traction	Impact of policies	Monitoring of Policies and assessing impact
Commodity price risk	Commercial traction	Cash flow forecasting	Business diversification

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 45. Financial instruments - fair values and risk management (Contd.)

#### C. Financial risk management (Contd.)

##### (i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers and loans. The Company has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

##### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry also has an influence on credit risk assessment. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers. Outstanding receivables and the credit worthiness of its counter parties are periodically monitored and taken up on case to case basis. There is no material expected credit loss based on the past experience.

##### Exposure to credit risks

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. The Company evaluates the concentration of risk with respect to trade receivables as low, as the Company sugar sales are mostly on cash. Power and Ethanol are sold to Government entities, thereby the credit default risk is significantly mitigated.

##### The Company's exposure to credit risk for trade receivables by type of counterparty is as follows.

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Government concerns (including government undertakings)	9,408.42	7,782.20
Others	3,228.30	502.76
	<b>12,636.72</b>	<b>8,284.96</b>

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit loss on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Company uses life time expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

##### Ageing of trade receivables are as under:

(₹ in lakhs)

Particulars	Not yet due	Less than 60 days	61- 180 days	181-365 days	More than 1 year	Total
As at 31st March, 2019	5,402.79	4,838.76	1,878.36	445.13	71.68	12,636.72
As at 31st March, 2018	4,654.24	3,373.79	241.68	1.44	13.81	8,284.96

During the period, the Company has made no write-offs of trade receivables. The Company's management also pursue all legal option for recovery of dues, wherever necessary based on its internal assessment.

##### (ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 45. Financial instruments - fair values and risk management (Contd.)

#### C. Financial risk management (Contd.)

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

##### Exposure to liquidity risks

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

(₹ in lakhs)

Particulars	Carrying amount	Total	Less than 1 years	1 to 2 years	2 to 5 years	More than 5 years
<b>As at 31st March, 2019</b>						
Secured term loan from banks and others*	56,670.96	75,684.10	14,467.67	14,034.95	35,499.08	11,682.40
Unsecured term loan from a bank*	450.00	451.36	451.36	-	-	-
Non-convertible Cumulative Redeemable Preference Shares*	2,682.91	2,682.91	2,682.91	-	-	-
Cash credit including working capital demand loan	83,452.85	83,452.85	83,452.85	-	-	-
Unsecured short term loan from a bank	10,000.00	10,000.00	10,000.00	-	-	-
Inter-corporate deposits	1,975.00	1,975.00	1,975.00	-	-	-
Trade payables	47,523.61	47,523.61	47,523.61	-	-	-
Other financial liabilities	1,620.64	1,620.64	1,515.12	-	-	105.52
	<b>2,04,375.97</b>	<b>2,23,390.47</b>	<b>1,62,068.52</b>	<b>14,034.95</b>	<b>35,499.08</b>	<b>11,787.92</b>
<b>As at 31st March, 2018</b>						
Secured term loan from banks and others*	39,892.73	55,278.32	9,438.03	9,358.41	19,849.03	16,632.85
Unsecured term loan from a bank*	1,500.00	1,604.64	1,153.52	451.12	-	-
Non-convertible Cumulative Redeemable Preference Shares*	5,367.06	8,024.49	498.22	498.22	1,494.66	5,533.39
Cash credit including working capital demand loan	54,634.07	54,634.07	54,634.07	-	-	-
Unsecured short term loan from a bank	25,000.00	25,000.00	25,000.00	-	-	-
Inter-corporate deposits	8,850.00	8,850.00	8,850.00	-	-	-
Trade payables	33,552.72	33,552.72	33,552.72	-	-	-
Other financial liabilities	1,521.17	1,521.17	1,425.65	-	-	95.52
	<b>1,70,317.75</b>	<b>1,88,465.41</b>	<b>1,34,552.21</b>	<b>10,307.75</b>	<b>21,343.69</b>	<b>22,261.76</b>

\* including estimated interest.

#### (iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, regulatory changes, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

##### Foreign currency risks

All transactions of the Company are in Indian currency, consequently Company is not exposed to foreign currency risk. The Company has no outstanding foreign currency exposure or related derivative contract.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long term and short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 45. Financial instruments - fair values and risk management (Contd.)

#### C. Financial risk management (Contd.)

##### Exposure to interest rate risks

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

(₹ in lakhs)

Particulars	As at	As at
	31st March, 2019	31st March, 2018
<b>Fixed rate instruments</b>		
Financial assets	232.29	168.24
Financial liabilities	27,528.45	14,312.58
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	1,27,808.79	1,21,026.80

##### Cash flow sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

A reasonably possible change of 50 basis points in interest rate at the reporting dates would have increased or decreased equity and profit or loss by the amounts shown below:

(₹ in lakhs)

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31st March, 2019</b>				
Variable rate instruments	(639.04)	639.04	(415.73)	415.73
<b>31st March, 2018</b>				
Variable rate instruments	(605.13)	605.13	(395.71)	395.71

##### Equity risk

The Company's quoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The senior management reviews and approves all equity investment decisions.

##### Sensitivity analysis

Investment in equity instruments of the Company are listed on the Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Calcutta Stock Exchange (CSE) in India. The table below summaries the impact of increase/decrease of the Nifty 50 index on the Company's equity and profit for the period. The analysis is based on the assumption that the BSE had increased / decreased by 10% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

(₹ in lakhs)

Particulars	Profit or Loss		Equity, net of tax	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
BSE - increase by 10%	122.40	127.17	79.63	83.16
BSE - decrease by 10%	(122.40)	(127.17)	(79.63)	(83.16)

##### Regulatory and Commodity price risk

Sugar industry, being cyclical in nature, is regulated by both Central Government as well as State Government policies. The Company is exposed to the risk of price fluctuations of its raw material (Sugarcane) as well as its finished goods (Sugar). To counter the raw material risk, the Company worked with development of various cane varieties with the objective to moderate the raw material cost and increase product functionality. The risk towards finished goods (Sugar) has been moderated through the various schemes of the Central Government including but not limited to introduction of Minimum Support Price (MSP), creation of buffer stock and export of excess inventory. The Company has further mitigated this risk by well integrated business model by diversifying into co-generation and distillation, thereby utilising its by-products.



## Notes to Financial Statements for the year ended 31st March, 2019 (Contd.)

### 46. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders.

**The Company's objective when managing capital are to:**

- to maximise shareholders value and provide benefits to other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Company has complied with these covenants and there have been no breaches in the financial covenants of any interest-bearing loans and borrowings.

For the purpose of the Company's capital management, capital includes issued equity share capital and other equity reserves attributable to the equity holders.

The Company monitors capital using debt-equity ratio, which is total debt divided by total equity.

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total debt (Bank and other borrowings)	1,55,231.72	1,35,243.86
Total Equity	50,851.54	39,098.09
Debt to equity ratio	3.05 : 1	3.46 : 1

### 47. Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification / disclosure.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 101248W/W-100022

**Jayanta Mukhopadhyay**

Partner

Membership No.: 055757

Place: Kolkata

Date: 13th May, 2019

**Devendra Kumar Sharma**

Whole-time Director

DIN: 06498196

**Anand Sharma**

Company Secretary

**Chandra Shekhar Nopany**

Co-Chairperson

DIN: 00014587

**Dilip Patodia**

Chief Financial Officer







# BOOK POST

*If undelivered, please return to*



**AVADH SUGAR & ENERGY LTD.**

**CIN: L15122UP2015PLC069635**

Birla Building 5th Floor 9/1 R.N. Mukherjee Road Kolkata 700 001  
Telephone : +91 33 2243 0497/8 Fax : +91 33 2248 6369  
Email : [avadhsugar@birlasugar.org](mailto:avadhsugar@birlasugar.org) | Website : [www.birla-sugar.com](http://www.birla-sugar.com)



CIN: L15122UP2015PLC069635

Registered Office: P.O. Hargaon, Dist. Sitapur (U.P.), Pin – 261 121  
Email: avadhsugar@birlasugar.org; Website: www.birla-sugar.com  
Phone (05862) 256220 Fax (05862) 256225

## NOTICE

Notice is hereby given that the Fifth Annual General Meeting (AGM) of **AVADH SUGAR & ENERGY LIMITED** will be held at the Registered Office of the Company at P.O Hargaon, Dist.- Sitapur Pin – 261121, on Monday, the 2nd day of September, 2019, at 1.00 p.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019 and the Reports of the Directors' and Auditor's thereon.
2. To declare dividend on the Preference Shares of the Company.
3. To declare dividend on the Equity Shares of the Company.
4. To appoint a Director in place of Mrs. Nandini Nopany (DIN 00051362), who retires by rotation and, being eligible, offers herself for re-appointment.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Mrs. Kausalya Madhavan (DIN: 05198559), who was appointed as an Additional Director of the Company by the Board of Directors on the recommendation of Nomination and Remuneration Committee, with effect from 11th February, 2019 in terms of Section 161(1) of the Act and Article 155 of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and who has submitted a declaration that she meets the criteria for independence as provided in the Act and Listing Regulations, be and is hereby appointed as an Independent Director of the Company to hold office for a term of three consecutive years with effect from 11th February, 2019 to 10th February, 2022.
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the payment of remuneration of Rs. 1,60,000/- (apart from reimbursement of out of pocket expenses and applicable taxes) to Cost Auditors, Mr Somnath Mukherjee, for conducting the cost audit of the cost records of the Company for the year ending 31st March, 2020, as approved by the Board of Directors on the recommendation of the Audit Committee, be and is hereby approved and ratified.

By Order of the Board  
**Anand Sharma**  
Company Secretary  
FCS - 7305

Place : Kolkata

Dated :13th May, 2019

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("AGM") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**  
The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 (forty-eight) hours before commencement of the meeting.  
In terms of Rule 19 of the Companies (Management & Administration) Rules, 2014, a person can act as a proxy on behalf of not exceeding 50 (fifty) members and holding in aggregate not more than 10% (ten per cent) of the total share capital of the Company carrying voting rights. A member holding more than 10% (ten percent) of the paid up share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.
2. A Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, June 5, 2019 to Friday, June 7, 2019 to determine eligible shareholders entitled to receive the Dividend on 1,00,09,210 Equity Shares for the financial year 2018-19.
4. Subject to the provisions of Section 126 of the Act, dividend on Equity Shares as recommended by the Board of Directors, if declared at the AGM, will be paid on or after 2nd September, 2019:
  - i) to those members whose names appear on the Register of Members as on 7th June, 2019 after giving effect to all valid transfers in physical form lodged with the Company on or before 4th June, 2019; and
  - ii) in respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership as on 4th June, 2019, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
5. In terms of Section 152 of the Act Mrs Nandini Nopany, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Details as required in sub-regulation (3) of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard on General Meeting (SS-2) of the Institute of Company Secretaries of India ("ICSI"), in respect of the Directors seeking appointment/re-appointment at the AGM, forms integral part of the Notice of the AGM. Requisite declarations have been received from the Directors for seeking appointment/ re-appointment.

6. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.
7. Members/Proxies/Authorised Representatives are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the meeting
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their respective Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar & Share Transfer Agent.
10. In terms of circulars issued by Securities and Exchange Board of India (India), it is mandatory to furnish a copy of PAN Card to the Company or its Registrar & Share Transfer Agent in the following cases viz Transfer of Shares, Deletion of Name, Transmission of Shares and Transposition of Shares.
11. Members are requested to notify the change in their addresses, if any, and the name of the Bank(s) with account number(s) for inscribing it on the face of the dividend warrant(s) to avoid the fraudulent encashment of the same to the Company/Registrar & Share Transfer Agent (RTA). Members holding shares in dematerialized form should send the above information to their Depository Participants.
12. Members are also requested to notify their e-mail addresses to the Company/Registrar & Share Transfer Agent so that all correspondences including Annual Report, Notices, Circulars etc., can be sent to them electronically in view of Circular No 17/95/2011 CL-V dated 21st April, 2011 issued by Ministry of Corporate Affairs. Members willing to receive such correspondence physically free of cost should inform the Company.
13. In all correspondences with the Company/Registrar & Share Transfer Agent (RTA), the members are requested to quote their account/folio numbers and in case their shares are held in dematerialized form, they must quote, their DP ID Number and their Client ID Number.
14. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities of listed companies can only be transferred in dematerialised form with effect from 1st April, 2019. In view of the above, members are advised to dematerialise shares held by them in physical form.
15. In terms of provisions of Section 72 of the Companies Act, 2013, nomination facility is available to individual shareholders in respect of shares held by them in physical form. The Nomination Form "SH. 13" as stipulated in Rule 19 of Companies (Share Capital and Debentures) Rules, 2014 can be obtained for the purpose from the Company/Registrar & Share Transfer Agent (RTA).
16. The Audited Financial Statements for the year ended 31st March, 2019, alongwith the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Financial Statements and/or any statutory register/ documents referred to in the Notice / Statement are available for inspection by the Members at the Registered Office of the Company on all working days (that is, except Saturdays, Sundays and Public Holidays) between 11.00 A.M. and 1.00 P.M. up to this AGM.
17. Members who wish to obtain information on the Company's Account for the financial year ended 31st March, 2019 may visit the Company's website [www.birla-sugar.com](http://www.birla-sugar.com) or send their queries at least 10 days in advance before the AGM to the Directors of the Company.

#### 18. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI(LODR) Regulations, 2015 the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 29th August, 2019 (9:00 am) and ends on 1st September, 2019 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 26th August, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

**Step 1:** Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

**Step 2:** Cast your vote electronically on NSDL e-Voting system.

#### Details on Step 1 is mentioned below:

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.  
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.

5. Your password details are given below:
  - a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
  - c. How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [goenkamohan@gmail.com](mailto:goenkamohan@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
  2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) to reset the password.
  3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsd.com](http://www.evoting.nsd.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- VI. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 26th August, 2019.
  - VII. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 26th August, 2019, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [kolkata@linkintime.co.in](mailto:kolkata@linkintime.co.in)
  - VIII. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
  - IX. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
  - X. Mr Mohan Ram Goenka, Practicing Company Secretary has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
  - XI. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Ballot Paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  - XII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - XIII. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.birla-sugar.com](http://www.birla-sugar.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited.



## EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No 5.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors, appointed Mrs. Kausalya Madhavan (DIN: 05198559) as an Additional Director with effect from 11th February, 2019 under Section 161(1) of the Companies Act, 2013 and as an Independent Director of the Company under Section 149 of the Companies Act, 2013 for a term of three consecutive years to hold office from 11th February, 2019 till 10th February, 2022. Her appointment is subject to the approval of the members. The Company has received a notice from a member proposing Mrs. Kausalya Madhavan as a candidate for the office of Director of the Company. Mrs Kausalya Madhavan is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

The Company has received a declaration from Mrs. Kausalya Madhavan that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under SEBI (LODR) Regulations, 2015. Mrs. Kausalya Madhavan possesses appropriate skills, experience and knowledge, inter alia, in the field of audit, SAP and Corporate management, etc.

In the opinion of the Board, Mrs. Kausalya Madhavan fulfills the conditions for her appointment as an Independent Director as specified in the Act and SEBI (LODR) Regulations, 2015. Mrs. Kausalya Madhavan is independent of the management.

Brief resume of Mrs. Kausalya Madhavan, nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under Regulation 36 of SEBI (LODR) Regulations, 2015, is provided as annexure to the Notice calling the AGM.

Keeping in view her vast expertise and knowledge, it will be in the interest of the Company that Mrs. Kausalya Madhavan is appointed as an Independent Director.

Save and except Mrs. Kausalya Madhavan and her relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

### Item No 6.

The Board of Directors had on the recommendation of the Audit Committee, approved the appointment and proposed the remuneration of Mr Somnath Mukherjee, Kolkata, as Cost Auditors for conducting the cost audit of the cost records of Sugar, Industrial Alcohol and Power units of the Company for the financial year 2019-20 at a remuneration of Rs 1,60,000/-.

The Company has received a Certificate regarding his eligibility for appointment as Cost Auditors. A copy of the certificate would be available for inspection by the members at the Registered Office of the Company during normal business hours (11.00 am to 1.00 pm) on all working days, excluding Saturday up to the date of the Annual General Meeting.

In accordance with the provisions of section 148 of Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor needs to be approved and ratified by the Shareholders of the Company. Hence, this Resolution is put for the consideration of the Shareholders.

The Board recommends the resolution at item no.6 of the notice for approval by the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6

### Particulars of Directors seeking appointment/re-appointment at the Annual General Meeting

(In pursuance of Section 196 (4) of the Companies Act, 2013, Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2)

Name	Mrs. Nandini Nopany	
Date of birth	11.05.1947	
Brief profile covering experience	Mrs Nandini Nopany is an eminent industrialist and philanthropist. She looks after the overall management of the Company and is the driving force of the Company. She has 35 years of experience in managing industries.	
Date of appointment	29.07.2016	
Inter-se relationship	Mrs. Nandini Nopany is the mother of Mr. Chandra Shekhar Nopany	
Shareholding	2,99,602 Equity Shares	
Other Directorships	<b>Name of Company(ies)</b>	<b>Committee Memberships, if any with position</b>
	Modern Diagen Services Limited	-
	Nilgiri Plantations Limited	-
	Shital Commercial Limited	-
	Ronson Traders Limited	-
	Uttam Commercial Limited	-
	Uttar Pradesh Trading Co Limited	-
	Centre Stage Creations Private Limited	-
	Cinnatollah Tea Limited	-
	Ganges Securities Limited	-
Name	Mrs Kausalya Madhavan	
Date of birth	01.12.1959	
Brief profile covering experience	Mrs. Kausalya Madhavan is a Commerce Graduate and a Member of the Institute of Chartered Accountants of India. She started her career with A.F Ferguson & Co, New Delhi in their auditing practice. She worked as a senior manager in Price Waterhouse Coopers in their consulting division implementing SAP and Oracle ERP and also worked with HCL Technologies as head of knowledge management in SAP Practice. At present founder and CEO of the website portal www.shopkhoj.com which is a shopping guide for tourists .	
Date of appointment	11.02.2019	
Inter-se relationship	Nil	
Shareholding	Nil	
Other Directorships	<b>Name of Company(ies)</b>	<b>Committee Memberships, if any with position</b>
	Shopkhoj Content Private Limited	-

### Route Map of the Venue of the Meeting:

A Route Map showing directions to reach to the venue of the 5th AGM of the Company is given at the end of this Notice as per the requirement of the Secretarial Standard - 2 on "General Meeting".



### Venue

P. O. Hargaon, Dist - Sitapur, Pin - 261121

(The prominent landmark near the Venue is Hargaon Sugar Mills)

5<sup>th</sup> Annual General Meeting  
Monday, September 02, 2019  
at 1.00 P.M.

## AVADH SUGAR & ENERGY LIMITED

CIN : L15122UP2015PLC069635

Registered Office : P. O. Hargaon, Dist. Sitapur (U.P.), Pin – 261 121

Phone: (05862) 256220, FAX (05862) 256225, E-mail : [avadhsugar@birlasugar.org](mailto:avadhsugar@birlasugar.org), Website : [www.birla-sugar.com](http://www.birla-sugar.com)

ATTENDANCE SLIP

I / We hereby record my / our presence at the Fifth Annual General Meeting of the Company held on Monday, September 02, 2019 at 1.00 P.M., at the Registered Office of the Company at P. O. Hargaon, District – Sitapur, Uttar Pradesh, Pin – 261 121.

.....  
Name of the Proxy (in BLOCK LETTERS)

.....  
Signature of the Shareholder / Proxy Present

Note : Please cut here and bring the Attendance Slip duly signed, to the meeting and hand it over at the entrance. Duplicate slips will not be issued at the venue of the Meeting.

### ELECTRONIC VOTING PARTICULARS

EVEN (E-Voting Event Number)	User ID	PASSWORD/PIN

5<sup>th</sup> Annual General Meeting  
Monday, September 02, 2019  
at 1.00 P.M.

## AVADH SUGAR & ENERGY LIMITED

CIN : L15122UP2015PLC069635

Registered Office : P. O. Hargaon, Dist. Sitapur (U.P.), Pin – 261 121

Phone: (05862) 256220, Fax (05862) 256225, E-mail : [avadhsugar@birlasugar.org](mailto:avadhsugar@birlasugar.org), Website : [www.birla-sugar.com](http://www.birla-sugar.com)

Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration Rules), 2014

PROXY FORM

Form MGT-11

I / We, ..... being the member(s), holding ..... shares of the above named Company, hereby appoint:

(1) Name : ..... Address : .....  
E-mail ID : ..... Signature ..... or failing him/her;

(2) Name : ..... Address : .....  
E-mail ID : ..... Signature ..... or failing him/her;

(3) Name : ..... Address : .....  
E-mail ID : ..... Signature .....

as my / our proxy to attend and vote (on a Poll) for me / us and on my / our behalf at the Fifth Annual General Meeting of the Company held on Monday, September 02, 2019 at 1.00 P.M., at the Registered Office of the Company at P. O. Hargaon, District – Sitapur Uttar Pradesh, Pin – 261 121 or at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolutions	Vote (Optional, see Note 3) Please mention no. of shares	
		For	Against
1.	Adoption of Financial Statements.		
2.	Declaration of Dividend on 8.5% Non-convertible Cumulative Redeemable Preference Shares of the Company.		
3.	Declaration of Dividend on Equity Shares of the Company.		
4.	Appointment of a Director in place of Mrs. Nandini Nopany (DIN 00051362), who retires by rotation and being eligible, offers herself for re-appointment.		
5.	Appointment of Mrs. Kausalya Madhavan (DIN 05198559), as an Independent Director for a term of three consecutive years w.e.f. 11 <sup>th</sup> February, 2019.		
6.	Ratification of remuneration to be paid to Mr. Somnath Mukherjee, Cost Accountant, Cost Auditor of the Company.		

Signed this ..... day of .....

Members Folio No./Client ID No. .... Signature of Proxy holder(s) .....

Signature of Shareholder(s) .....

Affix the  
Revenue  
Stamp of  
Re. 1/-

Note : 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

2. For the Resolutions, Explanatory Statements and Notes, please refer to the Notice convening the Fifth Annual General Meeting.

\*3. It is optional to indicate your preference. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

4. Please complete all details including details of member(s) in above box before submission.