Refer: MSL/BSE/NSE/

18 July, 2020

BSE Limited
25th Floor,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001
Scrip Code: **523371**

National Stock Exchange of India Ltd
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex,
Bandra (E),
Mumbai 400 051
Scrip Code: **MAWANASUG**

Sub. : Submission of Annual Report for the Financial Year ended 2019-20

Dear Sir/Madam,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We enclose herewith Annual Report for the Financial Year ended 31.03.2020.

You are requested to take the above on your records and disseminate the same on your website.

Thanking You,

Yours Faithfully,
For **Mawana Sugars Limited**

(ASHOK KUMAR SHUKLA)
COMPANY SECRETARY

Enc : a/a

56th
ANNUAL
REPORT

2019-2020

MAWANA SUGARS LIMITED

BOARD OF DIRECTORS
Mr. Ravinder Singh Bedi
Prof. Dinesh Mohan
Mrs. Manju Vira Gupta
Mr. Piar Chand Jaswal
Mr. Dharam Pal Sharma - Whole Time Director

COMPANY SECRETARY
Mr. Ashok Kumar Shukla

CHIEF FINANCIAL OFFICER
Mr. B.B. Mehta

AUDITORS
M/s. S.R. Batliboi & Co. LLP
Chartered Accountants
(ICAI Firm Registration No:301003E/E300005)
3rd & 6th Floor, Worldmark-1
IGI Airport Hospitality District
Aerocity, New Delhi - 110037

BANKERS
U.P. Co-operative Bank
State Bank of India

REGISTERED OFFICE
5th Floor, Kirti Mahal
19, Rajendra Place
New Delhi – 110125
Phone No: 91-11-25739103
Fax No: 91-11-25743659
CIN: L74100DL1961PLC003413
E-mail: corporate@mawanasugars.com
Website: www.mawanasugars.com

CORPORATE OFFICE
Plot No.3, Institutional Area
Sector - 32, Gurugram - 122001, Haryana
Phone No: 91-124-4298000
Fax No: 91-124-4298300

WORKS
- Mawana Sugar Works, Mawana
  Distt. Meerut – 250402 (U.P.)
- Nanglamal Sugar Complex
  Garh Road, Village Nanglamal
  Distt. Meerut – 250001 (U.P.)
- Siel Chemical Complex
  Charatrampur, Vill. Khadauli/Sardargarh
  P.O. Box No.52, Rajpura, Distt. Patiala, Punjab –140401

REGISTRAR & SHARE TRANSFER AGENT
Mas Services Limited
T-34, Okhla Industrial Area, Phase-II
New Delhi - 110020
Phone No.:011-26387281-83, Fax: 011-26387384
Website : www.masserv.com, E-mail : info@masserv.com

NOTICE

NOTICE is hereby given that 56th Annual General Meeting of the shareholders of Mawana Sugars Limited (the "Company"/ "MSL") will be held on Monday, the 10th day of August, 2020 at 11.00 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:

   (a) the audited financial statements of the Company for the financial year ended 31st March, 2020 and the reports of the Board of Directors and Auditors thereon; and

   (b) the audited consolidated financial statements of the Company for the financial year ended 31st March, 2020 and the report of Auditors thereon.

2. To appoint a Director in place of Mr. Piar Chand Jaswal (DIN- 07100098) who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

3. 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 other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and any other applicable law, the remuneration of Rs.2,40,000/- (Rupees Two lacs Forty Thousand only) plus GST & out-of-pocket expenses, if any, payable to M/s Bahadur Murao & Co., Cost Accountants (Firm Registration No.4941), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost accounting records of the Company for the financial year 2020-21, be and is hereby ratified and confirmed.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

4. 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 applicable provisions of the Companies Act, 2013 and rules made thereunder (including any amendment thereto and enactment thereof), and the Memorandum of Association, commencement of business of production of Hand Sanitizers at its unit Nanglamal Sugar Complex, Nanglamal, situated in the state of Uttar Pradesh be and is hereby ratified.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

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 Section 181 and other applicable provisions of the Companies Act, 2013 (including any re-enactment(s) and amendment(s) made there under, if any, for the time being in force) and the applicable rules and regulations thereto, following donations made by the Company to support the efforts of Central Government and State Governments of the States where the operations of the company are located (namely Uttar Pradesh and Punjab) to fight against the dire situation caused by the spread of Corona Virus Pandemics be and is hereby ratified.

   1. One Time Donation of Rs. 10 (Ten) lacs to PM CARES Fund by the Company.

   2. One Time donation of Rs. 10 (Ten) Lacs to Punjab Chief Minister Relief Fund (by whatever name designated) by Siel Chemical Complex (SCC), Rajpura, Punjab, a Unit of the Company.

   3. One Time Donation of Rs. 10(Ten) lacs towards to UP Chief Minister Relief Fund (by whatever name designated) by Nanglamal Sugar Complex (NSC), Nanglamal, U.P., a Unit of the Company.

   4. One Time Donation of Rs. 10(Ten) lacs towards to UP Chief Minister Relief Fund (by whatever name designated) by Unit Mawana Sugar Works (MSW), Mawana, U.P., a Unit of the Company.

   5. One Time Donation to PM CARES Fund of an amount equivalent to one day basic salary donated by the employees of the Company.

6. To Consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

   "RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and subject to the provisions of Sections 196, 197, 203 and Schedule – V of the Companies Act, 2013 read with the Companies

NOTICE (Contd.)

(Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, and other applicable provisions, if any, of the Companies Act, 2013 and Article of Association of the Company, consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Dharam Pal Sharma (DIN-07259344), Whole Time Director of the Company for a period of 2 years w.e.f. 13.08.2020 to 12.08.2022 and payment of following remuneration for a period of 2 years w.e.f. 13.08.2020 to 12.08.2022 as under:

1.	Basic Salary	Rs.60,000/- per month.
2.	Provident Fund	As per the rules of the Company.
3.	Gratuity	As per the rules of the Company.
4.	Medical (Reimbursement)	Expenses incurred for self and family upto Rs.1,250/- p.m. as per the rules of the Company.
5.	Leave Travel Allowance	Rs.2,000/- per month.
6.	Conveyance Allowance	Rs.1,600/- per month.
7.	Special Allowance	Rs.1,24,950/- per month.
8.	Leave Facility	Leave facility and retirement benefits will be as per the rules of the Company.

Resolved further that the Board be and is hereby authorized to do all acts and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors
For **Mawana Sugars Limited**

(Ashok Kumar Shukla)
Company Secretary
ACS-29673

Place : New Delhi
Dated : 26.06.2020

NOTES:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the Ministry of Corporate Affairs ("MCA") vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") has permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

2. **Since, the AGM is being conducted through VC/ OAVM (without the physical presence of the members), the Proxy Form, Attendance Slip, Route Map and place of meeting are not required.**

3. Corporate members intending to attend the AGM through authorized representatives are requested to send a scanned copy of duly certified copy of the board or governing body resolution authorizing the representatives to attend and vote at the Annual General Meeting. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through its registered email address to nirbhaykumar77@gmail.com with a copy marked to corporate@mawanasugars.com.

4. The register of members and share transfer books of the Company shall remain closed from 04.08.2020 to 10.08.2020 (both days inclusive) for the purpose of Annual General Meeting.

5. Members holding shares in electronic form are advised to notify the changes, if any, in their address/ bank details/ mandate to their respective depository participants.

6. Members holding shares in physical form, may write to the Company or to the registrar and share transfer agent Mas Services Limited ("RTA") for any change in their addresses and bank mandate.

7. 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 Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the RTA.

8. The statutory register maintained under Section 189 of the Companies Act, 2013 and Section 170 of the Companies Act, 2013, and all documents referred to in the Notice and accompanying explanatory statements will be available for inspection by members in electronic mode. Members can inspect the same by sending an email to corporate@mawanasugars.com.

9. In terms of Section 72 of the Companies Act, 2013 and related Rules thereunder, Member(s) of the Company may nominate a person to whom the Shares held by him/her shall vest in the event of his/her death. Member(s) desirous of availing this facility may submit nomination in the prescribed Form SH-13 to the RTA/Company in case shares are held in Physical form, and to their respective DP if held in electronic form. The Form SH-13 can be downloaded from the website of RTA.

10. Pursuant to provisions of Section 124 of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account from the Company's RTA or directly from the Company. It may be noted that once the unclaimed dividend is transferred to IEPF of the Central Government as above, no claim shall lie in respect thereof against the Company.

11. In Compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020 Notice, inter-alia, explaining the manner of attending AGM through VC/OAVM and electronic (e-voting) voting along with explanatory statement of 56th AGM of the Company and with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the 56th AGM and the Annual Report for the year 2019-20, may note that the Notice and Annual Report will also be available on Company's website www.mawanasugars.com, website of the stock exchanges i.e. BSE Limited and National Stock Exchange of India Ltd. at www.bseindia.com and www.nseindia.com respectively, on the website of CDSL at www.evoting.india.com and also at the website of our RTA at www.masserv.com.

12. PROCESS FOR THOSE SHAREHOLDERS WHO WISH TO OBTAIN LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE BUT WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES:

    1. For Physical shareholders- Kindly send an email with a scanned request letter duly signed by 1st shareholder, scan copy of front and back of one share certificate, and copy of PAN card to info@masserv.com

    2. For Demat shareholders - Kindly update your email id with your depository participant and send copy of client master to info@masserv.com

13. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

14. Additional information, pursuant to Regulation 36 (3), of the Listing Regulations, in respect of directors reappointing at the Annual General Meeting and Explanatory Statement as required under Section 102 of the Companies Act, 2013, in respect of special business under item numbers 3 to 6 of the Notice is appended hereto and forms part of this Notice.

15. In compliance with the provisions of Regulation 44 of the Listing Regulations and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the Company is pleased to provide electronic voting facility to its members for transacting all the businesses as stated in the Notice for the 56th Annual General Meeting of the Company through remote e-voting services being provided by Central Depositories Services (India) Limited ("CDSL").

16. **THE INTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:**

    (i) The Remote e-voting period begins on Friday, 7th August, 2020 at 09:00 a.m. and ends on Sunday, 9th August, 2020 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Monday, 3rd August, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

    (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.

    (iii) The shareholders need to visit the e-voting website https://www.evotingindia.com/.

    (iv) Click on "Shareholders" module.

NOTICE (Contd.)

(v) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,
b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ● Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is mentioned in email..
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. ● If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting on resolutions of any other company for which they are eligible to vote, provided that the company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For shareholders holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for Mawana Sugars Limited.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same, the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution on which you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

17. **INSTRUCTIONS FOR JOINING MEETING THROUGH VC:**

(i) To join the meeting, the shareholders should log on to the e-voting website https://www.evotingindia.com/ and login as explained above. After logging-in, kindly click on 'live streaming' tab and you will be redirected to 'cisco' website.

In the "Name" field	Put your name.
In the "last name" field	Enter your folio no. as informed in e-mail
In the "Email ID" field	Put your email ID
In the "Event password" field	Put the password as "cdsl@1234"

Click join now button.

Event will start and you will be in the AGM through Video conferencing.

You can join meeting through laptop, tablet, and desktop. In case you want to join through mobile, you need to download the webex meet app from the respective play store .

PRE-REQUISITE FOR JOINING OF MEETING THROUGH DESKTOP OR LAPTOP:

1. System requirement:

✓ Windows 7, 8 or 10
✓ I3
✓ Microphone, speaker
✓ Internet speed minimum 700 kbps
✓ Date and time of computer should be current date and time

PRE-REQUISITE FOR JOINING OF MEETING THROUGH MOBILE:

✓ Please download webex application from play store

NOTE:IT IS ADVISABLE TO LOGIN BEFORE AND AT E-VOTING SYSTEM AS EXPLAINED IN E-VOTING INSTRUCTIONS ABOVE,TO BE FAMILIAR WITH THE PROCEDURE, SO THAT YOU DO NOT FACE ANY TROUBLE WHILE LOGGING-IN DURING THE AGM.

(ii) PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

Physical Holding	Send a request to Registrar and Transfer Agents of the Company, MAS Services Limited at info@masserv.com providing Folio number, Name of the shareholder, scanned copy of the share certificate (Front and Back), PAN(Self attested scanned copy of PAN Card), AADHAR (Self attested scanned copy of Aadhar Card) for registering email address. Please send your bank detail with original cancelled cheque to our RTA (i.e. MAS Services Limited, T-34 2nd floor, Okhla industrial area phase-II, New Delhi 110020 alongwith letter mentioning folio no. if not registered already.)
Demat Holding	Please contact your Depositary Participant (DP) and register your email address as per the process advised by DP. Please also update your bank detail with your DP for dividend payment by NACH if declare by company.

(iii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer viz: nirbhaykumar77@gmail.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

NOTICE (Contd.)

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@ cdslindia.com or call 1800225533.

(iv) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at corporate@mawanasugars.com latest by 05.08.2020. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

(v) Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM till 15 minutes thereafter and will be available for Members on first come first served basis upto 1000 members. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the 56th AGM without any restriction on account of first-come first served principle.

18. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e Monday, 3rd August, 2020.

19. M/s Nirbhay Kumar & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting during AGM in a fair and transparent manner.

20. The Scrutinizer shall after the conclusion of voting at the AGM, will unblock the votes cast through 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.

21. The results of remote e-voting and voting during AGM on the resolutions shall be aggregated and declared on or after the AGM of the Company. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM.

22. The Results shall be declared on or after the AGM of the Company. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company i.e. www.mawanasugars.com and on the website of CDSL 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 the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited.

23. Details as required in Regulation 36 (3) of the Listing Regulations and Secretarial Standard on General Meeting (SS-2) of ICSI, in respect of the Directors seeking re- appointment at the AGM is enclosed as Annexure-A to this notice.

EXPLANATORY STATEMENT

As required under Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to business mentioned under Item Nos. 3 to 6 of the accompanying Notice:

ITEM NO. 3

The Board of Directors on the recommendation of the Audit Committee, has approved the appointment of M/s. Bahadur Murao & Co., Cost Accountants (Membership No. 4941), New Delhi to audit the cost accounting records of the Company at a total remuneration of Rs.2,40,000/- (Rupees Two Lacs Forty Thousand only) plus GST and out of pocket expenses, if any.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company.

Accordingly, confirmation of the Members is being sought by passing an Ordinary Resolution as set out at Item No. 3 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2020-21.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution.

ITEM NO. 4

In view of the prevailing health care conditions caused by the spread of Corona Virus Pandemic, there is an acute and urgent demand and need of sanitizers in the Country.

The Government of India as well as State Government of UP had requested the sugar industry to come forward and use its resources to manufacture sanitizers from the Ethanol produced by the captive distilleries of the sugar industry to meet the urgent and dire demand for the country.

Given the urgency of the situation and in the larger public and national interest, the production of Hand sanitizers using the Ethanol produced by the Company was commenced after completing the necessary statutory formalities with the help of the State Government authorities.

Since manufacture of the Hand Sanitizers is a new business, approval of the members is required for the same. The manufacture and marketing of Ethanol and consequent products is permissible under the OBJECTS Clause of the Memorandum of Association of the Company.

The Board recommends the resolution for ratification of the members.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution.

ITEM NO. 5

Pursuant to the provisions of Section 181 of the Act, approval of the members is necessary for any contribution to charitable and community development activity if such contribution in a financial year exceeds the limits prescribed in that Section.

The spread of COVID-19 pandemic in the country has thrown up major challenges to normal life of the citizens. This challenge is being fought at various levels both by the Central Government and the State Governments. In order to support the efforts of Central Government and the State Governments of the States where the operations of the Company are located (namely Uttar Pradesh and Punjab), the Company has made contribution to various funds as mentioned in item listed at Sl. No.5 of the Notice. These donations are meant for a public purpose and National cause.

The Board recommends the resolution for ratification of the members.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution.

ITEM NO. 6

The Members of the Company in their 52nd AGM held on 13.6.2016 had approved the appointment of Mr. Dharam Pal Sharma, Whole Time Director of the Company for a period of 5 years w.e.f. 13.8.2015. His existing term expires on 12.8.2020.

The Board of Directors of the Company in its meeting held on 26.06.2020, on the recommendations of Nomination & Remuneration Committee, have re-appointed Mr. Dharam Pal Sharma (DIN-07259344) as Whole Time Director (WTD) of the Company for a period of two (2) years with effect from 13.8.2020 upto 12.8.2022 and payment of remuneration for a period of two years w.e.f. 13.8.2020 upto 12.8.2022 on the terms and conditions as stated in the resolution, subject to the approval of members and such other approvals as may be required in this regard. He shall be liable to Retire by Rotation.

It is proposed to seek the members' approval for the re-appointment of Mr. Dharam Pal Sharma, as Whole Time Director of the Company, by way of Special Resolution as required under Schedule V and sub-section (3) of Section 196 of the Companies Act, 2013.

Keeping in view that Mr. Dharam Pal Sharma has rich and varied experience in the Industry; it would be in the interest of the Company to re-appoint Mr. Dharam Pal Sharma as Whole Time Director of the Company. The proposed remuneration being paid to the Whole Time Director is much below the prevailing remuneration in the industry of similar size for similarly placed persons.

Mr. Dharam Pal Sharma is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013. The Board of Directors recommends the resolution as set out under item no. 6 of this Notice for the approval of members of the Company.

None of the directors and Key Managerial Personnel and their relatives except Mr. Dharam Pal Sharma and his relatives are interested or concerned, financially or otherwise, in the aforesaid resolution as set out under item no. 6.

The information required to be disclosed in the explanatory statement to the Notice as per item (iv) to third proviso of Section II of Part II of Schedule V of the Companies Act, 2013 is detailed below:

I. GENERAL INFORMATION:

(1) Nature of Industry:

The Company is engaged in the manufacturing and marketing of Sugar, Ethanol and Cogeneration of Power at its units at Mawana Sugar Works,

NOTICE (Contd.)

Mawana, Distt. Meerut, (U.P.) and Nanglamal Sugar Complex, Nanglamal, Distt. Meerut (U.P.). The Company is also producing and marketing Chlor Caustic from its Unit Siel Chemical Complex, Rajpura, Punjab.

(2) Date or expected date of commencement of commercial production:

The Company is an existing Company and is into manufacturing operation since long.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

Not applicable.

(4) Financial performance based on given indicators

Figure of Total Revenue, net Profit/(Loss) and Effective Capital recorded during the last three financial years/periods (on basis of Audited Balance Sheet of the Company) are as follows:

Amount (Rs./Million)

Particulars	As on 31.3.2018	As on 31.3.2019	As on 31.3.2020
- Total Revenue	13539.33	11767.71	14059.20
- Net Profit/ (Loss)	162.40	424.40	(796.82)
- Effective Capital	4551.96	5687.82	5586.96

(5) Foreign investments or collaborators, if any (as on 31.3.2020): None

II. INFORMATION ABOUT THE APPOINTEES:

(i) Background Details:

Mr. Dharam Pal Sharma is B.Sc. (Ag) (Hons). Mr. Dharam Pal Sharma having a sound knowledge of Sugar Industry over the years, he has developed various other management skills. His experience of more than 38 years with various sugars Company like Punjab Sugar Federation, Triveni Engineering, Piccadilly Agro Industrial Limited, RBNS Sugar Mills and from last 20 years he is associated with the Company.

(ii) Past remuneration:

The past remuneration (last 3 years) paid to Mr. Dharam Pal Sharma are as under:

(Per Annum)

Particulars	March 31, 2018	March 31, 2019	March 31, 2020
Salary	Rs.17,73,000/-	Rs. 21,47,936/-	Rs.23,64,000/-

(iii) Recognition or Awards: None

(iv) Job Profile and his Suitability:

Mr. Dharam Pal Sharma is designated as Whole Time Director and is entrusted with the responsibility of taking the company out of its difficult phase through different approaches and efforts for the revival of the company.

He is overlooking the cane department on the priority basis and actively involved in developing harmonious relationship with farmers in view of difficult financial position of the Company due to high pending of cane dues.

He is also involved in the financial control functions, strategic decisions formulation and discussions with various stakeholders of the company.

He will also be responsible for developing technical team and coordinating with commercial functions etc.

(v) Remuneration Proposed:

The proposed remuneration of Mr. Dharam Pal Sharma as Whole Time Director of the Company is detailed in Item No. 6 above.

(vi) Comparative remuneration Profile with respect to, Industry size of the Company, profile of the position and person:

The remuneration paid was much below the prevailing remuneration in the industry of similar size for similarly placed persons.

(vii) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Besides the remuneration paid to Mr. Dharam Pal Sharma as Whole Time Director, does not have any other pecuniary relationship with the Company.

III. OTHER INFORMATION:

(i) Reasons of loss or inadequate profits

Sugar, which is the main business of the Company is cyclical in nature and is largely dependent on climatic factors, supply demand position and government policies, including sugarcane pricing. High sugar production in the country results in softening of sugar prices, which in turn adversely affects the profitability of the sugar mills. Conversely lower production generally results in strong sugar profitability due to higher sugar prices.

The sugarcane price, is fixed by the Government of Uttar Pradesh (GoUP) in an arbitrary manner (State Advised Price - SAP) without any linkage to the prevailing sugar price. The GoUP is yet to carry out reforms as advocated by Dr. Rangarajan Committee Report and thus there is a complete mismatch between the output and input prices. The Sugarcane prices have been rising much faster than sugar sales price. This has resulted in huge losses to the sugar factories over a last many years.

Under the U.P. Sugar Industry Promotion Policy, the Company has invested Rs.700 Crores and all the incentives and subsidies due on the investments are held up since the GoUP has withdrawn the incentive Scheme. Since these investments were funded mainly by raising debts, the interest cost has gone up due to non- receipt of incentives from GoUP.

(ii) Steps taken or proposed for improvement

The Company has been taking all measures within its control to maximize efficiencies and optimize costs to lower the cost of production of sugar, realizing that it has little control over Government policies. With a view to make its sugar operations more viable, the Company has chalked out a road map with ambitious cane development targets which will further increase the recovery of sugar and increase the profitability of sugar integrated businesses, such as cogeneration and distillery operations. The Company hopes to increase the production volumes, curtailing running cost, reduced manpower and reduced operational losses.

(iii) Expected increase in productivity and profit in measurable terms.

In the sugar season 2019-20, it is expected that the production of sugarcane and recovery will be better than the previous sugar season. The much awaited reforms by the Government in the sugar sector and resumption of normal economic growth in the country may accelerate the turnaround of the Company. The fundamentals of the Company are sound and it has well balanced and diversified business and has the potential of not being just profitable but achieving significant growth.

In view of the facts stated above, it is difficult to forecast the productivity and profitability in measurable terms. However, the Company expects that the productivity and profitability may improve and would be comparable with the industry average.

IV. DISCLOSURES:

The requisite disclosures of remuneration package etc. have been mentioned in the statement appended in this Notice. At present, there is no stock option scheme available in the Company. The Disclosures are regularly provided in the Annual Report.

By Order of the Board of Directors
For **Mawana Sugars Limited**

Sd/-
(Ashok Kumar Shukla)
Company Secretary
ACS-29673

Place : New Delhi
Dated : 26.06.2020

NOTICE (Contd.)

ANNEXURE -A

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTENT/ CONTINUATION IN TERMS OF REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Name of the Director	**Mr. Piar Chand Jaswal**	**Mr. Dharam Pal Sharma**
DIN	07100098	07259344
Date of Birth	01.04.1961	6.1.1953
Date of appointment	18.02.2015	13.8.2015
Expertise in specific functional area	Mr. Piar Chand Jaswal is a retired Junior Commission Officer from Indian Army.	Mr. Dharam Pal Sharma having a sound knowledge of Sugar Industry. Over the years, he has developed various other management skills. His experience of more than 38 years with various sugars Company like Punjab Sugar Federation, Triveni Engineering, Piccadilly Agro Industrial Limited, RBNS Sugar Mills and from last 20 years he is associated with the Company.
Qualification	Matriculate	B.Sc (Ag) (Hons)
Shareholding in the Company (including HUF)	Nil	Nil
No. of Meetings of Board attended during the year	For details please refer to the Corporate Governance Report, forming part of this Annual Report)	For details please refer to the Corporate Governance Report, forming part of this Annual Report)
Directorship held in other public companies (excluding foreign companies)	Nil	Nil
Membership/ Chairman ship of Committees of other public companies (including only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil
Disclosure of Relationship between Director inter-se	Nil	Nil

DIRECTORS' REPORT

Your Directors hereby present the 56th Annual Report along with Audited Accounts of the Company for the financial year ended March 31, 2020.

FINANCIAL RESULTS

(Rs. Million)

Sl. No.	Particulars	Amount	
		31.3.2020	31.3.2019
1.	Profit before interest, depreciation, exceptional items and tax	**838.37**	1273.91
2.	Interest	**247.19**	233.33
3.	Depreciation*	**660.82**	333.74
4.	Exceptional Items – Income	**-**	-
5.	Profit before tax	**(69.64)**	706.84
6.	Tax expenses**	**727.18**	282.44
7.	Profit after tax	**(796.82)**	424.40
8.	Other Comprehensive Income	**(18.06)**	(1.24)
9.	Total Comprehensive Income	**(814.88)**	423.16

* *With effect from January 1, 2019, Company has re-evaluated the pattern of economic benefits derived from Property, Plant and Equipment (PPE) and related cost of maintenance of these PPE. Based on such evaluation, it believes that the amount of maintenance expenditure for the plant is expected to be higher in coming years and therefore to equate the cost of operations of the plant, on its existing efficiency, the management has decided to change the method of providing depreciation on its PPE from straight line method to written down value method, considering the overall life to be same as contemplated before such change. Had the Company followed the same method as followed in first nine months period of previous year, depreciation for current year would have been lower by Rs.292.21 million.*

** *Pursuant to the Taxation Laws (Amendment) Act, 2019 dated September 20, 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective April 01, 2019 subject to certain conditions. The Company has evaluated and made an assessment of the impact of Ordinance and decided to opt for reduced rates as per Section 115BAA of the Income Tax Act, 1961. The Company remeasured its deferred tax balances on March 31, 2020 and consequential deferred tax expense of Rs.268.83 million has been charged to Statement of Profit and Loss and MAT assets of Rs.444.49 million has been written off during the year.*

TRANSFER TO RESERVES

No amount is proposed to be transferred to the General Reserve.

DIVIDEND

In absence of profits during the current financial year, your Directors are unable to recommend any dividend for the year under review.

COVID-19

The outbreak of COVID-19 pandemic globally and in India has caused significant disturbance and slowdown of economic activity. The nationwide lockdown ordered by the Government of India w.e.f. 24th March 2020 led to complete shutdown of Company's Chemical business which could however be restarted in limited way from April 02, 2020. Sugar manufacturing operations continued without any significant disruption but Sugar sales has been lower due to lack of demand. Ethanol supply was limited in view of low requirement of petroleum products during this period. Higher level of uncertainty and the lockdown may affect Company's operations in future and consequently its financial results.

OPERATIONS

1. SUGAR DIVISION (2019-20)

The Sugarcane crush during season 2019-20 was 31 Lac Ton as compared to 27.43 Lac Ton in the last season. The key operational figures are as follows:

Particulars	Unit	Sugar Season				
		2015-16	2016-17	2017-18	2018-19	2019-20
Cane Crush	Lac MT	21.73	23.03	31.42	27.43	31.0
Recovery	%	10.72	11.18	11.25	11.47	11.35
Sugar Production	Lac MT	2.33	2.57	3.54	3.28	3.52

Sugarcane purchase price is determined by the Government of U.P. through State Advised Price (SAP) mechanism. The Government of India had announced Minimum Support Price (MSP) for sugar which with sugar sales quota mechanism of Central Government caused stability for sugar sale price in the market. Export of sugar could only be undertaken at a loss due to weak international price. The prospect of excessive national level stocks will continue for a foreseeable future and export will only be possible with Government support.

Even though sufficient sugar stock is available to pay the sugarcane dues but constraint to sell limited quantity of sugar has caused delay in payment to the cane farmer's dues.

The Company has not received its legitimate dues from U.P. Government under the Sugar Industry Promotion Policy of 2004, based on which the company had invested large amounts of money, despite there being a comprehensive judgment by the Allahabad High Court in favour of the Company.

2. DISTILLERY DIVISION

An Incinerator Boiler of 47 TPH and modified existing evaporation system for concentrating the Spent Wash (vinasse) from 40% to 60% has been installed at Company's Distillery at Nanglamal Unit which is operational.

Nanglamal Distillery has been awarded a quantity of 31645 KL ethanol to be supplied to the OMC's for the current year.

3. CHLOR ALKALI DIVISION:

The operations at the Chlor-alkali Division have been satisfactory. However the prices of caustic soda and chlorine witnessed steep fall and occasional volatility during the year. Increased imports and sluggish domestic demand has had an adverse impact on the price of these products.

SUBSIDIARY/ASSOCIATE COMPANIES

a) SUBSIDIARY COMPANIES

The Company has three subsidiary companies viz. Siel Financial Services Limited (SFSL), Siel Industrial Estate Limited (Siel IE) and Siel Infrastructure & Estate Developers Pvt. Ltd (Siel IED).

SFSL is a listed Company but has not been doing any business for last about 18 years. SFSL has not been able to comply with 'minimum public shareholding' requirement for a listed company and is in touch with concerned authorities to do the needful.

Siel IE was established to develop an Industrial Estate in Punjab and holds a large land bank. Chemical division of the Company was established in the Siel IE but thereafter no significant progress could be made due to various factors like litigation by the farmers and fragmented land.

Siel IED is a material unlisted subsidiary company which was created for assisting in the development of Siel IE.

b) ASSOCIATE COMPANY

Mawana Foods Pvt. Ltd. (MFPL), is an associate of the Company which is an established player in the retail business of sugar, edible oils and soap.

Pursuant to provisions of Section 129 and other applicable provisions of the Act read with Rules made there under, the performance and financial position of the subsidiaries/associate company are annexed in Form AOC-I to the Annual Financial Statements.

There has been no change in the relationship of subsidiaries/associate Company during the current financial year.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the financial year 2019-2020, are prepared in compliance with applicable provisions of the Companies Act, 2013, Accounting Standards and SEBI (LODR) Regulations, 2015.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) APPOINTMENTS / RE-APPOINTMENTS/ CONTINUATION

The Members of the Company in the 52nd AGM held on 13.6.2016 had approved the appointment of Mr. Dharam Pal Sharma, Whole Time Director of the Company for a period of 5 years w.e.f. 13.8.2015. Accordingly, the existing term of Mr. Dharam Pal Sharma, Whole Time Director of the Company would expire on 12.8.2020.

The Board has reappointed Mr. Dharam Pal Sharma as a Whole Time Director of the Company for a further period of 2 years w.e.f. 13.08.2020 subject to approval of the shareholders. A resolution for seeking approval of members of the company for his re-appointment as Whole Time Director of the Company has been included in the Notice for the forthcoming Annual General Meeting.

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

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

(b) KEY MANAGERIAL PERSONNEL

During the financial year ended March 31, 2020, the following persons are Whole Time Key Managerial Personnel (KMP) of the Company in terms of provisions of Section 203 of the Companies Act, 2013:

Sl.No.	Name	Designation
1.	Mr. Dharam Pal Sharma	Whole Time Director
2.	Mr. B.B. Mehta	Chief Financial Officer
3.	Mr. Ashok Kumar Shukla	Company Secretary

(c) DECLARATION U/S 149 (6) OF THE ACT

The Independent Directors (IDs) have given declarations u/s 149(6) of the Act and Regulation 16(1)

(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming that they meet the criteria of independence as laid down under the said Section/ Regulation.

The Directors of the Company have also confirmed that they were not disqualified to be appointed as Directors as per Section 164(2) of the Companies Act, 2013 and they have not been debarred by SEBI to hold an office of Director.

(d) BOARD/DIRECTORS' EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations").

The performance of the Board and Committees thereof was evaluated on the basis of the criteria such as the composition and structure, effectiveness of processes, information, involvement of the Members and functioning etc. The Board reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive discussion and inputs in meetings, etc.

In a separate meeting of Independent Directors, the performance of Non-Independent Directors, the performance of the Board as a whole was evaluated. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

The review concluded by affirming that the Board as a whole, the Committees of the Board as well as all of its Members, individually, continued to display commitment to good governance, ensuring a constant improvement of processes and procedures. It was further acknowledged that every individual Member of the Board and the Committee thereof contribute its best in the overall growth of the organization.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) of the Companies Act, 2013, your Directors state that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared the Annual Accounts on a going concern basis;

e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MEETINGS OF THE BOARD

During the financial year ended March 31, 2020, six Board meetings were held. In case of urgent business, 6 resolutions were passed by circulation by the Board of Directors of the Company with requisite majority. Compliance reports of various laws applicable to the Company were reviewed by the Audit Committee and the Board of Directors. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (LODR), Regulations, 2015. The details of meetings held and attended by the Directors during the year are provided in the Corporate Governance Report.

All statutory and other important items/ information were placed before the Board for approval/review.

INTERNAL FINANCIAL CONTROLS

The Company has over the years evolved effective systems and procedures to ensure internal financial controls in all its establishments and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Audit Committee evaluates the internal financial control system periodically.

An effective communication/ reporting system operates between the Units and Corporate Office to keep various establishments abreast of regulatory changes and ensure compliances.

DIRECTORS' REPORT (Contd.)

AUDITORS AND THEIR REPORT

a) STATUTORY AUDITORS

Pursuant to the Section 139 of the Companies Act, 2013, appointment of the Statutory Auditors M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration No:301003E/ E300005) was made by the members of the Company in its 53rd Annual General Meeting (AGM) held on July 27, 2017 for a period of 5 years till the conclusion of 58th Annual General Meeting of the Company on the recommendation of the Audit Committee and the Board of Directors.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

b) COST AUDITORS

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. Bahadur Murao Co., Cost Accountants, New Delhi (Firm Registration No. 4941) as Cost Auditors for conducting the audit of the cost records maintained by the Company for the products (Sugar, Caustic Soda, Industrial Alcohol, Power, SBP) for the financial year 2019-20 at a total remuneration of Rs.2,40,000/- plus GST & out-of-pocket expenses, if any.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company.

Accordingly, confirmation of the Members is being sought by passing an Ordinary Resolution as set out in the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ended March 31, 2020.

The Cost Audit Report for the financial year ended March 31, 2019 had filed on 24.12.2019, which is within the time limit prescribed under the Companies (Cost Audit Report) Rules, 2011.

c) SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Nirbhay Kumar (CP No.7887) of M/s Nirbhay Kumar Associates, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for the financial year 2019-20.

The Secretarial Audit Report for the financial year ended 31st March, 2020 is attached as Annexure – I of this Board's Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

PUBLIC DEPOSITS

The Company has not accepted any public deposits under Chapter V of the Act during the financial year ended March 31, 2020.

RISK MANAGEMENT

The Company has a Risk Management Committee to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

AUDIT COMMITTEE

The Audit Committee comprises of four Directors, three of whom are independent director and one is non-executive director, viz., Mr. Ravinder Singh Bedi as Chairman, and Prof. Dinesh Mohan, Mrs. Manju Vira Gupta and Mr. Piar Chand Jaswal as Members.

The details of terms of reference of the Audit Committee, number and dates of meeting held, attendance, among others are given separately in the attached Corporate Governance Report.

NOMINATION AND REMUNERATION COMMITTEE

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

REMUNERATION POLICY

The Company has adopted a Remuneration Policy for executive and non-executive directors and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration as approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders and such other authorities as the case may be. The remuneration policy is also placed on the Company's website.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The Company has adopted a CSR policy. The Committee is primarily responsible for formulating and recommending to the Board of Directors from time to time the CSR activities and the amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR Projects. The CSR Policy of the Company has been placed on the Company's website. During the year, the Company has not contributed towards CSR in view of losses as computed in accordance with the provisions of Section 198 of the Companies Act, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3) (m) of the Companies (Accounts) Rules, 2014 is enclosed as Annexure – II and forms part of this Report.

PARTICULARS OF EMPLOYEES

The information as required under the provision of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company are given in Annexure – III of this Board's Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions between the Company and the Directors, Key Management Personnel, the subsidiary or the relatives except for those disclosed in the financial statements in Notes to Financial Statements.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contracts or arrangements in form AOC -2 does not form part of the Report.

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

VIGIL MECHANISM

The Company has formulated and implemented the Whistle Blower Policy/Vigil Mechanism. This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee; any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The aforesaid policy has also been uploaded on the Company's website.

EXTRACT OF ANNUAL RETURN

The extracts of the Annual Return (MGT-9) as per the provisions of Section 92 of the Act read with Rule 12 of Companies (Management and Administration) Rules, 2014 is annexed herewith and marked as Annexure – IV to this Report.

CORPORATE GOVERNANCE

In accordance with SEBI (LODR), Regulations, 2015, Corporate Governance Report along with Auditors' certificate thereon and Management Discussion and Analysis Report form part of this report are enclosed as Annexure – V.

SHARE CAPITAL

During the financial year ended 31.3.2020, the Company has not issued any share capital with different voting rights, sweat equity or ESOP nor provided any money to the employees or trusts for purchase of its own shares.

UNCLAIMED SHARES SUSPENSE ACCOUNT

The position with regard to the unclaimed equity shares, transferred to the Demat Suspense Account as required under SEBI (LODR) Regulations, is as under:

Balance as on 1.4.2019		No. of Members who approached the Company for transfer of shares and shares transferred from Suspense Account during the year		Balance as on 31.3.2020	
No. of holders	No. of shares	No. of holders	No. of Shares	No. of Holders	No. of Shares
6676	151498	10	1455	6666	150043

The voting rights on the shares in the suspense account as on 31st March, 2020 will remain frozen unless the rightful owners of such shares claim the shares.

ANTI-SEXUAL HARASSMENT POLICY

Pursuant to the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013", the Company constituted Internal Complaints Committees at all its workplaces. There has not been any instance of complaint reported in this regard to any of the Committees.

ACKNOWLEDGEMENTS

The Directors wish to thank and deeply acknowledge the cooperation, assistance and support extended by Central Government, State Governments, Banks, Financial Institutions, Dealers, Sugarcane farmers, Society at large,

DIRECTORS' REPORT (Contd.)

Vendors and valued shareholders of the Company. The Directors also wish to place on record their appreciation for the all-round co-operation and contribution made by the employees at all levels.

For & on behalf of the Board of Directors

Dharam Pal Sharma	**(Ravinder Singh Bedi)**
Whole Time Director	Director
DIN: 07259344	DIN: 01408189

Place : New Delhi
Dated : 26.06.2020

FORM NO. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2020
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Mawana Sugars Limited
(CIN: L74100DL1961PLC003413)
5th Floor,
Kirti Mahal,
19, Rajendra Place,
New Delhi- 110 125

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mawana Sugars 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, minutes books, forms and returns filed and other records maintained by the Company 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 for the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made there under.

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. 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) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the Company during the audit period);**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the audit period);** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the audit period);**

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

(a) Factories Act, 1948;

(b) Industries (Development & Regulation) Act, 1951;

(c) All Labour laws and such Other incidental laws related to Labour and employees appointed by the Company

ANNEXURE - I TO DIRECTORS' REPORT (Contd.)

either on its payroll or on contractual basis related to wages, gratuity, provident fund, ESIC, compensation, welfare etc.;

(d) Acts prescribed under prevention and control of Pollution and Acts prescribed for Protection of Environment;

(e) Acts as prescribed under Direct and Indirect Tax;

(f) The Legal Metrology Act, 2009;

(g) Indian Electricity Act, 2003;

(h) The Food Safety and Standard Act, 2006;

(i) Drugs & Cosmetic Act, 1940 & Rules;

(j) Indian Boiler Act, 1923;

(k) Essential Commodities Act, 1955;

(l) Sugar Cess Act, 1982;

(m) Explosive Act, 1884/Rules 1983

(n) Acts as prescribed under Shop and Establishment Act of various local authorities;

(o) Acts as prescribed by respective states and local authorities etc.

(p) Sugarcane Control Oder, 1966

(q) Sugar Control Order, 1966

We have also examined compliance with the applicable clauses of the following:

i. Listing Agreements entered into by the Company with Stock Exchange(s),

ii. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended up to date.

iii. Secretarial Standards issued by the Institute of Company Secretaries of India and **notified by Ministry of Corporate Affairs.**

On the basis of documents and information provided by the Company we are in opinion that during the year under review the Company has generally complied with the provisions of the above said Acts, Rules, Regulations, Guidelines, Standards, etc. subject to the following observations:

1. Non-Payment of Sugar Cane dues under UP Sugarcane (Regulation of Supply & Purchase) Act/Rules (1953/1954).

We further report that-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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.

All the decisions at the Board Meetings and Committee Meetings have been carried out unanimously as recorded in the Minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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 undertaken any major activities like;

i. Public/Right/Preferential issue of shares/ debentures/borrowing/sweat equity/ESOP etc.

ii. Redemption/ buy-back of securities

iii. Major decisions has not been taken by the members in pursuance to section 180 of the Companies Act, 2013

iv. Merger / amalgamation / reconstruction, etc.

v. Foreign technical collaborations/Joint Ventures etc.

For **Nirbhay Kumar & Associates**

Nirbhay Kumar
M. No. : 21093
C.P. No.: 7887
UDIN- A021093B000416422

Place : New Delhi
Dated : 26.06.2020

'Annexure A'

To,

The Members,
Mawana Sugars Limited
(CIN: L74100DL1961PLC003413)
5th Floor, Kirti Mahal
19, Rajendra Place
New Delhi- 110 125

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and 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. I believe that the processes and practices, I followed provide a reasonable basis of my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happenings of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures 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.

For **Nirbhay Kumar & Associates**

Nirbhay Kumar
M. No. : 21093
C.P. No.: 7887
UDIN- A021093B000416422

Place : New Delhi
Dated : 26.06.2020

ANNEXURE - II TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:

(i).	The steps taken or impact on conservation of energy;	a) Phase wise change of plant & colony lighting system to LED to reduce power consumption. b) Installation of bagasse storage shed to prevent deterioration of bagasse in yard during rain reducing in calorific value. c) Refurbishment of electrolysers in Cell House (14 Nos) operating at higher voltage. d) 100 HP/960 rpm motor replaced with energy efficient motor of Drum-2 of SBP. e) 40HP/1400RPM motor of Vacuum pump-4 replaced with energy efficient motor in SBP f) 50HP/1400RPM motor of Vacuum pump-3 replaced with energy efficient motor in SBP g) 5HP/1400RPM motor of Screw conveyor -1 replaced with energy efficient motor in SBP h) 5HP/1400RPM motor of Screw conveyor -2 replaced with energy efficient motor in SBP i) 3HP/1400RPM motor replaced with energy efficient motor of Silo star feeder-A in SBP j) Replacement of sodium vapor lamp with LED lights in whole Plant.
(ii).	The steps taken by the company for utilizing alternate sources of energy;	Nil
(iii).	The capital investment on energy conservation equipments;	Rs. 8 crores (approximately)

B. TECHNOLOGY ABSORPTION:

(i)	The efforts made towards technology absorption	a) Replacement of one stage Brine recovery system with two stage Brine recovery system. b) Construction of dust free, PUF panel insulated, permanent sugar warehouse equipped with Mechanized conveying system. c) Installation of slop fired incineration boiler. d) Installation of Standalone MEE plant to concentrate raw spent wash. e) Installation of centrifugal decanter system. f) Replacement of Molecular Sieves in MSDH Plant.

(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution;	a) - Reduction in effluent load at Effluent treatment Plant complying CPCB guidelines. - Reduction in refined salt consumption in regeneration of Ion Exchange resin at refinery by 10%. b) PUF panel insulation of permanent sugar warehouse will resist sun light heat transmission inside the warehouse, resulting 50 C lower inside temperature in comparison to normal construction with galvanized metal color sheets .It will help to ensure dry and dust free sugar bags supply to institutional customers. c) By installing incineration boiler, distillery can be operated for 300-310 days resulting in additional production of ethanol. d) It helps in concentration of spent wash to be used in incinerator Boiler resulting in increase in the production of ethanol. e) To maintain TSS level (<6000 ppm) to improve the performance of MEE plant and incinerator Boiler. f) To get the ethanol production up to designed capacity of MSDH plant.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	None
	(a) the details of technology imported;	Installation of Rotex screener procured from USA for re-sieving of fine grain sugar.
	(b) the year of import;	2017
	(c) whether the technology been fully absorbed;	Yes. We are fulfilling the sugar quality requirement of our esteemed pharmaceutical customers.
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	NA
(iv)	The expenditure incurred on Research and Development.	Rs. 16 Lacs (approximately)

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.	The information is given in Notes of Accounts.

ANNEXURE - III TO DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The information required under Section 197 of the Companies Act 2013 and the Rules made there-under, in respect of employees of the Company are as follows:-

1. The median remuneration of employees of the Company during the financial year was Rs.3,21,204/- . The Ratio of the Remuneration of each Director to the Median Remuneration of the Employees of the Company for the financial year 2019-20 are as under:

Directors	Designation	Remuneration of Directors in Financial Period 2019-20 (Rs.)	Ratio of Remuneration to Median Remuneration of Employees
Mr. Ravinder Singh Bedi*	Non-Executive & Independent Director	N.A.	N.A.
Prof. Dinesh Mohan*	Non-Executive & Independent Director	N.A.	N.A.
Mrs. Manju Vira Gupta*	Non-Executive & Independent Director	N.A.	N.A.
Mr. Piar Chand Jaswal*	Non-Executive & Non Independent Director	N.A.	N.A.
Mr. Dharam Pal Sharma	Whole Time Director	23,64,000/-	7.35%

*All the non-executive Directors of the Company were not paid any remuneration and were paid only sitting fee for tending the meetings of the Board/Committee of Directors. Therefore, the said ratio of remuneration of each director to median remuneration of the employees of the company is not applicable.

2. **The percentage increase in Remuneration of each Director, Whole Time Director, Chief Financial Officer and Company Secretary in the financial year:**

<u>Directors</u>

Directors	Remuneration of Director in Financial Period 2019-20 (Rs.)	% Increase in Remuneration
Mr. Ravinder Singh Bedi*	N.A.	N.A.
Prof. Dinesh Mohan*	N.A.	N.A.
Mrs. Manju Vira Gupta*	N.A.	N.A.
Mr. Piar Chand Jaswal*	N.A.	N.A.
Mr. Dharam Pal Sharma, Whole Time Director	23,64,000/-	10%

*All the non-executive directors of the Company were not paid any remuneration other than sitting fees for attending the meetings of the Board/Committee of Directors. Therefore, the said ratio of remuneration of each director to median remuneration of the employees of the company is not applicable.

<u>Key Managerial Personnel's (KMPs)</u>

Directors	Remuneration of KMP in Financial Period 2019-20 (Rs.)	% Increase in Remuneration
Mr. Dharam Pal Sharma, Whole Time Director	23,64,000/-	10%
Mr. B.B. Mehta, Chief Financial Officer	87,17,250/-	11%
Mr. Ashok Kumar Shukla, Company Secretary	11,50,464/-	15%

3. The percentage increase in the Median Remuneration of Employees in the financial period was 7.36%

4. The number of Permanent Employees on the Rolls of Company:

   The number of Permanent Employees on the Rolls of Company as on 31st March, 2020 was 1564.

5. Average percentage increase already made in the salaries of employees other than managerial personnel in the last financial period and its comparison with percentile increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration:

   The average increase in salaries of employees in 2019-20 was 7.87%.

6. Affirmation that the Remuneration is as per the Remuneration Policy of the Company:

   The Company affirms that the Remuneration paid during the period were as per the Remuneration Policy of the Company.

STATEMENT OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

a) Name of employee employed throughout the financial year and was in receipt of remuneration Rs.1,02,00,000/- or more: **NIL**

b) Name of employee employed for a part of the financial year and was in receipt of remuneration not less than Rs.8,50,000/- per month: **NIL**

ANNEXURE - IV TO DIRECTORS' REPORT

FORM NO. MGT – 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31.03.2020

[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:

1	CIN	L74100DL1961PLC003413
2	Registration Date	27.03.1961
3	Name of the Company	Mawana Sugars Limited
4	Category / Sub-Category of the Company	Manufacturing
5	Address of the Registered Office and contact details	5th Floor, Kirti Mahal, 19, Rajendra Place, New Delhi-110125 **Contact Details:** 011-25739103 Fax No. 011-25743659 E-Mail: -corporate@mawanasugars.com **Website:** www.mawanasugars.com
6	Whether listed company Yes / No	Yes
7	Name, address and contact details of Registrar and Transfer Agent, if any	Mas Services Limited T-34, Okhla Industrial Area, Phase-II, New Delhi-110020 TEL No. 011-26387281-83 Fax No.011-26387384 E-Mail:info@masserv.com **Website:www.masserv.com**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The Company is engaged in the business of manufacture and marketing of Sugar, Ethanol and Co-generation of Power at is units at Units Mawana Sugar Works, Mawana Distt. Meerut and Nanglamal Sugar Complex, Nanglamal. Distt. Meerut both Unit situated in State of Uttar Pradesh. The Company is also producing and marketing of Chlor Caustic from its Units Siel Chemial Complex, Rajpura, in the State of Punjab. The business activities contributing 10% or more of the total turnover of the Company shall be stated herein below:

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Sugar	1072	75.78
2.	Chemicals	28511/28512	16.83

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

SI. NO.	NAME AND ADDRESS OF THE	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Siel Industrial Estate Limited	U45209DL1994PLC057359	Subsidiary	69.95* 100**	2 (87) and 129 (3)
2	Siel Financial Services Ltd.	L65999MP1990PLC007674	Subsidiary	93.56	2 (87) and 129 (3)

3	Siel Infrastructure & Estate Developers Pvt. Ltd.	U74899DL1985PTC021191	Subsidiary	100.00	2 (87) and 129 (3)
4.	Mawana Foods Pvt. Ltd. 5th Floor, Kirti Mahal 19, Rajendra Place New Delhi - 110008	U74899DL2006PTC144412	Associate	33.74	2 (6)

*EQUITY CAPITAL **PREFERENCE CAPITAL

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2019)				No. of Shares held at the end of the year (as on 31.03.2020)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	24834784	0	24834784	63.49	24834784	0	24834784	63.49	0.00
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	1192	0	1192	0.00	1192	0	1192	0.00	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL:(A) (1)	**24835976**	**0**	**24835976**	**63.49**	**24835976**	**0**	**24835976**	**63.49**	**0.00**
(2) Foreign	0	0	0	0.00	0	0	0	0.00	0.00
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other…	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**24835976**	**0**	**24835976**	**63.49**	**24835976**	**0**	**24835976**	**63.49**	**0.00**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	11342	434	11776	0.03	11342	434	11776	0.03	0.00
b) Banks/FI	322216	11021	333237	0.85	331322	10822	342144	0.87	0.02
C) Central govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00

ANNEXURE - IV TO DIRECTORS' REPORT (Contd.)

e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	295208	0	295208	0.75	295208	0	295208	0.75	0.00
g) FIIS	0	0	0	0	0	0	0	0	0.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Any Others (Foreign Banks)	3093	0	3093	0.01	3093	0	3093	0.01	0.00
SUB TOTAL (B)(1):	**631859**	**11455**	**643314**	**1.64**	**640965**	**11256**	**652221**	**1.66**	**0.02**
(2) Non Institutions									
a) Bodies corporate									
i) Indian	1932970	26649	1959619	5.01	2331655	26547	2358202	6.03	1.02
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									0.00
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	7583161	474170	8057331	20.60	8230003	459283	8689286	22.21	1.61
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	1620734	0	1620734	4.14	1924030	0	1924030	4.92	0.78
c) NBFC Registered with RBI	14613	0	14613	0.04	14058	0	14058	0.04	0.00
d) Others (NRIs/OCBs/ Pakistani Nationals/Trust/ Suspense A/c)	1979968	5309	1985277	5.07	637769	5310	643079	1.64	-3.43
SUB TOTAL (B)(2):	**13131446**	**506128**	**13637574**	**34.86**	**13137515**	**491152**	**13628667**	**34.84**	**-0.02**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**13763305**	**517583**	**14280888**	**36.51**	**13778480**	**502408**	**14280888**	**36.51**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**38599281**	**517583**	**39116864**	**100**	**38614456**	**502408**	**39116864**	**100**	**0.00**

i) Category-wise shareholding

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2019)			Share holding at the end of the year (as on 31.03.2020)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total share*	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total share*	
1.	Siddharth Shriram	24617959	62.93	2.56	24617959	62.93	2.56	0.00
2.	Siddharth Shriram (Trustee of Enterprise Trust)	216289	0.55	0.00	216289	0.55	0.00	0.00
3.	Roula Shriram	536	0.00	0.00	536	0.00	0.00	0.00
4.	Siel Infrastructure & Estate Developers Pvt. Ltd.	1192	0.00	0.00	1192	0.00	0.00	0.00
Total Shares		**24835976**	**63.49**	**2.56**	**24835976**	**63.49**	**2.56**	**0.00**

Note : * The % of shares pledged/encumbered represents % of shares pledged/encumbered as a % of the total shares of the Company.

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

S. No.	Promoter's Name	Shareholding at the beginning of the year i.e. 01.04.2019		Date	Increase/ Decrease in Share holding	Reason of Increase/ Decrease	Cumulative Shareholding during the period		Shareholding at the end of the year i.e. 31.03.2020	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Siddharth Shriram	216289	0.55	01-April-2019						
				No Change In Shareholding During The Year						
				31-March-2020					216289	0.55
2	Roula Shriram	536	0.00	01-April-2019						
				No Change In Shareholding During The Year						
				31-March-2020					536	0.00
3	Siddharth Shriram	24617959	62.93	01-April-2019						
				No Change In Shareholding During The Year						
				31-March-2020					24617959	62.93
4	Siel Infrastructure & Estate Developers Pvt Ltd	1192	0.00	01-April-2019						
				No Change In Shareholding During The Year						
				31-March-2020					1192	0.00

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

S. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2019		Date	Increase/ Decrease in Share holding*	Reason of Increase/ Decrease	Cumulative Shareholding during the period		Shareholding at the end of the year i.e. 31.03.2020	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	LIFE INSURANCE CORPORATION OF INDIA	170968	0.44	01-Apr-19						
				No Change in Shareholding During the Year						
				31-Mar-20					170968	0.44
2	PUNJAB NATIONAL BANK	319649	0.82	01-Apr-19						
				No Change in Shareholding During the Year						
				31-Mar-20					319649	0.82
3	SHRI PARASRAM HOLDINGS PVT.LTD.	1269094	3.24	01-Apr-19						
				05-Apr-19	-89508	Sale	1179586	3.02		
				12-Apr-19	-20317	Sale	1159269	2.96		
				19-Apr-19	300	Purchase	1159569	2.96		
				26-Apr-19	125256	Purchase	1284825	3.28		
				03-May-19	150653	Purchase	1435478	3.67		
				10-May-19	113527	Purchase	1549005	3.96		

ANNEXURE - IV TO DIRECTORS' REPORT (Contd.)

				17-May-19	77439	Purchase	1626444	4.16		
				24-May-19	59469	Purchase	1685913	4.31		
				31-May-19	-241155	Sale	1444758	3.69		
				07-Jun-19	-218297	Sale	1226461	3.14		
				14-Jun-19	17234	Purchase	1243695	3.18		
				21-Jun-19	-114461	Sale	1129234	2.89		
				28-Jun-19	-14892	Sale	1114342	2.85		
				05-Jul-19	-35159	Sale	1079183	2.76		
				12-Jul-19	-6266	Sale	1072917	2.74		
				19-Jul-19	-143165	Sale	929752	2.38		
				26-Jul-19	-119948	Sale	809804	2.07		
				02-Aug-19	-55011	Sale	754793	1.93		
				09-Aug-19	-67891	Sale	686902	1.76		
				16-Aug-19	-148752	Sale	538150	1.38		
				23-Aug-19	-66705	Sale	471445	1.21		
				30-Aug-19	-43363	Sale	428082	1.09		
				06-Sep-19	38847	Purchase	466929	1.19		
				13-Sep-19	60279	Purchase	527208	1.35		
				20-Sep-19	-42185	Sale	485023	1.24		
				27-Sep-19	-18321	Sale	466702	1.19		
				30-Sep-19	23380	Purchase	490082	1.25		
				04-Oct-19	-41113	Sale	448969	1.15		
				11-Oct-19	139340	Purchase	588309	1.50		
				18-Oct-19	32968	Purchase	621277	1.59		
				25-Oct-19	-15395	Sale	605882	1.55		
				01-Nov-19	-40849	Sale	565033	1.44		
				08-Nov-19	-115075	Sale	449958	1.15		
				15-Nov-19	-16064	Sale	433894	1.11		
				22-Nov-19	135327	Purchase	569221	1.46		
				29-Nov-19	-39194	Sale	530027	1.35		
				06-Dec-19	1504	Purchase	531531	1.36		
				13-Dec-19	21853	Purchase	553384	1.41		
				20-Dec-19	-29887	Sale	523497	1.34		
				27-Dec-19	-40120	Sale	483377	1.24		
				31-Dec-19	512	Purchase	483889	1.24		
				03-Jan-20	-30039	Sale	453850	1.16		
				10-Jan-20	57388	Purchase	511238	1.31		
				17-Jan-20	74415	Purchase	585653	1.50		
				24-Jan-20	126772	Purchase	712425	1.82		
				31-Jan-20	-38233	Sale	674192	1.72		
				07-Feb-20	-155910	Sale	518282	1.32		
				14-Feb-20	8963	Purchase	527245	1.35		
				21-Feb-20	158501	Purchase	685746	1.75		
				28-Feb-20	170725	Purchase	856471	2.19		
				06-Mar-20	40526	Purchase	896997	2.29		
				13-Mar-20	124201	Purchase	1021198	2.61		

				20-Mar-20	80016	Purchase	1101214	2.82		
				27-Mar-20	-85292	Sale	1015922	2.60		
				31-Mar-20	9610	Purchase	1025532	2.62	1025532	2.62
4	ALAVEL FINVEST PVT LTD *	366504	0.94	01-Apr-19						
				01-Jan-20	-366504	Sale	0	0.94		
				31-Mar-20					0	0.00
5	THE ORIENTAL INSURANCE COMPANY LIMITED	96917	0.25	01-Apr-19						
				No Change in Shareholding During the Year						
				31-Mar-20					96917	0.25
6	YAMUNA VYAPAR PRIVATE LIMITED #	77010	0.20	01-Apr-19						
				03-May-19	-4500	Sale	72510	0.19		
				03-Jan-20	33300	Purchase	105810	0.27		
				21-Feb-20	6000	Purchase	111810	0.29		
				28-Feb-20	2000	Purchase	113810	0.29		
				31-Mar-20					113810	0.29
7	PREMIER CREDIT CAPITAL LIMITED	100001	0.26	01-Apr-19						
				No Change in Shareholding During the Year						
				31-Mar-20					100001	0.26
8	HEMANT P KOTAK (HUF)*	80000	0.20	01-Apr-19						
				12-Apr-19	-10000	Sale	70000	0.18		
				19-Apr-19	5000	Purchase	75000	0.19		
				31-May-19	-25000	Sale	50000	0.13		
				14-Jun-19	-20000	Sale	30000	0.08		
				21-Jun-19	12184	Purchase	42184	0.11		
				28-Jun-19	7816	Purchase	50000	0.13		
				19-Jul-19	10000	Purchase	60000	0.15		
				26-Jul-19	2000	Purchase	62000	0.16		
				09-Aug-19	5000	Purchase	67000	0.17		
				31-Mar-20					67000	0.17
9	SIG ESTATE PRIVATE LIMITED	118425	0.30	01-Apr-19						
				No Change in Shareholding During the Year						
				31-Mar-20					118425	0.30
10	RAJEEV KUMAR AGGARWAL#	68320	0.17	01-Apr-19						
				24-May-19	5000	Purchase	73320	0.19		
				13-Sep-19	200	Purchase	73520	0.19		
				14-Feb-20	6350	Purchase	79870	0.20		
				21-Feb-19	15000	Purchase	94870	0.24		
				31-Mar-20					94870	0.24
11	RAJU AJIT BHANDARI	310545	0.79	01-Apr-19						
				05-Apr-19	41386	Purchase	351931	0.90		
				12-Apr-19	171	Purchase	352102	0.90		
				19-Apr-19	1231	Purchase	353333	0.90		

ANNEXURE - IV TO DIRECTORS' REPORT (Contd.)

				26-Apr-19	2108	Purchase	355441	0.91		
				03-May-19	1549	Purchase	356990	0.91		
				10-May-19	216	Purchase	357206	0.91		
				17-May-19	2455	Purchase	359661	0.92		
				24-May-19	1930	Purchase	361591	0.92		
				31-May-19	-8147	Sale	353444	0.90		
				07-Jun-19	-800	Sale	352644	0.90		
				14-Jun-19	5772	Purchase	358416	0.92		
				21-Jun-19	5227	Purchase	363643	0.93		
				28-Jun-19	-27071	Sale	336572	0.86		
				07-Jul-19	3499	Purchase	340071	0.87		
				12-Jul-19	634	Purchase	340705	0.87		
				19-Jul-19	-300	Sale	340405	0.87		
				02-Aug-19	-600	Sale	339805	0.87		
				16-Aug-19	-27600	Sale	312205	0.80		
				30-Aug-19	16951	Purchase	329156	0.84		
				06-Sep-19	-4327	Sale	324829	0.83		
				13-Sep-19	10236	Purchase	335065	0.86		
				20-Sep-19	426	Purchase	335491	0.86		
				27-Sep-19	39914	Purchase	375405	0.96		
				04-Oct-19	9050	Purchase	384455	0.98		
				11-Oct-19	2600	Purchase	387055	0.99		
				18-Oct-19	9243	Purchase	396298	1.01		
				25-Oct-19	8365	Purchase	404663	1.03		
				01-Nov-19	4681	Purchase	409344	1.05		
				08-Nov-19	3006	Purchase	412350	1.05		
				15-Nov-19	678	Purchase	413028	1.06		
				22-Nov-19	2890	Purchase	415918	1.06		
				29-Nov-19	1139	Purchase	417057	1.07		
				06-Dec-19	2879	Purchase	419936	1.07		
				13-Dec-19	11090	Purchase	431026	1.10		
				20-Dec-19	5262	Purchase	436288	1.12		
				27-Dec-19	-1073	Sale	435215	1.11		
				31-Dec-19	-600	Sale	434615	1.11		
				03-Jan-20	-800	Sale	433815	1.11		
				10-Jan-20	11972	Purchase	445787	1.14		
				17-Jan-20	5209	Purchase	450996	1.15		
				24-Jan-20	-1255	Sale	449741	1.15		
				07-Feb-20	5769	Purchase	455510	1.16		
				14-Feb-20	1900	Purchase	457410	1.17		
				21-Feb-20	-530	Sale	456880	1.17		
				28-Feb-20	-1470	Sale	455410	1.16		
				06-Mar-20	6094	Purchase	461504	1.18		
				13-Mar-20	-7402	Sale	454102	1.16		

				20-Mar-20	500	Purchase	454602	1.16		
				27-Mar-20	31556	Purchase	486158	1.24		
				31-Mar-20	-1024	Sale	485134	1.24	485134	1.24
12	AMAN RATHEE #	54451	0.14	01-Apr-19						
				26-Apr-19	39179	Purchase	93630	0.24		
				31-Mar-20					93630	0.24

Note : 1. * Ceased to be part of top ten shareholders as on 31.03.2020
2. # Not been part of top ten shareholders as on 01.04.2019

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name	Shareholding at the beginning of the year i.e. 01.04.2019		Date	Increase/ Decrease in Share holding	Reason for Increase/ Decrease	Cumulative Shareholding during the year		Shareholding at the beginning of the year i.e. 31.03.2020	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Manju Vira Gupta	306	0.00	01-April-2019						
		No change in shareholding during the year								
				31-March-2020					306	0.00

V. INDEBTEDNESS

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

(Rs. Million)

	Secured Loans * Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i) Principal Amount	2,377.98	-	-	2,377.98
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due	4.69	-	-	4.69
Total (i+ii+iii)	**2,382.67**	**-**	**-**	**2,382.67**
Change in Indebtedness during the financial year:				
• Addition	1,314.00	-	-	1,314.00
• Reduction	(497.18)	-	-	(497.18)
Net Change	**816.82**			**816.82**
Indebtedness at the end of the financial year:				
i) Principal Amount	3,197.15	-	-	3,197.15
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.34	-		2.34
Total (i+ii+iii)	**3,199.49**	**-**	**-**	**3,199.49**

* Working Capital Loans of amounting to Rs. 1648.81 Million has been excluded

ANNEXURE - IV TO DIRECTORS' REPORT (Contd.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (in Rs.)
1.		Mr. Dharam Pal Sharma, WTD	
	Gross salary	23,64,000	23,64,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	23,64,000	23,64,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
5.	Others, please specify	-	-
	Total (A)	**23,64,000**	**23,64,000**
	Ceiling as per the Act	-	-

B. Remuneration to other Directors:

Sitting fee of Rs.10,000/- each Paid to the Non-Executive Directors for attending the Meetings of Board/ Board Committee of the Company

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount In Rupees
1.	Independent Directors	Prof. Dinesh Mohan	Mr. R.S.Bedi	Mr.Piar Chand Jaswal	Ms.Manju Vira Gupta	-
	• Fee for attending board / committee meetings	**130000**	**160000**	**120000**	**160000**	**570000**
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	**130000**	**160000**	**120000**	**160000**	**570000**
2.	**Other Non-Executive Directors**	**-**	**-**	**-**	**-**	**-**
	• Fee for attending board / committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	**130000**	**160000**	**120000**	**160000**	**570000**
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**

C. Remuneration to Key Managerial Personnel other than MD/ Manager/WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel Company Secretary	CFO	Total Amount (In Rupees)
1.	Gross salary	-	-	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11,50,464	87,17,250	98,67,714
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	11,50,464	86,05,083	97,55,547
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		1,12,167	1,12,167
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify.	-	-	-
5.	Others, please specify	-	-	-
	Total	**11,50,464**	**87,17,250**	**98,67,714**

VII. PENALTIES / PUNISHMENT / COMPUNDING OF OFFENCES; Nil

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)
A.	**COMPANY**					
	Penalty	Nil	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil	Nil
	Compounding					
B.	**DIRECTORS**					
	Penalty	Nil	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil	Nil
	Compounding	Nil	Nil	Nil	Nil	Nil
C.	**OTHER OFFICERS IN DEFAULT**					
	Penalty	Nil	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil	Nil
	Compounding	Nil	Nil	Nil	Nil	Nil

Ashok Kumar Shukla
Company Secretary
Membership No.29673

Dharam Pal Sharma
Whole-Time Director
DIN: 07259344

Date: 26.06.2020
Place : New Delhi

ANNEXURE - V TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

1. Company's Philosophy on Code of Corporate Governance

Good Corporate Governance is the adoption of best business practices which ensure that the Company operates within the regulatory framework. The adoption of such corporate practices ensures accountability of the persons in charge of the Company on one hand and brings benefits to investors, customers, creditors, employees and the society at large on the other. The Company believes in practicing good Corporate Governance and endeavours to improve on these aspects on an ongoing basis.

The Company ensures full compliance with the requirements of Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations).

2. Board of Directors

(a) Composition

The Board of Directors of the Company consisting of 5 Directors. It consists of One Executive Director, Three Directors are Non-Executive and Independent Directors including Woman Director and one director is Non-Executive and Non-Independent Director. The Board of the Company is duly constituted as per the requirements of the Companies Act, 2013 read with rule made there under and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board members possess the skills, experience and expertise necessary to guide the Company.

All the Directors have given necessary disclosures as required in the Companies Act, 2013 and rules made thereunder. There is no relationship between the Directors inter-se.

The composition of Board of Directors, their attendance at the Board Meetings held during the financial year ended March 31, 2020 and at the last Annual General Meeting held on 2.8.2019 and also the other directorship and membership/ chairmanship of Board committees are as follows:

Name of Director	DIN	Category of Director-ship	No. of Board meetings attended	Attended last AGM	No. of other Director-ship*	Name of the listed Companies (holding position of Director and category of Directorship)	No. of other Committee Membership**	
							Member (including Chairman ship)	Chairman/ Chairperson
Mr. Ravinder Singh Bedi	01408189	NE- I-D	6	YES	1	Nil	Nil	Nil
Prof. Dinesh Mohan	00077959	NE- I-D	5	YES	1	Nil	Nil	Nil
Mrs. Manju Vira Gupta	05186954	NE- I-D	6	YES	Nil	Nil	Nil	Nil
Mr. Piar Chand Jaswal	07100098	NE- NI-D	5	YES	Nil	Nil	Nil	Nil
Mr. Dharam Pal Sharma (Whole Time Director)	07259344	ED	6	YES	Nil	Nil	Nil	Nil

ED-Executive Director, NE- I-D-Non-Executive Independent Director, NE-NI-D -Non-Executive Non-Independent Director

Note:

* *Other directorships exclude directorships in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.*

** *For this purpose only Audit and Stakeholders' Relationship Committees have been considered as defined under Regulation 26 of SEBI (LODR) Regulations, 2015.*

(b) Number of Board Meetings

During the financial year ended March 31, 2020, 6 board meetings were held on 24.5.2019, 2.8.2019, 13.8.2019, 2.10.2019, 14.11.2019 and 13.2.2020.

Meeting of Independent Directors

Pursuant to Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was convened on 13.2.2020 to oversee and review performance of Non-Independent Directors and the Board as a whole. Mr. Ravinder Singh Bedi, Prod. Dinesh Mohan and Mrs. Manju Vira Gupta, the Independent Directors were present at the meeting.

(c) Details of the shareholding of Non-Executive Directors

Other than Mrs. Manju Vira Gupta, who holds 306 equity shares of the Company as on the Financial Year ended March 31, 2020, no other Non-Executive Directors holds any equity shares or convertible instrument of the Company during the financial year ended on March 31, 2020.

(d) Familiarization programme for Independent Directors

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Company has formulated a Familiarization Program Module ("the programme") for the Independent Directors ("ID") of the Company. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company.

The Board members are provided with necessary documents and reports to enable them to familiarize with the Company's procedures and practices.

(e) Confirmation

On the basis of declaration received from the Independent Directors, the Board confirms that in their opinion the Independent Directors of the Company fulfill the conditions specified in the SEBI Listing Regulations 2015 and are independent of the management.

(f) Information supplied to the Board

1. Annual operating plans and budgets, capital budgets, updates.
2. Quarterly results of the Company.
3. Minutes of meetings of Board committees and unlisted subsidiary companies.
4. Compliance of any regulatory, statutory nature or listing requirements and shareholder services

The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.

The Board is presented with detailed notes along with the agenda papers.

During the year, none of the Independent Director has resigned before the expiry of his/her tenure as Independent Director of the Company.

3. Audit Committee

(a) Terms of Reference

The role and terms of reference of Audit Committee shall cover areas mentioned under SEBI Listing Regulations/ and Section 177 of the Companies Act, 2013 and rules related thereto/other SEBI Laws/Regulations, as applicable from time to time besides other matters as may be delegated by the Board of Directors from time to time.

(b) Composition

The Audit Committee was constituted in 1992. The Audit Committee comprises of Four Directors. One Director is Non-Executive and Non-Independent and three directors are Non-Executive and Independent Directors. All the Committee members have sound knowledge of finance and accounting.

The Chairman of the Committee attended the last Annual General Meeting.

The Company Secretary acts as the Secretary of the Committee. The Head of Finance, Internal Auditors and

ANNEXURE - V TO DIRECTORS' REPORT (Contd.)

Statutory Auditors attend the meetings of the Committee on the invitation of the Company.

During the financial year ended March 31, 2020, the Audit Committee met 4 times on 24.5.2019, 13.8.2019, 14.11.2019 and 13.2.2020.

The composition of Committee and their attendance at the Committee meetings held during the financial year are as under:

Sl.No.	Name of Member	Status	No. of Meetings Attended
1.	Mr. Ravinder Singh Bedi	Chairman	4
2.	Prof. Dinesh Mohan	Member	3
3.	Mrs. Manju Vira Gupta	Member	4
4.	Mr. Piar Chand Jaswal	Member	3

4. Nomination and Remuneration Committee

(a) Terms of Reference

The role and terms of reference of Nomination and Remuneration Committee shall cover areas mentioned under SEBI Listing Regulations/and Section 178 of the Companies Act, 2013 and rules related thereto/other SEBI Laws/ Regulations, as applicable from time to time and other matters as may be delegated by the Board of Directors from time to time.

(b) Composition

The Nomination and Remuneration Committee of the Board comprises of 4 Directors. One Director is Non-Executive and Non-Independent and Three Directors are Non-Executive and Independent Directors.

The Chairman of the Nomination and Remuneration Committee attended the last Annual General Meeting.

During the financial year ended March 31, 2020, 2 meetings of the Committee were held on 24.5.2019 and 14.11.2019.

The Company Secretary acts as the secretary of the committee.

The composition of the Committee and their attendance at the Committee Meetings held during the financial year are as under:

Sl.No.	Name of Member	Status	No. of Meetings Attended
1.	Mr. Ravinder Singh Bedi	Chairman	2
2.	Prof. Dinesh Mohan	Member	2
3.	Mrs. Manju Vira Gupta	Member	2
4.	Mr. Piar Chand Jaswal	Member	2

(c) Performance Evaluation criteria for Independent Directors

The performance evaluation criteria for Independent Directors was such as qualification, experience, knowledge, competency, availability, attendance, commitment, contribution of the individual directors to the Board and Committee meetings and fulfillment of independence criteria by them and their independence from the management. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation the directors who are subject to evaluation had not participated.

(d) Remuneration Policy

In terms of the provisions of the Companies Act, 2013 and the Listing Regulations, the Company has adopted a Remuneration Policy for Executive and Non-Executive Directors and Persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration as approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee.

The remuneration so approved is subject to the approval by the shareholders and such other authorities as the case may be.

The Non-Executive Directors do not draw any remuneration from the Company other than sitting fee of Rs.10,000/- (Rupees Ten Thousand) for each meeting of the Board/ Committee thereof attended by them.

The remuneration policy as approved by the Board is placed on the website of the Company: www.mawanasugars.com.

5. Remuneration to Directors

a) Remuneration to Executive Director

The remuneration to the Executive Director/s is recommended by the Nomination and Remuneration Committee to the Board and after approval by the Board, the same is put up for the Shareholders approval. Executive Director/s do not receive any sitting fees for attending the Board and Committee meetings.

The details of the remuneration to the Executive Director/s provided as per accounts for the financial year ended March 31, 2020 is given below :

(Rupees)

Sl. No.	Name	Salary and Allowances	Perquisites	Contribution to Provident and other Funds	Total
1.	Mr. Dharam Pal Sharma	22,19,400	58,200	86,400	23,64,000

1. Refer note no.35 of the financial statements

b) Details of the fees paid to the Non-Executive Directors (NEDs)

i) Sitting Fees:

The details of the sitting fees to the Non-Executive Directors provided as per accounts for the financial year ended March 31, 2020 are given below:

Sl. No.	Name	Sitting Fees (Rs.)
1.	Mr. Ravinder Singh Bedi	1,60,000/-
2.	Prof. Dinesh Mohan	1,30,000/-
3.	Mrs. Manju Vira Gupta	1,60,000/-
4.	Mr. Piar Chand Jaswal	1,20,000/-

ii) Advisory fees:

The details of the advisory fees paid to the Non-Executive Director provided as per accounts for the financial year ended March 31, 2020 is given below:

Sl. No.	Name of the Director	Amount (Rs.)
1.	Mr. Piar Chand Jaswal	Rs.7,50,000/-

The Company has not paid any fixed component and performance linked incentives to the Non –Executive Directors during the financial year ended March 31, 2020.

The Company does not have any Stock Option Scheme.

6. Stakeholders Relationship Committee

(a) Terms of Reference

The Company has a Board Committee namely 'Stakeholders Relationship Committee' as required under the provisions of Section 178 (5) of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015 to look into various issues relating to shareholders including the redressal of shareholders complaints, share transfers/ transmission/ issue of duplicate shares etc.

ANNEXURE - V TO DIRECTORS' REPORT (Contd.)

The meeting of this Committee is held frequently to ensure completion of share transfer work within the stipulated period. Besides this, Director/s and Company Secretary have been delegated the power to approve severally the registration of transfer of shares and other related matters upto 500 shares per case.

(b) Composition

The Stakeholders Relationship Committee of the Board comprises of 4 Directors. One Director is Non-Executive and Non-Independent and Three Directors are Non-Executive and Independent Directors.

During the financial year ended March 31, 2020, the Committee met 3 times on 2.8.2019, 2.10.2019 and 28.11.2019.

The Company Secretary acts as the secretary of the Committee.

The composition of the Committee and their attendance at the Committee meetings held are as under:

Sl.No.	Name of Member	Status	No. of Meetings Attended
1.	Mr. Ravinder Singh Bedi	Chairman	3
2.	Prof. Dinesh Mohan	Member	3
3.	Mrs. Manju Vira Gupta	Member	3
4.	Mr. Piar Chand Jaswal	Member	3

Mr. Ashok Kumar Shukla, Company Secretary is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Compliance Officer can be contacted at:

Mawana Sugars Limited
Plot No.3, Institutional Area,
Sector-32, Gurugram-122001 (Haryana)
Tel: 0124-4298000
E-mail: corporate@mawanasugars.com

During the financial year ended March 31, 2020, 16 complaints were received from the shareholders. All complaints were replied/resolved to the satisfaction of the shareholders. No complaints are pending as at the end of the financial year.

7. Corporate Social Responsibility Committee

(a) Terms of Reference

The Company has a Board Committee namely 'Corporate Social Responsibility Committee' (CSR Committee) as required under Section 135 of the Companies Act, 2013. The purpose of the Committee is to formulate and monitor the CSR policy of the Company.

The Company has adopted a CSR policy. The Committee is primarily responsible for formulating and recommending to the Board of Directors from time to time the CSR activities and the amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR Projects. The CSR Policy of the Company has been placed on the Company's website www.mawanasugars.com.

(b) Composition

The CSR Committee of the Board comprises of 4 Directors. One Director is Non-Executive and Non-Independent and Three Directors are Non-Executive and Independent Directors.

No meetings of the Committee were held during the financial year.

The composition of the Committee are as under:

Sl.No.	Name of Member	Status
1.	Mr. Ravinder Singh Bedi	Chairman
2.	Prof. Dinesh Mohan	Member
3.	Mrs. Manju Vira Gupta	Member
4.	Mr. Piar Chand Jaswal	Member

The Company Secretary acts as the Secretary to the Committee.

8. Risk Management Committee

(a) Terms of Reference

The Company has a Board Committee namely 'Risk Management Committee' as required under Regulation 21 of SEBI (LODR) Regulations, 2015.

The Risk Management Committee is inter-alia responsible for risk identification, evaluation and mitigation and control process for such risks, oversight the Enterprise Risk Management System and internal control process; monitoring and reviewing risk management plan of the Company and reviewing the foreseeable trends that could significantly impact the Company's overall business objectives and mitigates thereof.

(b) Composition

The Risk Management Committee of the Board comprises of 6 Members. One Member is Non-Executive and Non-Independent Director, Two members are Non-Executive and Independent Directors, one member is Executive Director of the Company and other members are employees of the Company.

No meetings of the Committee were held during the financial year. The composition of the Committee are as under:

Sl. No.	Name of the Member	Status
1.	Mr. Ravinder Singh Bedi	Chairman
2.	Prof. Dinesh Mohan	Member
3.	Mr. Piar Chand Jaswal	Member
4.	Mr. Dharam Pal Sharma (Whole Time Director)	Member
5.	Mr. R.K. Gangwar	Member - Employee
6.	Mr. B.B. Mehta	Member - Employee

The Company Secretary acts as the Secretary to the Committee.

9. Policy for Prevention, Detection and Investigation of Frauds and Protection of Whistle Blowers

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, the Company has implemented a Whistle Blower Policy, with a view to provide a mechanism for employees and Directors of the Company to report instances of violations of laws, rules and regulations, unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The vigil mechanism also provides adequate safeguards against victimization of persons who use such mechanisms and also to ensure direct access to the Audit Committee in appropriate or exceptional cases.

ANNEXURE - V TO DIRECTORS' REPORT (Contd.)

10. General Body Meeting

(i). Details of the last three Annual General Meetings were held as under:

Financial Year	Location	Date & Time	Special Resolution Passed
2018-19	Kamani Auditorium, 1, Copernicus Marg, New Delhi – 110001	2.8.2019 & 11.00 A.M.	1. Appointment of Mrs. Manju Vira Gupta as an Independent Director of the Company for a period of 5 years w.e.f. 26.12.2018 (1st term). 2. Appointment of Mr. Ravinder Singh Bedi as an Independent Director of the Company for a period of 5 years w.e.f. 1.1.2020 (2nd term). 3. Appointment of Prof. Dinesh Mohan as an Independent Director of the Company for a period of 5 years w.e.f. 1.1.2020 (2nd term).
2017-18	Kamani Auditorium, 1, Copernicus Marg, New Delhi – 110001	17.8.2018 & 11.00 A.M.	Approval for payment of remuneration to Mr. Dharam Pal Sharma (DIN-07259344) Whole Time Director of the Company for the remaining period of his term of appointment i.e. from 13.08.2018 to 12.08.2020.
2016-17	Kamani Auditorium, 1, Copernicus Marg, New Delhi – 110001	27.7.2017 & 11.00 A.M.	1. To waive the recovery of excess managerial remuneration paid to Mr. Siddharth Shriram, Chairman and Managing Director for the period from 15.10.2012 to 31.7.2014 for Rs.70,39,214/- 2. To waive the recovery of excess managerial remuneration paid to Mr. Sunil Kakria, Managing Director for the period from 1.10.2012 to 31.7.2013 for Rs.1,73,32,166/- 3. To waive the recovery of excess managerial remuneration paid to Mr. A.K. Mehra, Whole Time Director for the period from 1.10.2012 to 31.7.2014 for Rs. 1,85,57,960/- 4. To waive the recovery of excess managerial remuneration paid to Mr. Rajendra Khanna, Whole Time Director for the period from 1.2.2014 to 31.12.2014 for Rs.66,12,760/-

(ii) Resolution passed through Postal Ballot

During the financial year ended March 31, 2020 no special resolution was passed through Postal Ballot process.

(iii) There is no item in the Notice for the forthcoming Annual General Meeting that is proposed to be passed through Postal Ballot.

11. Means of Communication

(a) Quarterly results

The Quarterly unaudited/Annual Audited Results are published in national and local newspapers, namely, The Business Standard (English and Hindi), having wide circulation. Since the Results of the Company are published in the newspapers, half yearly reports are not sent individually to the shareholders.

(b) Website

The Company maintains a separate dedicated section viz. "Investors" for the information of shareholders and other stakeholders of the Company on the Company's website www.mawanasugars.com. Quarterly/ Half-yearly/ Annual Financial Results, Annual Reports, status of unclaimed dividend, various applicable policies of the Company and other required details are available on the Company's website.

(c) Stock Exchange

The Company makes timely disclosures of necessary information to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) in terms of the Listing Agreement(s) and other rules and regulations issued by SEBI.

(d) NEAPS (NSE Electronic Application Processing System)

NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings, inter-alia, Shareholding Pattern, Corporate Governance Report, Corporate Announcements, amongst others are filed electronically through NEAPS.

(e) BSE Corporate Compliance and Listing Centre

BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, inter-alia, Shareholding Pattern, Corporate Governance Report, Corporate announcements, amongst others are filed electronically on the Listing Centre.

(f) SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralized web based complaints redress system.

(g) Institutional Investors

There were no presentations made to institutional investors or to the analysts.

(h) A Management Discussion and Analysis report is annexed to the Directors' Report and forms a part of the Annual Report.

12. General Shareholders' Information

(i) Annual General Meeting is proposed to be held on Monday, the 10th day of August, 2020 at 11.00 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

(ii) Financial Year: 1st April to 31st March.

(iii) Date of Book Closure: 4.8.2020 to 10.08.2020 (both days inclusive).

(iv) Listing on Stock Exchanges:

The names of the Stock Exchanges on which the equity shares of the Company are listed and the respective stock codes are as under:

Name of the Stock Exchanges	Stock code	ISIN No.
BSE Limited (BSE), Mumbai (Physical & Demat)	523371	INE636A01039
National Stock Exchange of India Ltd. (NSE), Mumbai (Physical & Demat)	MAWANASUG	INE636A01039

Listing fees for the financial year 2020-2021 has been paid to BSE & NSE respectively.

(v) Stock Market Data for the financial year ended March 31, 2020

Monthly High and Low quotation and volume of Company's Share on BSE/NSE and BSE Sensex/NSE Nifty are as under:

ANNEXURE - V TO DIRECTORS' REPORT (Contd.)

Month & Year	BSE			SENSEX		NSE			NIFTY	
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High	Low	High (Rs.)	Low (Rs.)	Volume (Nos.)	High	Low
Apr-19	49.60	42.00	315793	39487.45	38460.25	49.85	42.05	2664106	11856.15	11549.10
May-19	61.30	41.30	409262	40124.96	36956.10	67.00	43.30	4241033	12041.15	11108.30
Jun-19	55.35	38.10	394193	40312.07	38870.96	55.00	38.15	3181030	12103.05	11625.10
Jul-19	51.60	31.15	412821	40032.41	37128.26	52.00	31.60	3790643	11981.75	10999.40
Aug-19	35.35	25.75	282308	37807.55	36102.35	36.40	24.20	2744612	11181.45	10637.15
Sep-19	37.50	27.80	315741	39441.12	35987.80	37.50	28.00	3261886	11694.85	10670.25
Oct-19	37.00	31.00	137737	40392.22	37415.83	36.75	32.20	1562438	11945.00	11090.15
Nov-19	36.90	31.00	252000	41163.79	40014.23	36.75	28.60	2680259	12158.80	11802.65
Dec-19	35.80	30.65	201422	41809.96	40135.37	35.80	30.10	2477914	12293.90	11832.30
Jan-20	48.70	35.35	972501	42273.87	40476.55	48.80	35.10	11281159	12430.50	11929.60
Feb-20	44.00	33.90	328852	41709.30	38219.97	44.00	33.45	5612730	12246.70	11175.05
Mar-20	36.45	15.10	222685	39083.17	25638.90	37.90	15.05	2614376	11433.00	7511.10
			4245315					**46112186**		

(vi) Registrar and Share Transfer Agent

The Company has appointed M/s Mas Services Limited as the Registrar and Share Transfer Agent of the Company who handles share transfer work in Physical as well as in Electronic Form and other related activities may be addressed to Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi–110020, Phone No.:011-26387281-83, Fax No.:011-26387384, Website: www.masserv.com, E-mail: info@masserv.com.

(vii) Share Transfer System

In terms of Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agent, M/s Mas Services Limited for assistance in this regard.

(viii) Investors' Service

The Company has a system of attending and redressing all investors' grievances/ correspondence within a period of 10 days from the date of receipt of the same.

No complaints/grievances are pending as on date.

(ix) Distribution of shareholding as on March 31, 2020

No. of Equity Shares held	Folios		Shares	
	Numbers	%	Numbers	%
Up to 500	42771	93.11	2687232	6.87
501-1000	1445	3.15	1162814	2.97
1001-2000	793	1.73	1192666	3.05
2001-3000	320	0.70	823937	2.11
3001-4000	135	0.29	491957	1.26
4001-5000	123	0.27	578177	1.48
5001-10000	182	0.39	1283209	3.28
10001 and above	167	0.36	30896872	78.98
Total	**45936**	**100.00**	**39116864**	**100.00**

(x) Categories of shareholders as on March 31, 2020

Sl. No.	Category	No. of Shares Held	% of shareholding
1.	Promoters' Shareholding	24835976	63.49
2.	Non-Promoter shareholding		
(a)	Mutual Funds/Financial Institutions/ Banks/ Insurance Companies	652221	1.67
(b)	Bodies Corporate/NBFC/Individuals	12985588	33.20
(c)	Any Other (NRIs/OCBs/Foreign Nationals/ Trusts/ Suspense A/c)	643079	1.64
	Total	**39116864**	**100.00**

(xi) Dematerialization of shares and liquidity

The shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the Depository Systems in India – National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on March 31, 2020, a total of 3,86,14,456 equity shares of the Company, which forms 98.72% of the equity share capital, stand dematerialized.

(xii) Plant Location: Sugar Factories:

i) Mawana Sugar Works, Mawana, Distt. Meerut – 250402 (U.P.)

ii) Nanglamal Sugar Complex, Garh Road, Village Nanglamal, Distt. Meerut – 250001 (U.P.)

Chemical Factory:

Siel Chemical Complex, Charatrampur, Vill. Khadauli/Sardargarh, P.O. Box No.52, Rajpura, Distt. Patiala, Punjab–140401

(xiii) Investors' correspondence may be addressed to:

Mr. N. K. Rastogi, Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi –110020, Phone No. : 011-26387281-83, Fax No. : 011-26387384, website: www.masserv.com, E-mail: info@masserv.com

(xiv) Credit Ratings:

Credit rating obtained for Long Term Facilities is CARE BB+ from CARE Ratings Limited.

13. Other Disclosures

(a) 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. Suitable disclosure as required Ind AS-24 has been made in the notes to the Financial Statements.

(b) The financial statements have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 2013, as applicable, and are based on the historical cost convention.

(c) The Company's Code of Conduct for Prevention of Insider Trading covers all its Directors, senior management personnel, persons forming part of promoter(s)/promoter group(s) and such other designated employees of the Company, who are expected to have access to Unpublished Price Sensitive Information ("UPSI") relating to the Company. The Directors, their relatives, senior management personnel, persons forming part of promoter(s)/

ANNEXURE - V TO DIRECTORS' REPORT (Contd.)

promoter group(s), designated employees etc. are restricted in purchasing, selling and dealing in the securities of the Company while in possession of UPSI about the Company as well as during certain periods. All the Directors, senior management personnel, persons forming part of promoter(s)/ promoter group(s) and other designated employees of the Company are restricted from entering into opposite transactions, i.e., buy or sell any number of shares during the next six months following the prior transaction. The Board of Directors has adopted the 'Mawana Sugars Limited' - Code of Conduct to Regulate, Monitor and Report Trading by Insiders' in line with SEBI (Prohibition of Insider Trading) Regulations, 2015. The Board has also approved the 'Mawana Sugars Limited -Code for Fair Disclosure' and the same posted on the Company's Website www.mawanasugars.com.

(d) There were no material instances of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchange or SEBI or any statutory authority on any matter related to the capital markets, during the last three years.

(e) The Company has established a Vigil Mechanism/Whistle Blower Policy as per the requirement of the SEBI Listing Regulations, 2015 and the Companies Act, 2013. It is affirmed that no personnel was denied access to the Board Audit Committee.

(f) The Company is complying with all the mandatory requirements of SEBI Listing Regulations, 2015 as applicable.

(g) The Company has formulated a Policy for determining 'Material' Subsidiaries, which is also available on the Company's website www.mawanasugars.com.

(h) The Company has formulated a Policy on dealing with Related Party transactions, which is also available on the Company's website www.mawanasugars.com.

(i) The Company is not engaged in commodity trading on the Commodity Exchange/s.

(j) The Company has not raised any funds through preferential allotment / qualified institutions placement as specified under Regulation 32(7A) of the SEBI (LODR) Regulations, during the year 2019-20.

(k) The Company has obtained a certificate from Mr. Nirbhay Kumar (CP No.7887) of M/s Nirbhay Kumar Associates, Practicing Company Secretaries, certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any other statutory authority.

(l) There has been no case where the Board did not accept any recommendation of any of the Committees of the Board.

(m) The details of total fees for all services paid to the Statutory Auditors during the year ended 31.3.2020 are as below:

Sl. No.	Particulars	Amount (Rs. Million) (2019-20)
As Auditors		
1.	Audit Fee	1.70
2.	Tax Audit Fee	0.60
3.	Out of pocket expenses	0.68
In Other Capacity		
4.	For Limited review of unaudited financial results	2.20
5.	For verification of statement and other reports	1.08
	TOTAL	**6.26**

(n) Pursuant to the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013", the Company constituted Internal Complaints Committees at all its workplaces. There has not been any instance of complaint reported in this regard to any of the Committees.

14. Code of Conduct

The Company has adopted a Code of Conduct for all Board Members and Senior Management Personnel of theCompany in accordance with the requirements of Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the Board Members and the Senior Management Personnel have given affirmation of compliance with the said Code of Conduct for the financial year ended 31st March, 2020. The Code of Conduct has been posted on the website of the Company.

15. CEO/CFO Certification

Mr. Dharam Pal Sharma, Whole Time Director and Mr. B. B. Mehta, Chief Financial Officer, have furnished a certificate relating to financial statements and internal control systems as per the format prescribed under SEBI (LODR), Regulations, 2015 and the Board took the same on record.

16. Directors with materially pecuniary or business relationship with the Company

There has been no materially relevant pecuniary transaction or relationship between the Company and its non-executive and/or independent Directors for the period under report.

On behalf of the Board of Directors

	(Dharam Pal Sharma)	**(Ravinder Singh Bedi)**
Place : New Delhi	Whole Time Director	Director
Dated : 26.06.2020	(DIN: 07259344)	DIN: 01408189

DECLARATION

I, Dharam Pal Sharma, Whole Time Director of the Company hereby declare that the Code of Conduct adopted by Mawana Sugars Limited for its Board Members and Senior Management Personnel has been duly complied by all Board Members and Senior Management Personnel of the Company.

	(Dharam Pal Sharma)
Place : New Delhi	Whole Time Director
Dated : 26.06.2020	(DIN: 07259344)

ANNEXURE - V TO DIRECTORS' REPORT (Contd.)

INDEPENDENT AUDITOR 'S REPORT ON COMPLIANCE OF CORPORATE GOVERNANCE

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members
Mawana Sugars Limited
5th floor, Kirti Mahal 19,
Rajendra Place,
New Delhi 110125

1. The Corporate Governance Report prepared by Mawana Sugars Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. 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.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

    i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;

    ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;

    iii. Obtained and read the Register of Directors as on March 31, 2020 and verified that atleast one independent woman director was on the Board of Directors throughout the year;

    iv. Obtained and read the minutes of the following committee meetings / other meetings held April 1 2019 to March 31, 2020:

        (a) Board of Directors;

(b) Audit Committee;

(c) Annual General Meeting (AGM);

(d) Nomination and Remuneration Committee;

(e) Stakeholders Relationship Committee;

(f) Risk Management Committee

v. Obtained necessary declarations from the directors of the Company.

vi. Obtained and read the policy adopted by the Company for related party transactions.

vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.

viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report 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.

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and 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 or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Per Anil Gupta
Partner
Membership Number: 87921
UDIN: 20087921AAAABS8810

Place of Signature: New Delhi
Date: June 26, 2020

ANNEXURE - V TO DIRECTORS' REPORT (Contd.)

CEO/CFO CERTIFICATION - FINANCIAL YEAR ENDED MARCH 31, 2020

We, the undersigned, in our respective capacities as Whole Time Director and Chief Financial Officer of Mawana Sugars Limited ("the Company") to the best of our knowledge and belief certify that:

(a) We have reviewed financial statements and the cash flow statement for the financial year ended 31.3.2020 and that to the best of our knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended 31.03.2020 which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee:

(1) significant changes in internal control over financial reporting during the year;

(2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Mawana Sugars Limited

	(Dharam Pal Sharma)	**(B.B. Mehta)**
Place : New Delhi	Whole Time Director	Chief Financial Officer
Dated : 26.06.2020	(DIN: 07259344)	

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

SUGAR BUSINESS

Sugar Season 2019-20

Sugar season 2019-20, opened with national level opening stocks of 14.5 Mn Tons. With estimated production of 27.0 Mn Tons and domestic consumption of 24.0 Mn Tons and export of 5.0 Mn Tons during the current year, the closing stock is expected to be in excess of 12.5 Mn Tons as on September 30, 2020.

The black swan event 'COVID-19', declared a 'Global Pandemic' by the World Health Organisation (WHO), has caused massive global disruption in all forms of economic activity in the world including in India. The Government of India prescribed several preventive measures to control the spread of COVID -19, including a complete lockdown for the entire country for more than 2 months, which caused substantial adverse effect on demand for sugar for this period.

The slowdown in sugar sweetened products like ice cream, beverages, juices, cakes, sweets, confectionaries etc. has affected sugar off take. The Pandemic hugely impacted movement of sugar across the country.

All India production in sugar season 2020-21 is expected to rise again to 32 Mn. Tons due to expectation of increased production in Maharashtra. With the expected opening stock of 12.5 Mn Tons and domestic consumption at normal level of 26.0 Mn. Tons, the expected closing stock would be 18.5 Mn Tons. To get rid of surplus stocks, export of sugar will continue from India and it is expected that GOI may announce export policy for minimum 6.0 Mn Tons with financial assistance as announced in season 2019-20.

The MSP of sugar was revised in mid-February 2019 at Rs 3100/Qtls. Sugar Industry is continuously representing to the GOI to revise the MSP to cover increased cost of production.

Despite continuous exports and increased domestic consumption, there would still be excessive stocks which may create liquidity problems for the mills in clearing the cane payment to farmers.

World sugar scenario, after Global sugar deficit of 9.5 Mn. Tons in 2019-20 due to reduced production in Thailand, China and India, is likely to see a surplus of 2.1 Mn. Tons in 2020-21 due to higher production in Brazil, India and Thailand.

Risk and Concerns

SWOT Analysis Strengths

1. Located in sugarcane rich belt of Western UP with high sugared varieties of cane
2. Integrated sugar plants producing ethanol, supplying green power to the State grid
3. Multiple product range with specialty sugars catering to food and pharma industry
4. Use of bio compost is subsiding the usage of chemical fertilizers on land, enriched bio compost is contributing in balancing of soil ecology cycle.

Weaknesses

1. Strong government control on cane prices.
2. High cane arrears due to low sugar prices.
3. Cane physiology is highly dependent on weather.
4. Sugar MSP decided by the Government.

Opportunities

1. Higher value by-products.
2. Technology up-gradation in Sugar, Distillery and Chemicals and by-product utilization.
3. Increasing ethanol demand.
4. Drip irrigation.

Threats

1. Future challenge/threat for UP Sugar Industry is monoculturing of variety Co 0238 variety (more than 95%)
2. Unfavourable Government regulations towards cane pricing, reservation of molasses for country liquor and co-gen export power tariff.
3. Despite of maintaining ZLD (Zero liquid discharge) environments, threatening pollution norms for Ganga basin distilleries is affecting Ethanol production planning.
4. Risk of coercive measures by the State Government on account of huge cane arrears.

DISTILLERY BUSINESS

To increase the total ethanol production capacity of India from 355 Crore Litres to 900 Crore litres, Government has

ANNEXURE - V TO DIRECTORS' REPORT (Contd.)

so far approved 362 projects under the scheme of financial assistance.

The Ministry of Environment has granted clearance to the Indian Oil Corporation Ltd to set up a Rs 766-crore 2G ethanol plant in Haryana's Panipat district.

This year (2019-20) we have been awarded a quantity of 31645 KL ethanol and dispatches against the same have been started.

Nanglamal Distillery has installed Incinerator Boiler of 47 TPH and modification of the existing evaporation system for getting concentration of spent wash (vinasse) from 40% to 60% has been completed and the entire system is now operating satisfactorily.

We have submitted our application for installation of 120 KLPD Distillery at Mawana Sugar Works. As a statutory requirement, environmental clearance is required from MOE&F and the application has been filed for the same and have received TOR from the Department. We have prepared draft EIA report and public hearing for the above project was successfully completed in December 2019.Environmental impact assessment (EIA) activities for enhancement of distillery capacity of NSC from 120 KLPD to 150 KLPD is in progress

Risks and Concerns

As impact of Lockdown imposed all over India due to spread of Covid-19, UP distilleries are desperate to offload ethanol supplies as storage runs out but oil marketing companies have their storage full as well, and in nearby states too, so mills are asking for OMCs to take ethanol to states like "Gujarat, Rajasthan, Chhattisgarh, Assam, Odisha, Kerala, AP and Telangana".

CHLOR ALKALI DIVISION

Industry Structure and Development

A). Products

The Chlor-Alkali is a basic heavy Chemical Industry comprising of products such as Caustic soda, Chlorine, Hydrogen and Hydrochloric acid. These products are basic building blocks in the Chemical processing industry and are used in diverse industrial sectors, either as raw materials or intermediates or auxiliary chemicals.

Caustic Soda is used in Alumina, Pulp & Paper, Textile, Soap, Edible Oil Refineries, Dyes & Chemicals, Drugs & Drug Intermediates, Thermal Power Plants etc. whereas Chlorine is used in PVC, CPW, Pulp & Paper, Pesticides, Chloromethanes, Water purification, Stable Bleaching Powder, Aluminium Chloride, Chlorinated Solvents etc. Hydrochloric Acid is used in Steel Pickling, Water Treatment, Effluent Treatment in Chemical Process industries, Thermal Power Plants etc., while Hydrogen is used in Hydrogenated Vegetable Oils, Sorbitol, Stearic Acid, Pesticides, Filament Lamps, Picture tubes, Steel units and Power Plants.

The Chlor-Alkali sector plays an important role in the overall development of the economy. It contributes immensely to the manufacturing sector and to the external trade of the country. The Chlor-Alkali industry is a sector providing inputs to a large number of other end user industries and the demand of its products is linked to the performance of the end user products of these industries.

The prices of the products, especially Caustic Soda are influenced by import parity along-with domestic demand-supply situations.

B). Industry Size

In India, as on 31.03.2019, there were a total of 32 Caustic Soda plants in operation. The installed capacity of Caustic Soda industry in the Country was 4.28 Million MT as on 31.03.2019, as compared to 3.88 Million MT on 31.03.2018. There was an increase of 10.27% in the installed capacity during the year 2018-19 as compared to the previous year. During the year, the domestic production was 3.54 Million MT Caustic Soda representing 82.7% utilization of the installed capacity, decrease of around 0.83% in capacity utilization over the previous year. There was an increase of 9.2% in production by 0.30 Million MT during the year 2018-19 as compared to the previous year. The total demand of Caustic Soda was 3.64 Million MT, which grew by 2.94% over the previous year.

The Caustic soda production and capacity utilization for last five years is as follows:

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Capacity Utilisation %	81.5	85.2	82.5	83.6	82.7
Production (Million MT)	2.76	2.87	3.02	3.24	3.54

C). Market Scenario and Outlook

The Caustic and Chlorine markets during the period Apr'19 – Mar'20 witnessed a volatile scenario; The Caustic demand which was good in second half of 2018-19, witnessed a steep fall in first half of 2019-20 with reduction in demand in some segments viz paper and surge in imports after the importers/ overseas manufacturers got BIS certification.

China dumped Chlorine derivative products in other markets due to their trade war with USA. This made huge impact on Indian Chlorine derivative manufacturers and slowed down the demand for Chlorine for almost two quarters. Similarly, Hydrochloric Acid also remained under pressure due to increased production and lower demand from consuming industries.

2019-20 witnessed sluggishness in demand of Caustic from Paper, Soap, Aluminium and textile segments, with demand growth <3%. Chlorine demand from CPW, Chloromethanes, pesticides, Paper and Pulp remained stable.

With the onset of pandemic in India during March 20 followed by Lockdown/ Curfew by Centre/ State governments, the consuming industries particularly Paper, Textiles and CPW remained shut for almost two months. Even after opening up of economic activity, the demand in various segments is likely to hit hard.

D). Power Scenario:

Siel Chemical Complex (SCC) is a unit of Mawana Sugars Ltd. It is located at Rajpura, District Patiala and is a large supply Power Intensive Continuous Process Consumer of Punjab State Power Corporation Ltd., (PSPCL). SCC has Contract Demand of 35 MVA with a connected load of 38 MW. It is engaged in production of Caustic Soda, Chlorine and Hydrogen by electrochemical process. Power is the main raw material for a Chloro-Alkali Plant where power costs contribute to around 60-70% of its total manufacturing costs. Our yearly billing of electricity is Rs 120 Cr approximately. Punjab being a surplus power State due to addition of new generation capacities has become great destination for new projects & having good quality power. Peak load restrictions have also been removed and introduction of TOD (Time of Day tariff) tariff in Punjab is further attracting new investments & revival of existing industry. PSPCL has also introduced Threshold power consumption benefit which allows a particulars consumer for lower rate if it consumes more power beyond last two-year annual consumption.

Power availability in the Grid is good. The basic rate of power tariff for the industry is Rs.5/- Kvah for FY 2019-20 the landed cost approximately Rs 6.43 per unit including all taxes and duties. All taxes and duties which come in the range of 20% which mainly include 15% electricity duty and 5% as Infrastructure development fund. Next year tariff 2020-21 is under process of finalization and shall be released shortly which got delayed due to lock down. It is expected that hike in tariff for next year 2020-21 may be around 3% to 5% (Approximately). However, power Tariff may remain same for large supply consumers as per State Government commitment to promote Industry in the state of Punjab.

E) Risks and Concerns

Substantial increase of Capacities in West during the year 2019-20, shall increase the gap between demand and supply, adversely affecting margins.

As per Punjab Government policy, subsidised power to the Large supply Units shall be ending in 2021-22, that may discontinue afterwards.

DETAILS OF SIGNIFICANT CHANGES

Details of significant changes as required under SEBI (LODR) Regulations, 2015 are as under:

Sl. No.	Particulars	As on 31.3.2020	As on 31.3.2019
1.	Debtors Turnover	**32.45**	26.34
2.	Inventory Turnover	**1.81**	2.00
3.	Interest Coverage Ratio	**3.39**	5.46
4.	Current Ratio	**1.07**	1.05
5.	Debt Equity Ratio	**0.61:1**	0.44:1
6.	Operating Profit Margin (%)	**1.3%**	8.1%
7.	Net Profit Margin (%)	**-5.7%**	3.6%
8.	Return on net worth	**-25.1%**	10.6%

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has proper and adequate system of internal controls, which provide reasonable assurance regarding all financial and operating functions and compliance with statutory provisions.

ANNEXURE - V TO DIRECTORS' REPORT (Contd.)

The Company has an internal audit section besides an external firm which is carrying out internal audits. The internal auditors' reports are regularly reviewed by Senior Management and Audit Committee of the Board for its implementation and effectiveness.

The Company endeavours to constantly upgrade internal controls and periodic evaluation of the same is being undertaken.

Extensive use of SAP and other software systems have also resulted in strengthening the internal controls and accurate reporting of operational and financial data.

HUMAN RESOURCES

The Human Resources function plays a pivotal role to realizing business objectives by leading organizational change, fostering innovation and effectively mobilizing talent to sustain the organization's competitive edge.

At MSL, the HR philosophy evolve that people are the foremost factor in the success of an organization. Our people strategy and systems & process are aimed at making the Company an employer of choice. The Company continued its focus on development of its human resources to meet the present and future challenges with enhanced skills.

Industrial relations remain cordial during the year.

Various employees engagement and training & development activities were continued to motivate and upbeat the morale of the employees.

CAUTIONARY STATEMENT

Some of the statements in this Management Discussions & Analysis, describing the Company's objectives, projections, estimates, expectations and predictions may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied. Important developments that could alter your Company's performance include change in material costs, technology developments and significant changes in political and economic environment, tax laws and labour relations.

INDEPENDENT AUDITOR'S REPORT

To the Members of Mawana Sugars Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Mawana Sugars Ltd. ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the 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 March 31, 2020, its profit/loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 audit opinion on the standalone Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 52 to the standalone Ind AS financial statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	**How our audit addressed the key audit matter**
Amount of recoverable deferred tax assets with respect to tax losses as carry forward and unabsorbed depreciation *(as described in note 19 of the standalone Ind AS financial statements)*	
Deferred tax assets are recognized on tax losses carried forward and unabsorbed depreciation when it is probable that taxable profit will be available against which tax losses and unabsorbed depreciation can be utilized. The Company's ability to recognize deferred tax assets on tax losses and unabsorbed depreciation carried forward is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits and the law and jurisdiction of the taxable items and the assumptions on which these projections are determined by management.	Our audit procedures included the following: ● We assessed the methodology applied by the Company with current accounting standards and applicable taxation laws along with the future business forecast of taxable profits. Our audit approach consisted of assessing the business plans used and thus the likelihood that Company would be able to utilize deferred tax assets in the future. In particular, we assessed:

INDEPENDENT AUDITOR'S REPORT (Contd.)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Amount of recoverable deferred tax assets with respect to tax losses as carry forward and unabsorbed depreciation</u> (as described in note 19 of the standalone Ind AS financial statements)</td></tr>
<tr><td>At March 31, 2020, the Company has recognized deferred tax assets amounting to Rs. 848.76 million on the tax losses as carry forward and unabsorbed depreciation.

The management based on cash profits earned during the current year and future profitability projections is confident that there would be sufficient taxable profits in future which will enable the Company to utilize the above deferred tax credit .

Significant management judgement is required to determine the forecasted profits, expected future market, economic conditions, tax laws and the management's expansion plans.

Given the degree of judgement management's decision to recognize and classify deferred tax assets as recoverable, we consider this issue to be a key audit matter.</td><td>- the underlying projections and assumptions, and their consistency with the latest management estimates as calculated during the budget process and the reliability of the process by which the estimates were calculated, by assessing the reasons for differences between projected and actual performances;

- tested sensitivity of key assumptions used in projections.

- the schedules for the reversal of temporary differences and therefore the opportunities for off setting deferred tax liabilities.

● We also understood the income tax computation process for normal tax and review controls around recognition of Deferred tax assets, and evaluated the design and tested the effectiveness of controls in this area relevant to our audit.

● Engaged tax specialists to technically assess the management prepared schedule for reversal of temporary differences.

● We have assessed the disclosures included in the standalone Ind AS financial statements in this regard.</td></tr>
<tr><td colspan="2"><u>Impairment testing of investment in Subsidiaries and Associate</u> (as described in note 49 of the standalone Ind AS financial statements)</td></tr>
<tr><td>Impairment indicators were identified on the investment and recoverable amounts in subsidiaries, namely Siel Industrial Estate Limited and Siel Infrastructure & Estate Developers Private Limited and an associate namely Mawana Foods Private Limited. As a result, an impairment assessment was performed by comparing the carrying value of investment in subsidiaries and associate to its recoverable amount to determine whether an impairment was required to be recognised. The recoverable amount was determined to be the higher of the fair value less cost of disposal, and the value in use, determined by discounting future cash flows.

The determination of recoverable amount of the Company's investment in subsidiaries and associate relies on management's estimates of future cash flows and their judgement with respect to the subsidiaries' and associates' performance.

Due to the uncertainty of forecasting and discounting</td><td>Our audit procedures included the following:

● In conjunction with review by technical and valuation specialists, we assessed the Company's valuation methodology applied in determining the recoverable amount and we assessed the assumptions around the key drivers of the cash flow forecasts.

● We tested the Company's internal controls in relation to making and reviewing cash flow projections considering the future business plans.

● We discussed potential changes in key drivers with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable.

● We performed sensitivity analysis on the key assumptions adopted in the impairment assessment to understand the impact of reasonable changes in assumptions on the estimated recoverable amounts</td></tr>
</table>

<table>
<tr><td>future cash flows, the level of management's judgement involved and the significance of the Company's investment in subsidiaries and associate of Rs. 783.85 million as at March 31, 2020, this audit area is considered a key audit matter.</td><td>● We assessed the disclosures made in the standalone Ind AS financial statements in this regard.</td></tr>
<tr><td colspan="2">Impairment of Property, plant and equipment ("PPE") and other non-current assets of Mawana Sugar Works (MSW) Unit of the Company (as described in note 50 of the standalone Ind AS financial statements)</td></tr>
<tr><td>The Mawana Sugar Works unit a separate Cash Generating Unit' of the Company and had negative cash flows in earlier years. This unit manufactures sugar and generate power from its Cogeneration power plant. The Company is carrying property, plant and equipment and other non-current assets aggregating to Rs. 698.29 million in respect of MSW.

As a result, there is a risk that the carrying value of related property, plant and equipment and other non-current assets may be higher than their recoverable amount.

Our audit focused on this area because the assessment of recoverable value requires management to make a number of key judgements and estimates with respect to the future performance and profitability of the said unit including judgements and estimates on future growth rates of sales and the impact of the general economic environment (including competitors).

The carrying values of these assets are reviewed annually by management for potential indicators of impairment. For assets where such indicators exist, management performs detailed impairment reviews, taking into account, inter alia, the impact of revenue assumptions and technical factors which may affect the expected remaining useful lives and carrying value of the assets.</td><td>Our audit procedures included the following:

● We understood the assessment by the Board of directors of the carrying value of MSW Unit's property, plant and equipment to determine whether any impairment of PPE is required.

● In conjunction with review by specialists, we evaluated the Company's assumptions and estimates used to determine the recoverable amount of PPE and other non-current assets of the MSW Unit.

● We tested the Company's internal controls in relation to the Company's evaluation of assumptions and estimates to determine the recoverable amount of PPE and other non-current assets.

● We assessed the disclosures in the standalone Ind AS financial statements in this regard.</td></tr>
<tr><td colspan="2"><u>Determination of net realizable value of inventory of sugar at the year ended March 31, 2020</u> (as described in note 51 of the standalone Ind AS financial statements)</td></tr>
<tr><td>As on March 31, 2020, the Company is carrying inventory of sugar (finished goods and work in progress) amounting to Rs. 7,346.04 million. The inventory of sugar is valued at lower of cost and net realisable value.

The relative size of the inventory of sugar as on March 31, 2020 is significant to the financial statements and significant judgement was involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and related notifications of the government in determination of net realizable value.

Accordingly, determination of net realisable value was determined to be a key audit matter in our audit of the standalone Ind AS financial statements.</td><td>Our audit procedures included the following:

● We have tested the controls established by the management in determination of net realizable value of inventory of sugar.

● We considered various factors including actual selling price prevailing around and subsequent to the year end, minimum selling price & monthly quota and other notifications of the Government of India with respect to sugar industry as a whole while checking the net realizable value.

● We have assessed the disclosures included to the standalone Ind AS Financial Statements in this regard.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT (Contd.)

<table>
<tr><td colspan="2"><u>Subsidies receivable from government</u> (as described in note 47 of the standalone Ind AS financial statements)</td></tr>
<tr><td>The Company has subsidies receivable of Rs. 799.33 million against various schemes of the state / central government. The Company has recognized such subsidies receivables as per the various provisions of the schemes.

The amount of such subsidies are re-verified at the various levels by the government agencies and funds are released according to the availability of the overall funds for disposal with these agencies.

Therefore, the above process requires a period of time for which management uses assumptions in respect of discount rate and estimated time for receipt of funds from government as specified in note 47 of the standalone Ind AS financial statement.

Considering, the nature and amount of receivables and estimating the expected time period of realization of receivables, which requires application of significant judgement to record them at fair value, we consider this as a significant key audit matter from the perspective of our audit.</td><td>Our audit procedures included the following:
● We assessed that the subsidies are recognized by the Company and evaluated the compliance with the eligibility criteria.
● We have evaluated the design and tested the operating effectiveness of controls around the measurement of the said incentives / subsidies.
● We have tested arithmetical accuracy by performing recalculation procedure on fair value measurement of the said incentives / subsidies where applicable.
● We have assessed the disclosures included in the standalone Ind AS financial statements.</td></tr>
</table>

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such 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.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standaloneInd ASfinancial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance withthe accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 standaloneInd AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is 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.

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 standalone Ind AS 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 standalone Ind AS 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 auditor's 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 auditor's 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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 standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's 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 (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting

INDEPENDENT AUDITOR'S REPORT (Contd.)

Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 on its financial position in its standalone Ind AS financial statements – Refer Note 31(c) to the standalone Ind AS 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.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**
Partner
Membership Number: 87921
UDIN: 20087921AAAABT6624
Place of Signature: New Delhi
Date: June 26, 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

(i)(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(i)(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to program certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were identified on such verification.

(i)(c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(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 Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of its products and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(vii)(b) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees’ state insurance, income-tax, service tax, sales tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs.Million)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
The UP Sugarcane (Purchase tax), Act, 1961	Purchase Tax	4.06	2017-18	July 2017	Unpaid	-

(vii)(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Nature of Statute	Nature of Dues	Amount (Rs. Million)	Amount Paid under protest (Rs. Million)	Period to which the Amount relate	Forum where dispute is pending
Sales Tax Laws	Sales Tax	59.26	5.39	2006-07, 2012-13, 2013-14	Appellate Authority upto Commissioner’s level
Central Excise Laws	Service Tax	8.20	0.03	2005- 2006 to 2014-15	Appellate Authority upto Commissioner’s level
	Excise Duty	1.45	-	2007-08 to 2014-15	High Court
		84.74	0.21	1994-95 to 1996-97, 1998-99, 1999-00, 2001-02 and 2004-05 to 2016-17	Appellate Authority upto Commissioner’s level
Income tax Act, 1961	Income tax (including interest)	138.9	27.8	2016-17	Commissioner of Income Tax(Appeals)
Income tax Act, 1961	Income tax (including interest)	36.42	7.3	2017-18	Assistant Commissioner of Income Tax

(viii) According to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to financial institution, banks and Government. The Company did not have any outstanding debentures during the year.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer and debt instruments hence, not commented upon.

(x) Based on the audit procedures performed for the purposes of reporting the true and fair view of financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud or material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

INDEPENDENT AUDITOR'S REPORT (Contd.)

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**
Partner
Membership Number: 87921
UDIN: 20087921AAAABT6624

Place of Signature: New Delhi
Date: June 26, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAWANA SUGARS LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mawana Sugars Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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 the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting with reference to these standalone financial statements was established and maintained and if 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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 auditor's 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 internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

A Company's internal financial control over financial reporting with reference to these standalone 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 control over financial reporting with reference to these standalone financial statements includes 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 Over Financial Reporting With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone 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 over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting 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.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**
Partner
Membership Number: 87921
UDIN: 20087921AAAABT6624

Place of Signature: New Delhi
Date: June 26, 2020

BALANCE SHEET AS AT MARCH 31, 2020

		Notes	As at March 31, 2020	As at March 31, 2019
				Rs. Million
	ASSETS			
(1)	**Non-current assets**			
	Property, plant and equipment	3A	**2,955.41**	2,961.41
	Capital work in progress	3A	**12.81**	78.47
	Intangible assets	3B	**0.85**	-
	Intangible assets under development	3A	**-**	1.98
	Right of use assets	4	**21.45**	-
	Financial assets			
	- Investments	5.1	**783.85**	678.70
	- Loans	5.2	**-**	-
	- Others	5.3	**197.36**	382.46
	Deferred tax assets (net)	19	**710.98**	1,405.59
	Income tax assets (net)	20	**14.52**	34.57
	Other non- current assets	6	**5.27**	98.03
	Total Non-current assets		**4,702.50**	5,641.21
(2)	**Current assets**			
	Inventories	7	**8,000.14**	7,396.45
	Financial assets			
	- Trade receivables	8	**487.49**	372.94
	- Cash and cash equivalents	9	**464.17**	311.19
	- Other Bank Balances	10	**154.22**	154.87
	- Others	5.3	**925.47**	47.13
	Other current assets	6	**107.77**	144.28
	Assets classified as held for sale	11	**2.23**	4.64
	Total current assets		**10,141.49**	8,431.50
	Total Assets		**14,843.99**	14,072.71
	EQUITY AND LIABILITIES			
	Equity			
	Equity share capital	12	**391.17**	391.17
	Other equity		**2,782.49**	3,597.37
	Total equity		**3,173.66**	3,988.54
	LIABILITIES			
(1)	**Non- current liabilities**			
	Financial liabilities			
	- Borrowings	13.1	**1,943.98**	1,758.59
	- Lease Liabilities	14.1	**8.12**	-
	- Other financial liabilities	17.1	**-**	2.26
	Other non current liabilities	18.1	**84.12**	182.33
	Provisions	15.1	**132.53**	113.31
	Total non- current liabilities		**2,168.75**	2,056.49
(2)	**Current liabilities**			
	Financial liabilities			
	- Borrowings	13.2	**1,648.81**	-
	- Lease Liabilities	14.2	**14.73**	-
	Trade payables			
	- Total outstanding dues to micro and small enterprises	16	**21.68**	9.44
	- Total outstanding dues of creditors other than micro and small enterprises	16	**5,882.76**	6,693.11
	Other financial liabilities	17.2	**1,487.99**	795.41
	Other current liabilities	18.2	**330.10**	286.33
	Provisions	15.2	**51.61**	41.40
	Current tax liabilities (net)	21	**63.90**	201.99
	Total current liabilities		**9,501.58**	8,027.68
	Total equity and liabilities		**14,843.99**	14,072.71
Summary of significant accounting policies		2		

The accompanying notes form an integral part of these financial statements

As per our report of even date
For **S.R.Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No.: 301003E/E300005

per ANIL GUPTA
Partner
Membership No. : 87921

For and on behalf of the Board of Directors
of Mawana Sugars Limited

RAVINDER SINGH BEDI
Director
(DIN: 01408189)

B.B. MEHTA
Chief Financial Officer

DHARAM PAL SHARMA
Whole Time Director
(DIN: 07259344)

ASHOK KUMAR SHUKLA
Company Secretary

PIAR CHAND JASWAL
Director
(DIN: 07100098)

Place: New Delhi
Date: June 26, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

		Notes	Year ended March 31, 2020	Year ended March 31, 2019
				Rs. Million
I	**Income**			
	Revenue from contracts with customers	22	**13,959.27**	11,648.48
	Other income	23	**99.93**	119.23
	Total income (I)		**14,059.20**	11,767.71
II	**Expenses**			
	Cost of materials consumed	24	**10,289.11**	10,137.56
	Purchase of stock-in-trade		**85.49**	53.76
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	**(609.12)**	(3,226.92)
	Employee benefits expenses	26	**793.24**	765.61
	Finance costs	27	**247.19**	233.33
	Depreciation and amortisation expense	28	**660.82**	333.74
	Other expenses	29	**2,662.11**	2,763.79
	Total expenses (II)		**14,128.84**	11,060.87
III	**Profit/ (Loss) before tax (I-II)**		**(69.64)**	706.84
IV	**Tax expense:**			
	Current tax	19	**-**	213.72
	Adjustment of current tax relating to earlier years	19	**30.28**	0.43
	Adjustment of deferred tax relating to earlier years	19	**-**	20.40
	Deferred tax charge	19	**696.90**	47.89
	Total tax expense (IV)		**727.18**	282.44
V	**Profit/(Loss) for the year**		**(796.82)**	424.40
VI	**Other Comprehensive Income**			
	Items that will not to be reclassified to statement of profit or loss			
	Re-measurement (losses) on defined benefit plans	34	**(20.35)**	(1.90)
	Income tax effect credit	19	**2.29**	0.66
			(18.06)	(1.24)
VII	**Total comprehensive income of the year {Comprising profit/(Loss) and other comprehensive income for the year} (V+VI)**		**(814.88)**	423.16
	Earnings per equity share {Nominal value of share Rs. 10 (March 31, 2019-Rs.10/-)}	30		
	(1) Basic		**(20.37)**	10.85
	(2) Diluted		**(20.37)**	10.85
	Summary of significant accounting policies	2		

The accompanying notes form an integral part of these financial statements

As per our report of even date
For **S.R.Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No.: 301003E/E300005

per ANIL GUPTA
Partner
Membership No. : 87921

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(DIN: 07259344)

ASHOK KUMAR SHUKLA
Company Secretary

PIAR CHAND JASWAL
Director
(DIN: 07100098)

Place: New Delhi
Date: June 26, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

		Notes	Year ended March 31, 2020	Year ended March 31, 2019
				Rs. Million
A.	**Cash flow from operating activities :**			
	Profit/(Loss) before tax		**(69.64)**	706.84
Add:	Depreciation and amortisation expense	28	**660.82**	333.74
	Interest expenses	27	**247.19**	233.33
	Bad debts written off	29	**0.05**	6.41
	Loss/(Profit) on sale / write off of property, plant and equipment (net)	23&29	**(1.33)**	1.14
Less:	Interest income	23	**65.16**	42.06
	Profit on sale of current investments	23	**8.61**	14.29
	Liabilities / provision no longer required written back	23	**0.11**	2.51
	Provision for doubtful debts and advances /write back	23	**-**	11.10
	Operating profit before working capital changes		**763.21**	1,211.50
	Changes in working capital:			
	Adjustments for (increase) / decrease in operating assets:			
	Inventories	7	**(603.69)**	(3,203.26)
	Trade receivables	8	**(114.55)**	(4.56)
	Financial assets	5	**(567.35)**	(241.16)
	Other assets	6	**36.07**	8.37
	Adjustments for increase / (decrease) in operating liabilities:			
	Trade payables	16	**(797.99)**	1,326.68
	Provisions	15	**9.08**	4.40
	Other financials liabilities	17	**36.73**	11.19
	Other liabilities	18	**36.80**	27.91
	Cash (used in) operations		**(1,201.69)**	(858.93)
	Direct taxes paid		(148.32)	(96.98)
	Net cash flow (used in) operating activities (A)		**(1,350.01)**	(955.91)
B.	**Cash flow from investing activities :**			
	Purchase of property, plant and equipment, including capital advances	3	**(434.65)**	(257.68)
	Proceeds from sale of property, plant and equipment	3	**3.18**	6.83
	Movement in other bank balances	10	**(16.61)**	22.73
	Sale/(purchase) of current investments (net)		**8.61**	14.29
	Sale/(purchase) of non-current investments	5	**(97.20)**	(100.00)
	Interest received	23	**24.28**	41.94
	Net cash flow (used in) investing activities (B)		**(512.39)**	(271.89)
C.	**Cash flow from financing activities :**			
	Lease payments		**(21.09)**	-
	Repayment of long term borrowings- secured	13	**(648.36)**	(568.89)
	Net increase in working capital borrowings	13	**1,648.81**	-
	Proceeds from long term borrowings	13	**1,314.00**	1,610.00
	Interest paid	27	**(277.98)**	(35.84)
	Net cash flow from financing activities (C)		**2,015.38**	1,005.27
D.	**Net increase/(decrease) in Cash and cash equivalents (A+B+C)**		**152.98**	(222.53)
E.	**Cash and cash equivalents at the beginning of the year**		**311.19**	533.72
F.	**Cash and cash equivalents at the end of the year (D+E)**		**464.17**	311.19

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Rs. Million

CASH AND CASH EQUIVALENTS		**Year ended March 31, 2020**	Year ended March 31, 2019
Balances with banks:			
- Current accounts		**315.61**	154.82
Cash on hand		**1.04**	0.92
Fixed deposits with banks		**147.52**	155.45
Total cash and cash equivalents		**464.17**	311.19
Summary of significant accounting policies	2		
The accompanying notes form an integral part of these financial statements			

As per our report of even date
For **S.R.Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No.: 301003E/E300005

per ANIL GUPTA
Partner
Membership No. : 87921

For and on behalf of the Board of Directors
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ASHOK KUMAR SHUKLA
Company Secretary

PIAR CHAND JASWAL
Director
(DIN: 07100098)

Place: New Delhi
Date: June 26, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

Rs. Million

	Equity Share Capital	Other Equity - Reserves and surplus						Total Equity
		Securities premium*	Capital redemption reserve*	Capital reserve*	Surplus in the Statement of profit and loss	Storage fund for molasses account*	Total Other Equity	
As at March 31, 2018	391.17	1,495.04	87.72	1,030.17	557.22	4.06	3,174.21	3,565.38
Add: Profit for the year		-	-	-	424.40	-	424.40	424.40
Add: Transfer to/(from) storage fund for molasses	-	-	-	-	(0.59)	0.59	-	-
Add: Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	(1.24)	-	(1.24)	(1.24)
As at March 31, 2019	391.17	1,495.04	87.72	1,030.17	979.79	4.65	3,597.37	3,988.54
Add: Profit/(Loss) for the year	-	-	-	-	**(796.82)**	-	**(796.82)**	**(796.82)**
Add: Transfer to/(from) storage fund for molasses	-	-	-	-	**(1.27)**	**1.27**	-	-
Add: Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	**(18.06)**	-	**(18.06)**	**(18.06)**
As at March 31, 2020	**391.17**	**1,495.04**	**87.72**	**1,030.17**	**163.64**	**5.92**	**2,782.49**	**3,173.66**

*Refer note no. 12.2

Summary of significant accounting policies 2

The accompanying notes form an integral part of the financial statements

As per our report of even date
For **S.R.Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No.: 301003E/E300005

per ANIL GUPTA
Partner
Membership No. : 87921

For and on behalf of the Board of Directors
of Mawana Sugars Limited

RAVINDER SINGH BEDI
Director
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(DIN: 07259344)

ASHOK KUMAR SHUKLA
Company Secretary

PIAR CHAND JASWAL
Director
(DIN: 07100098)

Place: New Delhi
Date: June 26, 2020

1. Company Overview

Mawana Sugars Limited ('the Company') is a public limited Company domiciled and incorporated in India under the provisions of the Companies Act, 2013. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is situated at 5th floor, Kirti Mahal, 19 Rajendra Place, New Delhi 110008. As at March 31, 2020, Mr. Siddharth Shriram (including shares held as trustee of Enterprise Trust) owns 63.49% of equity share capital of the Company.

Major products along with principal places of business of the Company are as under:

Products	Principal Places
Sugar (Sugar and Power)	Mawana Sugars Works, Uttar Pradesh Nanglamal Sugar Complex, Uttar Pradesh
Chlor Alkali Products	Siel Chemical Complex , Punjab
Industrial Alcohol (Ethanol)	Nanglamal Sugar Complex, Uttar Pradesh

The standalone financial statements were approved by the Board of Directors and authorised for issue on June 26, 2020.

2. Significant accounting policies

The accounting policies, as set out below, have been consistently applied, by the Company, to all the years presented in the financial statements.

2.1 Basis of preparation

The separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statement.

The financial statements have been prepared on an accrual basis and under the historical cost basis, except for the following assets and liabilities which have been measured at fair value-
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Defined benefit plans – plan assets measured at fair value,
- Investment in other debt instruments (i.e. preference shares)

The preparation of financial statements requires the use of certain significant accounting estimates and judgements. It also requires the management to exercise judgement in applying the Company's accounting policies. The areas where estimates are significant to the standalone financial statements, or areas involving a higher degree of judgement or complexity, are disclosed in note 2.5.

All the amounts included in the financial statements are reported in millions of Indian Rupees ('Rupees' or 'Rs.'), except number of shares, face value of share, earning per share or wherever otherwise indicated.

2.2 Changes in accounting policies and disclosures

Ind AS 116 Leases

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

IND AS 116, Leases, replaces the existing standard on accounting for leases, IND AS 17, with effect from 01 April 2019. This standard introduces a single lessee accounting model and requires a lessee to recognize a 'right of use asset' (ROU) and a corresponding 'lease liability' for all leases. Lease costs are to be recognised in the income statement over the lease term in the form of depreciation on the ROU asset and finance charges representing the unwinding of the discount on the lease liability. In contrast, the accounting requirements for lessors remain largely unchanged.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

The Company acts as a lessee in lease arrangements mainly involving office premises and other properties. The Company has elected to apply the modified retrospective approach on transition, and accordingly the comparative numbers have not been restated. For contracts in place as at 01 April 2019, the Company has continued to apply its existing definition of leases as under IAS 17 (“grandfathering”), instead of reassessing whether existing contracts are or contain a lease at that date. Further, the Company has elected to avail the exemption in IND AS 16 from applying the requirements of IND AS 16 to short-term leases except leases taken from related parties of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. In case of lease contracts with related parties, there exist economic incentive for the Company to continue using the leased premises for a period longer than the 11 months and considering the contract is with the related parties, it does not foresee non-renewal of the lease term for future periods, thus basis the substance and economics of the arrangements, management believes that under Ind AS 116, the lease terms in the arrangements with related parties have been determined considering the period for which management has an economic incentive to use the leased asset (i.e. reasonable certain to use the asset for the said period of economic incentive). Such assessment of incremental period is based on management assessment of various factors including the remaining useful life of the asset as on the date of transition. The management has assessed period of arrangements with related parties as 3 years as at April 01, 2019.The lease payments associated with the short term except leases taken from related parties leases are recognized as an expense on a straight-line basis over the lease term. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Based on the above, as at 1 April 2019:

> Right-of use assets of Rs 40.68 million were recognised and presented separately in the balance sheet.

> Lease liabilities of Rs. 40.68 million were recognised and presented separately in the balance sheet.

On application of Ind AS -116, In the statement of profit and loss for the current year, operating lease expenses has changed from rent to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

Assets	Rs. million
Operating lease commitments as at 31 March 2019	0
Weighted average incremental borrowing rate as at 1 April 2019	0
Discounted operating lease commitments as at 1 April 2019	0
Add:	
Lease payments not included in operating lease commitments as at 31 March 2019 but presented as lease liabilities as per IND AS 116	40.68
Lease liabilities as at 1 April 2019	40.68

Prior period accounting policy: Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment 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.

Company as a lessee

(a) A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company’s general policy on the borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

(b) Leases, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Appendix had an impact on its standalone financial statements.

The Appendix did not have an impact on the financial statements of the Company.

Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no impact on the financial statements of the Company.

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the year.

Amendments to Ind AS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests.

The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the financial statements.

Ind AS 103 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2019.

These amendments had no impact on the financial statements of the Company as there is no transaction where joint control is obtained.

Ind AS 111 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 April 2019.

These amendments had no impact on the financial statements of the Company as there is no transaction where a joint control is obtained.

Ind AS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 April 2019.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

Ind AS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

2.3 Change in accounting estimate

During the quarter ended March 31, 2019, Company has re-evaluated the pattern of economic benefits derived from Property, Plant and Equipment (PPE) and related cost of maintenance of these PPE. Based on such evaluation, it believes that the amount of maintenance expenditure for the plant is expected to be higher in coming years and therefore to equate the cost of operations of the plant, on its existing efficiency, the management has decided to change the method of providing depreciation on its PPE from straight line method to written down value method, considering the overall life to be same as contemplated before such change.

Had the Company followed the same method as followed in first nine months period of previous year, depreciation for current year would have been lower by Rs.292.21 million and PPE would have been higher by Rs.292.21 million.

2.4 Summary of Significant Accounting Policies

(i) Basis of classification of Current and non-current

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset has been classified as current when it is:

i) Expected to be realised in or intended to be sold or consumed in normal operating cycle
ii) Held primarily for the purpose of trading
iii) Expected to be realised within twelve months after the reporting period, or
iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability has been classified as current when:

i) It is expected to be settled in normal operating cycle
ii) It is held primarily for the purpose of trading
iii) It is due to be settled within twelve months after the reporting period, or
iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(ii) Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (‘functional currency’).

The financial statements are presented in Indian Rupees which is the functional and presentation currency of the Company.

(b) Initial recognition

Transactions in foreign currencies are initially recorded in the functional currency at the spot exchange rates prevailing at the date of the transaction when it first qualifies for recognition.

(c) Translation on reporting date

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value denominated in a foreign currency are, translated using the exchange rates that existed when the fair value was determined.

(d) Exchange differences

Exchange differences arising on translation or settlement of monetary items are recognised in the statement of profit and loss.

The equity items denominated in foreign currencies are translated at historical cost.

(iii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

(iv) Revenue from contracts with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in all its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.5.

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit term is around 30 days upon delivery. In determining the transaction price for sale of goods, the Company considers the effect of variable consideration, the existence of significant financing components and consideration payable to the customer (if any).

I) Variable Consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

a) Right of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

b) Volume rebate

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

II) Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that goods or service will be one year or less.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (t) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Cost to obtain a contract

The Company pays sales commission to agents for each contract that they obtain for sale of goods. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commission (included under other expenses) because the amortisation period of the asset that the Company otherwise would have used is one year or less.

(v) Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalment. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

For the outstanding loans received from the Government at the interest rate below the current market rates, is recognised at carrying value of previous GAAP as on date of transition on account of mandatory exemption available for the first time adoption under IND AS 01.

(vi) Taxes

Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is recognised using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, if any. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Company offsests deferred tax assets and deferred tax liabilities if and only if a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authorities.

Deferred tax assets include Minimum Alternate Tax (‘MAT’) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability and is considered as an asset if it is probable that future taxable profit will be available against which these tax credit can be utilised. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when it is highly probable that future economic benefit associated with it will flow to the Company. MAT credit is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Goods and Service tax (GST)/Sales/Value added taxes on acquisition of assets or on incurring expenses.

When GST amount incurred on purchase of assets or services is not recoverable from the taxation authority, the GST paid is recognised as part of cost of acquisition of the asset or part of the expense item, as applicable. Otherwise, expenses and assets are recognised net of the amount of GST paid. The net amount of GST recoverable from or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(vii) Property, plant and equipment ('PPE')

On transition to Ind AS i.e. 1st April 2016, the Company has elected to continue with the carrying value of all its property, plant and equipment(PPE) recognized as at the transition date measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE.

An item of PPE is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably.

PPE are initially recognised at cost, net of accumulated depreciation and and accumulated impairment loss, if any. Capital work in progress are stated at cost, net of impairment loss, if any. Cost comprises the purchase price, including import duties and non- refundable purchase taxes, and any directly attributable cost of bringing the asset to its working condition for its intended use Such cost includes borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance., Freehold land is carried at historical cost When significant parts are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets and depreciates separately based on their specific useful life. When an item of PPE is replaced, then its carrying amount is de-recognised and cost of the new item of PPE is recognised.

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories. They are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/capital/ critical spares, whichever is lower.

The expenditures those are incurred after the item of PPE has been put to use, such as repairs and maintenance, are charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where such expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on property, plant and equipment with effect from January 1, 2019 is provided on written down value basis using the rates as specified in Part C of Schedule II of the Companies Act, 2013, as set out below:

Assets	**Useful life (Years)**
Buildings (including Roads)	5-60
Plant & Equipment	3-40
Office Equipment (including Data Processing Equipment)	3-6
Furniture and Fixtures	10
Motor Vehicles	8

The management has estimated the useful life of following assets is different from those indicated in Schedule II:

Assets	**Useful life (Years)**
Building-Green house type shed of Bio-compost yard	25
Building-Polythene membrane	5
Components of certain plant and equipment	3 to 15

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at each reporting date. The effect of any change in the estimated useful lives, residual values and / or depreciation method are accounted for prospectively, and accordingly the depreciation is calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed off are de-recognised from the balance sheet and the resulting gains / (losses) are included in the statement of profit and loss within other expenses / other income.

The cost of capital work-in-progress is presented separately in the balance sheet.

(viii) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a written down value basis over the estimated useful economic life. The estimated useful life and amortisation method are reviewed at the end of each reporting period.

Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets are amortised on the straight-line method as per the useful life assessed based on expected future benefit, taking into account the nature of the asset, the estimated usage of the asset:

	As per management estimate
Software	3 years

During the period of development, the asset is tested for impairment annually.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognised.

(ix) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are 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 asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available, and if no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses, if any, are recognized in Statement of Profit and Loss as a component of depreciation and amortisation expense.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited to the extent the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of profit and loss when the asset is carried at the revalued amount, in which case the reverse is treated as a revaluation increase.

(x) Leases

Policy applicable with effect from April 1, 2019

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term taken from related parties leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis from the commencement date over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (ix) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities and Right-of-use assets have been presented as a separate line in the balance sheet. Lease payments have been classified as cash used in financing activities.

iii) Short-term leases except leases taken from related parties and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases except leases taken from related parties of all assets that have a lease term of 12 months or less and leases of low-value assets. . In case of lease contracts with related parties, there exist economic incentive for the Company to continue using the leased premises for a period longer than the 11 months and considering the contract is with the related parties, it does not foresee non-renewal of the lease term for future periods, thus basis the substance and economics of the arrangements, management believes that under Ind AS 116, the lease terms in the arrangements with related parties have been determined considering the period for which management has an economic incentive to use the leased asset (i.e. reasonable certain to use the asset for the said period of economic incentive). Such assessment of incremental period is based on management assessment of various factors including the remaining useful life of the asset as on the date of transition. The management has assessed period of arrangements with related parties as 3 years as at April 01, 2019.The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease.

(xi) Inventories

Inventories are valued at the lower of cost and net realisable value.

The Cost is determined as follows:

(a) Stores and spares, Packing Materials, Raw Materials and Stock in trade: Moving weighted average method

(b) Work-in-progress: Material cost on weighted average method and appropriate manufacturing overheads is included on absorption costing basis.

(c) Finished goods (manufactured/produced): Material cost on weighted average method and appropriate manufacturing overheads is included on absorption costing.

(d) By products included under raw materials, finished goods and work-in-progress: Net realisable Value except for BH Molasses wherein cost of sugar lost for the same is included as part of cost of this product.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes the necessary cost incurred in bringing inventory to its present location and condition necessary for use.

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

(xii) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xiii) Non-Current Asset held for sale:

The Company classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/ distribution classification is regarded met only when the assets or disposal group is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal groups), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale/ distribution of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

(xiv) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs include interest and amortization of ancillary cost incurred in connection with the arrangement of borrowing.

(xv) Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

A contingent asset is a possible asset that arises from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

(xvi) Earnings per share

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

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

(xvii) Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, contribution to plans, defined benefit plans, compensated absences and share-based payments. The employee benefits are recognised in the year in which the associated services are rendered by the Company employees.

(a) Defined contribution plans

The Company's contribution to provident fund, pension scheme, employee state insurance corporation, etc. are considered as defined contribution plans and are recognised in profit or loss as and when the services are rendered by employees. The Company has no further obligations under these plans beyond its periodic contributions.

(b) Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. The said plan requires a lump-sum payment to eligible employees (meeting the required vesting service condition) at retirement or termination of employment, based on a pre-defined formula.

The obligation towards the said benefits is recognised in the balance sheet, at the present value of the defined benefit obligations less the fair value of plan assets (being the funded portion). The present value of the said obligation is determined by discounting the estimated future cash outflows, using interest rates of government bonds.

The interest income / (expense) are calculated by applying the above mentioned discount rate to the plan assets and defined benefit obligations liability. The net interest income / (expense) on the net defined benefit liability is recognised in the statement of profit and loss. However, the related re-measurements of the net defined benefit liability are recognised directly in the other comprehensive income in the period in which they arise. The said re-measurements comprise of actuarial gains and losses (arising from experience adjustments and changes in actuarial assumptions), the return on plan assets (excluding interest). Re-measurements are not re-classified to the statement of profit and loss in any of the subsequent periods, however, included in retained earnings in the statement of change in equity and in the balance sheet.

(c) Compensated Absences Benefits

The employees of the Company are entitled to compensated absences. Compensated absences benefit comprises of encashment and availment of leave balances that were earned by the employees over the period of past employment. The Company provides for the liability towards the said benefit on the basis of actuarial valuation carried out annually as at the reporting date, using the projected-unit-credit method. The related re-measurements are recognised in the statement of profit and loss in the period in which they arise.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(xviii) Research and Development

Revenue Expenditure on research and development is expensed out under respective heads of account in the year in which it is incurred.

Development expenditure is recognised as an asset at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and asset is available for use. It is amortised over the period of expected future benefits.

(xix) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All the financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

Non-derivative financial instruments

i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates that are solely payments of principal and interest on principal amount outstanding. Further in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments the subsequent changes in fair value are recognized in other comprehensive income.

iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair value through profit or loss.

Investment in Subsidiaries and Associates

Investment in Subsidiaries and Associates is carried at deemed cost in the separate financial statements.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(b) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

i) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortization.

ii) Borrowings

On initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

(c) Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IND AS 109. A financial liability (or a part of the financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expired.

(d) Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments

(e) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. 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 recognized as an impairment gain or loss in statement of profit or loss.

(f) Reclassification

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

(g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(xx) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits and liquid fund investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(xxi) Cash dividend

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation method is used. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

c) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

d) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in note 34.

e) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Company is entitled to MIEQ subsidy from Government in the form of government grant and recognise amount receivable from government as subsidy receivable when the Company is entitled to receive it to match them with expenses incurred for which they are intended to compensate. The Company records subsidy receivable by discounting it to its present value. The Company uses assumptions in respect of discount rate and estimated time for receipt of funds from government. The Company reviews its assumptions periodically, including at each financial year end.

Assumptions used for estimated time for Receipt and Discount Rate:

The expected date of receipt of such subsidy was considered as 13 months from the date of accrual of such subsidy i.e. from March 31, 2019. The Company had used 11% discount rate for such subsidy accrued as on March 31, 2019. In respect of subsidy receivable as on March 31, 2020, expected date of receipt is considered as less than 12 months based on previous year's experience.

f) Useful life of Property, plant and equipment

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

3A. Property, plant and equipment

Rs. Million

Particulars	Freehold Land	Buildings	Plant and equipment	Office equipment	Furniture and Fixtures	Vehicles	Cylinders (on finance lease)	Total	Capital work in progress	Intangible assets under development
Gross Block										
(At cost)										
As at March 31, 2018	252.86	586.20	2,720.25	15.43	2.40	5.71	18.67	3,601.52	81.80	1.98
Additions	-	16.57	146.61	3.38	0.70	3.47	-	170.73	-	-
Disposals	-	-	(10.01)	(0.36)	(0.26)	-	(18.67)	(29.30)	(3.33)	-
Reclassified as assets held for sale	-	-	0.62	-	-	-	-	0.62	-	-
As at March 31, 2019	252.86	602.77	2,857.47	18.45	2.84	9.18	-	3,743.57	78.47	1.98
Additions	**-**	**62.94**	**554.16**	**3.71**	**0.15**	**-**	**-**	**620.96**	**-**	**-**
Borrowing cost	**-**	**-**	**12.46**	**-**	**-**	**-**	**-**	**12.46**	**-**	**-**
Disposals	**-**	**-**	**(4.61)**	**-**	**-**	**-**	**-**	**(4.61)**	**(65.66)**	**(1.98)**
Reclassified from assets held for sale	**-**	**-**	**1.05**	**-**	**-**	**-**	**-**	**1.05**	**-**	**-**
As at March 31, 2020	**252.86**	**665.71**	**3,420.53**	**22.16**	**2.99**	**9.18**	**-**	**4,373.43**	**12.81**	**-**
Depreciation and impairment										
As at March 31, 2018	-	53.02	392.38	9.17	1.25	1.29	15.16	472.27	-	-
Depreciation charge for the year	-	45.69	278.64	3.89	0.32	1.69	3.51	333.74	-	-
Disposals	-	-	(4.57)	(0.35)	(0.26)	-	(18.67)	(23.85)	-	-
As at March 31, 2019	-	98.71	666.45	12.71	1.31	2.98	-	782.16	-	-
Depreciation charge for the year	**-**	**94.76**	**535.76**	**5.78**	**0.64**	**3.04**	**-**	**639.98**	**-**	**-**
Disposals	**-**	**-**	**(4.47)**	**-**	**-**	**-**	**-**	**(4.47)**	**-**	**-**
Reclassified as assets held for sale	**-**	**-**	**0.35**	**-**	**-**	**-**	**-**	**0.35**	**-**	**-**
As at March 31, 2020	**-**	**193.47**	**1,198.09**	**18.49**	**1.95**	**6.02**	**-**	**1,418.02**	**-**	**-**
Net book value										
As at March 31, 2020	**252.86**	**472.24**	**2,222.44**	**3.67**	**1.04**	**3.16**	**-**	**2,955.41**	**12.81**	**-**
As at March 31, 2019	252.86	504.06	2,191.02	5.74	1.53	6.20	-	2,961.41	78.47	1.98

Notes :

1. Refer note 13 for information on property, plant and equipment pledged as charged on security.
2. Capital work in progress includes below expenses :

Rs. Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance brought forward	3.28	-
Legal and Professional Expenses	0.34	2.75
Interest on borrowings (Net of interest subvention of Rs 11.93 million, March 31, 2019 Rs 0.53 million)*	11.93	0.53
Insurance	0.49	-
Miscellaneous expenses	0.05	-
Total	**16.09**	3.28
Less : Capitalised during the year	(16.09)	-
Carried forward	**-**	3.28

* The rate used to determine the amount of borrowing costs eligible for capitalisation was 12% p.a, gross of interest subvention, which is the effective interest rate of the specific borrowing.

3B. Intangible Assets

Rs. Million

Particulars	**Software**	**Total**
Gross Block		
(At cost)		
As at March 31, 2018	-	-
Additions	-	-
As at March 31, 2019	**-**	**-**
Additions	**2.46**	**2.46**
As at March 31, 2020	**2.46**	**2.46**
Amortisation and impairment		
As at March 31, 2018		**-**
Amortisation for the year	**-**	**-**
As at March 31, 2019	**-**	**-**
Amortisation for the year	**1.61**	**1.61**
As at March 31, 2020	**1.61**	**1.61**
Net book value		
As at March 31, 2020	**0.85**	**0.85**
As at March 31, 2019	-	-

4. Right-of-use Asset

The Company has lease contracts for various Warehouses, corporate office and equipment's used in its operations. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company also has certain leases of assets with lease terms of 12 months or less. The Company applies the short-term leases recognition exemptions for these leases other than leases from related parties.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Rs. Million

	Right of use Assets
Gross carrying amount	
Opening gross carrying amount April 01, 2019	-
Additions	40.68
Disposals	(12.11)
Closing Gross carrying amount March 31, 2020	**28.57**
Amortisation / Depletion	
Opening amortisation/depletion April 01, 2019	-
Amortisation for the year	19.23
Disposal	(12.11)
Closing accumulated amortisation	**7.12**
Net Carrying amount March 31, 2020	**21.45**

5. Financial assets

		Rs. Million	
		As at March 31, 2020	As at March 31, 2019
5.1	**Investments**		
	Non- current		
(I)	**Investment in subsidiaries**		
	Quoted equity instruments at cost		
	10,613,382 (March 31, 2019: 10,613,382) equity shares of Rs. 10 each fully paid up of Siel Financial Services Limited	**203.13**	203.13
	Less: Provision for diminution in value	**(203.13)**	(203.13)
		-	-
	Unquoted equity instruments at cost		
	33,745,000 (March 31, 2019: 24,025,000) equity shares of Rs. 10 each fully paid up of Siel Industrial Estate Limited (Refer note 43 (b))	**337.45**	240.25
	13,761,617 (March 31, 2019: 13,761,617) equity shares of Rs. 100 each fully paid up of Siel Infrastructure & Estate Developers Private Limited	**152.49**	152.49
	-Equity portion of compound financial instrument (Preference Shares)		
	120,00,000 (March 31, 2019: 120,00,000) 5% Redeemable Cumulative Preference shares of Rs.10 each fully paid-up of Siel Industrial Estate Limited	**36.62**	36.62
(II)	**Investment in associates**		
	6,759,801 (March 31, 2019: 6,759,801) equity shares of Rs. 10 each fully paid up of Mawana Foods Private Limited	**150.00**	150.00
(III)	**Other Investments**		
	Unquoted equity instruments at cost[1]		
	2 (March 31, 2019: 2) equity shares of Rs. 10 each Rs. 5 per share paid up of Mawana Co-operative Development Union Limited (# Rs. 10)	**#**	#
	2 (March 31, 2019: 2) equity shares of Rs. 10 each Rs. 5 per share paid up of Ramraj Co-operative Cane Development Union Limited (# Rs. 10)	**#**	#
	Investments in Unquoted Preference Shares carried at amortized cost		
	Investment in subsidiaries		
	120,00,000 (March 31, 2019: 120,00,000) 5% Redeemable Cumulative Preference shares of Rs.10 each fully paid-up of Siel Industrial Estate Limited	**107.29**	99.34
	Total	**783.85**	678.70
	Aggregate value of unquoted investments	**783.85**	678.70
	Aggregate value of quoted investments	**-**	-

[1]Represent investments transferred from DCM Limited under the Scheme of Arrangement and are pending endorsement in the name of the Company.

5. Financial assets (Contd.)

Rs. Million

		As at March 31, 2020	As at March 31, 2019
5.2	**Loans**		
	(Unsecured, considered good except, unless otherwise stated)		
	Non- current		
	Dues from employees-credit impaired	**0.04**	0.04
	Loan and advances to related parties *(Refer note 35)		
	-Credit impaired	**36.59**	36.59
	Other Loans and advances		
	-Credit impaired	**116.49**	116.49
		153.12	153.12
	Less : Impairment allowance (allowances for bad and doubtful advances)	**153.12**	153.12
	Total	**-**	-
5.3	**Other financial assets**		
	(Unsecured, considered good except, unless otherwise stated)		
	Non- current		
	Security deposits		
	Considered Good	**169.92**	116.17
	Credit impaired (against security deposit)	**0.53**	0.53
	Fixed deposits with banks (Margin money)	**25.70**	7.16
	Fixed deposits with banks (Earmarked)	**0.70**	1.98
	Subsidies receivable	**-**	256.50
	Interest accrued on deposits	**1.04**	0.65
		197.89	382.99
	Less : Impairment allowance (allowances for bad and doubtful advances)	**0.53**	0.53
		197.36	382.46
	Current		
	Unsecured and Considered Good		
	-Security deposits	**2.24**	0.72
	-Dues from employees	**1.33**	0.72
	Buffer stock subsidy receivable {Refer note 47(b)}	**94.90**	4.36
	Export subsidy receivable {Refer note 47(a)}	**704.43**	-
	Interest subvention receivable	**75.71**	-
	Interest receivable from related party (Refer note 35)	**1.10**	-
	Interest accrued on deposits	**10.49**	11.44
	Other Loans and advances		
	-Considered Good	**34.54**	29.58
	-Considered Good- Related Parties* (Refer note 35)	**0.73**	0.31
		925.47	47.13
	Total	**1,122.83**	429.59

Break up of financial assets carried at amortised cost:

	As at March 31, 2020	As at March 31, 2019
Investments (Refer note 5.1)	**783.85**	678.70
Trade receivables (Refer note 8)	**487.49**	372.94
Cash and cash equivalents (Refer note 9)	**464.17**	311.19
Other Bank Balances (Refer note 10)	**154.22**	154.87
Others financial assets (Refer note 5.3)	**1,122.83**	429.59
Total	**3,012.56**	1,947.29

* Loans to related parties are interest free in nature.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

6. Other assets

Rs. Million

	As at March 31, 2020	As at March 31, 2019
(Unsecured and Considered Good)		
Non- Current		
Capital advances		
-Other than related party	**2.25**	95.40
Prepaid expenses	**3.02**	2.63
	5.27	98.03
Current		
Unbilled revenue	**28.44**	57.88
Taxes and other balances with government authorities	**39.56**	45.73
Prepaid expenses	**21.94**	15.33
Advances to vendors	**16.65**	24.25
Claim recoverable	**0.26**	1.02
Other advances	**0.92**	0.07
	107.77	144.28
Total	**113.04**	242.31

7. Inventories

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Raw and packing materials {includes material in transit Rs. 3.48 million (March 31, 2019-Rs. 3.19 million)}	**72.47**	86.27
Work-in-progress	**233.85**	186.87
Finished goods {includes material in transit Rs. 0.97 million (March 31, 2019- Rs. 6.52 million)}	**7,561.28**	6,998.94
Stock in Trade	**8.11**	8.31
Stores and Spares {includes material in transit Rs 2.83 million (March 31, 2019-Rs 10.53 million)}	**124.43**	116.06
Total	**8,000.14**	7,396.45

8. Trade receivables

Rs. Million

	As at March 31, 2020	As at March 31, 2019
(Unsecured, except unless otherwise stated, considered good, except unless otherwise stated)		
Outstanding for a period exceeding six months from the due date for payment		
Secured - considered good	**0.40**	0.20
Unsecured - considered good	**60.11**	6.80
Unsecured - considered good - related party (Refer note 35)	**0.13**	-
- credit impaired	**1.17**	1.17
	61.81	8.17
Less: Impairment allowance (allowances for bad and doubtful debts)	**1.17**	1.17
	60.64	7.00
Other receivables		
Secured - considered good	**10.13**	11.30
Unsecured - considered good - related party (Refer note 35)	**50.07**	34.66
- considered good	**366.65**	319.98
Total	**487.49**	372.94

No trade or other receivables are due from directors of the Company.

9. Cash and cash equivalents

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
- Current accounts	**315.61**	154.82
Cash on hand	**1.04**	0.92
Fixed deposits with banks (with original maturity of 3 months or less)	**147.52**	155.45
Total	**464.17**	311.19
Changes in liabilities arising from financing activities		
Opening Balance	**2,377.98**	1,412.50
Cash Flows (Net)	**2,314.45**	1,041.11
Changes in fair values	**153.53**	(75.63)
Closing Balance	**4,845.96**	2,377.98

10. Other Bank Balances

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Balance held as margin money againts bank guarantee	**147.48**	151.90
Fixed deposits with banks (Earmarked)	**6.74**	2.97
Total	**154.22**	154.87

11. Assets classified as held for sale

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Plant and equipment	**2.23**	4.64
Office equipment	**-**	#
Total	**2.23**	4.64

 # Office equipments of Rs. Nil. (Previous Year Rs. 2500/-)

12.1 Share Capital

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Authorised :		
100,000,000 (March 31, 2019: 100,000,000) equity shares of Rs. 10 each	**1000.00**	1,000.00
7,500,000 (March 31, 2019: 7,500,000) preference shares of Rs. 100 each	**750.00**	750.00
	1,750.00	1,750.00
Issued :		
39,116,864 (March 31, 2019: 39,116,864) equity shares of Rs. 10 each fully paid up	**391.17**	391.17
Subscribed and fully paid up :		
39,116,864 (March 31, 2019: 39,116,864) equity shares of Rs. 10 each fully paid up	**391.17**	391.17

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

12.1 Share Capital (Contd.)

	Rs. Million	
	As at March 31, 2020	As at March 31, 2019

a) Reconciliation of authorised, issued , subscribed and fully paid up share capital:

i. Reconciliation of authorised share capital as at year end :

	Equity shares	
	Number of shares	Rs. Million
At March 31, 2018	**10,00,00,000**	1,000.00
Increase/(decrease) during the year	**-**	-
At March 31, 2019	**10,00,00,000**	1,000.00
Increase/(decrease) during the year	**-**	-
As at March 31, 2020	**10,00,00,000**	1,000.00

	Preference shares	
	Number of shares	Rs. Million
At March 31, 2018	**75,00,000**	750.00
Increase/(decrease) during the year	**-**	-
At March 31, 2019	**75,00,000**	750.00
Increase/(decrease) during the year	**-**	-
As at March 31, 2020	**75,00,000**	750.00

ii. Reconciliation of issued ,subscribed and fully paid up share capital at the beginning and end of the reporting year :

Equity shares of INR 10 each issued, subscribed and fully paid	**Number of shares**	Rs. Million
At March 31, 2018	**3,91,16,864**	391.17
Issued during the year	**-**	-
At March 31, 2019	**3,91,16,864**	391.17
Issued during the year	**-**	-
As at March 31, 2020	**3,91,16,864**	391.17

b) Terms/ rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each share holder of equity shares is entitled to one vote per share except 1,192 equity shares held by Siel Infrastructure & Estate Developers Private Limited, a subsidiary which pursuant to second proviso of Section 19(1) of the Companies Act, 2013, has no right to vote at meeting of the Company. Each holder of equity shares have a right to receive per share dividend declared by the Company. In event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year, no interim/ final dividend has been paid or proposed by the Company.

12.1 Share Capital (Contd.)

c) Details of shareholders holding more than 5% of equity shares in the Company

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% holding in the equity shares	No. of shares held	% holding in the equity shares
Mr. Siddharth Shriram (including shares held as trustee of Enterprise Trust)	**24,834,248**	**63.49%**	24,834,248	63.49%

As per records of the Company including its register of shareholders/members and other declarations received form share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

12.2 Nature and Purpose of Reserves

1 Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

2 **Capital redemption reserve**

Capital redemption reserve (CRR) is used to record the amount equal to the nominal value of equity shares buy back or redemption of preference shares. As per provisions of the Companies Act, 2013, CRR can be utilised only for paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

3 **Capital Reserve**

Capital reserve includes Rs. 991.46 million representing the extinguishment of the debts of erstwhile Mawana Sugars Limited (MSL), which got discharged pursuant to the surplus arising on sale of shares of Shivajimarg Properties Limited and Rs. 38.71 million representing the extinguishment of preference share capital.

4 **Storage fund for molasses account**

As per Rule 3(1) of UP Sheera Niyantran Niyamawali,1974, Molasses Storage Fund is created from the sale price of molasses and shall be utilized for the purpose of construction, erection and repair & maintenance of adequate storage facility of Molasses. Also it may be spent on abatement measures for control of pollution and or any other bonafide development activities which the Controller of molasses consider necessary.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

13. Borrowings#

Rs. Million

		As at March 31, 2020	As at March 31, 2019
13.1	**Non current borrowings (at amortised cost)**		
	Secured (Refer note 13.3)		
	Term loans		
	-From banks	**2,548.12**	1,407.53
	-From financial institution	**640.48**	953.35
	-From others	**8.55**	17.10
	Total	**3,197.15**	2,377.98
	"Less: Amount clubbed under "other financial liabilities" [1] (Refer note 17.2)"	**1,253.17**	619.39
	Total borrowings	**1,943.98**	1,758.59
13.2	**Current borrowings**		
	Secured (Refer note 13.3)		
	Loans repayable on demand - Cash credit/overdrafts from banks	**1,648.81**	-
	Total current borrowings	**1,648.81**	-
	Total borrowings	**3,592.79**	1,758.59

[1] **Details of current maturities of long term borrowings are as under:**

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Borrowings		
Term loans		
From banks	**604.14**	163.98
From financial institution	**640.48**	446.86
From others	**8.55**	8.55
Total	**1,253.17**	619.39

#During the year ended March 31, 2020, the Company has received a soft loan of Rs. 1,164 Million through a bank under the "Scheme of Soft loan to Sugar mills to facilitate payment of cane dues of the farmers for the Sugar seaon 2018-19" as notified by Department of Food and Public Distribution,Government of India

During the previous year, the Company has received a soft loan of Rs. 1,460 million through a bank under the "Scheme for Extending Financial Assistance to Sugar Undertakings-2018" as notified by UP State Government to clear the outstanding cane dues of the farmers for the sugar season 2017-18.

During the previous year, the Company was sanctioned a term loan of Rs. 300 million from a bank for installation of incinerator boiler at distillery plant located at Nanglamal Sugar Complex under the "Scheme for extending financial assistance to Sugar Mills for enhancement and augmentation of Ethanol Production Capacity" as notified by Department of food and public distribution,Government of India.

Pursuant to Notification no. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 issued by Reserve Bank of India announcing certain regulatory measures on account of COVID-19 disruptions for "Rescheduling of Payments", the financial institution has approved the request of the Company to extend the moratorium of three months on payment of instalment due on March 31, 2020

13.3 Security Clause

A. Term loans

1. From Banks

	As at March 31, 2020 (Rs. Million)	As at March 31, 2019 (Rs. Million)	Rate of interest	**Nature of Security**
i.	**1,164.00**	-	12%	The soft loans are secured by first pari-passu charge on entire fixed assets of the respective sugar units Mawana Sugar Works and Nanglamal Sugar Complex except on Incinerator Boiler at Nanglamal Sugar Complex and also secured by corporate guarantee provided by the Company. Interest subvention upto 7% shall be provided to the Company through banks for a maximum period of one year by Government of India and the Company has accounted for the same.
ii.	**1,102.87**	1257.53	5%	The soft loans are secured by first pari-passu charge on entire fixed assets of the respective sugar units Mawana Sugar Works and Nanglamal Sugar Complex except on Incinerator Boiler at Nanglamal Sugar Complex and also secured by corporate guarantee provided by the Company.
iii.	**281.25**	150.00	12%	The loan is secured by first exclusive charge by way of hypothecation of Incinerator Boiler and first pari-passu charge on entire fixed assets of the unit Nanglamal Sugar Complex (other than Incinerator Boiler) .The loan is also secured by Corporate Guarantee provided by the Company. The Company has accounted for interest subvention from the Government at 6% rate of interest.

2. From financial institution

i	**640.48**	953.35	0%	(i) The loan is secured by first pari-passu charge on all movable and immovable fixed assets (except on Incinerator Boiler at Nanglamal Sugar Complex) of the Company inclusive of equitable mortgage of land and buildings. The loan is further secured by second pari-passu charge on all current assets of the Company. (ii) The loan is also secured by corporate guarantee issued by Siel Industrial Estate Limited and equitable mortgage of its industrial estate land measuring 455.23 acres at Rajpura in the state of Punjab and personal guarantee of the erstwhile Chairman and Managing Director of the Company.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

13.3 Security Clause (Contd.)

3. From others

	As at March 31, 2020 (Rs. Million)	As at March 31, 2019 (Rs. Million)	Rate of interest	**Nature of Security**
i	**8.55**	17.10	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), are secured by an exclusive second charge on all movable and immovable properties of the Company's unit Mawana Sugar Works, situated at Mawana District Meerut in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).
B. Loans repayable on demand				
1. From Banks				
i	**1648.81**	-	10.25%	Working Capital loans are secured by way of pledge of Sugar stocks, first charge and lien on the semi- finished sugar including sugar in process, raw materials, first pari passu charge on the fixed assets (other than Incinerator Boiler at Nanglamal sugar complex), hypothecation of book debts of the respective sugar units Nanglamal Sugar Complex and Mawana Sugar Works and also secured by the corporate guarantee of the Company.

14. Lease Liabilities **Rs. Million**

		As at March 31, 2020	As at March 31, 2019
14.1	**Non- current :**		
	Lease Liabilities		
	- Others	**8.12**	-
	Total	**8.12**	-
14.2	**Current :**		
	Lease Liabilities		
	- Related party (Refer note 35)	**4.12**	-
	- Others	**10.61**	-
	Total	**14.73**	-
	Total	**22.85**	-

15. Provisions

Rs. Million

		As at March 31, 2020	As at March 31, 2019
15.1	**Non- current :**		
	Provision for employee benefits		
	- Provision for gratuity(Refer note 34)	**132.53**	113.31
	Total	**132.53**	113.31
15.2	**Current :**		
	- Provision for gratuity(Refer note 34)	**21.02**	16.25
	- Provision for compensated absences	**30.59**	25.15
	Total	**51.61**	41.40
	Total	**184.14**	154.71

16. Trade payables

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Trade payables (including acceptance) :		
- Outstanding dues to micro and small enterprises (Refer note 42)[3]	**21.68**	9.44
- Outstanding dues to related parties (Refer note 35)	**31.08**	26.25
- Outstanding dues to others	**5,851.68**	6,666.86
	5,882.76	6,693.11
Total	**5,904.44**	6,702.55

[1] For maturity profile of trade payable and other financial liabilities refer note 38.
[2] For explanation on the Company's credit risk management processes, Refer note 38
[3] Including interest Rs. 0.14 million (March 31, 2019 : Rs. 0.14 million) on outstanding due to Micro and Small enterprises.

17. Other financial liabilities

Rs. Million

		As at March 31, 2020	As at March 31, 2019
17.1	**Non Current at amortised cost :**		
	Interest accrued but not due on borrowings	-	2.26
	Total	-	2.26
17.2	**Current at amortised cost :**		
	Current maturities of long term borrowings (Refer note 13)	**1,253.17**	619.39
	Interest accrued but not due on borrowings	**2.34**	2.43
	Trade deposits -Dealers and others	**65.63**	47.41
	Employees related payables - Others	**84.38**	65.87
	Payable towards capital goods (Refer note 42)	**54.97**	26.46
	Interest Payable	**1.50**	7.85
	Miscellaneous payable	**26.00**	26.00
	Total	**1,487.99**	795.41

Breakup of financial liabilities at amortised cost:

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Borrowings (Refer note 13)	**3,592.79**	1,758.59
Trade payables (Refer note 16)	**5,904.44**	6,702.55
Current maturities of long term borrowings	**1,253.17**	619.39
Security deposits received	**65.63**	47.41
Interest accrued	**2.34**	4.69
Employees related payables	**84.38**	65.87
Payable towards capital goods (Refer note 42)	**54.97**	26.46
Interest payable	**1.50**	7.85
Lease Liabilities	**22.85**	-
Miscellaneous payable	**26.00**	26.00
Total	**11,008.07**	9,258.81

18. Other liabilities

Rs. Million

		As at March 31, 2020	As at March 31, 2019
18.1	**Non current liabilities**		
	Others- Government Grants	**84.12**	182.33
	Total	**84.12**	182.33

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

18.2 Current liabilities

Advance received from customers and others	**90.24**	26.68
Statutory liabilities	**124.54**	149.47
Interest on statutory dues	**60.77**	69.50
Others- Government Grants	**53.95**	38.25
Miscellaneous	**0.60**	2.43
Total	**330.10**	286.33

19. Income tax

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 :

Profit or loss section : **Rs. Million**

	As at March 31, 2020	As at March 31, 2019
Tax Expense:		
Current income tax charge	**-**	213.72
Adjustments in respect of current income tax of earlier years	**30.28**	0.43
Deferred tax:		
MAT Credit (Entitlement)/Reversal	**444.49**	(214.15)
Relating to origination and reversal of temporary differences	**252.41**	262.04
Adjustments in respect of deferred tax of earlier years	**-**	20.40
Income tax expense reported in the statement of profit or loss	**727.18**	282.44

Other Comprehensive Income section

Deferred tax related to items recognised in OCI during the year:

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Net loss on remeasurements of defined benefit plans	**5.12**	0.66
Tax effect of change in Tax rate	**(2.83)**	-
Deferred tax credit to OCI	**2.29**	0.66

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019.

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Accounting profit before tax (including item of OCI)	**(89.99)**	704.94
Tax expenses @ applicable income tax rate of 25.168% (Previous year : 34.944%)	**(22.65)**	246.33
Tax effect of change in Tax rate	**268.83**	-
Tax effect on reversal of MAT Credit	**444.49**	-
Tax effect on Permanent difference	**3.94**	15.05
Adjustments in respect of current/deferred income tax of earlier years	**30.28**	20.40
Income tax expense reported in the statement of profit and loss & OCI	**724.89**	281.78

Rs. Million

Deferred tax:

	Balance sheet		
	As at March 31, 2019	Provided during the year	**As at March 31, 2020**
Deferred tax assets relates to the following			
Provision for doubtful debts and advances	54.10	(15.14)	**38.96**
Disallowances u/s 43 B	269.46	(108.32)	**161.14**
Unabsorbed depreciation and carry forward tax Loss	1,299.26	(450.50)	**848.76**
Recognition of lease liability	-	0.35	**0.35**
MAT credit entitlement	444.49	(444.49)	**-**
Total deferred tax assets (A)	2,067.31	(1,018.10)	**1,049.21**
Deferred tax liabilities relates to the following			
Accelerated depreciation for tax purposes	615.04	(288.73)	**326.31**
Discounting of financial liabilities	43.84	(34.70)	**9.14**
Others	2.84	(0.06)	**2.78**
Total deferred tax liabilities (B)	661.72	(323.49)	**338.23**
Net Deferred Tax Assets (A-B)	1,405.59	(694.61)	**710.98**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Pursuant to The Taxation Laws (Amendment) Act, 2019 dated September 20, 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective April 01, 2019 subject to certain conditions. The Company has evaluated and made an assessment of the impact of Ordinance and decided to opt for reduced rates as per Section 115BAA of the Income Tax Act, 1961. The Company remeasured its deferred tax balances on March 31, 2020 and consequential deferred tax expense of Rs. 268.83 million has been charged to Statement of Profit and Loss and MAT assets of Rs. 444.49 million has been written off during the year.

The management at the end of each reporting period, asseses Company's ability to recognize deferred tax assets on tax losses and unabsorbed depreciation carried forward, taking into account forecasts of future taxable profits and the law and jurisdiction of the taxable items and the assumptions on which these projections are based. The management based on the future profitability projections considering expected future market, economic conditions, tax laws and the management's expansion plans is confident that there would be sufficient taxable profits in future which will enable the Company to utilize the above deferred tax assets on unabsorbed depreciation and carry forward tax losses.

20. Income tax assets (net)

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Advance payment of income tax	**14.52**	34.57
Total	**14.52**	34.57

21. Current tax liabilities

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Provision for taxation	**63.90**	201.99
Total	**63.90**	201.99

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

22. Revenue from contracts with customers

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Sale of products (including excise duty)		
Finished Goods	**13,214.73**	11,509.47
Traded Goods	**85.95**	78.43
Other operating revenue:		
Sale of REC license	**-**	7.74
Sale of scrap	**27.24**	25.92
Subsidies Income* (Refer note 47 (a))	**629.18**	24.78
Other operating revenue	**2.17**	2.14
Total revenue from operations	**13,959.27**	11,648.48
Disaggregated revenue information		
Sugar	**9,617.94**	7,729.26
Industrial Alcohol	**807.60**	470.62
Power	**203.03**	369.29
Chlor Alkali	**2,346.42**	2,910.31
By Products	**220.74**	6.09
Others	**19.00**	23.90
Total	**13,214.73**	11,509.47

*Net of expenses of Rs. 106.57 million (March 31, 2019 : Rs. 231.72 million).

Timing of revenue recognition		
Products transferred at a point in time	**13,959.27**	11,648.48
Reconciliation of amount of revenue recognised with contract price		
Revenue as per contracted price	**14,013.79**	11,680.53
Adjustments		
- Sales rebate and cash discount	**(54.52)**	(32.05)
Total	**13,959.27**	11,648.48

For detail of contract balances, refer note 8 and 18.2. Also refer note 36 for segment information.

23. Other income

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income[1]		
- Interest from banks	**16.87**	25.27
- Interest on income tax refunds	**-**	2.27
- interest from others	**7.95**	7.16
-Interest income on financial assets valued at amortized cost	**40.34**	7.36
Rent received	**0.68**	0.55
Profit on sale of current investments	**8.61**	14.29
Provision/Liabilities no longer required written back	**0.11**	2.51
Profit on sale of property, plant and equipment (net)	**1.33**	-
Provision for doubtful debts and advances written back	**-**	11.10
Net gain on foreign currency transactions	**0.36**	1.35
Insurance claims income	**4.48**	-
Buffer stock subsidy (Refer note 47 (b))	**14.37**	7.08
Miscellaneous income[2]	**4.83**	40.29
Total	**99.93**	119.23

[1]Total income (calculated using effective interest method) for financials assets that are not at fair value through profit and loss.

In relation to financial assets classified at amortised cost	65.16	42.06
In relation to financial assets classified at fair value through other comprehensive income	-	-
Total	**65.16**	**42.06**

[2]Includes Rs. Nil (March 31, 2019 : Rs. 30.48 million) received from Delhi Development Authority (DDA) pursuant to judgment of Honorable Supreme Court of India. (Refer note 40)

24. Cost of materials consumed

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Inventory at the beginning of the year	**86.27**	94.87
Add: Purchase tax receivable written off	**-**	13.59
Add: Purchases made during the year *	**10,275.31**	10,257.27
	10,361.58	10,365.73
Less : Cane subsidy received (Refer note 44)	**-**	141.90
Less : Inventory at the end of the year	**72.47**	86.27
Cost of materials consumed	**10,289.11**	10,137.56

* includes incidental expenses of Rs 89.85 million (March 31, 2019 : Rs 85.90 million) related to procurement of sugarcane.

Details of materials consumed are as under :

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Sugar cane	**9,680.61**	9,505.36
Salt	**307.86**	313.44
Hydrated lime	**76.81**	75.92
Packing Materials	**188.84**	216.12
Others	**34.99**	26.72
Total	**10,289.11**	10,137.56

Details of inventory : Raw and Packing Materials

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Sugar Cane	**13.37**	18.31
Salt	**22.64**	14.39
Hydrated lime	**0.62**	1.07
Packing Materials	**30.88**	26.49
Others	**4.96**	26.01
Total	**72.47**	86.27

25. Changes in inventories of finished goods, stock-in-trade and work-in-progress

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the end of the year		
- Finished goods	**7,561.28**	6,998.94
- Stock in trade	**8.11**	8.31
- Work in progress	**233.85**	186.87
Total B	**7,803.24**	7,194.12
Inventories at the beginning of the year		
- Finished goods	**6,998.94**	3,780.89
- Stock in trade	**8.31**	32.86
- Work in progress	**186.87**	153.45
Total A	**7,194.12**	3,967.20
Total (A-B)	**(609.12)**	(3,226.92)

Change in inventories recognised as expenses includes/netted off of write down of cost of inventory to net realisable value or reversal thereof. Accordingly, cost of inventory is reversed by Rs 108.74 million (March 31, 2019 : Rs 552.63 million) due to increase in net realisable value.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Details of inventory :

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Finished Goods		
Sugar	**7,219.03**	6,811.28
Industrial Alcohol	**23.11**	10.27
Chlor Alkali	**17.45**	11.02
By Products	**265.58**	142.68
Others	**36.11**	23.69
Total	**7,561.28**	6,998.94
Stock in trade		
Others	**8.11**	8.31
Total	**8.11**	8.31
Work-in-progress		
Sugar	**127.01**	146.29
Chlor Alkali	**5.64**	6.40
By Products	**87.21**	12.48
Others	**13.99**	21.70
Total	**233.85**	186.87

26. Employee benefits expenses

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	**687.34**	662.29
Contribution to provident and other funds	**46.76**	43.43
Gratuity*	**21.91**	19.61
Staff welfare expenses	**37.23**	40.28
Total	**793.24**	765.61

* (Refer note 34)

27. Finance costs

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on borrowings*	**243.35**	175.18
Interest on others**	**0.58**	58.15
Finance charges payable under leases	**3.26**	-
Total finance cost	**247.19**	233.33

Total interest expenses (calculated using effective interest method) for financials liabilities that are not at fair value through profit and loss.

Rs. Million

In relation to financial liabilities classified at amortised cost	**243.93**	233.33
In relation to financial liabilities classified at fair value through other comprehensive income	**-**	-
Total	**243.93**	233.33

* net of buffer subsidy / subvention of Rs 141.91 million (March 31, 2019 : Rs. 0.23).

**Including interest on income tax Rs. 13.79 million (March 31, 2019 : Rs. 15.54 million) and net off reversal of interest liability on entry tax / power dues Rs 22.65 million (March 31, 2019 : Rs. Nil).

28. Depreciation and amortisation expense

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of tangible assets (Refer note 3A)	**639.98**	333.74
Amortisation of intangible assets (Refer note 3B)	**1.61**	-
Amortisation of right of use assets (Refer note 4)	**19.23**	-
Total	**660.82**	333.74

29. Other expenses

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of stores and spare parts	**539.56**	648.15
Power, fuel, water etc.*	**1,327.23**	1,294.80
Other manufacturing expenses	**124.38**	107.16
Commission to indenting and ordering agent	**24.57**	24.57
Repairs		
- Building	**29.42**	26.01
- Plant and Equipment	**126.63**	123.50
- Others	**30.18**	30.12
Rent paid	**16.36**	27.55
Payment to statutory auditors (Refer details below)	**6.26**	5.97
Insurance (net)	**15.19**	15.07
Rates and taxes	**27.83**	83.12
Freight and transport	**93.79**	75.46
Legal and professional expenses	**117.58**	113.12
Irrecoverable balances written off	**0.05**	6.41
Loss on sale/write off of Property, plant and equipment (net)	**-**	1.14
Business promotion expenses (Refer note 35)	**10.00**	-
Miscellaneous expenses	**173.08**	181.64
Total	**2,662.11**	2,763.79

*After adjusting power subsidy Rs. 201.67 million (March 31, 2019: Rs. 174.73 million)

Payment to statutory auditors

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
As auditors		
Audit fee	**1.70**	1.70
Tax audit fee	**0.60**	0.60
Out of pocket expenses	**0.68**	0.47
In other capacity		
For limited review of unaudited financial results	**2.20**	1.20
For verification of statement and other reports	**1.08**	2.00
Total	**6.26**	5.97

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

30. Earnings per share (EPS)

a) Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

b) The following reflects the income and share data used in the basic and diluted EPS computations:

	Year ended March 31, 2020	Year ended March 31, 2019
Profit/(loss) after tax and exceptional item as per the statement of Profit and Loss (Rs. In Millions)	**(796.82)**	424.40
Weighted average number of equity shares for basic and diluted EPS	**3,91,16,864**	3,91,16,864
Basic and diluted earnings per share (in Rs.)	**(20.37)**	10.85
Face Value per share (in Rs.)	**10.00**	10.00

31. Commitments and Contingencies

(a) **Leases**

Lease — as lessee

The Company has lease contracts for various Warehouses, corporate office and equipment's used in its operations. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company also has certain leases of assets with lease terms of 12 months or less. The Company applies the short-term leases recognition exemptions for these leases, other than lease from related parties.

As on transition date i.e April 1, 2019, Right-of use assets of Rs 40.68 million were recognised, presented separately in the balance sheet. Lease liabilities of Rs. 40.68 million were recognised and presented separately in the balance sheet.

Rs. Million

Particulars	**Year ended March 31, 2020**
As at April 01, 2019	**-**
Additions	**40.68**
Amortisation expense	**(19.23)**
As at March 31, 2020	**21.45**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Rs. Million

	Lease Liability
As at April 01, 2019	**-**
Additions	**40.68**
Accretion of interest	**3.26**
Lease surrendered	**-**
Payments	**(21.09)**
As at March 31, 2020	**22.85**
Current lease liabilities	**14.73**
Non current lease liabilities	**8.12**

Considering the lease term of the leases, the effective interest rate for lease liabilities is 11%

The following are the amounts recognised in statement of profit and loss:

Rs. Million

Particulars	Year ended March 31, 2020
Amortisation expense of right-of-use assets	**19.23**
Interest expense on lease liabilities	**3.26**
Expense relating to short-term leases (included in other expenses)	**16.36**
Total amount recognised in profit or loss	**38.85**

For maturity analysis of lease liability, refer note 38 Financial risk management framework and policies under maturities of financial liabilities.

The Company had total cash outflows for leases of Rs. 21.09 million in March 31, 2020. There are no future cash outflows relating to leases that have not yet commenced.

Payments associated with short-term leases other than leases from related parties are recognised on a straight-line basis as an expense in statement of profit and loss. Short-term leases are leases with a lease term of 12 months or less.

(b) Commitments

Rs. Million

	As at March 31, 2020	As at March 31, 2019
a.Estimated amount of contracts remaining to be executed on capital account and not provided for:	**8.00**	245.67
b.Uncalled liability on shares and other investments partly paid (# Rs. 20)	**#**	#
Total	**8.00**	245.67

(c) Contingent Liabilities in respect of Income Taxes/Central Excise/Service Tax/Value Added Tax and other taxes

Rs. Million

(i)

Nature of Dispute	Description	Period	As at March 31, 2020	As at March 31, 2019
Income Tax	Regarding Interest on TDS Liability	Assessment Year 2017-18	-	2.63
	Regarding Carried Forward of losses for AY 1997-98*	Assessment Year 1997-98	-	30.28
Central Excise, State Excise and Service Tax	Demand Notice received from Central Excise and Service tax Department towards wrong availment of cenvat credit taken, dispute on levy of service tax and excise duty and penalty/Interest imposed.	1994-95 to 1996-97, 1998-99, 1999-00 to 2002-03 ,2006-07 and 2004-05 to 2016-17	**23.02**	131.85
Sales Tax	Demand notice received from Commercial tax Department regarding dispute on levy of sales tax. In the current year, a favorable decision has been awarded by the Hon'ble Allahabad High Court	2006-07, 2009-10 to 2013-14	-	6.36
	Total		**23.02**	171.12

* A sum of Rs. Nil (March 31, 2019 : Rs. 30.28 million) has been deposited with Income Tax Authorities and is appearing under income tax assets in the balance sheet.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(ii) Other Matters under disputes are as below:

Rs. Million

Nature of Dispute	Description	Period	As at March 31, 2020	As at March 31, 2019
Land	Land related disputes	2014-15	**0.86**	0.87
		2007-08	**-**	18.10
		1985-86, 1975-76, 2009-10,	**1.05**	1.05
		Total	**1.91**	20.02
Labour	Labour related disputes	2006-07 ,2008-09 , 2010-11	**4.16**	3.74
		1997-98, 1999-00 to 2002-03, 2008-09, 2010-11 and 2012-13	**9.53**	8.86
		1999-00, 2005-06, 1996-97, 1993-94, 1992-93, 1985-86, 1995-96, 1992-93, 2014-15, 2018-19	**11.21**	10.50
		Total	**24.90**	23.10

Rs. Million

Nature of Dispute	Description	Period	As at March 31, 2020	As at March 31, 2019
Civil	Appeal has been preferred by PSPCL against order passed by PSERC whereby the Commission had held that for calculating threshold limit, maximum of the annual power consumption of PSPCL power for the last two financial years has to be considered which would entitle Large Supply Industrial Consumers in the State of Punjab for base tariff at the rate of Rs. 4.99/KvAH for power consumed beyond threshold limit. In the current year, a favorable decision has been awared by the Appellate Tribunal.	2010-11	-	66.56
	Arbitration notice received from M/s Prime Industries Ltd in pursuant to High court order dated 08.12.2016. In the current year arbitration award has been received and accordingly the Company has provided for liability in respect thereof, however award amount is disputed by Prime Industries Ltd and Prime Industries Ltd has filed an application before the High Court, Delhi.		**-**	68.96
	Others	2010-11	**3.11**	3.11
		Total	**3.11**	138.63

Rs. Million

Nature of Dispute	Description	Period	As at March 31, 2020	As at March 31, 2019
Recovery Certificate	Recovery charges against recovery of cane dues. (Refer note 48)	2006-07, 2010-11, 2012-13, 2013-14, 2014-15, 2015-16	**-**	926.88
		2008-09, 2012-13 and 2013-14	**-**	245.10
		2006-07, 2010-11,2012-13, 2013-14, 2014-15 and 2015-16	**-**	1,031.52
		Total	**-**	2,203.50
Interest on cane Price / Commission Arrears	Interest on delay payment of cane dues (Refer note 48)	2002-03, 2006-07, 2012-13 to 2019-20	**3,871.94**	3,368.72
Purchase Tax	Purchase tax during period of Sugar Promotion Policy. In the current year, a favorable decision has been awarded by the Hon'ble Allahabad High Court	2006-07 to 2012-13 and 2016-17	**-**	61.46
Grand Total			**3901.86**	5,815.43

(iii)	Bank Guarantee issued	-	0.05

(iv) The Company has provided bank guarantees aggregating Rs. 72.01 Million (31 March, 2019 Rs. 72.01 Million) to Tecumseh Products India Limited (TPIL), to whom it had sold the compressor business in a previous period, for any loss, damage, claim, action, suit etc., arising from various representations /breach of representations including for contingent liabilities existing as at March 31, 1997, or prior to March 31, 1997, which TPIL may eventually be liable to pay, against which demands in respect of sales tax, central excise and civil matters are pending. These demands are presently under various stages of appeal.

(v) During the previous periods, the Company had given a counter indemnity/guarantee in favor of existing directors of Transiel India Limited to protect their interest against any loss/ future liabilities that may arise after the name of the said subsidiary that has been struck off under the Easy Exit Scheme, 2011.

(vi) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF, dated February 28, 2019. The Company will make necessary provision on receiving further clarity on the subject.

(vii) During the year, Income Tax department has passed an assessment order for the assessment year 2017-18 under Section 143(3) of the Income Tax Act, 1961, wherein the assessing officer has disallowed / added back certain items resulting into adjustment of brought forward losses/unabsorbed depreciation by Rs. 3363.97 million under normal provisions of the Income Tax Act. Under Section 115 JB (MAT), the assessing officer raised demand of Rs. 138.99 million (including interest of Rs. 45.27 million) against which the Company is carrying provision of Rs. 124.32 million (including interest of Rs. 32.62 million). However, based on the legal opinion taken by the Company, most of the additions/demand are not sustainable under the provisions of the Income Tax Act. An appeal has been filed by the Company against the above said order with CIT(Appeal) which is pending for hearing and an application under Section 154 of the Income Tax Act for the rectification of the said additions/demand. Meanwhile, the Company has deposited Rs 27.80 million under protest against said demand.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(viii) During the year, Income Tax department (CPC) has issued intimation under Section 143 (1) of Income Tax Act, 1961 for assessment year 2018-19, wherein CPC has wrongly made double additions of certain items resulting in income tax demand of Rs. 36.42 million under the provisions of Section 115JB (MAT) of the Income Tax Act. Similarly, for the purposes of normal tax computation, the CPC has wrongly disallowed certain items twice resulting into decrease in brought forward losses by Rs. 17 million. The Company has filed an application under Section 154 for rectification of the said intimation and deposited Rs. 7.30 million with income tax authorities under protest.

32. Research and development costs

Research and development expenses included under relevant heads in the Statement of Profit and Loss amounting to Rs. 7.32 million (March 31, 2019 Rs. 6.54 million).

33. Disclosure of interest in subsidiaries and associate

			Country of Incorporation/ Principal place of business	Ownership Interest of MSL (%)	
				As at March 31, 2020	**As at March 31, 2019**
(i)	Siel Financial Services Limited	Subsidiary	India	**93.56%**	93.56%
(ii)	Siel Industrial Estate Limited	Subsidiary	India	**100.00%**	100.00%
(iii)	Siel Infrastructure & Estate Developers Private Limited	Subsidiary	India	**100.00%**	100.00%
(iv)	Mawana Foods Private Limited	Associate	India	**33.74%**	33.74%

34. Gratuity and other post-employment benefit plans

a) Defined Benefits Plans

Gratuity – In accordance with Ind AS 19, actuarial valuation was done and details of the same are given below:

Rs. Million

	As at March 31, 2020	As at March 31, 2019
	Gratuity	Gratuity
	(Funded)	(Funded)
Change in the Present value of obligation		
1 Present value of obligation as at the beginning of the year	**163.63**	157.05
2 Add: Current service cost	**11.99**	10.03
3 Add: Interest cost	**12.53**	11.98
4 Add: Actuarial (gain) / loss	**20.30**	1.95
5 Less: Benefits paid	**(18.04)**	(17.38)
6 Present value of obligation as at the end of the year	**190.41**	**163.63**
Change in the fair value of plan assets		
1 Fair value of plan assets at the beginning of the year	**34.07**	31.45
2 Add: Expected return on plan assets	**2.61**	2.40
3 Add: Contribution by the Company	**0.45**	0.21
4 Less: Benefits paid	**(0.21)**	(0.04)
5 Add: Actuarial gain / (loss)	**(0.05)**	0.05
6 **Plan assets at the end of the year**	**36.87**	34.07
Liability/ (Asset) recognized in the financial statements	**153.54**	129.56
Current	**21.02**	16.25
Non-current	**132.52**	113.31

The plan assets are maintained with Life Insurance Corporation of India Gratuity Scheme. The details of investments maintained by Life Insurance Corporation are not available with the Company and have not been disclosed.

The following tables summarise the components of net benefit expense recognised in the Statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Rs. Million

Amount recognised in Statement of Profit and Loss:	**As at March 31, 2020**	As at March 31, 2019
Current service cost	**11.99**	10.03
Net interest expense	**9.92**	9.58
Amount recognised in Statement of Profit and Loss	**21.91**	19.61

Rs. Million

Amount recognised in Other Comprehensive Income:	**As at March 31, 2020**	As at March 31, 2019
Actuarial gain/(loss) on Present value of obligation	**(20.30)**	(1.95)
Actuarial gain/(loss) on Assets	**(0.05)**	0.05
Amount of gain/(loss) recognised in Other Comprehensive Income	**(20.35)**	(1.90)

The major categories of plan assets of the fair value of the total plan assets are as follows:

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Gratuity		
Investment Details	**Funded**	Funded
Investment with Insurer (LIC)	**100%**	100%

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Discount rate (%)	**6.80**	7.66
Expected rate of return on Plan assets (%)	**7.50**	7.80
Future salary increases (%)	**5.00**	5.00
Retirement Age (Years)	**58**	58
Withdrawal rate		
Up to 30 years	**3%**	3%
From 31 to 44 years	**2%**	2%
Above 44 years	**1%**	1%
Mortality rate	**100% of IALM (2012-14)**	100% of IALM (2006-08)

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 is as shown below:

Gratuity Plan

Assumptions	**Discount rate**		**Future salary increase**	
Discount rate	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Impact on defined benefit obligation	(5.92)	6.32	6.40	(6.05)

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 is as shown below:

Gratuity Plan

Rs. Million

Assumptions	**Discount rate**		**Future salary increase**	
Discount rate	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Impact on defined benefit obligation	(9.86)	11.17	11.35	(10.18)

“The sensitivity analyses above has been determined based on the method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Within the next 12 months (next annual reporting period)	**26.07**	20.52
Between 1 and 2 years	**38.94**	3.13
Between 2 and 3 years	**17.61**	8.35
Between 3 and 4 years	**12.76**	9.35
Between 4 and 5 years	**13.45**	13.37
Between 5 and 6 years	**7.03**	15.01
Beyond 6 years	**74.55**	93.90
Total expected payments	**190.41**	163.63

35. Related party transactions

I) List of related parties

a) Promoter:
Mr. Siddharth Shriram

b) Subsidiaries
Siel Financial Services Limited
Siel Industrial Estate Limited
Siel Infrastructure & Estate Developers Private Limited

c) Associate
Mawana Foods Private Limited (w.e.f. July 24, 2018)

d) Key management personnel
Mr. Dharam Pal Sharma –Whole Time Director
Mr. B.B. Mehta – Chief Financial Officer
Mr. Ashok Kumar Shukla- Company Secretary

e) Directors
Prof. Dinesh Mohan
Mr. Piar Chand Jaswal
Mrs. Parmjit Kaur (resigned w.e.f 02.05.2018)
Mr. Ravinder Singh Bedi
Mrs. Manju Vira Gupta

f) Enterprises over which key management personnel have significant influence:
Usha International Limited
“Mawana Foods Private Limited (subsidiary company of Usha International Limited) (Till July 23, 2018)”

g) Enterprises over which the Independent Directors have significant influence
Delhi Golf Club

II) Transactions with related parties

Rs. Million

		Year ended March 31, 2020	Year ended March 31, 2019
A.	**Promoter**		
	Mr. Siddharth Shriram		
	Advisory fees	**14.40**	14.40
	Salary of earlier year charged off during the previous year	**-**	7.04
B.	**Subsidiaries**		
	Siel Financial Services Limited		
	Expenses recovered	**0.07**	0.05
	Siel Industrial Estate Limited		
	Investment in 97,20,000 equity shares (Previous Year 1,00,00,000 equity shares) of Rs. 10 each fully paid-up	**97.20**	100.00
C.	**Associate**		
	Mawana Foods Private Limited (w.e.f. July 24, 2018)		
	Investment in Nil (Previous Year 6,759,801) equity shares of Rs. 10 each fully paid-up	**-**	150.00
	Sale of Goods	**548.09**	303.31
	Interest received	**1.21**	-
	Business promotion expenses	**10.00**	-
	Expenses recovered	**1.11**	0.42
	Miscellaneous purchases	**0.05**	0.05
D.	**Key Management personnel and their relatives**		
	Remuneration to key management personnel*:		
	Mr. Dharam Pal Sharma	**2.36**	2.15
	Mr. B.B. Mehta	**8.72**	7.82
	Mr. Ashok Kumar Shukla	**1.15**	0.98
	* As the future liability for gratuity and leave encashment benefits is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel is not ascertainable and, therefore, not included above.		
E.	**Director Sitting Fee**		
	Prof. Dinesh Mohan	**0.13**	0.10
	Mr. Piar Chand Jaswal	**0.12**	0.21
	Mr. Ravinder Singh Bedi	**0.16**	0.22
	Mrs. Manju Vira Gupta	**0.16**	0.07
F	**Enterprises over which key management personnel have significant influence**		
	(a) Usha International Limited		
	Expenses reimbursed	**2.98**	5.58
	Miscellaneous purchases	**0.81**	-
	Expenses recovered	**-**	0.04
	Rent paid**	**4.37**	4.37
	Royalty paid	**13.45**	11.70
	Irrecoverable balances written off	**-**	1.53
	(b) Mawana Foods Private Limited (Till July 23, 2018)		
	Sale of Goods	**-**	116.67
	Interest received	**-**	4.95
	Miscellaneous purchases	**-**	0.01

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Rs. Million

		Year ended March 31, 2020	Year ended March 31, 2019
G.	**Enterprises over which the Independent Directors have significant influence**		
	Delhi Golf Club		
	Sponsorship for Brand Promotion	**-**	14.14
H.	**Other payments to directors**		
	Advisory fees paid to Mr. Piar Chand Jaswal	**0.75**	0.72

Balance Outstanding as at year end

Rs. Million

		As at March 31, 2020	As at March 31, 2019
(a)	**Financials Assets -Loans and others**		
	Mr. Siddharth Shriram	**0.73**	0.31
	Siel Financial Services Limited*	**36.59**	36.59
(b)	**Trade and Other Payables**		
	Usha International Limited	**31.08**	26.25
(c)	**Trade Receivables**		
	Mawana Foods Private Limited	**50.20**	34.66
(d)	**Interest Receivables**		
	Mawana Foods Private Limited	**1.10**	-
(e)	**Lease liability payable**		
	Usha International Limited	**4.12**	-

*provided for as doubtful advances

** including under finance costs and amotisation as per IndAS-116

Siel Industrial Estate Limited (Siel IE) and erstwhile Chairman and Managing Director of the Company has given Corporate/personal Guarantees Rs. 3335.70 million (March 31, 2019 Rs. 3335.70 million) as collateral security in favour of some lenders of the Company on its behalf. Siel IE has mortgaged its industrial land measuring 455.23 acres (March 31, 2019 455.23 acres) as a collateral security in favour of some lenders of the Company to secure the repayment of all debt due to Company's lenders upto Rs. 7,869.85 million (March 31, 2019 Rs. 7,869.85 million). As on March 31, 2020, the gross outstanding amount of the loan is Rs. 676.80 Million (March 31, 2019 Rs. 1078.80 million).

Transaction with Key management personnel

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefits	**12.23**	10.95
Total compensation paid to key management personnel	**12.23**	10.95

The amount disclosed in the table are the amounts recognised as expense during the reporting year related to key management personnel.

36 Segment Information

A. Operating Segment

As per Ind AS 108 identification of segment is based on the manner in which the entity's Chief Operating decision makers' (CODM) review the business components regularly to make decisions about allocating resources to segment and in assessing its performance.

The Operating segments of the Company is identified to be sugar, power , chemicals and distillery as the Chief Operating decision maker reviews business performance of the Company on the basis of these segments.

B. Geographical Segment

Since the Company's activities/operations are primarily within the country and considering the nature of products/services it deals in, the risks and returns are same and as such there is only one geographical segment.

C. Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in note 2 above, the accounting policies in relation to segment accounting are as under:

i) Segment revenue and expenses:
Segment revenue and expenses are directly attributable to the segments.

ii) Segment assets and liabilities:
Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors,inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. While most of the assets/ liabilities can be directly attributed to individual segment, the carrying amount of certain assets/ liabilities pertaining to two or more segments are allocated to the segments on a reasonable basis.

iii) Inter segment revenues:
Inter segment revenues between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

D. Information about business segments

(Rs. Million)

PARTICULARS	Sugar		Power		Chemicals		Distillery		Unallocated		Elimination		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
SEGMENT REVENUE														
External Sales	9,931.67	7,814.84	203.03	369.29	2,346.42	2,910.31	819.56	493.46	-	-	-	-	13,300.68	11,587.90
Inter segment revenue	2,188.84	1,650.17	2,182.70	2,235.99	16.19	13.67	20.16	27.36	-	-	(4,407.89)	(3,927.19)	0.00	-
Other Operating Revenues	646.04	51.09	-	-	3.40	3.95	9.15	5.54			-	-	658.59	60.58
Other income	20.02	19.97	0.35	-	1.20	3.59	2.02	1.25	76.34	94.42	-	-	99.93	119.23
Total revenue	12,786.57	9,536.07	2,386.08	2,605.28	2,367.21	2,931.52	850.89	527.61	76.34	94.42	(4,407.89)	(3,927.19)	14,059.20	11,767.71
EBIT/RESULTS														
Segment results	58.98	(314.43)	302.46	705.33	105.15	645.55	(92.23)	97.43	-	-	-	-	374.36	1,133.88
Unallocated income/(expenses) (net of income/expenses)	-	-	-	-	-	-	-	-	(261.97)	(235.77)			(261.97)	(235.77)
Operating Profit	58.98	(314.43)	302.46	705.33	105.15	645.55	(92.23)	97.43	(261.97)	(235.77)	-	-	112.39	898.11
Finance Costs													247.19	233.33
Interest income													65.16	42.06
Net Profit/(Loss) before tax and exceptional items													(69.64)	706.84
Exceptional item- Income (net)													-	-
Net Profit/(Loss) before tax													(69.64)	706.84
Tax expenses/(credit)													727.18	282.44
Net Profit/(Loss) after tax													(796.82)	424.40
OTHER INFORMATION	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
A. ASSETS														
Segment assets	9,705.78	8,849.12	1,064.63	1,194.70	568.92	595.13	1,183.78	827.97	-	-	-	-	12,523.11	11,466.92
Unallocated assets	-	-	-	-	-	-	-	-	2,320.88	2,605.79	-	-	2,320.88	2,605.79
Total Assets	9,705.78	8,849.12	1,064.63	1,194.70	568.92	595.13	1,183.78	827.97	2,320.88	2,605.79	-	-	14,843.99	14,072.71
B. LIABILITIES														
Segment liabilities	5,904.34	6,571.52	7.15	15.60	232.92	293.77	148.77	115.55	-	-	-	-	6,293.18	6,996.44
Borrowings	-	-	-	-	-	-	-	-	4,845.96	2,377.98	-	-	4,845.96	2,377.98
Unallocated liabilities	-	-	-	-	-	-	-	-	531.19	709.75			531.19	709.75
Total Liabilities	5,904.34	6,571.52	7.15	15.60	232.92	293.77	148.77	115.55	5,377.15	3,087.73	-	-	11,670.33	10,084.17
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
C. OTHERS														
Capital expenditure	105.43	77.61	1.20	9.68	10.60	25.08	357.70	127.68	0.15	1.35	-	-	475.08	241.40
Depreciation	276.91	138.04	125.68	61.70	105.32	65.68	144.89	66.44	8.02	1.86	-	-	660.82	333.73

37. A. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

Rs. Million

	Carrying Value		Fair Value	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Financial assets				
Fair Valuation at Amortized cost :				
Investment in preference shares	**143.91**	135.96	**143.91**	135.96
Security deposits paid	**172.16**	116.89	**172.16**	116.89
Dues from employees	**1.33**	0.72	**1.33**	0.72
Loans and advances to related parties	**0.73**	0.31	**0.73**	0.31
Loans and advances to others	**34.54**	29.58	**34.54**	29.58
Subsidies receivable	**799.33**	260.86	**799.33**	260.86
Interest subvention receivable	**75.71**	-	**75.71**	-
Interest accrued on deposits	**12.63**	12.09	**12.63**	12.09
Total	**1,240.34**	556.41	**1,240.34**	556.41
Financial liabilities				
Fair Valuation through Statement of Profit & Loss				
Borrowings	**4,845.96**	2,377.98	**4,845.96**	2,377.98
Fair Valuation at Amortized cost :				
Lease Liabilities	**22.85**	-	**22.85**	-
Total	**4,868.81**	2,377.98	**4,868.81**	2,377.98

The management assessed that cash and cash equivalents, other bank balances, unbilled revenue, fixed deposits, trade receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

B. Fair Value Hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is insignificant to the fair value measurements as a whole.

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Valuation techniques for which the lowest level inputs that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3 : Valuation techniques for which the lowest level input which has a significant effect on fair value measurement is not based on observable market data.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020:

Rs. Million

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
I. Assets measured at fair value (Note 37A):					
Fair Valuation at Amortized cost :					
Investment in preference shares	**31-Mar-20**	**143.91**	**-**	**143.91**	**-**
Security deposit paid	**31-Mar-20**	**172.16**	**-**	**172.16**	**-**
Dues from employees	**31-Mar-20**	**1.33**	**-**	**1.33**	**-**
Loans and advances to related parties	**31-Mar-20**	**0.73**	**-**	**0.73**	**-**
Loans and advances to others	**31-Mar-20**	**34.54**	**-**	**34.54**	**-**
Subsidies receivable	**31-Mar-20**	**799.33**	**-**	**799.33**	**-**
Interest subvention receivable	**31-Mar-20**	**75.71**	**-**	**75.71**	**-**
Interest accrued on deposits	**31-Mar-20**	**12.63**	**-**	**12.63**	**-**
		1,240.34	**-**	**1,240.34**	**-**
II. Liabilities for which fair value is disclosed (Note 37A):					
Fair Valuation through Statement of Profit & Loss					
Borrowings	**31-Mar-20**	**4,845.96**	**-**	**-**	**4,845.96**
Fair Valuation at Amortized cost :					
Lease Liabilities	**31-Mar-20**	**22.85**	**-**	**-**	**22.85**

There have been no transfers among Level 1, Level 2 and Level 3 during the year ended March 31, 2020.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:

Rs. Million

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
I. Assets measured at fair value (Note 37A):					
Fair Valuation at Amortized cost :					
Investment in preference shares	31-Mar-19	135.96	-	135.96	-
Security deposit paid	31-Mar-19	116.89	-	116.89	-
Dues from employees	31-Mar-19	0.72	-	0.72	-
Loans and advances to related parties	31-Mar-19	0.31	-	0.31	-
Loans and advances to others	31-Mar-19	29.58	-	29.58	-
Subsidies receivable	31-Mar-19	260.86	-	260.86	-
Interest accrued on deposits	31-Mar-19	12.09	-	12.09	-
		556.41	-	556.41	**-**
II. Liabilities for which fair value is disclosed (Note 37A):					
Fair Valuation through Statement of Profit & Loss					
Borrowings	31-Mar-19	2,377.98	-	-	2,377.98
Fair Valuation at Amortized cost :					
Lease Liabilities	31-Mar-19	-	-	-	-

There was no transfers among Level 1, Level 2 and Level 3 during the year ended March 31, 2019.

Valuation technique used to determine fair value

Type	Valuation technique	Significant observable input
Financial liabilities (Borrowings)	Discounted Cash Flow method: The valuation model considers the present value of expected payment, discounted using a risk adjusted discount rate.	Not applicable
Subsidies Recoverable (Other Financial Assets)	Discounted Cash Flow method: The valuation model considers the present value of expected receipt, discounted using a risk adjusted discount rate.	Not applicable

38. Financial risk management objectives and policies

The Company's principal financial liabilities comprise of trade payables, other payables, security deposits received, capital creditors and employee related payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalent that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is responsible to ensure that Company's financial risk activities which are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market price. Market risk comprise of interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

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. However, as the Company does not have any outstanding floating rate interest bearing long term and short term debts at the balance sheet date. Therefore, a change in interest rates on the reporting date would neither affect profit or loss nor affect equity.

Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would neither affect profit or loss not affect equity.

Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to USD. Foreign exchange risk arises from future commercial transactions and recognised asset and liabilities denominated in a currency that is not the Company's function currency. The Company imports certain materials which exposes it to foreign currency risk.

Below is the Group's exposure to foreign currency risk changes

Rs. Million

	Change in conversion rate	Effect on profit before tax
Year ended March, 2020	**+5%** **-5%**	**(0.72)** **0.72**
Year ended March, 2019	+5% -5%	(0.43) 0.43

Commodity price risk

Sugar industry being cyclical in nature, realisations get adversely affected during downturn. Higher cane price or higher production than the demand ultimately affect profitability. The Company has mitigated this risk to some extant by well integrated business model by diversifying into co-generation and distillation, thereby utilizing the by-products. The Company also deals in Chlor Alkali products viz Caustic Soda, Chlorine etc, their prices are led by global as well as domestic demand and supply. The Company focuses on being amongst the lowest cost producers in these businesses.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

(i) Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed below. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low on the basis of past default rates of its customers.

Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

Movement in provisions of doubtful debts

Rs. Million

	Trade Receivables	Loans/other assets	Investments
Provision as at April 01, 2018	2.67	163.25	203.13
Provision made during the year 2018-19	-	-	-
Provision charged during the year 2018-19	-	-	-
Provision written back during the year 2018-19	(1.50)	(9.60)	-
Provision as at March 31, 2019	1.17	153.65	203.13
Provision made during the year 2019-20	-	-	-
Provision charged during the year 2019-20	-	-	-
Provision written back during the year 2019-20	-	-	-
Provision as at March 31, 2020	**1.17**	**153.65**	**203.13**

(ii) Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's finance committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Liquidity risk

The Company manages its liquidity for working capital requirement to ensure smooth operation of the business.

The Company also ensures the long term funds requirement like capex or otherwise are met through adequate availability of long term capital (debt/equity).

As at March 31, 2020

Rs. Million

	Less than 1 year	1-3 years	>3 years	Total
Borrowings	**2901.98**	**1439.96**	**504.02**	**4,845.96**
Trade payables				
- Total outstanding dues to micro and small enterprises	**21.68**	**-**	**-**	**21.68**
- Total outstanding dues of creditors other than micro and small enterprises	**5,882.76**	**-**	**-**	**5,882.76**
Employees Related Payables	**84.38**	**-**	**-**	**84.38**
Security deposits received	**65.63**	**-**	**-**	**65.63**
Interest accrued but not due on borrowings	**2.34**	**-**	**-**	**2.34**
Payable towards Capital Goods	**54.97**	**-**	**-**	**54.97**
Interest payable	**1.50**	**-**	**-**	**1.50**
Lease Liabilities	**14.73**	**6.44**	**1.68**	**22.85**
Miscellaneous payable	**26.00**	**-**	**-**	**26.00**
	9,055.97	**1,446.40**	**505.70**	**11,008.07**

As at March 31, 2019

Rs. Million

	Less than 1 year	1-3 years	>3 years	Total
Borrowings	619.39	1,078.20	680.39	2,377.98
Trade payables				
- Total outstanding dues to micro and small enterprises	9.44	-	-	9.44
- Total outstanding dues of creditors other than micro and small enterprises	6,693.11	-	-	6,693.11
Employees related payables	65.87	-	-	65.87
Security deposits received	47.41	-	-	47.41
Interest accrued but not due on borrowings	2.43	2.26	-	4.69
Payable towards Capital Goods	26.46	-	-	26.46
Interest payable	7.85	-	-	7.85
Lease Liabilities	-	-	-	-
Miscellaneous payable	26.00	-	-	26.00
	7,497.96	1,080.46	680.39	9,258.81

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

39. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Borrowings (Note 13)	**4,845.96**	2,377.98
Trade Payables (Note 16)	**5,904.44**	6,702.55
Cash and cash equivalents (Note 9)	**(464.17)**	(311.19)
Net debts	**10,286.23**	8,769.34
Total equity	**3,173.66**	3,988.54
Capital plus net debt	**13,459.89**	12,757.88
Gearing ratio (%)	**76.42%**	68.74%

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. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. .

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

40. Pursuant to judgment dated 10.5.1996 passed by the Hon'ble Supreme Court of India in a public interest litigation, the Company surrendered 46.58 acres of land to the Delhi Development Authority ('DDA') for development of green belt and open spaces as directed by the Court. The Company continued to be the lawful owner of the surrendered land though it was no longer in physical possession thereof.

DDA leased out some portion of the surrendered land Delhi Metro Rail Corporation ('DMRC') for a commercial consideration. The Company challenged the leasing of surrendered land to DMRC before the Hon'ble Supreme Court. Hon'ble Supreme Court vide its Order dated 25.3.2010 directed that DDA, which held the surrendered and dedicated land in Trust cannot use it for any purpose other than as green belt or other spaces for the benefit of the community. The Court further directed that in the event of any acquisition or development of surrendered land, the land owner will be entitled to share fifty percent (50%) of the compensation. In view of the aforesaid direction, any benefits earned by DDA from the surrendered land are to be shared equally with the Company.

In terms of the above directions of the Hon'ble Supreme Court, the Company had received a sum of Rs. 159.24 million upto 30.09.2018 where after DMRC had vacated the surrendered land leased to it by DDA. Since there were delays in making payments by DMRC, the Company has demanded payment of interest on delayed payments which is pending in the Court.

41. The Company executed a Business Transfer Agreement on November 18, 2016 with Indian Potash Limited (IPL) to sell off its Agreed Assets and Liabilities excluding contingent liabilities of Titawi Sugar Complex (unit) as a going concern on an 'AS IS WHERE IS WHAT IS' basis by way of a slump sale.The sale was governed by a Business Transfer Agreement (BTA) which stipulated completion of certain activities within a certain time frame.

A sum of Rs. 22.59 million is recoverable from IPL, Out of which Rs. 20.00 million pertains to transfer of certain portion of freehold land in the name of IPL and balance of Rs. 2.59 million pertains to other matters.

42. Dues to Micro, Small and Medium Enterprises

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 On the basis of supplier information available with the Company who have registered under the Micro Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006), the following are the details.

Rs. Million

	As at March 31, 2020	As at March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier:		
- Principal amount*	**23.46**	9.30
- Interest thereon	**0.14**	0.14
the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day.		
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 this Act"		
the amount of interest accrued and remaining unpaid	0.14	0.14
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually to be paid.	0.14	0.14

* including Rs 1.92 million (March 31, 2019 : Nil) on account of capital goods supplier.

43. Disclosure required under Section 186 (4) of the Companies Act 2013.

(a) Particulars of Loans given:

Rs. Million

Name of the Entity	Year	Opening Balance	Loan Given	Loan Repaid	Outstanding Balance	Purpose
Siel Financial Services Limited	2018-19	36.59	-	-	36.59	General Business Purpose
	2019-20	**36.59**	**-**	**-**	**36.59**	General Business Purpose

(b) Particulars of Investments made during the year:

Rs. Million

Name of the Investee	Investment Made	Purpose
Siel Industrial Estate Limited (Siel IE)	97.20	Pursuant to an Order of Hon'ble Supreme Court of India, Siel IE was directed to pay additional compensation to the farmers from whom Land was acquired. Having regard to the fact that Siel IE has no business activity/ income of its own and with a view to protect a valuable asset of the Company held through its wholly owned subsidiary, the Company has made additional investment.

44. Pursuant to UP State Government Order dated 1.10.2018, the Company had, during the previous year received cane subsidy of Rs. 4.50 per quintal of cane crushed during the sugar season 2017-18 amounting to Rs. 141.90 million and the same was adjusted in the cost of materials consumed in the previous year.

45. In view of Hon'ble Allahabad High Court order dated 21.12.2017 for stay on the retrospective operation of orders of UP State Government on reduction in rate of society commission pertaining to earlier years, Company had provided

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

differential amount of Rs. 285.46 million in the accounts during the earlier years. UP sugar mill association has approched hon'ble Supreme Court for stay of operation of high court order during the year. The matter is pending before Supreme Court.

46. Pursuant to an Order of Hon'ble Supreme Court of India, Siel Industrial Estate Limited (Siel IE), a wholly owned subsidiary of the Company, was directed to pay additional compensation to the farmers from whom Land had been acquired. Having regard to the fact that Siel IE has no business activity/ income of its own and with a view to protect a valuable asset of the Company held through its wholly owned subsidiary, the Company has subscribed to a Right Issue of 97,20,000 Equity Shares of Rs.10 each fully paid amounting to Rs. 97.20 million during the year ended March 31, 2020 and 100,00,000 Equity Shares of Rs.10 each fully paid amounting to Rs.100 million during the year ended March 31, 2019.

47. (a) During the year, the Company has recognised an income of Rs 629.18.million net of expense of Rs.106.57 million as assistance on export of sugar as per Maximum Admissible Export Quantity (MAEQ) allotted in terms of notifications dated September 12, 2019 read with notifications dated September 16, 2019, issued by Department of Food and Public Distribution, Government of India. The Company based on contracts completed against MAEQ and as per agreements signed with merchant exporters has accounted for receivable of Rs 704.43 million against above assistance from Government of India as per the conditions laid down in said notifications. However, in respect of export incentive of Rs. 152.38 million, merchant exporters have not made the export till March 31, 2020. Exports in respect of export incentives of Rs. 134.12 million have been made subsequent to the year end.

(b) During the year, the Company has also accounted for an amount of Rs 94.90 million as receivable as buffer stock subsidy in terms of notifications dated July 31, 2019 and August 1, 2019 issued by Department of Food and Public Distribution, Ministry of Consumer Affairs, Foods and Public Distribution, Government of India. The Company is eligible to get carrying cost in terms of interest, insurance and storage charges for maintenance of buffer stocks in terms of said notifiactions.

48. In the earlier years, Recovery Certificates (RC) were issued by the Cane Commissioner for payment of Cane Dues, society commission, interest on delayed payments etc for previous crushing seasons. The RC also mentioned that the recovery officer shall also collect 'collection charges' as per Rules. Company had paid all the dues of the farmers on its own and challenged the levy of 'collection charges' before the Hon'ble High Court of Allahabad. Hon'ble High Court stayed the recovery of 'collection charges'. However, Company has shown a contingent liability of Rs. 2203.50 million towards collections charges up to March 31, 2019. During the Current year, Hon'ble High Court of Allahabad following the principle of law laid down by Full Bench of the High Court in the case of Maharajwa Sugar Mills Vs State of UP, allowed all the writ petitions filed by the Company and quashed the levy of the collection charges and consequent demand for the same by the State Government. There are some other cases relating to the same issue of levy of 'collection charges' for other years which are still pending and the total demand of collection charges for those years is Rs. 1413.33 million as on March 31, 2020. The Company has paid the entire dues of the farmers and the Society commission for these years on its own without any further action by the State Government.

The Company has been legally advised that after the authoritative Full Bench Judgment by the Hon'ble High Court of Allahabad in Maharajwa Sugar Mills case, which has attained finality as the State Government has not challenged the said judgment in any superior court, no 'collection charges' could be recovered where the State Government has taken no further steps for recovery of the dues mentioned in RC except issuing the 'demand notice' and 'citation' and such amount has been directly paid by the sugar mills to the farmers on its own. Accordingly, the amount earlier shown as contingent liability towards 'collection charges' is no longer required to be shown as such and the same has not been shown as contingent liability in accounts as on March 31, 2020. (Refer note no. 31(c)(ii).

There is demand of interest on delayed payments of cane price of Rs. 3871.94 million from Cooperative Cane Societies, which has been disclosed under contingent liabilities (Refer note no. 31(c)(ii)). The Company has given its representation to State Government for waiver the same. Matter is yet to be decided by the State Government. The Company is hopeful to get the waiver from State Government.

49. Impairment indicators were identified on the investment and recoverable amounts in subsidiaries, namely Siel Industrial Estate Ltd. and Siel Infrastructure & Estate Developers Pvt. Ltd.and an associate Mawana Foods Private Ltd. The Company at the year end invested a sum of Rs. 783.85 million in said subsidiaries and associate. An impairment assessment has been carried out by comparing the carrying value of investment in subsidiaries and associate to its recoverable amount for determining whether an impairment was required to be recognized. There is no impairment as determined by applying discounting future cash flows and asset valuation as per requirement, being higher of the fair value and the carrying value.

50. Mawana Sugar Works is a separate cash generating unit and had negative cash flows in the earlier years. The Company is at the year end carrying Property, plant and equipment and other non-current assets aggregating to Rs. 698.29 million in respect of said unit. As a result, there is risk that carrying value of related property, plant and equipment and other non-current assets may be higher than its recoverable amount. Impairment testing was carried out by getting the assets valuation from bank approved valuer and there is no impairment loss required to be recognized.

51. During the previous year, Central Government has reintroduced sugar sales mechanism by allotting monthly sale quota to all the sugar mills in the country. With the result, sales revenue has come down and inventory of sugar has significantly increased. As on March 31, 2020, the Company is carrying inventory of sugar of Rs. 7,346.04 million (comprising finished goods Rs. 7,219.03 million and work in progress Rs. 127.01 million) with valuation at lower of cost and net realizable value. Future net realizable shall be dependent upon the factors on minimum support price, monthly sale quota and sugar production in the Country. The Company is hopeful to get the value at least stated in the accounts.

52. The outbreak of COVID-19 pandemic globally and in India has caused significant disturbance and slowdown of economic activity. The nationwide lockdown restrictions ordered by the Government of India w.e.f. 24th March 2020 led to complete shutdown of operations at Chemical business of the Company which however restarted in limited way from April 02, 2020. However, Sugar & other manufacturing operations of the Company continued without any significant disruptions. Sugar offtake has been lower due to lack of its demand. Ethanol supply was limited in view of low requirement of petroleum products during this period. Further, the Company has assessed the recoverability and carrying values of its assets comprising receivables and other financial assets as at the balance sheet date using various internal and external information up to the date of approval of these financial statements. The impact of COVID-19 may impact the underlying assumptions and estimates used to prepare the Company's financial statements, which may differ from that considered as at the date of approval of these financial statements. Further, due to higher level of uncertainty, the lockdown and its impact, may affect the Company's operations in future and consequently its financial results, which are dependent on the improvement in the overall economic environment and the measures taken by the Company to mitigate the impact of the pandemic.

As per our report of even date
For **S.R.Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No.: 301003E/E300005

For and on behalf of the Board of Directors
of Mawana Sugars Limited

per **ANIL GUPTA**
Partner
Membership No. : 87921

RAVINDER SINGH BEDI
Director
(DIN: 01408189)

B.B. MEHTA
Chief Financial Officer

DHARAM PAL SHARMA
Whole Time Director
(DIN: 07259344)

ASHOK KUMAR SHUKLA
Company Secretary

PIAR CHAND JASWAL
Director
(DIN: 07100098)

Place: New Delhi
Date: June 26, 2020

Form AOC-1

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

Statement containing salient features of the financial statement of subsidiaries and associates

Rs. Million

S. No.	Name of Subsidiary Company	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (loss) before taxation	Provision for taxation w/back	Profit/ (Loss) after taxation	Proposed dividend	% of shareholding
1	Siel Industrial Estate Limited*	473.75	(140.63)	511.40	178.28	-	2.02	(13.97)	1.92	(12.05)	-	100
2	Siel Financial Services Limited	113.23	(159.44)	6.41	52.62	-	0.39	(1.43)	(0.16)	(1.58)	-	93.56
3	Siel Infrastructure & Estate Developers Private Limited*	1,376.16	(10.30)	1,365.96	0.10	1,365.72	0.01	(0.09)	-	(0.09)	-	100
4	Mawana Foods Private Limited	200.37	(204.45)	102.79	114.51	-	1,347.54	(46.62)	0.17	(46.44)	-	33.74

* Includes 28.77 % (Previous year 36.20%) held by Siel Infrastructure & Estate Developers Private Limited (SIEL-IED), a wholly owned subsidiary.

For and on behalf of the Board of Directors

RAVINDER SINGH BEDI
Director
(DIN: 01408189)

B.B. MEHTA
Chief Financial Officer

DHARAM PAL SHARMA
Whole Time Director
(DIN: 07259344)

ASHOK KUMAR SHUKLA
Company Secretary

PIAR CHAND JASWAL
Director
(DIN: 07100098)

Place : New Delhi
Date : June 26, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Mawana Sugars Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Mawana Sugars Ltd. (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the 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 consolidated state of affairs of the Group and its associate as at March 31, 2020, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and associate, 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 audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 57 to the consolidated Ind AS financial statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

INDEPENDENT AUDITOR'S REPORT (Contd.)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Amount of recoverable deferred tax assets with respect to tax losses as carry forward and unabsorbed depreciation</u> (as described in note 19 of the Consolidated Ind AS financial statements)</td></tr>
<tr><td>Deferred tax assets are recognized on tax losses carried forward and unabsorbed depreciation when it is probable that taxable profit will be available against which tax losses and unabsorbed depreciation can be utilized. The Holding Company's ability to recognize deferred tax assets on tax losses and unabsorbed depreciation carried forward is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits and the law and jurisdiction of the taxable items and the assumptions on which these projections are determined by management.

At March 31, 2020, the Holding Company has recognized deferred tax assets amounting to Rs. 848.76 million on the tax losses as carry forward and unabsorbed depreciation.

The management based on cash profits earned during the current year and future profitability projections is confident that there would be sufficient taxable profits in future which will enable the Holding Company to utilize the above deferred tax credit.

Significant management judgement is required to determine the forecasted profits, expected future market, economic conditions, tax laws and the management's expansion plans.

Given the degree of judgement management's decision to recognize and classify deferred tax assets as recoverable, we consider this issue to be a key audit matter.</td><td>Our audit procedures included the following:

• We assessed the methodology applied by the Holding Company with current accounting standards and applicable taxation laws along with the future business forecast of taxable profits. Our audit approach consisted of assessing the business plans used and thus the likelihood that Holding Company would be able to utilize deferred tax assets in the future. In particular, we assessed:

- the underlying projections and assumptions, and their consistency with the latest management estimates as calculated during the budget process and the reliability of the process by which the estimates were calculated, by assessing the reasons for differences between projected and actual performances;

- tested sensitivity of key assumptions used in projections.

- the schedules for the reversal of temporary differences and therefore the opportunities for off setting deferred tax liabilities.

• We also understood the income tax computation process for normal tax and review controls around recognition of Deferred tax assets , and evaluated the design and tested the effectiveness of controls in this area relevant to our audit.

• Engaged tax specialists to technically assess the management prepared schedule for reversal of temporary differences.

• We have assessed the disclosures included in the Consolidated Ind AS financial statements.</td></tr>
<tr><td colspan="2"><u>Impairment testing of investment in Associate</u> (as described in note 48 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>Impairment indicators were identified on the investment and recoverable amounts in associate namely Mawana Foods Private Limited. As a result, an impairment assessment was performed by comparing the carrying value of investment in associate to its recoverable amount to determine whether an impairment was required to be recognised. The recoverable amount was determined to be the higher of the fair value less cost of disposal, and the value in use, determined by discounting future cash flows.

The determination of recoverable amounts of the Holding Company's investment in associate relies on management's estimates of future cash flows and their judgement with respect to the associates' performance.</td><td>Our audit procedures included the following:

• In conjunction with review by technical and valuation specialists, we assessed the Holding Company's valuation methodology applied in determining the recoverable amount and we assessed the assumptions around the key drivers of the cash flow forecasts.

• We tested the Holding Company's internal controls in relation to making and reviewing cash flow projections considering the future business plans.

• We discussed potential changes in key drivers with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable.</td></tr>
</table>

Due to the uncertainty of forecasting and discounting future cash flows, the level of management's judgement involved and the significance of the Holding Company's investment in associate of Rs. 131.57 million as at March 31, 2020, this audit area is considered a key audit matter.	• We performed sensitivity analysis on the key assumptions adopted in the impairment assessment to understand the impact of reasonable changes in assumptions on the estimated recoverable amounts. • We assessed the disclosures made in the consolidated Ind AS financial statements in this regard.
Impairment of Property, plant and equipment ("PPE") and other non-current assets of Mawana Sugar Works (MSW) Unit of the Holding Company *(as described in note 49 of the consolidated Ind AS financial statements)*	
The Mawana Sugar Works unit a separate Cash Generating Unit' of the Company and had negative cash flows in earlier years. This unit manufactures sugar and also generate power from its Cogeneration power plant. The Holding Company is carrying property, plant and equipment and other non-current assets aggregating to Rs. 698.29 million in respect of MSW As a result, there is a risk that the carrying value of related property, plant and equipment and other non-current assets may be higher than their recoverable amount. Our audit focused on this area because the assessment of recoverable value requires management to make a number of key judgements and estimates with respect to the future performance and profitability of the said unit including judgements and estimates on future growth rates of sales and the impact of the general economic environment (including competitors). The carrying values of these assets are reviewed annually by management for potential indicators of impairment. For assets where such indicators exist, management performs detailed impairment reviews, taking into account, inter alia, the impact of revenue assumptions and technical factors which may affect the expected remaining useful lives and carrying value of the assets.	Our audit procedures included the following: • We understood the assessment by the Board of directors of the carrying value of MSW Unit's property, plant and equipment to determine whether any impairment of PPE is required. • In conjunction with review by specialists, we evaluated the Company's assumptions and estimates used to determine the recoverable amount of PPE and other non-current assets of the MSW Unit. • We tested the Company's internal controls in relation to Company's evaluation of assumptions and estimates to determine the recoverable amount of PPE and other non-current assets. • We have assessed the disclosures made in the Consolidated Ind AS financial statements in this regard.
Determination of net realizable value of inventory of sugar at the year ended March 31, 2020 *(as described in note 50 of the consolidated Ind AS financial statements)*	
As on March 31, 2020, the Holding Company is carrying inventory of sugar (finished goods and work in progress) amounting to Rs. 7,346.04 million. The inventory of sugar is valued at lower of cost and net realisable value. The relative size of the inventory of sugar as on March 31, 2020 is significant to the financial statements and also significant judgement was involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and related notifications of the government in determination of net realizable value. Accordingly, determination of net realisable value was determined to be a key audit matter in our audit of the standalone Ind AS financial statements.	Our audit procedures included the following: • We have tested the controls established by the management in determination of net realizable value of inventory of sugar. • We considered various factors including actual selling price prevailing around and subsequent to the year end, minimum selling price & monthly quota and other notifications of the Government of India with respect to sugar industry as a whole while checking the net realizable value. • We have assessed the disclosures included in the consolidated Ind AS Financial statements in this regard.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Subsidies receivable from Government *(as described in note 46 of the consolidated Ind AS financial statements)*	
The Group has subsidies receivable of Rs. 799.33 million against various schemes of the state / central Government. The Group has recognized such subsidies receivables as per the various provisions of the schemes. The amount of such subsidies are re-verified at the various levels by the government agencies and funds are released according to the availability of the overall funds for disposal with these agencies. Therefore, the above process requires a period of time for which management uses assumptions in respect of discount rate and estimated time for receipt of funds from government as specified in note 47 of the standalone Ind AS financial statement. Considering, the nature and amount of receivables and estimating the expected time period of realization of receivables, which requires application of significant judgement to record them at fair value, we consider this as a significant key audit matter from the perspective of our audit.	Our audit procedures included the following: • We assessed that the subsidies are recognized by the Company and evaluated the compliance with the eligibility criteria. • We have evaluated the design and tested the operating effectiveness of controls around the measurement of the said incentives / subsidies. • We have tested arithmetical accuracy by performing recalculation procedure on fair value measurement of the said incentives / subsidies where applicable. • We have assessed the adequacy of the disclosures made in the consolidated Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS 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 consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated 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.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group and its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate 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 the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated Ind AS 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 consolidated Ind AS 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 Holding 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 ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS 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 auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors 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 consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter

INDEPENDENT AUDITOR'S REPORT (Contd.)

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.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of three subsidiaries, whose Ind AS financial statements include total assets of Rs 1,910.08 million as at March 31, 2020, and total revenues of Rs 2.42 million and net cash outflows of Rs 3.13 million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs.15.67 million for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of one associate, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the report(s) of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon 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 of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate Company, none of the directors of the Group's companies and its associate, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, its subsidiary companies and associate Company, incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associate, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company, its subsidiaries and associate incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated Ind AS financial statements – Refer Note 31(C) to the consolidated Ind AS financial statements;

ii. The Group and its associate did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associate, incorporated in India during the year ended March 31, 2020.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**
Partner
Membership Number: 87921
UDIN: 20087921AAAABU7265

Place of Signature: New Delhi
Date: June 26, 2020

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAWANA SUGARS LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Mawana Sugars Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Mawana Sugars Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. 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 the respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting with reference to these consolidated financial statements was established

INDEPENDENT AUDITOR'S REPORT (Contd.)

and maintained and if 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, 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 auditor's 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated 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 control over financial reporting with reference to these consolidated financial statements includes 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 Over Financial Reporting With Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated 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 over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Holding 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to these three subsidiary companies and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and associate incorporated in India.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**
Partner
Membership Number: 87921
UDIN: 20087921AAAABU7265

Place of Signature: New Delhi
Date: June 26, 2020

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

		Notes	As at March 31, 2020	As at March 31, 2019
				Rs. Million
	ASSETS			
(1)	**Non-current assets**			
	Property, plant and equipment	3A	**2,955.96**	2,961.95
	Capital work in progress	3A	**12.81**	78.47
	Intangible assets	3B	**0.85**	-
	Intangible assets under development	3A	**-**	1.98
	Right of use assets	4	**21.45**	-
	Investment in Associates	5A	**131.57**	147.24
	Financial assets			
	- Investments	5B	**#**	#
	- Loans	5B	**-**	-
	- Other	5B	**197.37**	382.47
	Deferred tax assets (net)	19	**710.98**	1,405.59
	Income tax assets (net)	20	**14.57**	34.86
	Other non- current assets	6	**5.27**	98.03
	Total Non-current assets		**4,050.83**	5,110.59
(2)	**Current assets**			
	Inventories	7	**8,535.78**	7,921.65
	Financial assets			
	- Trade receivables	8	**487.49**	372.94
	- Cash and cash equivalents	9	**466.91**	322.71
	- Other Bank Balances	10	**159.25**	155.08
	- Others	5B	**925.67**	47.35
	Other current assets	6	**107.87**	144.28
	Assets classified as held for sale	11	**2.23**	4.64
	Total current assets		**10,685.20**	8,968.65
	Total Assets		**14,736.03**	14,079.24
	EQUITY AND LIABILITIES			
	Equity			
	Equity share capital	12.1	**391.16**	391.16
	Other equity		**2,571.62**	3,418.64
	Equity attributable to equity holder of the Parent		**2,962.78**	3,809.80
	Non Controlling Interest		**1.15**	1.25
	Total Equity		**2,963.93**	3,811.05
	LIABILITIES			
(1)	**Non- current liabilities**			
	Financial liabilities			
	- Borrowings	13.1	**1,943.98**	1,758.59
	Lease liabilities	14.1	**8.12**	-
	- Other financial liabilities	17.1	**-**	2.26
	Other non current liabilities	18.1	**84.12**	182.33
	Provisions	15.1	**132.53**	113.31
	Total non- current liabilities		**2,168.75**	2,056.49
(2)	**Current liabilities**			
	Financial liabilities			
	Borrowings	13.2	**1,664.51**	15.70
	Lease liabilities	13.2	**14.73**	-
	Trade payables			
	- Total outstanding dues to micro and small enterprises	16	**21.68**	9.44
	- Total outstanding dues of creditors other than micro and small enterprises	16	**5,905.24**	6,735.79
	Other financial liabilities	17.2	**1,551.28**	920.60
	Other current liabilities	18.2	**330.40**	286.78
	Provisions	15.2	**51.61**	41.40
	Current tax liabilities (net)	21	**63.90**	201.99
	Total current liabilities		**9,603.35**	8,211.70
	Total equity and liabilities		**14,736.03**	14,079.24
Summary of significant accounting policies		2		
The accompanying notes form an integral part of these financial statements				

As per our report of even date
For S.R.Batliboi & Co. LLP
Chartered Accountants
Firm Registration No.: 301003E/E300005

per ANIL GUPTA
Partner
Membership No. : 87921

For and on behalf of the Board of Directors
of Mawana Sugars Limited

RAVINDER SINGH BEDI
Director
(DIN: 01408189)

B.B. MEHTA
Chief Financial Officer

DHARAM PAL SHARMA
Whole Time Director
(DIN: 07259344)

ASHOK KUMAR SHUKLA
Company Secretary

PIAR CHAND JASWAL
Director
(DIN: 07100098)

Place: New Delhi
Date: June 26, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED MARCH 31, 2020

Rs. Million

		Notes	Year ended March 31, 2020	Year ended March 31, 2019
I	**Income**			
	Revenue from contracts with customers	22	**13,959.27**	11,648.48
	Other income	23	**92.44**	112.66
	Total income (I)		**14,051.71**	11,761.14
II	**Expenses**			
	Cost of materials consumed	24	**10,289.11**	10,137.56
	Purchase of stock-in-trade		**85.49**	53.76
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	**(619.56)**	(3,250.43)
	Employee benefits expenses	26	**793.30**	765.61
	Finance costs	27	**250.56**	241.36
	Depreciation and amortisation expense	28	**660.82**	333.74
	Other expenses	29	**2,678.04**	2,791.00
	Total expenses (II)		**14,137.76**	11,072.60
III	**Share of (loss) of associate**		**(15.73)**	(2.69)
IV	**Profit/(Loss) before tax (I-II+III)**		**(101.78)**	685.85
V	**Tax expense:**			
	Current tax	19	**-**	213.72
	Adjustment of current tax relating to earlier years	19	**30.44**	0.43
	Adjustment of deferred tax relating to earlier years	19	**-**	20.40
	Deferred tax charge	19	**696.90**	47.89
	Total tax expense (V)		**727.34**	282.44
VI	**Profit/(Loss) for the year**		**(829.12)**	403.41
VII	Other Comprehensive Income			
	Items that will not to be reclassified to statement of profit or loss			
	Re-measurement (losses) on defined benefit plans	34	**(20.35)**	(1.90)
	Income tax effect credit	19	**2.29**	0.66
	Share of OCI of associate (net of tax)		**0.06**	(0.07)
			(18.00)	(1.31)
VIII	**Total comprehensive income of the year {Comprising profit/(loss) and other comprehensive income for the year} (VI+VII)**		**(847.12)**	402.10
	Profit/(Loss) for the year			
	Attributed to			
	Equity holders of the Parent		**(829.02)**	403.45
	Non Controlling Interest		**(0.10)**	(0.04)
	Total Comprehensive Income			
	Attributed to			
	Equity holders of the Parent		**(847.01)**	402.14
	Non Controlling Interest		**(0.10)**	(0.04)
	Earnings per equity share {Nominal value of share Rs. 10 (March 31, 2019-Rs.10/-)}	30		
	(1) Basic		**(21.19)**	10.31
	(2) Diluted		**(21.19)**	10.31

Summary of significant accounting policies 2

The accompanying notes form an integral part of these financial statements

As per our report of even date
For S.R.Batliboi & Co. LLP
Chartered Accountants
Firm Registration No.: 301003E/E300005

For and on behalf of the Board of Directors of Mawana Sugars Limited

per ANIL GUPTA
Partner
Membership No. : 87921

RAVINDER SINGH BEDI
Director
(DIN: 01408189)

B.B. MEHTA
Chief Financial Officer

DHARAM PAL SHARMA
Whole Time Director
(DIN: 07259344)

ASHOK KUMAR SHUKLA
Company Secretary

PIAR CHAND JASWAL
Director
(DIN: 07100098)

Place: New Delhi
Date: June 26, 2020

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

		Notes	Year ended March 31, 2020	Year ended March 31, 2019
				Rs. Million
A.	**Cash flow from operating activities :**			
	Profit/(Loss) before tax		**(101.78)**	685.85
Add :	Depreciation and amortisation expense	28	**660.82**	333.74
	Interest expenses	27	**250.56**	241.36
	Share of loss in associate		**15.73**	2.69
	Bad debts written off	29	**0.05**	6.41
	Loss/(Profit) on sale / write off of property, plant and equipment (net)	23&29	**(1.33)**	1.14
Less :	Interest income	23	**57.67**	35.50
	Provision for doubtful debts and advances /write back	23	**-**	11.10
	Profit on sale of current investments	23	**8.61**	14.29
	Liabilities / provision no longer required written back	23	**0.11**	2.51
	Operating profit before working capital changes		**757.66**	1,207.79
	Changes in working capital:			
	Adjustments for (increase) / decrease in operating assets:			
	Inventories	7	**(614.13)**	(3,226.78)
	Trade receivables	8	**(114.55)**	(4.57)
	Financial assets	5	**(567.35)**	(241.17)
	Other assets	6	**35.97**	8.39
	Adjustments for increase / (decrease) in operating liabilities:			
	Trade payables	16	**(818.22)**	1,306.24
	Provisions	15	**9.08**	4.40
	Other financials liabilities	17	**36.72**	11.20
	Other liabilities	18	**36.65**	27.88
	Cash (used in) operations		**(1,238.17)**	(906.62)
	Direct taxes paid		**(148.24)**	(96.31)
	Net cash flow (used in) operating activities (A)		**(1,386.41)**	(1,002.93)
B.	**Cash flow from investing activities :**			
	Purchase of property, plant and equipment, including capital advances	3	**(434.64)**	(257.68)
	Proceeds from sale of property , plant and equipments	3	**3.18**	6.83
	Movement in other bank balances	10	**(21.43)**	24.73
	Sale/(purchase) of current investments (net)		**8.61**	14.29
	Interest received	23	**24.77**	43.20
	Net cash flow (used in) investing activities (B)		**(419.51)**	(168.63)
C.	**Cash flow from financing activities :**			
	Lease payments		**(21.09)**	-
	Repayment of long term borrowings- secured	13	**(648.36)**	(568.89)
	Net increase in working capital borrowings	13	**1,648.81**	-
	Proceeds from long term borrowings	13	**1,314.00**	1,610.00
	Interest paid	27	**(343.24)**	(99.73)
	Net cash flow from financing activities (C)		**1,950.12**	941.38
D.	**Net increase/(decrease) in Cash and cash equivalents (A+B+C)**		**144.20**	(230.18)
E.	**Cash and cash equivalents at the beginning of the year**		**322.71**	552.89
F.	**Cash and cash equivalents at the end of the year (D+E-F)**		**466.91**	322.71

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

			Rs. Million
CASH AND CASH EQUIVALENTS		**Year ended March 31, 2020**	Year ended March 31, 2019
Balances with banks:			
- Current accounts		**318.33**	157.67
Cash on hand		**1.06**	0.93
Fixed deposits with banks		**147.52**	164.11
Total cash and cash equivalents		**466.91**	322.71
Summary of significant accounting policies	2		
The accompanying notes form an integral part of these financial statements			

As per our report of even date
For S.R.Batliboi & Co. LLP
Chartered Accountants
Firm Registration No.: 301003E/E300005

per ANIL GUPTA
Partner
Membership No. : 87921

For and on behalf of the Board of Directors
of Mawana Sugars Limited

RAVINDER SINGH BEDI
Director
(DIN: 01408189)

B.B. MEHTA
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DHARAM PAL SHARMA
Whole Time Director
(DIN: 07259344)

ASHOK KUMAR SHUKLA
Company Secretary

PIAR CHAND JASWAL
Director
(DIN: 07100098)

Place: New Delhi
Date: June 26, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

Rs. Million

	Equity Share Capital	Other equity							Non Controlling Interest	Total Equity
		Reserves and surplus						Attributable to the equity holders of the Parent		
		Securities premium reserve*	Capital redemption reserve*	Capital reserve*	General Reserve	Surplus in the Statement of profit and loss	Storage fund for molasses account*			
As at March 31, 2018	**391.16**	**1,495.04**	**87.72**	**1,030.17**	**4.54**	**394.97**	**4.06**	**3,016.50**	**1.29**	**3,408.95**
Add: Profit/(Loss) for the year	-	-	-	-	-	403.45	-	403.45	(0.04)	403.41
Add: Transfer to/(from) storage fund for molasses	-	-	-	-	-	(0.59)	0.59	-	-	-
Add: Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	(1.31)	-	(1.31)	-	(1.31)
As at March 31, 2019	**391.16**	**1,495.04**	**87.72**	**1,030.17**	**4.54**	**796.52**	**4.65**	**3,418.64**	**1.25**	**3,811.05**
Add: (Loss) for the year	-	-	-	-	-	**(829.02)**	**-**	**(829.02)**	**(0.10)**	**(829.12)**
Add: Transfer to/(from) storage fund for molasses	-	-	-	-	-	**(1.27)**	**1.27**	**-**	**-**	**-**
Add: Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	**(18.00)**	**-**	**(18.00)**	**-**	**(18.00)**
As at March 31, 2020	**391.16**	**1,495.04**	**87.72**	**1,030.17**	**4.54**	**(51.77)**	**5.92**	**2,571.62**	**1.15**	**2,963.93**

*Refer note no. 12.2

Summary of significant accounting policies 2

The accompanying notes form an integral part of these financial statements

As per our report of even date
For S.R.Batliboi & Co. LLP
Chartered Accountants
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per ANIL GUPTA
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Director
(DIN: 07100098)

Place: New Delhi
Date: June 26, 2020

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

1. Group Overview

The consolidated financial statements comprises financial statements of Mawana Sugars Limited ("the Parent Company") and its subsidiaries(collectively, the Group) and associate for the year ended March 31, 2020

Parent Company is a public limited Company domiciled and incorporated in India under the provisions of the Companies Act, 2013. Its shares are listed on two recognized stock exchanges in India. The registered office of the Parent Company is situated at 5th floor, Kirti Mahal, 19 Rajendra Place, New Delhi 110008. As at March 31,2020, Mr. Siddharth Shriram (including shares held as trustee of Enterprise Trust) owns 63.49% of equity share capital of the Parent Company.

Major products along with principal places of business of the Group are as under:

Products	Principal Places
Sugar (Sugar and Power)	Mawana Sugar Works, Uttar Pradesh Nanglamal Sugar Complex, Uttar Pradesh
Chlor Alkali Products	Siel Chemical Complex, Punjab
Industrial Alcohol (Ethanol)	Nanglamal Sugar Complex, Uttar Pradesh

The consolidated financial statements were approved by the Board of Directors and authorised for issue on June 26, 2020.

2. Significant accounting policies

The accounting policies, as set out below, have been consistently applied, by the Group, to all the years presented in the financial statements.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

The consolidated financial statements of the Group have been prepared on an accrual basis and under the historical cost basis, except for the following assets and liabilities which have been measured at fair value-

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Defined benefit plans – plan assets measured at fair value,
- Investment in other debt instruments (i.e. preference shares)

The preparation of consolidated financial statements requires the use of certain significant accounting estimates and judgements. It also requires the management to exercise judgement in applying the Group's accounting policies. The areas where estimates are significant to the consolidated financial statements, or areas involving a higher degree of judgement or complexity, are disclosed in note 2.6.

All the amounts included in the financial statements are reported in millions of Indian Rupees ('Rupees' or 'Rs.'), except number of shares, face value of share, earning per share or wherever otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries and associate as at March 31, 2020. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains about the accounting of goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. However the minority interests has been restricted to zero on the transition date i.e. April 01, 2016 using the exemption provided by the Ind AS 101 and the accumulated losses attributable to the minorities in excess of their equity on the transition date, in the absence of the contractual obligation on the minorities, the same has been accounted for by the Parent Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(d) An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investment in Associates has been accounted for using the equity method. The excess of cost of investment over the proportionate share in equity of the Associate as at the date of acquisition of stake has been identified as Goodwill and included in the carrying value of the Investment in the Associate. Amortisation of that goodwill is not permitted. Similarly, the excess of proportionate share in equity of the associate over the cost of investment as at the date of acquisition of stake has been recognised directly in equity as Capital Reserve in the period in which the investment is acquired. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually. The statement of profit and loss includes the Group's share of the results of operations of the associate. Any change in OCI of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies of associate in line with those of the Group.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.3 Changes in accounting policies and disclosures

IND AS 116 Leases

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

IND AS 116, Leases, replaces the existing standard on accounting for leases, IND AS 17, with effect from 01 April 2019. This standard introduces a single lessee accounting model and requires a lessee to recognize a 'right of use asset' (ROU) and a corresponding 'lease liability' for all leases. Lease costs are to be recognised in the income statement over the lease term in the form of depreciation on the ROU asset and finance charges representing the unwinding of the discount on the lease liability. In contrast, the accounting requirements for lessors remain largely unchanged.

The Group acts as a lessee in lease arrangements mainly involving office premises and other properties. The Group has elected to apply the modified retrospective approach on transition, and accordingly the comparative numbers have not been restated. For contracts in place as at 01 April 2019, the Group has continued to apply its existing definition of leases as under IAS 17 ("grandfathering"), instead of reassessing whether existing contracts are or contain a lease at that date. Further, the Group has elected to avail the exemption in IND AS 16 from applying the requirements of IND AS 16 to short-term leases except lease taken from related parties of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. . In case of lease contracts with related parties, there exist economic incentive for the Group to continue using the leased premises for a period longer than the 11 months and considering the contract is with the related parties, it does not foresee non-renewal of the lease term for future periods, thus basis the substance and economics of the arrangements, management believes that under Ind AS 116, the lease terms in the arrangements with related parties have been determined considering the period for which management has an economic incentive to use the leased asset (i.e. reasonable certain to use the asset for the said period of economic incentive). Such assessment of incremental period is based on management assessment of various factors including the remaining useful life of the asset as on the date of transition. The management has assessed period of arrangements with related parties as 3 years as at April 01, 2019. The lease payments associated with the short term except leases taken from related parties leases are recognized as an expense on a straight-line basis over the lease term. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Based on the above, as at 1 April 2019:

> Right-of use assets of Rs 40.68 million were recognised and presented separately in the balance sheet.

> Lease liabilities of Rs. 40.68 million were recognised and presented separately in the balance sheet.

On application of Ind AS -116, In the statement of profit and loss for the current year, operating lease expenses has changed from rent to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

Assets	Rs. million
Operating lease commitments as at 31 March 2019	0
Weighted average incremental borrowing rate as at 1 April 2019	0
Discounted operating lease commitments as at 1 April 2019	0
Add:	
Lease payments not included in operating lease commitments as at 31 March 2019 but presented as lease liabilities as per IND AS 116	40.68
Lease liabilities as at 1 April 2019	40.68

Prior period accounting policy: Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment 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.

Group as a lessee

(a) A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

(b) Leases, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Appendix had an impact on its consolidated financial statements.

The Appendix did not have an impact on the financial statements of the Group.

Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no impact on the financial statements of the Group.

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the year.

Amendments to Ind AS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests.

The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 *Investments in Associates and Joint Ventures.*

These amendments had no impact on the financial statements.

- **Ind AS 103 Business Combinations**

  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2019.

These amendments had no impact on the financial statements of the Group as there is no transaction where joint control is obtained.

- **Ind AS 111 Joint Arrangements**

  An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. The amendments clarify that the previously held interests in that joint operation are not remeasured.

  An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 April 2019.

  These amendments had no impact on the financial statements of the Group as there is no transaction where a joint control is obtained.

- **Ind AS 12 Income Taxes**

  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

  An entity applies the amendments for annual reporting periods beginning on or after 1 April 2019.

  Since the Group's current practice is in line with these amendments, they had no impact on the financial statements of the Group.

- **Ind AS 23 Borrowing Costs**

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019.

  Since the Group's current practice is in line with these amendments, they had no impact on the financial statements of the Group.

2.4 Change in accounting estimate

During the quarter ended March 31, 2019, Parent Company has re-evaluated the pattern of economic benefits derived from Property, Plant and Equipment (PPE) and related cost of maintenance of these PPE. Based on such evaluation, it believes that the amount of maintenance expenditure for the plant is expected to be higher in coming years and therefore to equate the cost of operations of the plant, on its existing efficiency, the management has decided to change the method of providing depreciation on its PPE from straight line method to written down value method, considering the overall life to be same as contemplated before such change.

Had the Parent Company followed the same method as followed in first nine months period of previous year, depreciation for current year would have been lower by Rs.292.21 million and PPE would have been higher by Rs.292.21 million.

2.5 Summary of Significant Accounting Policies

(i) Basis of classification of Current and non-current

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset has been classified as current when it is:

i) Expected to be realised in or intended to be sold or consumed in normal operating cycle

ii) Held primarily for the purpose of trading

iii) Expected to be realised within twelve months after the reporting period, or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability hasbeen classified as current when:

i) It is expected to be settled in normal operating cycle

ii) It is held primarily for the purpose of trading

iii) It is due to be settled within twelve months after the reporting period, or

iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(ii) Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (‘functional currency’).

The financial statements are presented in Indian Rupees which is the functional and presentation currency of the Group.

(b) Initial recognition

Transactions in foreign currencies are initially recorded in the functional currency at the spot exchange rates prevailing at the date of the transaction when it first qualifies for recognition.

(c) Translation on reporting date

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value denominated in a foreign currency are, translated using the exchange rates that existed when the fair value was determined.

(d) Exchange differences

Exchange differences arising on translation or settlement of monetary items are recognised in the statement of profit and loss.

The equity items denominated in foreign currencies are translated at historical cost.

(iii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

(iv) Revenue from contracts with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in all its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.6.

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit term is around 30 days upon delivery. In determining the transaction price for sale of goods, the Group considers the effect of variable consideration, the existence of significant financing components and consideration payable to the customer (if any).

I) Variable Consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

a) Right of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

b) Volume rebate

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

II) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that goods or service will be one year or less.

III) Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (xviii) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

IV) Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Cost to obtain a contract

The Group pays sales commission to agents for each contract that they obtain for sale of goods. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commission (included under other expenses) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

(v) Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalment. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

For the outstanding loans received from the Government at the interest rate below the current market rates, is recognised at carrying value of previous GAAP as on date of transition on account of mandatory exemption available for the first time adoption under IND AS 01.

(vi) Taxes

Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is recognised using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, if any. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if an only if a legally enforceable right to set off current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authorities.

Deferred tax assets include Minimum Alternate Tax (‘MAT’) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability and is considered as an asset if it is probable that future taxable profit will be available against which these tax credit can be utilised. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when it is highly probable that future economic benefit associated with it will flow to the Group. MAT credit is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Goods and Service tax (GST)/Sales/Value added taxes on acquisition of assets or on incurring expenses.

When GST amount incurred on purchase of assets or services is not recoverable from the taxation authority, the GST paid is recognised as part of cost of acquisition of the asset or part of the expense item, as applicable. Otherwise, expenses and assets are recognised net of the amount of GST paid. The net amount of GST recoverable from or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(vii) Property, plant and equipment(‘PPE’)

On transition to Ind AS i.e. 1st April 2016, the Group has elected to continue with the carrying value of all its property, plant and equipment (PPE) recognized as at the transition date measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE.

An item of PPE is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably.

PPE are initially recognised at cost, net of accumulated depreciation and and accumulated impairment loss, if any. Capital work in progress are stated at cost, net of impairment loss, if any. Cost comprises the purchase price, including import duties and non- refundable purchase taxes, and any directly attributable cost of bringing the asset to its working condition for its intended use Such cost includes borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. Freehold land is carried at historical cost. When significant parts are required to be replaced at regular intervals, the Group recognises such parts as separate component of assets and depreciates separately based on their specific useful life. When an item of PPE is replaced, then its carrying amount is de-recognised and cost of the new item of PPE is recognised.

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories. They are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/capital/ critical spares, whichever is lower.

The expenditures those are incurred after the item of PPE has been put to use, such as repairs and maintenance, are charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where such expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Group, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on property, plant and equipment with effect from January 1, 2019 is provided on written down value basis using the rates as specified in Part C of Schedule II of the Companies Act, 2013, as set out below:

Assets	Useful life (Years)
Buildings (including Roads)	5-60
Plant & Equipment	3-40
Office Equipment (including Data Processing Equipment)	3-6
Furniture and Fixtures	10
Motor Vehicles	8

The management has estimated the useful life of following assets is different from those indicated in Schedule II :

Assets	Useful life (Years)
Building-Green house type shed of Bio-compost yard	25
Building-Polythene membrane	5
Components of certain plant and equipment	3 to 15

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at each reporting date. The effect of any change in the estimated useful lives, residual values and / or depreciation method are accounted for prospectively, and accordingly the depreciation is calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed off are de-recognised from the balance sheet and the resulting gains / (losses) are included in the statement of profit and loss within other expenses / other income.

The cost of capital work-in-progress is presented separately in the balance sheet.

(viii) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a written down value basis over the estimated useful economic life. The estimated useful life and amortisation method are reviewed at the end of each reporting period.

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

► The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

► Its intention to complete and its ability and intention to use or sell the asset

► How the asset will generate future economic benefits

► The availability of resources to complete the asset

► The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets are amortised on the straight-line method as per the useful life assessed based on expected future benefit, taking into account the nature of the asset, the estimated usage of the asset:

	As per management estimate
Software	- 3 years

During the period of development, the asset is tested for impairment annually.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

(ix) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are 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 asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available, and if no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses, if any, are recognized in Statement of Profit and Loss as a component of depreciation and amortisation expense.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited to the extent the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of profit and loss when the asset is carried at the revalued amount, in which case the reverse is treated as a revaluation increase.

(x) Leases

Policy applicable with effect from April 1, 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis from the commencement date over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (ix) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities and Right-of-use assets have been presented as a separate line in the balance sheet. Lease payments have been classified as cash used in financing activities.

iii) Short-term leases except leases taken from related parties and leases of low-value assets

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases except leases taken from related parties of all assets that have a lease term of 12 months or less and leases of low-value assets. In case of lease contracts with related parties, there exist economic incentive for the Group to continue using the leased premises for a period longer than the 11 months and considering the contract is with the related parties, it does not foresee non-renewal of the lease term for future periods, thus basis the substance and economics of the arrangements, management believes that under Ind AS 116, the lease terms in the arrangements with related parties have been determined considering the period for which management has an economic incentive to use the leased asset (i.e. reasonable certain to use the asset for the said period of economic incentive). Such assessment of incremental period is based on management assessment of various factors including the remaining useful life of the asset as on the date of transition. The management has assessed period of arrangements with related parties as 3 years as at April 01, 2019.The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease.

(xi) Inventories

Inventories are valued at the lower of cost and net realisable value.

The Cost is determined as follows:

(a) Stores and spares, Packing Materials, Raw Materials and Stock in trade except land: Moving weighted average method

(b) Stock in trade being land: Valued at lower of cost or Net realizable value. Cost includes Cost of land, the related cost of acquisition, enhancement compensation awarded by courts at various levels, construction costs, borrowing costs incurred to get the properties ready for their intended use.

(c) Work-in-progress: Material cost on weighted average method and appropriate manufacturing overheads is included on absorption costing basis.

(d) Finished goods (manufactured/produced): Material cost on weighted average method and appropriate manufacturing overheads is included on absorption costing

(e) By products included under raw materials, finished goods and work-in-progress: Net realisable Value except for BH Molasses wherein cost of sugar lost for the same is included as part of cost of this product.

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes the necessary cost incurred in bringing inventory to its present location and condition necessary for use.

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

(xii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xiii) Non-Current Asset held for sale

The Group classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/ distribution classification is regarded met only when the assets or disposal group is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal groups), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale/ distribution of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

(xiv) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs include interest and amortization of ancillary cost incurred in connection with the arrangement of borrowing.

(xv) Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed onlyby the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

A contingent asset is a possible asset that arises from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

(xvi) Earnings per share

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

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

(xvii) Employee benefits

The Group’s employee benefits mainly include wages, salaries, bonuses, contribution to plans, defined benefit plans, compensated absences and share-based payments. The employee benefits are recognised in the year in which the associated services are rendered by the Group employees.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(a) Defined contribution plans

The Group's contribution to provident fund, pension scheme, employee state insurance corporation, etc. are considered as defined contribution plans and are recognised in profit or loss as and when the services are rendered by employees. The Group has no further obligations under these plans beyond its periodic contributions.

(b) Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. The said plan requires a lump-sum payment to eligible employees (meeting the required vesting service condition) at retirement or termination of employment, based on a pre-defined formula.

The obligation towards the said benefits is recognised in the balance sheet, at the present value of the defined benefit obligations less the fair value of plan assets (being the funded portion). The present value of the said obligation is determined by discounting the estimated future cash outflows, using interest rates of government bonds.

The interest income / (expense) are calculated by applying the above mentioned discount rate to the plan assets and defined benefit obligations liability. The net interest income / (expense) on the net defined benefit liability is recognised in the statement of profit and loss. However, the related re-measurements of the net defined benefit liability are recognised directly in the other comprehensive income in the period in which they arise. The said re-measurements comprise of actuarial gains and losses (arising from experience adjustments and changes in actuarial assumptions), the return on plan assets (excluding interest). Re-measurements are not re-classified to the statement of profit and loss in any of the subsequent periods, however, included in retained earnings in the statement of change in equity and in the balance sheet.

(c) Compensated Absences Benefits

The employees of the Group are entitled to compensated absences. Compensated absences benefit comprises of encashment and availment of leave balances that were earned by the employees over the period of past employment. The Group provides for the liability towards the said benefit on the basis of actuarial valuation carried out annually as at the reporting date, using the projected-unit-credit method. The related re-measurements are recognised in the statement of profit and loss in the period in which they arise.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. The Group presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(xviii) Research and Development

Revenue Expenditure on research and development is expensed out under respective heads of account in the year in which it is incurred.

Development expenditure is recognised as an asset at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and asset is available for use. It is amortised over the period of expected future benefits.

(xix) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All the financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

Non-derivative financial instruments

i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates that are solely payments of principal and interest on principal amount outstanding. Further in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments the subsequent changes in fair value are recognized in other comprehensive income.

iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair value throughprofit or loss.

(b) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

i) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortization.

ii) Borrowings

On initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

(c) Derecognition of financial instruments

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IND AS 109. A financial liability (or a part of the financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expired.

(d) Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments

(e) Impairment of financial assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. 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 recognized as an impairment gain or loss in statement of profit or loss.

(f) Reclassification

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

(g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(xx) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits and liquid fund investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(xxi) Cash dividend

The Group recognises a liability to make cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.6. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. In determing fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation method is used. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

c) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

d) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in note 34.

e) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Group is entitled to MIEQ subsidy from Government in the form of government grant and recognise amount receivable from government as subsidy receivable when the Group is entitled to receive it to match them with expenses incurred for which they are intended to compensate. The Group records subsidy receivable by discounting it to its present value. The Group uses assumptions in respect of discount rate and estimated time for receipt of funds from government. The Group reviews its assumptions periodically, including at each financial year end.

Assumptions used for estimated time for Receipt and Discount Rate:

The expected date of receipt of such subsidy was considered as 13 months from the date of accrual of such subsidy i.e. from March 31, 2019. The Company had used 11% discount rate for such subsidy accrued as on March 31, 2019. In respect of subsidy receivable as on March 31, 2020, expected date of receipt is considered as less than 12 months based on previous year's experience.

(f) Useful life of Property, plant and equipment

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date.

3A. Property, plant and equipment

Rs. Million

	Freehold Land	Buildings	Plant and equipment	Office equipment	Furniture and Fixtures	Vehicles	Cylinders (on finance lease)	Total	Capital work in progress	Intangible assets under development
Gross Block										
(At cost)										
As at March 31, 2018	253.44	586.19	2,720.25	15.42	2.37	5.71	18.67	3,602.05	81.80	1.98
Additions	-	16.57	146.61	3.38	0.70	3.47	-	170.73	-	-
Disposals	-	-	(10.01)	(0.36)	(0.26)	-	(18.67)	(29.30)	(3.33)	-
Reclassified as assets held for sale	-	-	0.62	-	-	-	-	0.62	-	-
As at March 31, 2019	253.44	602.76	2,857.47	18.44	2.81	9.18	-	3,744.10	78.47	1.98
Additions	-	62.94	554.16	3.71	0.15	-	-	620.96	-	-
Borrowing cost	-	-	12.46	-	-	-	-	12.46	-	-
Disposals	-	-	(4.61)	-	-	-	-	(4.61)	(65.66)	(1.98)
Reclassified from assets held for sale	-	-	1.05	-	-	-	-	1.05	-	-
As at March 31, 2020	**253.44**	**665.70**	**3,420.53**	**22.15**	**2.96**	**9.18**	**-**	**4,373.97**	**12.81**	**-**
Depreciation and impairment										
As at March 31, 2018	-	53.02	392.38	9.17	1.25	1.27	15.16	472.25	-	-
Depreciation charge for the year	-	45.69	278.64	3.89	0.32	1.69	3.51	333.74	-	-
Disposals	-	-	(4.57)	(0.35)	(0.26)	-	(18.67)	(23.85)	-	-
As at March 31, 2019	-	98.71	666.45	12.71	1.31	2.96	-	782.14	-	-
Depreciation charge for the year	-	94.76	535.76	5.78	0.64	3.04	-	639.98	-	-
Disposals	-	-	(4.47)	-	-	-	-	(4.47)	-	-
Reclassified as assets held for sale	-	-	0.35	-	-	-	-	0.35	-	-
As at March 31, 2020	**-**	**193.47**	**1,198.09**	**18.49**	**1.95**	**6.00**	**-**	**1,418.00**	**-**	**-**
Net book value										
As at March 31, 2020	**253.44**	**472.23**	**2,222.44**	**3.66**	**1.01**	**3.18**	**-**	**2,955.96**	**12.81**	**-**
As at March 31, 2019	253.44	504.05	2,191.02	5.73	1.50	6.22	-	2,961.95	78.47	1.98

Notes :

1. Refer note 13 for information on property, plant and equipment pledged as charged on security.
2. Capital work in progress includes below expenses :

Rs. Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance brought forward	**3.28**	-
Legal and Professional Expenses	**0.34**	2.75
Interest on borrowings (Net of interest subvention of Rs 11.93 million, March 31, 2019 Rs 0.53 million)*	**11.93**	0.53
Insurance	**0.49**	-
Miscellaneous expenses	**0.05**	-
Total	**16.09**	3.28
Less : Capitalised during the year	**(16.09)**	-
Carried forward	**-**	3.28

* The rate used to determine the amount of borrowing costs eligible for capitalisation was 12% p.a., gross of interest subvention, which is the effective interest rate of the specific borrowing.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

3B. Intangible Assets

Rs. Million

	Software	Total
Gross Block		
(At cost)		
As at March 31, 2018	-	-
Additions	-	-
As at March 31, 2019	-	-
Additions	2.46	2.46
As at March 31, 2020	**2.46**	**2.46**
Amortisation and impairment		
As at March 31, 2018	-	-
Amortisation for the year	-	-
As at March 31, 2019	-	-
Amortisation for the year	1.61	1.61
As at March 31, 2020	**1.61**	**1.61**
Net book value		
As at March 31, 2020	**0.85**	**0.85**
As at March 31, 2019	-	-

4. Right-of-use Asset

The Group has lease contracts for various Warehouses, corporate office and equipment's used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets. The Group also has certain leases of assets with lease terms of 12 months or less. The Group applies the short-term lease recognition exemptions for these leases other than from related parties.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Particulars	**Right of use Assets**
Gross carrying amount	
Opening gross carrying amount April 01, 2019	-
Additions	40.68
Disposals	(12.11)
Closing Gross carrying amount March 31, 2020	**28.57**
Amortisation / Depletion	
Opening amortisation/depletion April 01, 2019	-
Amortisation for the year	19.23
Disposal	(12.11)
Closing accumulated amortisation	**7.12**
Net Carrying amount March 31, 2020	**21.45**

5A. Investment in associates

Rs. Million

	As at March 31, 2020	As at March 31, 2019
6,759,801 (March 31, 2019: 6,759,801) equity shares of Rs. 10 each fully paid up of Mawana Foods Private Limited (Including Goodwill of Rs. 132.95 million)	**147.24**	150.00
Add/Less : Share of (loss) for the year/period	**(15.73)**	(2.69)
Add/Less : Share of OCI of profit/(loss) for the year/period	**0.06**	(0.07)
Total	**131.57**	147.24

5B. Financial assets

Rs. Million

		As at March 31, 2020	As at March 31, 2019
1	**Investments**		
(I)	**Other Investments**		
	Unquoted equity instruments at cost		
	2 (March 31, 2019: 2) equity shares of Rs. 10 each Rs. 5 per share paid up of Mawana Co-operative Development Union Limited (# Rs. 10)[1]	**#**	#
	2 (March 31, 2019: 2) equity shares of Rs. 10 each Rs. 5 per share paid up of Ramraj Co-operative Cane Development Union Limited (# Rs. 10)[1]	**#**	#
	54 (March 31,2019 : 54) equity shares of Rs. 10 each fully paid-up of SFSL Investments limited (# Rs. 540)	**#**	#
	Less : Provision for dimination in value (# 540)	**#**	#
	295700 (March 31, 2019 : 295700) equity shares of Rs. 10 each fully paid-up of MSD Industrial Enterprises Limited	**10.82**	10.82
	Less : Provision for diminution in value in the value of above investment	**(10.82)**	10.82
	Total (# Rs. 560)	**#**	#
	Aggregate value of unquoted investments	**#**	#
	Aggregate value of quoted investments	**-**	-

[1] Represent investments transferred from DCM Limited under the Scheme of Arrangement and are pending endorsement in the name of the Parent Company.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

			Rs. Million
		As at March 31, 2020	As at March 31, 2019
2.	**Loans**		
	(Unsecured, considered good except, unless otherwise stated)		
	Non- current		
	Dues from employees-Credit impaired	**0.04**	0.04
	Other Loans and advances		
	-Credit impaired	**125.74**	125.74
		125.78	125.78
	Less : Impairment allowance (allowances for bad and doubtful advances)	**125.78**	125.78
	Total	**-**	-
3.	**Other financial assets**		
	(Unsecured, considered good except, unless otherwise stated)		
	Non- current		
	Security deposits		
	Considered Good	**169.93**	116.18
	Credit impaired	**0.53**	0.53
	Fixed deposits with banks (Margin money)	**25.70**	7.16
	Fixed deposits with banks (Earmarked)	**0.70**	1.98
	Subsidies receivable	**-**	256.50
	Interest accrued on deposits	**1.04**	0.65
		197.90	383.00
	Less : Impairment allowance (allowances for bad and doubtful advances)	**0.53**	0.53
		197.37	382.47
	Current		
	Unsecured and Considered Good		
	-Security deposits	**2.24**	0.72
	-Dues from employees	**1.33**	0.72
	Interest subvention receivable	**75.71**	-
	Buffer stock subsidy receivable {Refer note 46(b)}	**94.90**	4.36
	Export subsidy receivable {Refer note 46(a)}	**704.43**	-
	Interest receivable from related party (Refer note 35)	**1.10**	-
	Interest accrued on deposits	**10.69**	11.66
	Other Loans and advances		
	-Considered Good	**34.54**	29.58
	-Considered Good- Related Parties* (Refer note 35)	**0.73**	0.31
		925.67	47.35
	Total	**1,123.04**	429.82

Break up of financial assets carried at amortised cost:

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Investments {Refer note 5B}	**#**	#
Trade receivables (Refer note 8)	**487.49**	372.94
Cash and cash equivalents (Refer note 9)	**466.91**	322.71
Other bank balances (Refer note 10)	**159.25**	155.08
Other financial assets (Refer note 5B)	**1,123.04**	429.82
Total	**2,236.69**	1,280.55

* Loans to related parties are interest free in nature.

6. Other assets

Rs. Million

	As at March 31, 2020	As at March 31, 2019
(Unsecured and Considered Good)		
Non- Current		
Capital advances		
'-Other than related party	**2.25**	95.40
Prepaid expenses	**3.02**	2.63
	5.27	98.03
Current		
Unbilled revenue	**28.44**	57.88
Taxes and other balances with government authorities	**39.56**	45.73
Prepaid expenses	**21.94**	15.33
Advances to vendors	**16.75**	24.25
Claim recoverable	**0.26**	1.02
Other advances	**0.92**	0.07
	107.87	144.28
Total	**113.14**	242.31

7. Inventories

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Raw and packing materials {includes material in transit Rs. 3.48 million (March 31, 2019-Rs. 3.19 million)}	**72.47**	86.27
Work-in-progress	**233.85**	186.87
Finished goods {includes material in transit Rs. 0.97 million (March 31, 2019-Rs. 6.52 million)}	**7,561.28**	6,998.94
Stock in Trade	**543.75**	533.51
Stores and Spares {includes material in transit Rs 2.83 million (March 31, 2019-Rs 10.53 million)}	**124.43**	116.06
Total*	**8,535.78**	7,921.65

* Cost of inventories recognized as expense includes Rs. 149.57 million (March 31, 2019, Rs. 372.53 million) in respect of write down of inventories to net realizable value.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

8. Trade receivables

Rs. Million

	As at March 31, 2020	As at March 31, 2019
(Unsecured, except unless otherwise stated, considered good, except unless otherwise stated)		
Outstanding for a period exceeding six months from the due date for payment		
Secured - considered good	**0.40**	0.20
Unsecurd - considered good -related party (Refer note 35)	**0.13**	-
Unsecurd - considered good	**60.11**	6.80
- credit impaired	**1.17**	1.17
	61.81	8.17
Less: Impairment allowance (allowances for bad and doubtful debts)	**1.17**	1.17
	60.64	7.00
Other receivables		
Secured - considered good	**10.13**	11.30
Unsecurd - considered good -related party (Refer note 35)	**50.07**	34.66
- considered good	**366.65**	319.98
Total	**487.49**	372.94

No trade or other receivables are due from directors of the Parent Company.

9. Cash and cash equivalents

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
- Current accounts	**318.33**	157.67
Cash on hand	**1.06**	0.93
Fixed deposits with banks (with original maturity of 3 months or less)	**147.52**	164.11
Total	**466.91**	322.71

Changes in liabilities arising from financing activities

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Opening Balance	**2,393.68**	1,428.20
Cash Flows (net)	**2,314.45**	1,041.11
Changes in fair values	**153.53**	(75.63)
Closing Balance	**4,861.66**	2,393.68

10. Other Bank Balances

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Balance held as margin money or security against borrowings, guarantees and other commitments	**147.53**	151.95
Fixed deposits (having remaining maturity more then 3 month but within 12 month)	**4.81**	-
Fixed deposits with banks (Earmarked)	**6.91**	3.13
Total	**159.25**	155.08

11. Assets classified as held for sale

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Plant and equipment	**2.23**	4.64
Office equipment	**-**	#
Total	**2.23**	4.64

 # Office equipments of Rs. Nil. (Previous Year Rs. 2500/-)

12.1 Share Capital

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Authorised :		
100,000,000 (March 31, 2019: 100,000,000) equity shares of Rs.10 each	**1000.00**	1,000.00
7,500,000 (March 31, 2019: 7,500,000) preference shares of Rs. 100 each	**750.00**	750.00
	1,750.00	1,750.00
Issued :		
39,115,672 (March 31, 2019: 39,115,672) equity shares of Rs. 10 each fully paid up	**391.16**	391.16
Subscribed and fully paid up :		
39,115,672 (March 31, 2019: 39,115,672) equity shares of Rs.10 each fully paid up	**391.16**	391.16
	391.16	391.16

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

a) Reconciliation of authorised, issued and subscribed and fully paid up share capital:

i. Reconciliation of authorised share capital as at year end :

	Equity shares	
	Number of shares	Rs. Million
At March 31, 2018	10,00,00,000	1,000.00
Increase/(decrease) during the year	-	-
As at March 31, 2019	10,00,00,000	1,000.00
Increase/(decrease) during the year	-	-
As at March 31, 2020	**10,00,00,000**	**1,000.00**

	Preference shares	
	Number of shares	Rs. Million
At March 31, 2018	75,00,000	750.00
Increase/(decrease) during the year	-	-
As at March 31, 2019	75,00,000	750.00
Increase/(decrease) during the year	-	-
As at March 31, 2020	**75,00,000**	**750.00**

ii. Reconciliation of issued and subscribed and fully paid up share capital at the begining and end of the reporting year :

	Number of shares	Rs. Million
At March 31, 2018	3,91,15,672	391.16
Issued during the year	-	-
At March 31, 2019	3,91,15,672	391.16
Issued during the year	-	-
At March 31, 2020	**3,91,15,672**	**391.16**

b) Terms/ rights attached to equity shares:

The Parent Company has only one class of equity shares having a par value of Rs. 10 per share. Each share holder of equity shares is entitled to one vote per share except 1,192 equity shares held by Siel Infrastructure & Estate Developers Private Limited, a subsidiary which pursuant to second proviso of Section 19(1) of the Companies Act, 2013, has no right to vote at meeting of the Parent Company. Each holder of equity shares have a right to receive per share dividend declared by the Parent Company. In event of liquidation of the Parent Company, holder of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year, no interim/ final dividend has been paid or proposed by the Parent Company.

c) Details of shareholders holding more than 5% of equity shares in the Parent Company

Name of the shareholder	**As at March 31, 2020**		As at March 31, 2019	
	No. of shares held	**% holding in the equity shares**	No. of shares held	% holding in the equity shares
Mr. Siddharth Shriram (including shares held as trustee of Enterprise Trust)	**24,834,248**	**63.49%**	24,834,248	63.49%

As per records of the Parent Company including its register of shareholders/members and other declarations received form share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

12.2 Nature and Purpose of Reserves

Securities Premium Reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Capital redemption reserve

Capital redemption reserve (CRR) is used to record the amount equal to the nominal value of equity shares buy back or redemption of preference shares. As per provisions of the Companies Act, 2013, CRR can be utilised only for paying up unissued shares of the Parent Company to be issued to members of the Parent Company as fully paid bonus shares.

Capital Reserve

Capital reserve includes Rs. 991.46 million representing the extinguishment of the debts of erstwhile Mawana Sugars Limited (MSL), which got discharged pursuant to the surplus arising on sale of shares of Shivajimarg Properties Limited and Rs. 38.71 million representing the extinguishment of preference share capital.

Storage fund for molasses account

As per Rule 3(1) of UP Sheera Niyantran Niyamawali,1974, Molasses Storage Fund is created from the sale price of molasses and shall be utilized for the purpose of construction, erection and repair & maintenance of adequate storage facility of Molasses. Also it may be spent on abatement measures for control of pollution and or any other bonafide development activities which the Controller of molasses consider necessary.

13. Borrowings#

Rs. Million

		As at March 31, 2020	As at March 31, 2019
13.1	**Non current borrowings (at amortised cost)**		
	Secured (Refer note 13.3)		
	Term loans		
	-From banks	**2,548.12**	1,407.53
	-From financial institution	**640.48**	953.35
	-From others	**8.55**	17.10
		3,197.15	2,377.98
	Less: Amount clubbed under “other financial liabilities” 1 (Refer Note 17.2)	**1,253.17**	619.39
		1,943.98	1,758.59
13.2	**Current borrowings**		
	Secured		
	Loans repayable on demand - Cash credit/overdrafts from banks	**1,648.81**	-
	Unsecured		
	Loans - Others ##	**15.70**	15.70
	Total current borrowings	**1,664.51**	15.70
	Total borrowings	**3,608.49**	1,774.29

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

[1] **Details of current maturities of long term borrowings are as under:**

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Borrowings		
Term loans		
From banks	**604.14**	163.98
From financial institutions	**640.48**	446.86
From others	**8.55**	8.55
Total	**1,253.17**	619.39

\# During the year ended March 31, 2020, the Parent Company has received a soft loan of Rs. 1,164 Million through a bank under the "Scheme of Soft loan to Sugar mills to facilitate payment of cane dues of the farmers for the Sugar seaon 2018-19" as notified by Department of Food and Public Distribution,Government of India

During the previous year, the Parent Company has received a soft loan of Rs. 1,460 million through a bank under the "Scheme for Extending Financial Assistance to Sugar Undertakings-2018" as notified by UP State Government to clear the outstanding cane dues of the farmers for the sugar season 2017-18.

During the previous year, the Parent Company was sanctioned a term loan of Rs. 300 million from a bank for installation of incinerator boiler at distillery plant located at Nanglamal Sugar Complex under the "Scheme for extending financial assistance to Sugar Mills for enhancement and augmentation of Ethanol Production Capacity" as notified by Department of food and public distribution,Government of India.

Pursuant to Notification no. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 issued by Reserve Bank of India announcing certain regulatory measures on account of COVID-19 disruptions for "Rescheduling of Payments", the financial institution has approved the request of the Parent Company to extend the moratorium of three months on payment of instalment due on March 31, 2020

\## The Subsidiary company had obtained interest bearing Inter Corporate Deposit of Rs 15.70 million from SFSL Investments Limited which was step down subsidiary of its holding company. SFSL Investments Limited had been disposed off by holding company on January 31, 2011 and is no longer a step down subsidiary of its holding company from January 31, 2011. The Subsidiary company is not paying interest from last few years and had taken letter for waiver of interest amount from SFSL Investments Limited vide letter dt. 02.09.2012 for previous periods as well as for future periods till the net worth of the Subsidiary company remains negative. Hence no provision / liability has been provided for interest amount. Since the said amount is payable on demand, categorized as short term borrowings.

13.3 Security Clause

A. Term loans

1. From Banks

	As at March 31, 2020	As at March 31, 2019	Rate of interest	**Nature of Security**
i	**1,164.00**	-	12%	The soft loans are secured by first pari-passu charge on entire fixed assets of the respective sugar units Mawana Sugar Works and Nanglamal Sugar Complex except on Incinerator Boiler at Nanglamal Sugar Complex and also secured by corporate guarantee provided by the Parent Company. Interest subvention upto 7% shall be provided to the Parent Company through banks for a maximum period of one year by Government of India and the Parent Company has accounted for the same.
ii	**1,102.87**	1,257.53	5%	The soft loans are secured by first pari-passu charge on entire fixed assets of the respective sugar units Mawana Sugar Works and Nanglamal Sugar Complex except on Incinerator Boiler at Nanglamal Sugar Complex and also secured by corporate guarantee provided by the Parent Company.
iii	**281.25**	150.00	12%	The loan is secured by first exclusive charge by way of hypothecation of Incinerator Boiler and first pari-passu charge on entire fixed assets of the unit Nanglamal Sugar Complex (other than Incinerator Boiler) .The loan is also secured by Corporate Guarantee provided by the Parent Company.. The Parent Company has accounted for interest subvention from the Government at 6% rate of interest.

2. From financial institution

	As at March 31, 2020	As at March 31, 2019	Rate of interest	**Nature of Security**
i	**640.48**	953.35	0%	(i) The loan is secured by first pari-passu charge on all movable and immovable fixed assets (except on Incinerator Boiler at Nanglamal Sugar Complex) of the Parent Company inclusive of equitable mortgage of land and buildings. The loan is further secured by second pari-passu charge on all current assets of the Parent Company. (ii) The loan is also secured by corporate guarantee issued by Siel Industrial Estate Limited and equitable mortgage of its industrial estate land measuring 455.23 acres at Rajpura in the state of Punjab and personal guarantee of the erstwhile Chairman and Managing Director of the Parent Company.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

13.3 Security Clause (Contd.)

3. From others

	As at March 31, 2020	As at March 31, 2019	Rate of interest	**Nature of Security**
i.	**8.55**	17.10	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), are secured by an exclusive second charge on all movable and immovable properties of the Parent Company's unit Mawana Sugar Works, situated at Mawana District Meerut in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).

B. Loans repayable on demand

1. From Banks

	As at March 31, 2020	As at March 31, 2019	Rate of interest	**Nature of Security**
i	**1648.81**	-	10.25%	Working Capital loans are secured by way of pledge of Sugar stocks, first charge and lien on the semi- finished sugar including sugar in process, raw materials, first pari passu charge on the fixed assets (other than Incinerator Boiler at Nanglamal sugar complex) , hypothecation of book debts of the respective sugar units Nanglamal Sugar Complex and Mawana Sugar Works and also secured by the corporate guarantee of the Parent Company.

14. Lease liabilities

Rs. Million

		As at March 31, 2020	As at March 31, 2019
1	**Non- current :**		
	Lease liabilities		
	- Others	**8.12**	-
		8.12	-
2	**Current :**		
	Lease liabilities		
	- Related party (Refer note 35)	**4.12**	-
	- Others	**10.61**	-
		14.73	-
	Total	**22.85**	-

15. Provisions

Rs. Million

		As at March 31, 2020	As at March 31, 2019
1	**Non- current :**		
	Provision for employee benefits		
	- Provision for gratuity (Refer note 34)	**132.53**	113.31
		132.53	113.31
2	**Current :**		
	Provision for employee benefits		
	- Provision for gratuity (Refer note 34)	**21.02**	16.25
	- Provision for compensated absences	**30.59**	25.15
		51.61	41.40
	Total	**184.14**	154.71

16. Trade payables

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Trade payables (including acceptance) :		
- Outstanding dues to micro and small enterprises (Refer note 42)[3]	**21.68**	9.44
- Outstanding dues to related parties (Refer note 35)	**31.08**	17.49
- Outstanding dues to others[4]	**5,874.16**	6,718.30
	5,905.24	6,735.79
Total	**5,926.92**	6,745.23

1 For maturity profile of trade payable and other financial liabilities (Refer note 38).

2 For explanation on the Group's credit risk management processes (Refer note 38).

3 Including interest of Rs. 0.14 million (March 31, 2019 : Rs. 0.14 million) outstanding due to Micro and Small enterprises.

4 Includes 'As per Enhancement compansation order dated 22.11.2017 of Hon'ble Supreme Court, an amount of Rs. 21.71 million (March 31, 2019- 41.97 million) is payable Land to Collector Aquisition/ADJ, District Court Patiala, against the legal case which shall ultimately be paid to beneficiary farmers.

17. Other financial liabilities

Rs. Million

		As at March 31, 2020	As at March 31, 2019
17.1	**Non Current at amortised cost :**		
	Interest accrued but not due on borrowings	-	2.26
	Total	**-**	2.26

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Rs. Million

		As at March 31, 2020	As at March 31, 2019
17.2	**Current at amortised cost :**		
	Current maturities of long term borrowings (Refer note 13)	**1,253.17**	619.39
	Interest accrued but not due on borrowings	**2.34**	2.43
	Trade deposits -Dealers and others	**65.63**	47.42
	Employees related payables-Others	**84.38**	65.87
	Payable towards Capital goods (Refer note 42)	**54.97**	26.46
	Interest payable*	**64.79**	133.03
	Miscellaneous payable	**26.00**	26.00
	Total	**1,551.28**	920.60

* Includes interest payable on Enhancement land compansation referred in note 16 above amounting of 'Rs. 63.29 million (March 31, 2019- 125.18 million).

Breakup of financial liabilities at amortised cost:

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Borrowings (Refer note 13)	**3,608.49**	1,774.29
Trade payables (Refer note 16)	**5,926.92**	6,745.23
Employees related payables	**84.38**	65.87
Current maturities of long term borrowings	**1,253.17**	619.39
Security deposits received	**65.63**	47.42
Interest accrued	**2.34**	4.69
Payable towards Capital goods (Refer note 42)	**54.97**	26.46
Interest payable	**64.79**	133.03
Lease liabilities	**22.85**	-
Miscellaneous payable	**26.00**	26.00
Total	**11,109.54**	9,442.38

18. Other liabilities

Rs. Million

		As at March 31, 2020	As at March 31, 2019
18.1	**Non current liabilities**		
	Others- Government Grants	**84.12**	182.33
		84.12	182.33
18.2	**Current liabilities**		
	Advance received from customers and others	**90.49**	26.93
	Statutory liabilities	**124.59**	149.67
	Interest on statutory dues	**60.77**	69.50
	Others- Government Grants	**53.95**	38.25
	Miscellaneous	**0.60**	2.43
	Total	**330.40**	286.78

19. Income tax

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 :

Profit or loss section :

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Tax Expense:		
Current income tax charge	**-**	213.72
Adjustments in respect of current income tax of previous year	**30.44**	0.43
Deferred tax:		
MAT Credit (Entitlement)/Reversal	**444.49**	(214.15)
Relating to origination and reversal of temporary differences	**252.41**	262.04
Adjustments in respect of current deferred tax of earlier years	**-**	20.40
Income tax expense reported in the statement of profit or loss	**727.34**	282.44

Other Comprehensive Income section

Deferred tax related to items recognised in OCI during the year:

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Net loss on remeasurements of defined benefit plans	**5.12**	0.66
Tax effect of change in Tax rate	**(2.83)**	-
Deferred tax credit to OCI	**2.29**	0.66

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019.

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Accounting profit before tax (including item of OCI)	**(122.13)**	683.95
Tax expenses for Parent Company @ applicable income tax rate of 25.168% (Previous year : 34.944%)	**(22.65)**	246.33
Tax expenses for Subsidiaries @ applicable income tax rate of 26.00% (Previous year : 26.00%)	**(8.36)**	(5.46)
Losses of subsidiaries on which no income tax liability was created (net of consolidation adjsutments)	**8.36**	5.46
Tax effect of change in Tax rate	**268.83**	-
Tax effect on reversal of MAT Credit	**444.49**	-
Tax effect on Permenant difference	**3.94**	15.05
Adjustments in respect of current/deferred income tax of earlier years	**30.44**	20.40
Income tax expense reported in the statement of profit and loss & OCI	**725.05**	281.78

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Rs. Million

Deferred tax:	Balance sheet		
	As at March 31, 2019	**Provided during the year**	**As at March 31, 2020**
Deferred tax assets relates to the following			
Provision for doubtful debts and advances	54.10	**(15.14)**	**38.96**
Disalloawances u/s 43 B	269.46	**(108.32)**	**161.14**
Unabsorbed depreciation and carry forward tax Loss	1,299.26	**(450.50)**	**848.76**
Recognition of lease liability	-	**0.35**	**0.35**
MAT credit entitlement	444.49	**(444.49)**	**-**
Total deferred tax assets (A)	2,067.31	**(1,018.10)**	**1,049.21**
Deferred tax liabilities relates to the following			
Accelerated depriciation for tax purposes	615.04	**(288.73)**	**326.31**
Discounting of financial liabilities	43.84	**(34.70)**	**9.14**
Others	2.84	**(0.06)**	**2.78**
Total deferred tax liabilities (B)	661.72	**(323.49)**	**338.23**
Net Deferred Tax Assets (A-B)	1,405.59	**(694.61)**	**710.98**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Pursuant to The Taxation Laws (Amendment) Act, 2019 dated September 20, 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective April 01, 2019 subject to certain conditions. The Parent Company has evaluated and made an assessment of the impact of Ordinance and decided to opt for reduced rates as per Section 115BAA of the Income Tax Act, 1961. The Parent Company remeasured its deferred tax balances on March 31, 2020 and consequential deferred tax expense of Rs. 268.83 million has been charged to Statement of Profit and Loss and MAT assets of Rs. 444.49 million has been written off during the year.

The management at the end of each reporting period, asseses Group's ability to recognize deferred tax assets on tax losses and unabsorbed depreciation carried forward, taking into account forecasts of future taxable profits and the law and jurisdiction of the taxable items and the assumptions on which these projections are based. The management based on the future profitability projections considering expected future market, economic conditions, tax laws and the management's expansion plans is confident that there would be sufficient taxable profits in future which will enable the Group to utilize the above deferred tax assets on unabsorbed depreciation and carry forward tax losses.

20. Income tax assets (net)

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Advance payment of income tax	**14.57**	34.86
Total	**14.57**	34.86

21. Current tax liabilities

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Provision for taxation	**63.90**	201.99
Total	**63.90**	201.99

22. Revenue from contracts with customers

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Sale of products (including excise duty)		
Finished Goods	**13,214.73**	11,509.47
Traded Goods	**85.95**	78.43
Other operating revenue:		
Sale of REC license	**-**	7.74
Sale of scrap	**27.24**	25.92
Subsidy Income*(Refer note 46 (a))	**629.18**	24.78
Other operating revenue	**2.17**	2.14
Total revenue from operations	**13,959.27**	11,648.48

Disaggregated revenue information

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Sugar	**9617.94**	7,729.26
Industrial Alcohol	**807.60**	470.62
Power	**203.03**	369.29
Chlor Alkali	**2346.42**	2,910.31
By Products	**220.74**	6.09
Others	**19.00**	23.90
Total	**13,214.73**	11,509.47

*Net of expenses of Rs. 106.57 million (March 31, 2019 : Rs. 231.72 million).

Timing of revenue recognition

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Products transferred at a point in time	**13,959.27**	11,648.48

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Reconciliation of amount of revenue recognised with contract price

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue as per contracted price	**14,013.79**	11,680.53
Adjustments		
- Sales rebate and cash discount	**(54.52)**	(32.05)
	13,959.27	11,648.48

For detail of contract balances, refer note 8 and 18.2. Also refer note 36 for segment information.

23. Other income

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income[1]		
- Interest from banks	**17.33**	26.01
- Interest on income tax refunds	**0.01**	2.33
- interest from others	**7.95**	7.16
-Interest income on financial assets valued at amortized cost	**32.38**	-
Rent received	**0.68**	0.55
Profit on sale of current investments	**8.61**	14.29
Provision/Liabilities no longer required written back	**0.11**	2.51
Provision for doubtful debts and advances written back	**-**	11.10
Net gain on foreign currency transactions	**0.36**	1.34
Profit on sale of property, plant and equipment (net)	**1.33**	-
Insurance claims income	**4.48**	-
Buffer stock subsidy (Refer note 46 (b))	**14.37**	7.08
Miscellaneous income[2]	**4.83**	40.29
Total	**92.44**	112.66

[1]Total income (calculated using effective interest method) for financials assets that are not at fair value through profit and loss.

In relation to financial assets classified at amortised cost	**57.67**	35.50
In relation to financial assets classified at fair value through other comprehensive income	**-**	-
Total	**57.67**	35.50

[2]Includes Rs. Nil (March 31, 2019 : Rs. 30.48 million) received from Delhi Development Authority (DDA) pursuant to judgment of Honorable Supreme Court of India.(Refer note 41)

24. Cost of materials consumed

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Inventory at the beginning of the year	**86.27**	94.87
Add: Purchase tax receivable written off	**-**	13.59
Add: Purchases made during the year*	**10,275.31**	10,257.27
	10,361.58	10,365.73
Less : Cane subsidy received (Refer note 44)	-	141.90
Less: Inventory at the end of the year	**72.47**	86.27
Cost of materials consumed	**10,289.11**	10,137.56

* includes incidental expenses of Rs 89.85 million (March 31, 2019 : Rs 85.90 million) related to procurement of sugarcane.

Details of materials consumed are as under :

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Sugar cane	**9680.62**	9,505.36
Salt	**307.86**	313.44
Hydrated lime	**76.81**	75.92
Packing Materials	**188.84**	216.12
Others	**34.98**	26.72
Total	**10,289.11**	10,137.56

Details of inventory : Raw and Packing Materials

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Sugar Cane	**13.37**	18.31
Salt	**22.64**	14.39
Hydrated lime	**0.62**	1.07
Packing Materials	**30.88**	26.49
Others	**4.96**	26.01
Total	**72.47**	86.27

25. Changes in inventories of finished goods, work-in-progress and stock in trade

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the end of the year		
- Finished goods	**7,561.28**	6,998.94
- Work in progress	**233.85**	186.87
- Stock in trade	**543.75**	533.51
Total B	**8,338.88**	7,719.32
Inventories at the beginning of the year		
- Finished goods	**6,998.94**	3,780.89
- Work in progress	**186.87**	153.45
- Stock in trade	**533.51**	534.55
Total A	**7,719.32**	4,468.89
Total (A-B)	**(619.56)**	(3,250.43)

Change in inventories recognised as expenses includes/netted off of write down of cost of inventory to net realisable value or reversal thereof. Accordingly, cost of inventory is reversed by Rs 108.74 million (March 31, 2019 : Rs 552.63 million) due to increase in net realisable value.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Details of inventory :

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Finished Goods		
Sugar	**7,219.03**	6,811.28
Industrial Alcohol	**23.11**	10.27
Chlor Alkali	**17.45**	11.02
By Products	**265.58**	142.68
Others	**36.11**	23.69
Total	**7,561.28**	6,998.94
Stock in trade		
Land	**535.57**	525.20
Others	**8.18**	8.31
	543.75	533.51
Work-in-progress		
Sugar	**127.01**	146.29
Chlor Alkali	**5.64**	6.40
By Products	**87.21**	12.48
Others	**13.99**	21.70
Total	**233.85**	186.87

26. Employee benefits expenses

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	**687.40**	662.29
Contribution to provident and other funds	**46.76**	43.43
Gratuity*	**21.91**	19.61
Staff welfare expenses	**37.23**	40.28
Total	**793.30**	765.61

*Refer note 34

27. Finance costs

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on borrowings*	**243.35**	175.18
Interest on others**	**3.95**	66.18
Finance charges payable under leases	**3.26**	-
Total finance cost	**250.56**	241.36

Total interest expenses (calculated using effective interest method) for financials liabilities that are not at fair value through profit and loss.

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
In relation to financial liabilities classified at amortised cost	**247.30**	241.36
In relation to financial liabilities classified at fair value through other comprehensive income	**-**	-
Total	**247.30**	241.36

* net of buffer subsidy / subvention of Rs 141.91 million (March 31, 2019 : Rs. 0.23 million).

**Including interest on income tax Rs. 13.79 million (March 31, 2019 : Rs. 15.54 million) and net off reversal of interest liability on entry tax / power dues Rs 22.65 million (March 31, 2019 : Rs. Nil).

28. Depreciation and amortization expense

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of tangible assets (Refer note 3A)	**639.98**	333.74
Amortisation of intangible assets (Refer note 3B)	**1.61**	-
Amortisation of right of use assets (Refer note 4)	**19.23**	-
Total	**660.82**	333.74

29. Other expenses

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of stores and spare parts	**539.56**	648.15
Power, fuel, water etc.*	**1,327.23**	1,294.80
Other manufacturing expenses	**124.38**	107.16
Commission to indenting and ordering agent	**24.57**	24.57
Repairs		
- Building	**29.42**	26.01
- Plant and equipment	**126.63**	123.50
- Others	**30.18**	30.12
Rent paid	**16.38**	27.55
Payment to statutory auditors (Refer details below)	**6.57**	6.19
Insurance (Net)	**15.19**	15.07
Rates and taxes	**28.64**	85.77
Freight and transport	**93.79**	75.46
Legal and professional expenses	**120.36**	116.71
Irrecoverable balances written off	**0.05**	6.41
Land development expense	**9.13**	18.38
Loss on sale/write off of property, plant and equipment (net)	**-**	1.14
Business promotion expenses (Refer note 35)	**10.00**	-
Miscellaneous expenses	**175.96**	184.01
Total	**2,678.04**	2,791.00

* After adjusting power subsidy Rs. 201.67 million (March 31, 2019: Rs. 174.73 million)

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Payment to statutory auditors

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
As auditors		
Audit fee	**1.95**	1.91
Tax audit fee	**0.60**	0.60
Out of pocket expenses	**0.68**	0.47
In other capacity		
For limited review of unaudited financial results	**2.20**	1.20
For verification of statement and other reports	**1.14**	2.01
Total	**6.57**	6.19

30. Earnings per share (EPS)

a) Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the year.

b) The following reflects the income and share data used in the basic and diluted EPS computations:

	Year ended March 31, 2020	Year ended March 31, 2019
Profit/(loss) attributable to equity holders of the Parent	**(829.02)**	403.45
Weighted average number of equity shares for basic and diluted EPS	**3,91,15,672**	3,91,15,672
Basic and diluted earnings per share (in Rs.)	**(21.19)**	10.31
Face Value per share (in Rs.)	**10.00**	10.00

31. Commitments and Contingencies

(a) Leases

Lease — as lessee

The Parent Company has lease contracts for various Warehouses, corporate office and equipment's used in its operations. Generally, the Parent Company is restricted from assigning and subleasing the leased assets. The Parent Company also has certain leases of assets with lease terms of 12 months or less. The Parent Company applies the short-term leases recognition exemptions for these leases, other than lease from related parties.

As on transition date i.e April 1, 2019, Right-of use assets of Rs 40.68 million were recognised, presented separately in the balance sheet. Lease liabilities of Rs. 40.68 million were recognised and presented separately in the balance sheet.

Rs. Million

Particulars	**Year ended March 31, 2020**
As at April 01, 2019	-
Additions	40.68
Amortisation expense	(19.23)
As at March 31, 2020	**21.45**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Rs. Million
	Lease Liability
As at April 01, 2019	-
Additions	40.68
Accretion of interest	3.26
Lease surrendered	-
Payments	(21.09)
As at March 31, 2020	**22.85**
Current lease liabilities	**14.73**
Non current lease liabilities	**8.12**

Considering the lease term of the leases, the effective interest rate for lease liabilities is 11%

The following are the amounts recognised in statement of profit and loss:

	Rs. Million
Particulars	**Lease Liability**
Amortisation expense of right-of-use assets	19.23
Interest expense on lease liabilities	3.26
Expense relating to short-term leases (included in other expenses)	16.36
Total amount recognised in profit or loss	38.85

For maturity analysis of lease liability, refer note 38 Financial risk management framework and policies under maturities of financial liabilities.

The Parent Company had total cash outflows for leases of Rs. 21.09 million in March 31, 2020. There are no future cash outflows relating to leases that have not yet commenced.

Payments associated with short-term leases other than leases from related parties are recognised on a straight-line basis as an expense in statement of profit and loss. Short-term leases are leases with a lease term of 12 months or less.

(b) Commitments

		Rs. Million
	Year ended March 31, 2020	Year ended March 31, 2019
a. Estimated amount of contracts remaining to be executed on capital account and not provided for:	8.00	245.67
b. Uncalled liability on shares and other investments partly paid (# Rs. 20)	#	#
Total	**8.00**	245.67

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(c) Contingent Liabilities in repsect of Income Taxes/Central Excise/Service Tax/Value Added Tax and other taxes

Rs. Million

(i)

Nature of Dispute	Description	Period	As at March 31, 2020	As at March 31, 2019
Income Tax	Regarding Interest on TDS Liability	Assessment Year 2017-18	**-**	2.63
	Regarding Carried Forward of losses for AY 1997-98*	Assessment Year 1997-98	**-**	30.28
Central Excise, State Excise and Service Tax	Demand Notice received from Central Excise and Service tax Department towards wrong availment of cenvat credit taken, dispute on levy of service tax and excise duty and penalty/Interest imposed.	1994-95 to 1996-97, 1998-99, 1999-00 to 2002-03, 2006-07 and 2004-05 to 2016-17	**23.02**	131.85
Sales Tax	Demand notice received from Commercial tax Department regarding dispute on levy of sales tax. In the current year, a favorable decision has been awarded by the Hon'ble Allahabad High Court.	2006-07, 2009-10 to 2013-14	**-**	6.36
	Total		**23.02**	171.12

* A sum of Rs. Nil (March 31, 2019 : Rs. 30.28 million) has been deposited with Income Tax Authorities and is appearing under income tax assets in the balance sheet.

(ii) Other Matters under disputes are as below:

Rs. Million

Nature of Dispute	Description	Period	As at March 31, 2020	As at March 31, 2019
Land	Land related disputes	2014-15	**0.86**	0.87
		2007-08	**-**	18.10
		1985-86, 1975-76, 2009-10,	**1.05**	1.05
		Total	**1.91**	20.02
Labour	Labour related disputes	2006-07 and 2008-09	**4.16**	3.74
		1997-98, 1999-00 to 2002-03, 2008-09, 2010-11 and 2012-13	**9.53**	8.86
		1999-00, 2005-06, 1996-97, 1993-94, 1992-93, 1985-86, 1995-96, 1992-93, 2014-15, 2018-19	**11.21**	10.50
		Total	**24.90**	23.10

Civil	Appeal has been preferred by PSPCL against order passed by PSERC whereby the Commission had held that for calculating threshold limit, maximum of the annual power consumption of PSPCL power for the last two financial years has to be considered which would entitle Large Supply Industrial Consumers in the State of Punjab for base tariff at the rate of Rs. 4.99/KvAH for power consumed beyond threshhold limit. In the current year, a favorable decision has been awarded by the Appellate Tribunal.	2010-11	-	66.56
	Arbitration notice received from M/s prime industries ltd in pursuant to High court order dated 08.12.2016. In the current year arbitration award has been received and accordingly the Parent Company has provided for liability in respect thereof, however award amount is disputed by Prime Industries Ltd and Prime Industries Ltd has filed an application before the High Court, Delhi.		-	68.96
	Others	2010-11	3.11	3.11
		Total	**3.11**	138.63

Nature of Dispute	Description	Period	As at March 31, 2020	As at March 31, 2019
Recovery Certificate	Recovery charges against recovery of cane dues. (Refer note 47)	2006-07, 2010-11, 2012-13, 2013-14, 2014-15, 2015-16	**-**	926.88
		2008-09, 2012-13 and 2013-14	**-**	245.10
		2006-07, 2010-11,2012-13, 2013-14, 2014-15 and 2015-16	**-**	1,031.52
		Total	**-**	2,203.50
Interest on cane Price / Commission Arrears	Interest on delay payment of cane dues (Refer note 47)	"2002-03, 2006-07, 2012-13 to 2019-20"	**3,871.94**	3,368.72
Purchase Tax	Purchase tax during period of Sugar Promotion Policy. In the current year, a favorable decision has been awarded by the Hon'ble Allahabad High Court	2006-07 to 2012-13 and 2016-17	**-**	61.46
Grand Total			**3901.86**	5,815.43

(iii) Bank Guarantee issued - 0.05

(iv) The Parent Company has provided bank guarantees aggregating Rs. 72.01 million (31 March, 2018 Rs. 72.01 million) to Tecumseh Products India Limited (TPIL), to whom it had sold the compressor business in a previous period, for any loss, damage, claim, action, suit etc., arising from various representations /breach of representations including for contingent liabilities existing as at March 31, 1997, or prior to March 31, 1997, which TPIL may eventually be liable to pay, against which demands in respect of sales tax, central excise and civil matters are pending. These demands are presently under various stages of appeal.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(v) During the previous periods, the Parent Company had given a counter indemnity/guarantee in favour of existing directors of Transiel India Limited to protect their interest against any loss/ future liabilities that may arise after the name of the said subsidiary that has been struck off under the Easy Exit Scheme, 2011.

(vi) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF, dated February 28, 2019. The Parent Company will make necessary provision on receiving further clarity on the subject.

(vii) During the year, Income Tax department has passed an assessment order for the assessment year 2017-18 under Section 143(3) of the Income Tax Act, 1961, wherein the assessing officer has disallowed / added back certain items resulting into adjustment of brought forward losses/unabsorbed depreciation by Rs. 3363.97 million under normal provisions of the Income Tax Act. Under Section 115 JB (MAT), the assessing officer raised demand of Rs. 138.99 million (including interest of Rs. 45.27 million) against which the Parent Company is carrying provision of Rs. 124.32 million (including interest of Rs. 32.62 million). However, based on the legal opinion taken by the Parent Company, most of the additions/demand are not sustainable under the provisions of the Income Tax Act. An appeal has been filed by the Parent Company against the above said order with CIT(Appeal) which is pending for hearing and an application under Section 154 of the Income Tax Act for the rectification of the said additions/demand. Meanwhile, the Parent Company has deposited Rs 27.80 million under protest against said demand.

(viii) During the year, Income Tax department (CPC) has issued intimation under Section 143 (1) of Income Tax Act, 1961 for assessment year 2018-19, wherein CPC has wrongly made double additions of certain items resulting in income tax demand of Rs. 36.42 million under the provisions of Section 115JB (MAT) of the Income Tax Act. Similarly, for the purposes of normal tax computation, the CPC has wrongly disallowed certain items twice resulting into decrease in brought forward losses by Rs. 17 million. The Parent Company has filed an application under Section 154 for rectification of the said intimation and deposited Rs. 7.30 million with income tax authorities under protest.

(ix) Contingent Liabilities of Associate-Mawana Foods Private Limited

Rs. Million

Nature of Dispute	**Description**	**As at March 31, 2020**	As at March 31, 2019
Sales tax matters, disputed and under appeal/ rectification	Associate has pending litigations relating to non deposit of forms with the department pending at various levels/rectification. Associate is confident about the outcome of the case as they have all forms those are required to be deposited with the department.	**2.73**	4.64

32. Research and development costs

Research and development expenses included under relevant heads in the Statement of Profit and Loss amounting to Rs. 7.32 million (March 31, 2019 Rs. 6.54 million).

33. Disclosure of interest in subsidiaries and associate

	Name		Country of Incorporation/ Principal place of business	Ownership Interest of MSL (%)		Method of accounting of Investment
				As at March 31, 2020	As at March 31, 2019	
(i)	Siel Financial Services Limited	Subsidiary	India	**93.56%**	93.56%	Deemed cost
(ii)	Siel Industrial Estate Limited	Subsidiary	India	**100.00%**	100.00%	Deemed cost
(iii)	Siel Infrastructure & Estate Developers Private Limited	Subsidiary	India	**100.00%**	100.00%	Deemed cost
(iv)	Mawana Foods Private Limited	Associate	India	**33.74%**	33.74%	Deemed cost

34. Gratuity and other post-employment benefit plans

a) Defined Benefits Plans

Gratuity –In accordance with Ind AS 19, actuarial valuation was done and details of the same are given below:

Rs. Million

		As at March 31, 2020	As at March 31, 2019
		Gratuity	Gratuity
		(Funded)	(Funded)
Change in the Present value of obligation			
1	Present value of obligation as at the beginning of the year	**163.63**	157.05
2	Add: Current service cost	**11.99**	10.03
3	Add: Interest cost	**12.53**	11.98
4	Add: Actuarial (gain) / loss	**20.30**	1.95
5	Less: Benefits paid	**(18.04)**	(17.38)
6	**Present value of obligation as at the end of the year**	**190.41**	163.63
Change in the fair value of plan assets			
1	Fair value of plan assets at the beginning of the year	**34.07**	31.45
2	Add: Expected return on plan assets	**2.61**	2.40
3	Add: Contribution by the Parent Company	**0.45**	0.21
4	Less: Fund transfer to other party on Slump sale	**-**	-
5	Less: Benefits paid	**(0.21)**	(0.04)
6	Add: Actuarial gain / (loss)	**(0.05)**	0.05
7	**Plan assets at the end of the year**	**36.87**	34.07
Liability/ (Asset) recognized in the financial statements		**153.54**	129.56
	Current	**21.02**	16.25
	Non-current	**132.52**	113.31

The plan assets are maintained with Life Insurance Corporation of India Gratuity Scheme. The details of investments maintained by Life Insurance Corporation are not available with the Parent Company and have not been disclosed.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

The following tables summarise the components of net benefit expense recognised in the Statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Rs. Million

Amount recognised in Statement of Profit and Loss:	Year Ended March 31, 2020	Year Ended March 31, 2019
Current service cost	**11.99**	10.03
Net interest expense	**9.92**	9.58
Amount recognised in Statement of Profit and Loss	**21.91**	19.61

Amount recognised in Other Comprehensive Income:	Year Ended March 31, 2020	Year Ended March 31, 2019
Actuarial gain/(loss) on Present value of obligation	**(20.30)**	(1.95)
Actuarial gain/(loss) on Assets	**(0.05)**	0.05
Amount of gain/(loss) recognised in Other Comprehensive Income	**(20.35)**	(1.90)

The major categories of plan assets of the fair value of the total plan assets are as follows:

	As at March 31, 2020	As at March 31, 2019
Gratuity		
Investment Details	**Funded**	**Funded**
Investment with Insurer (LIC)	**100%**	100%

The principal assumptions used in determining gratuity liability for the Parent Company's plans are shown below:

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Discount rate (%)	**6.80**	7.66
Expected rate of return on Plan assets (%)	**7.50**	7.80
Future salary increases (%)	**5.00**	5.00
Retirement Age (Years)	**58**	58
Withdrawal rate		
Up to 30 years	**3%**	3%
From 31 to 44 years	**2%**	2%
Above 44 years	**1%**	1%
Mortality rate	**100% of IALM (2012-14)**	100% of IALM (2006-08)

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 is as shown below:

Gratuity Plan

Assumptions	**Discount rate**		**Future salary increase**	
Discount rate	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Impact on defined benefit obligation	(5.92)	6.32	6.40	(6.05)

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 is as shown below:

Gratuity Plan

Assumptions	**Discount rate**		**Future salary increase**	
Discount rate	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Impact on defined benefit obligation	(9.86)	11.17	11.35	(10.18)

The sensitivity analyses above has been determined based on the method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Within the next 12 months (next annual reporting period)	**26.07**	20.52
Between 1 and 2 years	**38.94**	3.13
Between 2 and 3 years	**17.61**	8.35
Between 3 and 4 years	**12.76**	9.35
Between 4 and 5 years	**13.45**	13.37
Between 5 and 6 years	**7.03**	15.01
Beyond 6 years	**74.55**	93.90
Total expected payments	**190.41**	163.63

35. Related party transactions

I) List of related parties

a) Promoter:

Mr. Siddharth Shriram

b) Associate

Mawana Foods Private Limited (w.e.f. July 24, 2018)

c) Key management personnel of Parent Company

Mr. Dharam Pal Sharma –Whole Time Director

Mr. B.B. Mehta – Chief Financial Officer

Mr. Ashok Kumar Shukla- Company Secretary

d) Directors

Prof. Dinesh Mohan

Mr. Piar Chand Jaswal

Mrs. Parmjit Kaur (resigned w.e.f 02.05.2018)

Mr. Ravinder Singh Bedi

Mrs. Manju Vira Gupta

e) Enterprises over which key management personnel have significant influence:

Usha International Limited

Mawana Foods Private Limited (subsidiary company of Usha International Limited) (Till July 23, 2018)

f) Enterprises over which the Independent Directors have significant influence

Delhi Golf Club

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

II) Transactions with related parties

Rs. Million

		Year ended March 31, 2020	Year ended March 31, 2019
A.	**Promoter**		
	Mr. Siddharth Shriram		
	Advisory fees	**14.40**	14.40
	Salary of earlier year charged off during the year	**-**	7.04
B.	**Associate**		
	Mawana Foods Private Limited (w.e.f. July 24, 2018)		
	Investment in Nil (Previous Year 6,759,801) equity shares of Rs. 10 each fully paid-up	**-**	150.00
	Sale of Goods	**548.09**	303.31
	Interest received	**1.21**	-
	Business promotion expense	**10.00**	-
	Expenses recovered	**1.11**	0.42
	Miscellaneous purchases	**0.05**	0.05
C.	**Key Management personnel and their relatives**		
	Remuneration to key management personnel*:		
	Mr. Dharam Pal Sharma	**2.36**	2.15
	Mr. B.B. Mehta	**8.72**	7.82
	Mr. Ashok Kumar Shukla	**1.15**	0.98
D.	**Director Sitting Fee**		
	Prof. Dinesh Mohan	**0.13**	0.10
	Mr. Piar Chand Jaswal	**0.12**	0.21
	Mr. Ravinder Singh Bedi	**0.16**	0.22
	Mrs. Manju Vira Gupta	**0.16**	0.07

* As the future liability for gratuity and leave encashment benefits is provided on an actuarial basis for the Parent Company as a whole, the amount pertaining to the Key Management Personnel is not ascertainable and, therefore, not included above.

Rs. Million

		Year ended March 31, 2020	Year ended March 31, 2019
E.	**Enterprises over which key management personnel have significant influence**		
(a)	**Usha International Limited**		
	Expenses reimbursed	**2.98**	5.58
	Miscellaneous purchases	**0.81**	-
	Expenses recovered	**-**	0.04
	Rent paid*	**4.37**	4.37
	Royalty paid	**13.45**	11.70
	Irrecoverable balances written off	**-**	1.53
(b)	**Mawana Foods Private Limited**		
	Sale of Goods	**-**	116.67
	Interest received	**-**	4.95
	Miscellaneous purchases	**-**	0.01
F.	**Enterprises over which the Independent Directors have significant influence**		
	Delhi Golf Club		
	Sponsorship for Brand Promotion	**-**	14.14
H.	**Other payments to directors**		
	Advisory fees paid to Mr. Piar Chand Jaswal	**0.75**	0.72

Balance Outstanding as at year end

Rs. Million

		As at March 31, 2020	As at March 31, 2019
(a)	**Financials Assets -Loans and others**		
	Mr. Siddharth Shriram	**0.73**	0.31
(b)	**Trade and Other Payables**		
	Usha International Limited	**31.08**	26.25
(c)	**Trade Receivables**		
	Mawana Foods Private Limited	**50.20**	34.66
(d)	**Interest Receivables**		
	Mawana Foods Private Limited	**1.10**	-
(e)	**Lease liability payable**		
	Usha International Limited	**4.12**	-

* including under finance cost and amortisation as per Ind AS-116

Erstwhile Chairman and Managing Director of the Parent Company has given personal Guarantees Rs. 3,335.70 million (March 31, 2019 Rs. 3,335.70 million) as collateral security in favour of lenders of the Parent Company.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Transaction with Key management personnel

Rs. Million

	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefits	**12.23**	10.95
Total compensation paid to key management personnel	**12.23**	10.95

The amount disclosed in the table are the amounts recognised as expense during the reporting year related to key management personnel.

36. Segment Information

A. Operating Segment

As per Ind AS 108 identification of segment is based on the manner in which the entity's Chief Operating decision makers' (CODM) review the business components regularly to make decisions about allocating resources to segment and in assessing its performance.

The Operating segments of the Group is identified to be sugar, power, chemicals and distillery as the Chief Operating decision maker reviews business performance of the Group on the basis of these segments.

B. Geographical Segment

Since the Group's activities/operations are primarily within the country and considering the nature of products/services it deals in, the risks and returns are same and as such there is only one geographical segment.

C. Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in note 2 above, the accounting policies in relation to segment accounting are as under:

i) Segment revenue and expenses:
Segment revenue and expenses are directly attributable to the segments.

ii) Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors,inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. While most of the assets/ liabilities can be directly attributed to individual segment, the carrying amount of certain assets/ liabilities pertaining to two or more segments are allocated to the segments on a reasonable basis.

iii) Inter segment revenues:
Inter segment revenues between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

D. Information about business segments (Group)

(Rs. Million)

PARTICULARS	Sugar		Power		Chemicals		Distillery		Unallocated		Elimination		Total	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019
SEGMENT REVENUE														
External Sales	**9,931.67**	7,814.84	**203.03**	369.29	**2,346.42**	2,910.31	**819.56**	493.46	**-**	-	**-**	-	**13,300.68**	11,587.90
Inter segment revenue	**2,188.84**	1,650.17	**2,182.70**	2,235.99	**16.19**	13.67	**20.16**	27.36	**-**	-	**(4,407.89)**	(3,927.19)	**0.00**	-
Other Operating Revenues	**646.04**	51.09	**-**	-	**3.40**	3.95	**9.15**	5.54	**-**	-	**-**	-	**658.59**	60.58
Other income	**20.02**	19.97	**0.35**	-	**1.20**	3.59	**2.02**	1.25	**68.85**	87.85	**-**	-	**92.44**	112.66
Total revenue	**12,786.57**	9,536.07	**2,386.08**	2,605.28	**2,367.21**	2,931.52	**850.89**	527.61	**68.85**	87.85	**(4,407.89)**	(3,927.19)	**14,051.71**	11,761.14
EBIT/RESULTS														
Segment results	**58.98**	(314.43)	**302.46**	705.33	**105.15**	645.55	**(92.23)**	97.43	**-**	-	**-**	-	**374.36**	1,133.88
Unallocated income/(expenses) (net of income/expenses)	**-**	-	**-**	-	**-**	-	**-**	-	**(267.52)**	(239.48)	**-**	-	**(267.52)**	(239.48)
Operating Profit	**58.98**	(314.43)	**302.46**	705.33	**105.15**	645.55	**(92.23)**	97.43	**(267.52)**	(239.48)	**-**	-	**106.84**	894.40
Finance Costs													**250.56**	241.36
Interest income													**57.67**	35.50
Share of (loss) of associate													**(15.73)**	(2.69)
Net Profit/(Loss) before tax													**(101.78)**	685.85
Tax expenses/(credit)													**727.34**	282.44
Net Profit/(Loss) after tax													**(829.12)**	403.41
OTHER INFORMATION	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019
A. ASSETS														
Segment assets	**9,705.78**	8,849.12	**1,064.63**	1,194.70	**568.92**	595.13	**1,183.78**	827.97	**-**	-	**-**	-	**12,523.11**	11,466.92
Unallocated assets	**-**	-	**-**	-	**-**	-	**-**	-	**2,212.92**	2,612.32	**-**	-	**2,212.92**	2,612.32
Total Assets	**9,705.78**	8,849.12	**1,064.63**	1,194.70	**568.92**	595.13	**1,183.78**	827.97	**2,212.92**	2,612.32	**-**	-	**14,736.03**	14,079.24
B. LIABILITIES														
Segment liabilities	**5,904.34**	6,571.52	**7.15**	15.60	**232.92**	293.77	**148.77**	115.55	**-**	-	**-**	-	**6,293.18**	6,996.44
Borrowings	**-**	-	**-**	-	**-**	-	**-**	-	**4,861.66**	2,393.68	**-**	-	**4,861.66**	2,393.68
Unallocated liabilities	**-**	-	**-**	-	**-**	-	**-**	-	**617.26**	878.07	**-**	-	**617.26**	878.07
Total Liabilities	**5,904.34**	6,571.52	**7.15**	15.60	**232.92**	293.77	**148.77**	115.55	**5,478.92**	3,271.75	**-**	-	**11,772.10**	10,268.19
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019
C. OTHERS														
Capital expenditure	**105.43**	77.61	**1.20**	9.68	**10.60**	25.08	**357.70**	127.68	**0.15**	1.35	**-**	-	**475.08**	241.40
Depreciation	**276.91**	138.04	**125.68**	61.70	**105.32**	65.68	**144.89**	66.44	**8.02**	1.86	**-**	-	**660.82**	333.73

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

37 A. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

Rs. Million

	Carrying Value		Fair Value	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Financial assets				
Fair Valuation at Amortized cost :				
Security deposits paid	**172.17**	116.90	**172.17**	116.90
Dues from employees	**1.33**	0.72	**1.33**	0.72
Loans and advances to related parties	**0.73**	0.31	**0.73**	0.31
Loans and advances to others	**34.54**	29.58	**34.54**	29.58
Subsidies Receivable	**799.33**	260.86	**799.33**	260.86
Interest subvention receivable	**75.71**	-	**75.71**	-
Interest accrued on deposits	**12.83**	12.31	**12.83**	12.31
Total	**1,096.64**	420.68	**1,096.64**	420.68
Financial liabilities				
Fair Valuation through Statement of Profit & Loss				
Borrowings	**4,861.66**	2,393.68	**4,861.66**	2,393.68
Fair Valuation at Amortized cost :				
Lease Liabilities	**22.85**	-	**22.85**	-
Total	**4,884.51**	2,393.68	**4,884.51**	2,393.68

The management assessed that cash and cash equivalents, other bank balances, unbilled revenue, fixed deposits, trade receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

B. Fair Value Hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is insignificant to the fair value measurements as a whole.

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Valuation techniques for which the lowest level inputs that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3 : Valuation techniques for which the lowest level input which has a significant effect on fair value measurement is not based on observable market data.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020:

Rs. Million

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
I. Assets measured at fair value (Note 37A):					
Fair Valuation at Amortized cost :					
Security deposit paid	**31-Mar-20**	**172.17**	**-**	**172.17**	-
Dues from employees	**31-Mar-20**	**1.33**	**-**	**1.33**	-
Loans and advances to related parties	**31-Mar-20**	**0.73**	**-**	**0.73**	-
Loans and advances to others	**31-Mar-20**	**34.54**	**-**	**34.54**	-
Subsidies Receivable	**31-Mar-20**	**799.33**	**-**	**799.33**	-
Interest subvention receivable	**31-Mar-20**	**75.71**	**-**	**75.71**	-
Interest accrued on deposits	**31-Mar-20**	**12.83**	**-**	**12.83**	-
		1,096.64	**-**	**1,096.64**	**-**
II. Liabilities for which fair value is disclosed (Note 37A):					
Fair Valuation through Statement of Profit & Loss					
Borrowings	**31-Mar-20**	**4,861.66**	**-**	**-**	**4,861.66**
Fair Valuation at Amortized cost :					
Lease Liabilities	**31-Mar-20**	**22.85**	**-**	**-**	**22.85**

There have been no transfers among Level 1, Level 2 and Level 3 during the year ended March 31, 2020.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:

Rs. Million

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
I. Assets measured at fair value (Note 37A):					
Fair Valuation at Amortized cost :					
Security deposit paid	31-Mar-19	116.90	-	116.90	-
Dues from employees	31-Mar-19	0.72	-	0.72	-
Loans and advances to related parties	31-Mar-19	0.31	-	0.31	-
Loans and advances to others	31-Mar-19	29.58	-	29.58	-
Subsidies receivable	31-Mar-19	260.86	-	260.86	-
Interest accrued on deposits	31-Mar-19	12.31	-	12.31	-
		420.68	-	420.68	**-**
II. Liabilities for which fair value is disclosed (Note 37A):					
Fair Valuation through Statement of Profit & Loss					
Borrowings	31-Mar-19	2,393.68	-	-	2,393.68
Fair Valuation at Amortized cost :					
Lease Liabilities	31-Mar-19	-	-	-	-

There was no transfers among Level 1, Level 2 and Level 3 during the year ended March 31, 2019.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Valuation technique used to determine fair value

Type	Valuation technique	Significant observable input
Financial liabilities (Borrowings)	Discounted Cash Flow method: The valuation model considers the present value of expected payment, discounted using a risk adjusted discount rates.	Not applicable
Subsidies Recoverable (Other Financial Assets)	Discounted Cash Flow method: The valuation model considers the present value of expected receipt, discounted using a risk adjusted discount rate.	Not applicable

38. Financial risk management objectives and policies

The Group's principal financial liabilities comprise of trade payables, other payables, security deposits received, capital creditors and employee related payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables, and cash and cash equivalent that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is responsible to ensure that Group's financial risk activities which are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market price. Market risk comprise of interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

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. However, as the Group does not have any outstanding floating rate interest bearing long term and short term debts at the balance sheet date. Therefore, a change in interest rates on the reporting date would neither affect profit or loss nor affect equity.

Fair value sensitivity analysis for fixed rate instruments

The Group does not have any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would neither affect profit or loss not affect equity.

Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to USD. Foreign exchange risk arises from future commercial transactions and recognised asset and liabilities denominated in a currency that is not the Group's function currency. The Group imports certain materials which exposes it to foreign currency risk.

Below is the Group's exposure to foreign currency risk changes

Rs. Million

	Change in conversion rate	Effect on profit before tax
Year ended March, 2020	**+5%** **-5%**	**(0.72)** **0.72**
Year ended March, 2019	+5% -5%	(0.43) 0.43

Commodity price risk

Sugar industry being cyclical in nature, realisations get adversely affected during downturn. Higher cane price or higher production than the demand ultimately affect profitability. The Group has mitigated this risk to some extant by well integrated business model by diversifying into co-generation and distillation, thereby utilizing the by-products. The Group also deals in Chlor Alkali products viz Caustic Soda, Chlorine etc, their prices are led by global as well as domestic demand and supply. The Group focuses on being amongst the lowest cost producers in these businesses.

The Group also deals in Chlor Alkali products viz Caustic Soda, Cholorine etc, their prices are led by global as well as domestic demand and supply. The Group focuses on reducing the cost of production in this business.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

(i) Trade receivables

Customer credit risk is managed as per the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed below. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low on the basis of past default rates of its customers.

Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

Movement in provisions of doubtful debts

Rs. Million

	Trade Receivables	Loans/other assets	Investments
Provision as at March 31, 2018	2.67	135.91	10.82
Provision made during the year 2018-19	-	-	-
Provision charged during the year 2018-19	-	-	-
Provision written back during the year 2018-19	(1.50)	(9.60)	-
Provision as at March 31, 2019	1.17	126.31	10.82
Provision made during the year 2019-20	-	-	-
Provision charged during the year 2019-20	-	-	-
Provision written back during the year 2019-20	-	-	-
Provision as at March 31, 2020	**1.17**	**126.31**	**10.82**

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(ii.) Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's finance committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Liquidity risk

The Group manages its liquidity for working capital requirement to ensure smooth operation of the business.

The Group also ensures the long term funds requirement like capex or otherwise are met through adequate availability of long term capital (debt/equity).

As at March 31, 2020

Rs. Million

	Less than 1 year	1-3 years	>3 years	Total
Borrowings	**2917.68**	**1439.96**	**504.02**	**4,861.66**
Trade payables				
- Total outstanding dues to micro and small enterprises	**21.68**	**-**	**-**	**21.68**
- Total outstanding dues of creditors other than micro and small enterprises	**5,905.24**	**-**	**-**	**5,905.24**
Employees related payables	**84.38**	**-**	**-**	**84.38**
Security deposits received	**65.63**	**-**	**-**	**65.63**
Interest accrued but not due on borrowings	**2.34**	**-**	**-**	**2.34**
Payable towards Capital Goods	**54.97**	**-**	**-**	**54.97**
Interest payable	**64.79**	**-**	**-**	**64.79**
Lease Liabilities	**14.73**	**6.44**	**1.68**	**22.85**
Miscellaneous payable	**26.00**	**-**	**-**	**26.00**
	9,157.44	**1,446.40**	**505.70**	**11,109.54**

As at March 31, 2019

Rs. Million

	Less than 1 year	1-3 years	>3 years	Total
Borrowings	635.09	1,078.20	680.39	2,393.68
Trade payables				
- Total outstanding dues to micro and small enterprises	9.44	-	-	9.44
- Total outstanding dues of creditors other than micro and small enterprises	6,735.79	-	-	6,735.79
Employees related payables	65.87	-	-	65.87
Security deposits received	47.42	-	-	47.42
Interest accrued but not due on borrowings	2.43	2.26	-	4.69
Payable towards Capital Goods	26.46	-	-	26.46
Interest payable	133.03	-	-	133.03
Lease Liabilities	-	-	-	-
Miscellaneous payable	26.00	-	-	26.00
	7,681.53	1,080.46	680.39	9,442.38

39. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

Rs. Million

	As at March 31, 2020	As at March 31, 2019
Borrowings (Note 13)	**4,861.66**	2,393.68
Trade Payables (Note 15)	**5,926.92**	6,745.23
Cash and cash equivalents (Note 9)	**(466.91)**	(322.71)
Net debts	**10,321.67**	8,816.20
Total equity	**2,962.78**	3,809.80
Capital plus net debt	**13,284.45**	12,626.00
Gearing ratio (%)	**77.70%**	69.83%

In order to achieve this overall objective, the Group'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. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

40. Pursuant to judgment dated 10.5.1996 passed by the Hon'ble Supreme Court of India in a public interest litigation, the Parent Company surrendered 46.58 acres of land to the Delhi Development Authority ('DDA') for development of green belt and open spaces as directed by the Court. The Parent Company continued to be the lawful owner of the surrendered land though it was no longer in physical possession thereof.

DDA leased out some portion of the surrendered land Delhi Metro Rail Corporation ('DMRC') for a commercial consideration. The Parent Company challenged the leasing of surrendered land to DMRC before the Hon'ble Supreme Court. Hon'ble Supreme Court vide its Order dated 25.3.2010 directed that DDA, which held the surrendered and dedicated land in Trust cannot use it for any purpose other than as green belt or other spaces for the benefit of the community. The Court further directed that in the event of any acquisition or development of surrendered land, the land owner will be entitled to share fifty percent (50%) of the compensation. In view of the aforesaid direction, any benefits earned by DDA from the surrendered land are to be shared equally with the Parent Company.

In terms of the above directions of the Hon'ble Supreme Court, the Parent Company has received a sum of Rs. 159.24 million upto 30.09.2018 where after DMRC had vacated the surrendered land leased to it by DDA. Since there were delays in making payments by DMRC , the Parent Company has demanded payment of interest on delayed payments which is pending in the Court.

41. The Parent Company executed a Business Transfer Agreement on November 18, 2016 with Indian Potash Limited (IPL) to sell off its Agreed Assets and Liabilities excluding contingent liabilities of Titawi Sugar Complex (unit) as a going concern on an 'AS IS WHERE IS WHAT IS' basis by way of a slump sale. Such sale is on certain terms and conditions, part of which have been fulfilled and the rest are under process. The sale is governed by a Business Transfer Agreement (BTA) which stipulates completion of these activities within a certain time frame.

A sum of Rs. 22.59 million is recoverable from IPL, Out of which Rs. 20.00 million pertains to transfer of certain portion of freehold land in the name of IPL and balance of Rs. 2.59 million pertains to other matters.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

42. Dues to Micro, Small and Medium Enterprises

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 On the basis of supplier information available with the Company who have registered under the Micro Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006), the following are the details.

Rs. Million

	As at March 31, 2020	As at March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier:		
- Principal amount	**23.46**	9.30
- Interest thereon	**0.14**	0.14
the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day.		
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 this Act		
the amount of interest accrued and remaining unpaid	**0.14**	0.14
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor"	**0.14**	0.14

* including Rs 1.92 million (March 31, 2019 : Nil) on account of capital goods supplier.

43. Statutory Group Informations

Name of the entity in Group	Net assets i.e total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	% of consolidated net assets	Amount in Rs. Million	% of consolidated profit or loss	Amount in Rs. Million	% of consolidated other comprehensive income	Amount in Rs. Million	% of consolidated total comprehensive income	Amount in Rs. Million
Parent								
Mawana Sugars Limited								
As at March 31, 2020	**107.12%**	**3173.66**	**96.12%**	**(796.82)**	**100.33%**	**(18.06)**	**96.21%**	**(814.88)**
As at March 31, 2019	104.69%	3988.56	105.19%	424.40	94.87%	(1.24)	105.23%	423.16
Subsidiaries								
1) Siel Industrial Estate Limited								
As at March 31, 2020	**11.24%**	**333.11**	**1.45%**	**(12.05)**	**0.00%**	**0.00**	**1.42%**	**(12.05)**
As at March 31, 2019	6.51%	247.96	-3.49%	(14.09)	0.00%	0.00	-3.50%	(14.09)
2) Siel Financial Services Limited								
As at March 31, 2020	**-1.56%**	**(46.21)**	**0.19%**	**(1.58)**	**0.00%**	**0.00**	**0.19%**	**(1.58)**
As at March 31, 2019	-1.17%	(44.62)	-0.14%	(0.58)	0.00%	0.00	-0.14%	(0.58)

43. Statutory Group Informations (Contd.)

Name of the entity in Group	Net assets i.e total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	% of consolidated net assets	Amount in Rs. Million	% of consolidated profit or loss	Amount in Rs. Million	% of consolidated other comprehensive income	Amount in Rs. Million	% of consolidated total comprehensive income	Amount in Rs. Million
3) Siel Infrastructure & Estate Developers Private Limited								
As at March 31, 2020	**46.10%**	**1365.87**	**0.01%**	**(0.09)**	**0.00%**	**0.00**	**0.01%**	**(0.09)**
As at March 31, 2019	35.85%	1365.96	-0.01%	(0.03)	0.00%	0.00	-0.01%	(0.03)
Associates								
Mawana Foods Private Limited								
As at March 31, 2020	**-0.62%**	**(18.43)**	**1.90%**	**(15.73)**	**-0.33%**	**0.06**	**1.85%**	**(15.67)**
As at March 31, 2019	-0.07%	(2.76)	-0.67%	(2.69)	5.13%	(0.07)	-0.70%	(2.76)
Minorty Interest in Subsidries								
Siel Financial Services Limited								
As at March 31, 2020	**-0.04%**	**(1.15)**	**0.01%**	**(0.10)**	**0.00%**	**0.00**	**0.01%**	**(0.10)**
As at March 31, 2019	-0.03%	(1.25)	0.01%	0.04	0.00%	0.00	0.01%	0.04
Eliminations and adjustments due to Consolidation								
As at March 31, 2020	**-62.24%**	**(1844.08)**	**0.31%**	**(2.85)**	**0.00%**	**(0.00)**	**0.34%**	**(2.85)**
As at March 31, 2019	-45.78%	(1744.05)	-0.89%	(3.60)	0.00%	0.00	-0.89%	(3.60)
Total								
As at March 31, 2020	**100.00%**	**2962.78**	**100.00%**	**(829.02)**	**100.00%**	**(18.00)**	**100.00%**	**(847.02)**
As at March 31, 2019	100.00%	3809.80	100.00%	403.45	100.00%	(1.31)	100.00%	402.14

44. Pursuant to UP State Government Order dated 1.10.2018, the Parent Company has, during the previous year received cane subsidy of Rs. 4.50 per quintal of cane crushed during the sugar season 2017-18 amounting to Rs. 141.90 million and the same was adjusted in the cost of materials consumed in previous year.

45. In view of Hon'ble Allahabad High Court order dated 21.12.2017 for stay on the retrospective operation of orders of UP State Government on reduction in rate of society commission pertaining to earlier years, the Parent Company had provided differential amount of Rs. 285.46 million in the accounts during the earlier year. UP sugar mill association has approched hon'ble Supreme Court for stay of operation of high court order during the earlier year. The matter is pending before Supreme Court.

46. (a) During the year, the Parent Company has recognised an income of Rs 629.18.million net of expense of Rs.106.57 million as assistance on export of sugar as per Maximum Admissible Export Quantity (MAEQ) allotted in terms of notifications dated September 12, 2019 read with notifications dated September 16, 2019, issued by Department of Food and Public Distribution, Government of India. The Parent Company based on contracts completed against MAEQ and as per agreements signed with merchant exporters has accounted for receivable of Rs 704.43 million against above assistance from Government of India as per the conditions laid down in said notifications. However, in respect of export incentive of Rs. 152.38 million, merchant exporters have not made the export till March 31, 2020. Exports in respect of export incentives of Rs. 134.12 million have been made subsequent to the year end.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(b) During the year, the Parent Company has also accounted for an amount of Rs 94.90 million as receivable as buffer stock subsidy in terms of notifications dated July 31, 2019 and August 1, 2019 issued by Department of Food and Public Distribution, Ministry of Consumer Affairs, Foods and Public Distribution, Government of India. The Parent Company is eligible to get carrying cost in terms of interest, insurance and storage charges for maintenance of buffer stocks in terms of said notifiactions.

47. In the earlier years, Recovery Certificates (RC) were issued by the Cane Commissioner for payment of Cane Dues, society commission, interest on delayed payments etc for previous crushing seasons. The RC also mentioned that the recovery officer shall also collect 'collection charges' as per Rules. Parent Company had paid all the dues of the farmers on its own and challenged the levy of 'collection charges' before the Hon'ble High Court of Allahabad. Hon'ble High Court stayed the recovery of 'collection charges'. However, Parent Company has shown a contingent liability of Rs. 2203.50 million towards collections charges up to March 31, 2019. During the Current year, Hon'ble High Court of Allahabad following the principle of law laid down by Full Bench of the High Court in the case of Maharajwa Sugar Mills Vs State of UP, allowed all the writ petitions filed by the Company and quashed the levy of the collection charges and consequent demand for the same by the State Government. There are some other cases relating to the same issue of levy of 'collection charges' for other years which are still pending and the total demand of collection charges for those years is Rs. 1413.33 million as on March 31, 2020. The Parent Company has paid the entire dues of the farmers and the Society commission for these years on its own without any further action by the State Government.

The Parent Company has been legally advised that after the authoritative Full Bench Judgment by the Hon'ble High Court of Allahabad in Maharajwa Sugar Mills case, which has attained finality as the State Government has not challenged the said judgment in any superior court, no 'collection charges' could be recovered where the State Government has taken no further steps for recovery of the dues mentioned in RC except issuing the 'demand notice' and 'citation' and such amount has been directly paid by the sugar mills to the farmers on its own. Accordingly, the amount earlier shown as contingent liability towards 'collection charges' is no longer required to be shown as such and the same has not been shown as contingent liability in accounts as on March 31, 2020. (Refer note no. 31(c)(ii).

There is demand of interest on delayed payments of cane price of Rs. 3871.94 million from Cooperative Cane Societies, which has been disclosed under contingent liabilities (Refer note no. 31(c)(ii)). The Parent Company has given its representation to State Government for waiver the same. Matter is yet to be decided by the State Government. The Parent Company is hopeful to get the waiver from State Government.

48. Impairment indicators were identified on the investment and recoverable amounts in associate Mawana Foods Private Ltd. The Parent Company at the year end carried a sum of Rs. 131.57 million as an investment in the consolidated financials statement.

An impairment assessment has been carried out by comparing the carrying value of investment in associate to its recoverable amount for determining whether an impairment was required to be recognized. There is no impairment as determined by applying discounting future cash flows, being higher of the fair value and the carrying value.

49. Mawana Sugar Works is a separate cash generating unit and had negative cash flows in the earlier years. The Parent Company is at the year end carrying Property, plant and equipment and other non-current assets aggregating to Rs. 698.29 million in respect of said unit. As a result, there is risk that carrying value of related property, plant and equipment and other non-current assets may be higher than its recoverable amount. Impairment testing was carried out by getting the assets valuation from bank approved valuer and there is no impairment loss required to be recognized.

50. During the previous year, Central Government has reintroduced sugar sales mechanism by allotting monthly sale quota to all the sugar mills in the country. With the result, sales revenue has come down and inventory of sugar has significantly increased. As on March 31, 2020, the Parent Company is carrying inventory of sugar of Rs. 7,346.04 million (comprising finished goods Rs. 7,219.03 million and work in progress Rs. 127.01 million) with valuation at lower of cost and net realizable value. Future net realizable shall be dependent upon the factors on minimum support price, monthly sale quota and sugar production in the Country. The Parent Company is hopeful to get the value at least stated in the accounts.

51. M/s Jones Lang Lasalle (JLL), an international real estate consulting firm were engaged in earlier years to commission the feasibility study for the development of the Industrial estate. Based on this study and the subsequent discussions, the Change of Land Use (CLU) from Agriculture to Industrial for land parcel of 462.1552 acres was obtained from

District Town Planner (DTP), Patiala on 10.10.2017. Thereafter, M/s Ranjit Sabhiki Architect finalized the Master plan for submission to Punjab Urban Development Agency (PUDA) and the master plan was got approved on 23.01.2019.

Zoning Plan: Zoning plan for SIEL Industrial Estate has been prepared by M/s Dham Consultant. The plan has been approved by Chief Administrator, PUDA vide letter no. 1579-CTP(PB)/MPP-39 dated 01.06.2020.

Services Plan: Services plan for Public Health Engineering has been prepared by M/s Kumar Endecon Services Pvt. Limited. Electrical Services has been prepared by another Consultant. Electrical plan as per PSPCL Guidelines has been submitted to PSPCL for issuance of approval on 26.12.2019. Final Approval is awaited.

Environmental Clearance for SIEL IE: Pursuant to compliance of CLU letter dated 10.10.17, Company was required to take necessary approval from competent authority under the notification dated 14.09.2006 issued by Ministry of Environment and Forest. The approval (NOC) from the Forest Department under Forest Act, 1980, Patiala has been received by the Company on 13.11.18 as the SIEL IE does not fall under designated forest area.

The Siel IE got ToRs (Term of Reference for EIA studies) issued by SEIAA (State Environment Impact Assessment Authority) Punjab vide their letter dated 22.02.2019. The EIA study was submitted to SEIAA Punjab on 29.8.2019 for grant of Environment Clearance under EIA notification, 2006 for establishment of new industrial estate. The SEAC (State Expert Appraisal Committee), Punjab held its meeting dated 26.02.2020 and forwarded EC application to SEIAA Punjab with its recommendation to grant Environment Clearance of Siel IE. The SEIAA approved the Environment Clearance of Seil IE during their online meeting dated 29.05.2020. The Environment Clearance letter is awaited from SEIAA Punjab.

Registration of Project with Real Estate Regulatory Authority (RERA), Punjab: The Company has submitted its application for registration of its projects consisting of 462.1552 acres and 7.3265 acres with RERA, Punjab under The Real Estate (Regulation and Development) Act, 2016. The registration fee of Rs. 3.1 million has been deposited for the same. The RERA Registration certificate is yet to be received. It is delayed due to COVID-19 pandemic.

Creation of basic Infrastructure services at site: The work on creating some basic infrastructure is continuing under the guidance of M/s Ranjit Sabhiki Architect and the landscape consultant. The landscaping of 29M approach road has been completed. The layout of the Entry Gate Cum Administrative block has been finalized, and the work on land filling to bring its level to 400mm above road level has been completed. The site for new reservoir in the SIEL Industrial Estate has been cleared and marked. Development of Industrial Estate shall be taken up in phases. For first phase, around 160 acres is being developed. Drawings for Road and various services are being prepared. Structural Engineer, M/s Desman has been finalized for preparing basic infrastructure.

Marketing and sale of Industrial plots: M/s JLL has also prepared the SIEL iHUB brochure, advertisements and emailer for marketing. M/s JLL will help us in exploring the prospective Buyers/ Developers. Once RERA registration is completed and letter for environment clearance is received, the sales of Industrial plots to Potential buyers will be started.

52. Pursuant to MOU signed with Govt. of Punjab, as at the close of the period, the Company has possession of 456.39 acres (Previous year 456.39 acres) of land, which has been conveyed in the name of the Company.

The Additional District Judge (ADJ), Patiala vide Order dated 12.11.2005, enhanced the amount of compensation of land from Rs. 1,45,000/- per acre to Rs. 1,75,000/- per acre i.e. increase of Rs. 30,000 per acre in the basic land price compensation. Compensation towards Abadi land, Loss of Income, Superstructures, trees, etc. was also granted.

The Collector Land Acquisition (CLA) has confirmed a total liability of Rs. 71,598,497 towards the said enhancement and the Company has deposited this entire enhanced amount with the Additional District Judge, Patiala.

An Appeal was filed by the Company before Punjab & Haryana High Court at Chandigarh against the order dated 12.11.2005 passed by Additional District Judge, Patiala in respect of enhancement of cost of land from Rs. 1,45,000/- to Rs. 1,75,000/- per acre.

The Hon'ble High Court while upholding the order of ADJ, Patiala has made modification in order to the extent that the market value of acquired land was revised and fixed at Rs. 2,10,000/- per acre as against Rs. 1,75,000/- per acre assessed by reference court earlier. Pursuant to the above order the Collector Land Acquisition (CLA) has confirmed a total liability of Rs. 107.52 million towards the said enhancement vide letter dated 26.08.2016. The total liability as on date including interest up to 31.03.2020 is to the tune of Rs. 114.53 million. The Company has deposited a sum

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

of Rs. 99.68 million up to 31.03.2020 and the remaining liability as on date including interest up to 31.03.2020 is Rs. 14.85 million.

The Company and the Landowners filed appeals in the Hon'ble Supreme Court of India against the order of the High Court. The appeals came up for hearing on 21.11.2017. The Supreme Court partly allowed the appeals filed by the landowners and increased the amount of compensation to landowners from Rs.2,10,000/- per acre to Rs.2,81,400/-. The total liability as on date including interest up to 31.03.2020 is to the tune of Rs. 245.21 million. The Company has made payment of a sum of Rs. 175.06 million till date and balance outstanding including interest up to 31.03.2020 is Rs. 70.15 million.

Some landowners have filed Revision Petitions in the Punjab and Haryana High Court challenging the orders of the Execution Court on the ground that they have not been awarded interest. The Hon'ble court disposed off the said matters on 06.05.2019 & have been remanded back to executing court. The said matters are listed before the Court of Additional District Judge, Patiala for arguments on 03.07.2020.

Some landowners have filed petitions before the Collector seeking determination of the amount of compensation payable to them based on the Judgment of the High Court of Punjab and Haryana. No date of hearing has been notified as yet.

53. Reserve Bank of India has issued a clarification vide its notification RBI/2006-07/158, DNBS (PD) C.C. No. 81/03.05.002/2006-07, Dated October 19, 2006 that a company will be treated as a non-banking financial company (NBFC) if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets is more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company for the purpose of identification of an NBFC. SIEL Infrastructure & Estate Devepolers Private Limited ("SIEL IED") has become non-banking financial company on the basis of financial assets & income from financial assets criteria. Since SIEL IED was complying with the conditions laid down under "The Core Investment Companies (Reserve Bank) Directions, 2011", SIEL IED submitted an application dated December 17, 2013 with Reserve Bank of India seeking exemption from registration with RBI as Core Investment Company (CIC). RBI vide letter no. DNBS.ND.NO.-2958/Regn. No. CIC./04.04.9999/2013-14 has granted exemption from registration of SIEL IED as Core Investment Company (CIC).

54. SIEL Infrastructure & Estate Devepolers Private Limited (""SIEL IED"") estimates the deferred tax (charge) / credit using the applicable rate of taxation based on the impact of timing differences b/w financial statements. SIEL IED is Systematically Important Non Deposit Taking Core Investment Company and it has invested in the equity shares of SIEL Industrial Estate Limited which is its associate & also fellow subsidiary of Mawana Sugars Limited. SIEL Industrial Estate Limited, the investee intends to invest in estate business. The said estate business will include but not limited to conceiving, designing, promoting, investing, developing, constructing, managing integrated industrial estate, science parks, business parks, technology centres, research & development center's, export oriented units, software & hardware technology parks, residential houses, commercial building etc. The SIEL IED is still in the process of planning & charting out its course of action to commence its operations. Considering the time required & save government fees, it applied to Registrar of Companies, NCT of Delhi & Haryana, Ministry of Corporate Affairs, Government of India to become dormant under Section 455 of the Companies Act, 2013 till the time it actually operationalize its plans. The Company became dormant under Section 455 of the Companies Act, 2013 on 25th January 2015. As per Rule 8 of Companies (Miscellaneous) Rules, 2014, ""An application, under sub-section (5) of section 455, for obtaining the status of an active company shall be made in Form MSC-4 along with fees as provided in the Companies (Registration Offices and Fees) Rules, 2014 and shall be accompanied by a return in Form MSC-3 in respect of the financial year in which the application for obtaining the status of an active company is being filed: Provided that the Registrar shall initiate the process of striking off the name of the company if the company remains as a dormant company for a period of consecutive five years"". The tenure of five years ended on 25th January 2020 and the board will consider the matter in the subsequent Board Meeting. Considering that SIEL IED is Systematically Important Non Deposit Taking Core Investment Company and it is actively working in the direction to commence its operations which will enable SIEL IED to start operating on a profitable basis, SIEL IED is considered as going concern and the accounts of SIEL IED have been prepared on a "going concern" basis.

55. SIEL Financials Services Limited ("SFSL") has severely curtailed its operations due to meagerness of funds and adverse market conditions. The operations of the SFSL are restricted to realization of debtors or advances. The management is negotiating with certain parties for realizing some of the assets and is hopeful of generating funds for this business. The accounts of SFSL have been prepared on a "going concern" basis on an assumption & promises made by the management that adequate finances and opportunities would be available in the foreseeable future to enable SFSL to start operating on a profitable basis. In view of the above, the accounts of SFSL have been prepared on a going concern basis.

56. The Group has a 33.74% interest in Mawana Foods Private Limited, an associate which is an established player in retail business of sugar, edible oils and soap. The Group's interest in Mawana Foods Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Associate, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Rs. Million

Particulars	**As at March 31, 2020**	As at March 31, 2019
Current assets	**93.63**	148.82
Non - Current assets	**9.16**	3.26
Current Liabilities	**99.22**	103.15
Non - Current Liabilities	**7.64**	6.57
Total equity	**(4.07)**	42.36
Proportion of the Group's ownership	**33.74**	33.74
Proportionate Investment	**(1.38)**	14.29
Add : Goodwill on acquisition of associate	**132.95**	132.95
Carrying amount of Investment	**131.57**	147.24

Summarised statement of profit and loss :

Rs. Million

Particulars	**Year ended March 31, 2020**	Period ended March 31, 2019
Revenue from operations	**1,343.14**	934.04
Other income	**4.40**	2.00
Total Revenue (I)	**1,347.54**	936.04
Expenses:		
Purchase of traded goods	**1,236.63**	821.93
Change in inventory of traded goods	**(2.71)**	7.89
Employee benefits expenses	**69.00**	43.04
Depreciation expense	**2.87**	0.35
Other expenses	**86.62**	70.20
Finance costs	**1.76**	0.62
Total Expenses (II)	**1,394.17**	944.03
Loss Before Tax	**(46.63)**	(7.99)
Income Tax	**-**	-
Current Tax	**-**	-
Deferred Tax	**-**	-
Loss for the Year/Period	**(46.63)**	(7.99)
Other Comprehensice Income		-
Item that will not be reclassified to statement of PL	**(0.18)**	0.20
Total Other Comprehensive income	**(46.44)**	(8.20)
Proportion of the Group's ownership	**33.74%**	33.74%
Proportionate (Loss)*	**(15.67)**	(2.76)

* Figure has been derived from the audited financial statement of associate for the previous year, after adjusting loss for the period on the date of acquisition based on management certified accounts.

NOTES TO FINANCIAL STATEMENTS OF GROUP AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

57. The outbreak of COVID-19 pandemic globally and in India has caused significant disturbance and slowdown of economic activity. The nationwide lockdown restrictions ordered by the Government of India w.e.f. 24th March 2020 led to complete shutdown of operations at Chemical business of the Parent Company which however restarted in limited way from April 02, 2020. However, Sugar & other manufacturing operations of the Parent Company continued without any significant disruptions. Sugar offtake has been lower due to lack of its demand. Ethanol supply was limited in view of low requirement of petroleum products during this period. Further, the Parent Company has assessed the recoverability and carrying values of its assets comprising receivables and other financial assets as at the balance sheet date using various internal and external information up to the date of approval of these financial statements. The impact of COVID-19 may impact the underlying assumptions and estimates used to prepare the Parent Company's financial statements, which may differ from that considered as at the date of approval of these financial statements. Further, due to higher level of uncertainty, the lockdown and its impact, may affect the Parent Company's operations in future and consequently its financial results, which are dependent on the improvement in the overall economic environment and the measures taken by the Parent Company to mitigate the impact of the pandemic.

As per our report of even date
For **S.R.Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No.: 301003E/E300005

per **ANIL GUPTA**
Partner
Membership No. : 87921

For and on behalf of the Board of Directors
of Mawana Sugars Limited

RAVINDER SINGH BEDI
Director
(DIN: 01408189)

B.B. MEHTA
Chief Financial Officer

DHARAM PAL SHARMA
Whole Time Director
(DIN: 07259344)

ASHOK KUMAR SHUKLA
Company Secretary

PIAR CHAND JASWAL
Director
(DIN: 07100098)

Place: New Delhi
Date: June 26, 2020