# BALRAMPUR CHINI MILLS LIMITED

REGD. OFF. : "FMC FORTUNA" 2ND FLOOR, 234/3A, A. J. C. BOSE ROAD, KOLKATA - 700 020
PHONE : 2287-4749 FAX : (033) 22873083 / 22808874 GRAM : BALSUCO, CALCUTTA
Email : bcml@bcml.in ● Internet Website http : / / www.chini.com ● CIN - L15421WB1975PLC030118


3rd August, 2018

| | | |
|---|---|---|
| **National Stock Exchange of India Limited**<br>Listing Deptt., Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai- 400051 | **BSE Limited**<br>The Corporate Relationship Department<br>1st Floor, New Trading Wing, Rotunda Building, Phiroze Jeejeebhoy Towers<br>Dalal Street, Fort, Mumbai- 400001 | **The Calcutta Stock Exchange Limited**<br>7, Lyons Range, Kolkata – 700 001 |
| **Scrip Code:** BALRAMCHIN | **Scrip Code:** 500038 | **Scrip Code:** 12012 |

Dear Sir/Madam,

**Subject: Notice of 42nd Annual General Meeting and Book Closure (ISIN: INE119A01028)**

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), we wish to inform you that:

(i) The 42nd Annual General Meeting (AGM) of the Members of the Company will be held on **Friday, 31st August, 2018**.
(ii) Register of Members and Share Transfer Books of the Company will remain closed from **(Saturday) 25th August, 2018 to Friday, 31st August, 2018 (both days inclusive)** for the purpose of AGM.
(iii) The Cut-off date for reckoning the voting rights of the members for remote e-voting and voting at the AGM is**, Friday, 24th August, 2018**.
(iv) The Company has appointed Karvy Computershare Private Limited for providing remote e-voting facility.

Further, in terms of Regulation 30 of the Listing Regulations, we are enclosing herewith Notice of 42nd Annual General Meeting of the Company, as being dispatched to the Members of the Company along with Annual Report 2017-18 through permitted modes.

This is for your information and records please.

Thanking you,
Yours faithfully,
**For Balrampur Chini Mills Limited**

NBagaria

**Nitin Bagaria**
**(Company Secretary)**

**CC:**

| | | |
|---|---|---|
| National Securities Depository Limited<br>Trade World – A Wing, Kamala Mills Compound<br>Lower Parel, Mumbai-400013 | Central Depository Services (India) Limited,<br>Marathon Futurex, A-Wing, 25th floor, NM Joshi Marg, Lower Parel, Mumbai – 400013 | Karvy Computershare Private Limited<br>Karvy Selenium Tower B, Plot 31-32, Gachibowli,<br>Financial District, Nanakramguda, Hyderabad – 500 032 |

# Balrampur Chini Mills Limited

CIN: L15421WB1975PLC030118
**Registered Office**: FMC Fortuna, 2nd Floor,
234/3A, A.J.C. Bose Road, Kolkata – 700 020
Tel: +91 33 2287 4749 Fax: +91 33 2287 3083
Email: bcml@bcml.in, Website: www.chini.com

## NOTICE

**NOTICE** is hereby given that the Forty Second (42nd) Annual General Meeting of the Members of Balrampur Chini Mills Limited will be held on Friday, the 31st day of August, 2018 at 11.30 A.M. at 'Vidya Mandir', 1, Moira Street, Kolkata – 700017 to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt:
   a. the Standalone Audited Financial Statements of the Company for the financial year ended 31st March, 2018 including the Audited Balance Sheet as at 31st March, 2018 and Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon; and
   b. the Consolidated Audited Financial Statements of the Company for the financial year ended 31st March, 2018 including the Consolidated Audited Balance Sheet as at 31st March, 2018 and Statement of Profit & Loss for the year ended on that date and the Report of the Auditors thereon.
2. To approve and confirm the interim dividend of Rs. 2.50 per Equity Share of the Company paid during the year as final dividend for the year ended 31st March, 2018.
3. To appoint a director in place of Shri Naresh Dayal (DIN: 03059141), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint the Statutory Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   **"RESOLVED THAT** pursuant to Section 40 of the Companies (Amendment) Act, 2017 read together with Section 139 of the Companies Act, 2013 (as amended) and other applicable provisions, if any, and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and in partial modification of the resolution passed by the members of the Company at the 41st Annual General Meeting held on 30th August, 2017, the Company hereby dispenses with the requirement of ratification of the appointment of M/s. Lodha & Co., Chartered Accountants (ICAI Registration No.:301051E), as the Statutory Auditors of the Company."

**SPECIAL BUSINESS:**

5. To consider and if thought fit to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   **"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (as amended) and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of M/s. N. Radhakrishnan & Co., Cost Accountants (Firm Registration No.: 000056), appointed by the Board of Directors, on the recommendation of the Audit Committee, as the Cost Auditors of the Company, to conduct the audit of the cost records maintained by the Company for the financial year ending 31st March, 2019 at a remuneration of Rs. 3,50,000 plus applicable taxes and reimbursement of out-of-pocket expenses, be and is hereby ratified.

   **RESOLVED FURTHER THAT** each of the Directors and the Company Secretary of the Company, be and are hereby severally authorised to take all such steps as may be necessary, proper and expedient to give effect to the aforesaid Resolution."

By order of the Board of Directors
For **Balrampur Chini Mills Limited**

Place: Kolkata
Date: 19th May, 2018
**Registered Office:**
FMC Fortuna, 2nd Floor,
234/3A, A.J.C. Bose Road, Kolkata-700020

Sd/-
**Nitin Bagaria**
Company Secretary

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 42ND ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing the proxy, in order to be effective, should be deposited, duly completed and signed, at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting. A proxy form is attached herewith.**

   **A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
2. The proxy holder shall prove his / her identity at the time of attending the Meeting.
3. When a member appoints a proxy and both the member and proxy attend the Meeting, the proxy stands automatically revoked.

4. Corporate members are required to send to the Company, a certified copy of the Board Resolution (together with the respective specimen signature), pursuant to Section 113 of the Companies Act, 2013 (as amended) (the "Act") / Power of Attorney, authorising their representative to attend and vote on their behalf at the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. A Statement pursuant to Section 102 of the Act and Secretarial Standard on General Meetings (Revised) (SS-2), relating to the Special Business to be transacted at the Meeting is annexed hereto. Information on the Director proposed to be re-appointed at the Meeting as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and SS-2 are provided in the Annexure to this Notice.
7. The Register of Members and Share Transfer Books of the Company will remain closed from **(Saturday) 25th August, 2018 to (Friday) 31st August, 2018 (both days inclusive)**.
8. The Board of Directors, has declared interim dividend @ 250% i.e. Rs. 2.50 per equity share of Re. 1 each at its Meeting held on 31st July, 2017 which was paid to the equity shareholders whose names appeared on the Company's Register of Members or in the records of the depositories as beneficial owners on 10th August, 2017. The interim dividend so declared by the Board of Directors is being proposed to be confirmed as final dividend for the financial year ended 31st March, 2018 at the Meeting.
9. Members holding shares in electronic form may note that the Company or its Registrar and Share Transfer Agent (Karvy Computershare Private Limited, hereinafter referred to as "Karvy") cannot act on any request received directly from the members holding shares in electronic form for any change in their address or bank particulars or bank mandates. Such changes are to be advised only to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address and / or bank mandates immediately to Karvy.
10. In terms of Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended) (the "IEPF Rules"), the due date for transferring the unclaimed final dividend for the financial year 2009-11 to the Investor Education and Protection Fund established by the Central Government is 30th August, 2018. Shareholders who have not yet encashed their final dividend warrants for the financial year 2009-11 or any subsequent financial year(s) are requested to claim the same by sending a duly signed letter (along with a copy of cancelled cheque) to Karvy immediately. The Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on 30th August, 2017 (date of last AGM) on the website of the Company (www.chini.com) and also on the website of the Ministry of Corporate Affairs. No claim shall lie against the Company in respect of individual amount(s) so credited to the Investor Education and Protection Fund.
11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website (www.chini.com) under the section "Investor Corner".
12. 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 their PAN details to the Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Karvy.
13. Since securities of the Company are traded compulsorily in dematerialized form as per SEBI mandate, members holding shares in physical form are requested to get their shares dematerialized at the earliest.
14. In accordance with the provisions of Section 108 and other applicable provisions, if any, of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and amendments thereto and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Company has engaged the services of Karvy to provide remote e-voting facility to all the Members to enable them to cast their votes electronically in respect of the businesses to be transacted at the Meeting. The instructions for remote e-voting are annexed separately and forms part of this Notice. Members who would have cast their vote by remote e-voting may attend the Meeting, but shall not be able to vote at the Meeting. Such a member will also not be allowed to change or cast vote again. The facility of voting through electronic means ("Insta Poll") will also be available at the Meeting. Members attending the Meeting who would have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the Meeting. *(Members may note that in case of any technical failure or any other eventuality resulting into non-functionality of Insta Poll at the Meeting, the Members would be provided the facility for voting through Ballot Paper for casting their votes at the Meeting)*. **The Members, whose names appear in the Register of Members / list of Beneficial Owners as on (Friday) 24th August, 2018, being the cut-off date, are entitled to vote on the Resolutions set forth in the Notice. A person who is not a member as on the cut-off date, (Friday) 24th August, 2018 should treat this Notice for information purpose only**.
15. Electronic copy of the Notice of the Meeting, inter alia, indicating the process and manner of voting through electronic means along with Attendance Slip, Proxy Form and the Annual Report 2017-18 is being sent to all the Members (except those who have requested for a physical copy of the same) whose email addresses are registered with the Company's Registrar and Share Transfer Agent/Depository Participants. However, any member may request for a physical copy of the Notice of the Meeting, Attendance Slip, Proxy Form and the Annual Report 2017-18 which will be sent by the Company to the said member free of cost. Physical copies of the Notice of the Meeting, inter alia, indicating the process and manner of voting through electronic means along with Attendance Slip, Proxy Form and the Annual Report 2017-18 is being sent (through a permitted mode) to all those members of the Company who have not registered their email addresses or have requested for a physical copy. In keeping with the Ministry of Corporate Affairs' Green Initiative measures,

the Company hereby requests its Members who have not registered their email addresses so far, to register their email addresses for receiving all communication including annual report, notices, etc. from the Company electronically.

16. A route map and prominent landmark for easy location of the venue of the Meeting is enclosed with this Notice. Members may also note that the Notice of the Meeting along with the route map and the Annual Report 2017-18 will also be available on the website of the Company (www.chini.com) for download.
17. For convenience of the Members and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by way of Attendance Slip, which is annexed to this Notice. Members are requested to bring their Attendance Slip, fill up and sign the same at the place provided and hand it over at the entrance of the venue of the Meeting.
18. The Board of Directors has appointed CS Amber Ahmad, Proprietor, Amber Ahmad & Associates, Company Secretaries, (FCS :9312 / CP No.: 8581), or failing her, such other practising company secretary as the Executive Committee of the Board of Directors of the Company may appoint, as the Scrutinizer for scrutinizing the process of remote e-voting and e-voting at the Meeting venue (or poll as the case may be) in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of the Meeting, count the votes cast at the Meeting and thereafter, unblock the votes cast through remote e-voting in presence of atleast two witnesses not in employment of the Company. The Scrutinizer shall submit a Consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any, not later than 48 hours after the conclusion of the Meeting. Thereafter, the Results of remote e-voting and voting at the Meeting venue shall be declared by the Chairman or by any other director duly authorised in this regard. The Results declared along with the Report of the Scrutinizer shall be placed on the Company's website (www.chini.com) and also be displayed on the Notice Board of the Company at its Registered Office for atleast 3 days and on the website of Karvy (www.karvy.com) immediately after the results are declared and simultaneously communicated to the Stock Exchanges.
19. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Act read with Rules made thereunder will be available for inspection by the Members at the Meeting.
20. Relevant documents referred to in this Notice / Explanatory Statement will be open for inspection by the Members at the Meeting and such documents will also be available for inspection in physical or in electronic form at the Registered Office of the Company on all working days, except Saturdays, from 11:00 A.M. to 1:00 P.M. upto and including the date of the Meeting and also at the Meeting.

By order of the Board of Directors
For **Balrampur Chini Mills Limited**

Place: Kolkata
Date: 19th May, 2018
**Registered Office:**
FMC Fortuna, 2nd Floor,
234/3A, A.J.C. Bose Road, Kolkata-700020

Sd/-
**Nitin Bagaria**
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013**

As required under Section 102 of the Companies Act, 2013 (as amended) the following Explanatory Statement sets out all material facts relating to the Special Business set out from Item No. 5 of the accompanying Notice dated 19th May, 2018.

**Item No. 5**

The Board, on recommendation of the Audit Committee, approved the appointment of M/s. N. Radhakrishnan & Co., Cost Accountants (Firm Registration No.: 000056) as the Cost Auditors of the Company, to conduct the audit of the cost records of the Company relating to Sugar (including Industrial Alcohol) and Electricity for the financial year ending 31st March, 2019 at a remuneration of Rs. 3,50,000 plus taxes, as applicable and reimbursement of out of pocket expenses. In accordance with the provisions of Section 148 of the Companies Act, 2013 (as amended) read with the Companies (Audit and Auditors) Rules, 2014 (as amended), the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company. In this regard, consent of the Members is sought for passing the resolution for ratification of the remuneration payable to the Cost Auditors for the financial year ending on 31st March, 2019 as approved by the Board of Directors and as set out in Item no.5 of this Notice.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution. The Board recommends the Ordinary Resolution as set out in Item No. 5 for approval by the Shareholders.

By order of the Board of Directors
For **Balrampur Chini Mills Limited**

Place: Kolkata
Date: 19th May, 2018
**Registered Office:**
FMC Fortuna, 2nd Floor,
234/3A, A.J.C. Bose Road, Kolkata-700020

Sd/-
**Nitin Bagaria**
Company Secretary

**Annexure to the Notice**

As per the requirements of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and Clause 1.2.5 of the Secretarial Standard – 2 (Revised) as issued by the Institute of Company Secretaries of India, a statement containing the requisite details of the concerned Directors is given below:

| **Name** | **Shri Naresh Dayal** |
|---|---|
| DIN | 03059141 |
| Date of Birth | 14.09.1949 |
| Age | 68 years |
| Profile | Shri Naresh Dayal is a Retd. IAS and has worked with the Government of India for 37 years in various positions at the state and national levels. As Secretary, the Hon'ble Ministry of Health and Family Welfare, Shri Dayal was responsible, among other things, for all policies and programs in Public Health, supervising National Health Authorities, assessing and devising the policies for the Country's manpower requirements in health. |
| Qualification | M.A. from University of Delhi and Masters in Professional Studies, Agriculture, from University of Cornell, USA. |
| Experience and Expertise in specific functional area | Business and General Administration |
| Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid. | Appointed w.e.f. 15th November, 2016 as an Additional (Non-Executive, Non-Independent) Director and thereafter regularized as a director liable to retire by rotation at the AGM held on 30th August, 2017. He is entitled to receive commission and sitting fees as per the provisions of the Companies Act, 2013 (as amended). |
| Remuneration last drawn by such person | Commission for the year 2016-17 (Paid in the year 2017-18):<br>Rs. 3.35 Lakhs.<br>Commission for the year 2017-18 (Payable after the 42nd AGM):<br>Rs. 10.00 Lakhs.<br>Sitting Fees for attending meetings of the Board/Committees during the year 2017-18:<br>Rs. 1.80 Lakhs |
| Date of first appointment on the Board | 15th November, 2016 |
| Membership/ Chairmanship of Committees of the Board of Directors of the Company | CSR Committee (Member) |
| Other Directorships and Membership/ Chairmanship of Committees of other Boards | **Listed Companies**<br>- Glaxosmithkline Consumer Healthcare Limited (Director)<br>(Also a Member of Stakeholders Relationship Committee)<br>**Unlisted Companies**<br>- Biotechnology Industry Research Assistance Council (Director) |
| Number of shares held in the Company | Nil |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company | None |
| Number of Meetings of the Board attended during the year | 4 out of 6 |

By order of the Board of Directors
For **Balrampur Chini Mills Limited**

Sd/-
**Nitin Bagaria**
Company Secretary

Place: Kolkata
Date: 19th May, 2018
**Registered Office:**
FMC Fortuna, 2nd Floor,
234/3A, A.J.C. Bose Road, Kolkata-700020

**ATTENDANCE SLIP**

## Balrampur Chini Mills Limited

CIN: L15421WB1975PLC030118
Registered Office: FMC Fortuna, 2nd Floor,
234/3A, A.J.C. Bose Road, Kolkata – 700 020,
Phone: (033) 22874749, Fax: (033) 22873083,
Email: investorgrievances@bcml.in, Website:www.chini.com

Name of the Member / Proxy:

Address:

Email-Id:

Folio No./Client ID: DP ID:

No(s). of Shares held:

I/ We hereby record my/our presence at the **42nd Annual General Meeting** of the Company held on **Friday, the 31st day of August, 2018 at 11.30 A.M. at 'Vidya Mandir', 1, Moira Street, Kolkata – 700017.**

Signature of Member / Proxy

**NOTE: PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING & HANDOVER AT THE ENTRANCE DULY FILLED & SIGNED. MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF ANNUAL REPORT TO THE MEETING. MEMBERS WHO HOLD SHARES IN DEMATERIALISED FORM ARE REQUESTED TO FURNISH THEIR CLIENT ID AND DP ID FOR EASY IDENTIFICATION OF ATTENDANCE AT THE MEETING. PROXIES ARE REQUESTED TO BRING THEIR IDENTITY PROOF FOR VERIFICATION AT THE ENTRANCE OF THE MEETING**.

(P.T.O.)

**Form No. MGT-11**

**PROXY FORM**

*[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

## Balrampur Chini Mills Limited

CIN: L15421WB1975PLC030118
Registered Office: FMC Fortuna, 2nd Floor,
234/3A, A.J.C. Bose Road, Kolkata – 700 020,
Phone: (033) 22874749, Fax: (033) 22873083,
Email: investorgrievances@bcml.in, Website:www.chini.com

Name of the Member(s):

Registered address:

E-mail Id:

Folio No. / Client Id:

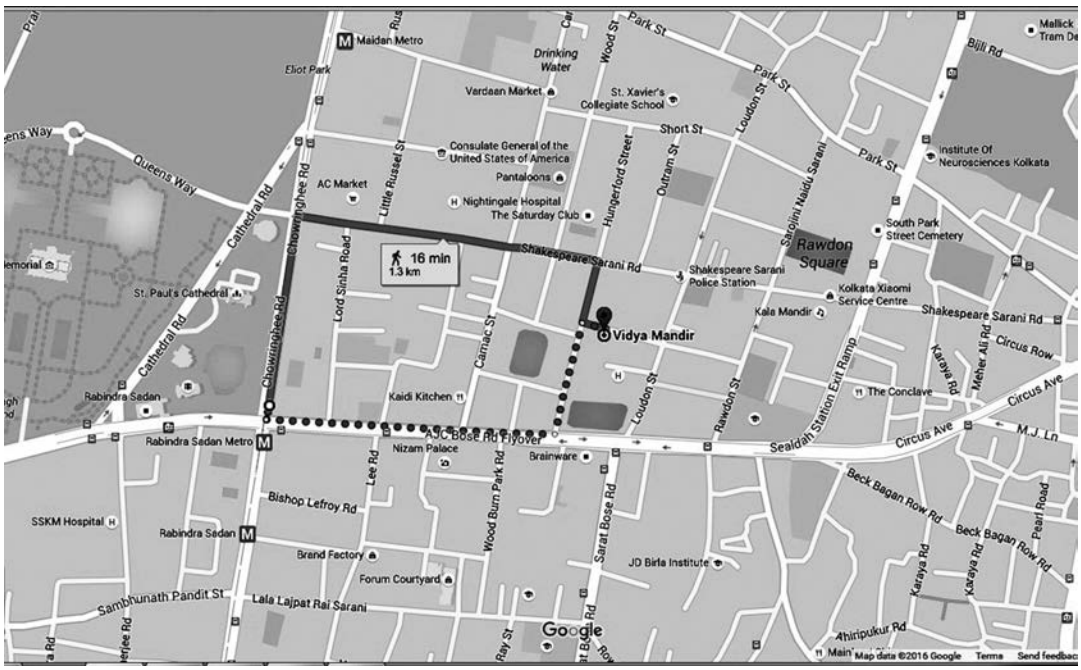
DP ID:

I/We, being the member(s) of ……. shares of the above named company, hereby appoint

1. Name:…….....Address:……
   E-mail Id:……..…….....Signature:……..……., or failing him;
2. Name:…….....Address:……
   E-mail Id:……..…….....Signature:……..……., or failing him;
3. Name:…….....Address:……
   E-mail Id:……..…….....Signature:……..…….....

(P.T.O.)

## ROUTE MAP TO THE VENUE OF THE 42ND ANNUAL GENERAL MEETING OF THE COMPANY, TO BE HELD ON FRIDAY, THE 31ST DAY OF AUGUST, 2018




**Prominent Landmark**: Rabindra Sadan Metro Station
**Venue of the Meeting**: 'Vidya Mandir', 1, Moira Street, Kolkata – 700017

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **42nd Annual General Meeting** of the Company, to be held on **Friday, the 31st day of August, 2018 at 11.30 A.M. at 'Vidya Mandir', 1, Moira Street, Kolkata – 700017** and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sl. | Ordinary Business: | For | Against |
|---|---|---|---|
| 1. | Adoption of the Audited Financial Statements for the year ended 31st March, 2018 along with the Reports of the Board of Directors and the Auditors thereon. | | |
| 2. | Approval and confirmation of the interim dividend of Rs. 2.50 per Equity Share of the Company paid during the year as the final dividend for the year ended 31st March, 2018 | | |
| 3. | Appointment of Shri Naresh Dayal, who retires by rotation. | | |
| 4. | Removal of requirement of ratification of appointment of M/s. Lodha & Co., Chartered Accountants, as Statutory Auditors. | | |
| | | | |
| | **Special Business:** | | |
| 5. | Ratification of remuneration payable to the Cost Auditors. | | |

Signed this…….day of……., 2018

**Signature of Shareholder** _____

**Signature of Proxy holder(s)** _____

Affix Revenue Stamp here

**Notes:**

1. **For the Resolutions, Explanatory Statements and Notes, please refer the Notice of 42nd Annual General Meeting.**
2. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
3. **If you wish to vote for a Resolution, place a tick in the corresponding box under the column marked "For". If you wish to vote against a Resolution, place a tick in the corresponding box under the column marked "Against". If no direction is given, your Proxy may vote or abstain as he/ she thinks fit.**

# Balrampur Chini Mills Limited

CIN: L15421WB1975PLC030118
Registered Office: FMC Fortuna, 2nd Floor 234/3A, A.J.C. Bose Road, Kolkata - 700 020
Phone: (033) 22874749, Fax: (033) 22873083
Email: investorgrievances@bcml.in, Website: www.chini.com

Serial No. : 1

Name & Address

Name of the joint holder(s) if any :

Folio No. / DP ID & Client ID : :
Number of Shares held :

Dear Member,

Sub: **Voting through electronic means**

In compliance with the provisions of Section 108 of the Companies Act, 2013 (as amended) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Company is pleased to provide to the members facility of voting by electronic means through remote e-voting (i.e. voting electronically from a place other than the venue of the general meeting) in respect of businesses to be transacted at the 42nd Annual General Meeting (AGM) of the Company scheduled to be held on31stAugust, 2018 (Friday) at 11.30 A.M. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating voting by electronic means and the businesses may be transacted through e-voting service provided by Karvy.

The remote e-voting particulars are set out below:

| E-Voting Event Number (EVEN) | User ID | Password |
|---|---|---|
| | | |

The remote e-voting facility is available during the following period:

| Commencement of remote e-voting | End of remote e-voting |
|---|---|
| **28th August, 2018 (Tuesday) at 10.00 A.M.** | **30th August, 2018 (Thursday) at 5.00 P.M.** |

The cut-off date for the purpose of remote e-voting and voting at the AGM is 24th August, 2018 (Friday).

E-voting facility is available at the website - https://evoting.karvy.com. Please read the instructions printed overleaf before exercising remote e-voting. The Notice of the AGM dated 19th May, 2018 (the "Notice")is enclosed herewith and can also be downloaded from the Karvy website and the Company website - www.chini.com

| | |
|---|---|
| Place: Kolkata<br>Date: 19th May, 2018 | By order of the Board<br>For **Balrampur Chini Mills Limited** |
| **Registered Office:**<br>FMC Fortuna, 2nd Floor,<br>234/3A, A.J.C. Bose Road, Kolkata-700020 | Sd/-<br>**Nitin Bagaria**<br>Company Secretary |

## INSTRUCTIONS FOR E-VOTING AND GENERAL INFORMATION

Shareholders are requested to read the instructions/ steps detailed below before exercising/ casting their vote:

The Company has entered into an arrangement with Karvy Computershare Private Limited (Karvy) for facilitating e-voting for AGM. The instructions for e-voting are as under:

1. Open your web browser during the voting period and navigate to `https://evoting.karvy.com'
2. Enter the login credentials (i.e. User ID& password) as mentioned overleaf or as mentioned in the email (in case you receive an email from Karvy on your registered email address) :

| | |
|---|---|
| User ID | Folio Number registered with the Company / DP ID - Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and Password for login. |
| Password | Your Unique password is printed overleaf. |
| Captcha | Enter the Verification code for security reasons i.e., please enter the alphabets and numbers in the exact way as they are displayed. |

3. After entering these details appropriately, click on "LOGIN"
4. You will now reach Password Change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with atleast one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
5. You need to login again with the new credentials.
6. On successful login, the system will prompt you to select the e- voting "EVEN".
7. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR / AGAINST" taken together not exceeding your total shareholding as mentioned herein above. You may also choose the option "ABSTAIN". If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
8. Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.
9. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
10. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify.
11. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI etc.,) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email ID: bcmlagm2017@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Balrampur Chini MillsLimited_Annual General Meeting".
12. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not be allowed to vote again at the Meeting.
13. In case of any query, you may refer Help & Frequently Asked Questions (FAQs) section of https://evoting.karvy.com (Karvy Website) or call Karvy on 040-67161500 & Toll Free No. 1800 3454 001.

## General Information:

i. Shareholders of the Company, as on the cut-off date, may cast their vote electronically. The voting rights of the shareholders shall be ONE VOTE PER EQUITY SHARE registered in the name of the shareholder **as on the cut-off date i.e.24thAugust, 2018 (Friday)**.

ii. Any person who becomes a member of the Company after the dispatch of the Notice of theAGM and holds shares as on the cut-off date may obtain Password by contacting Karvy Computershare Private Ltd.

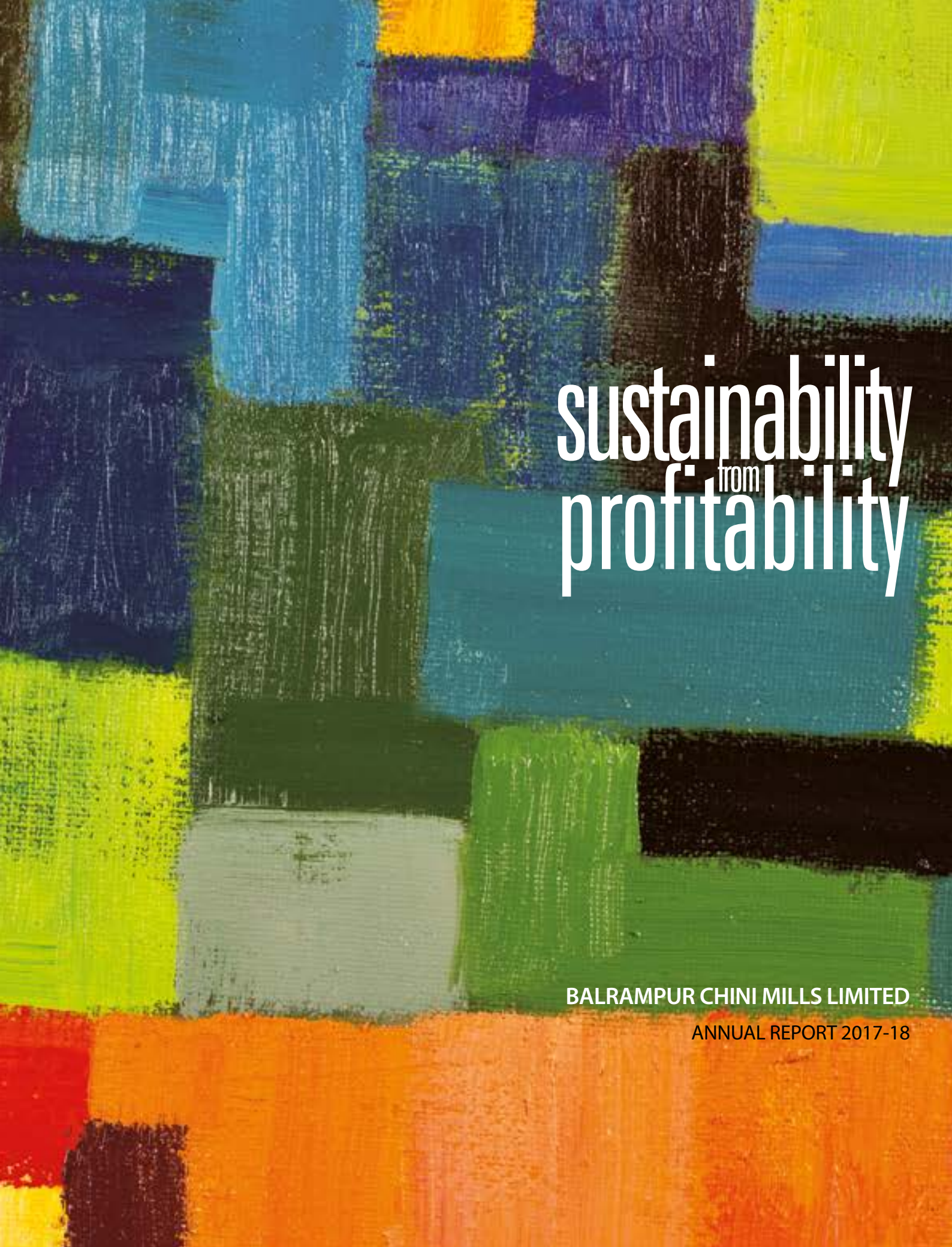
iii. The Remote E- voting period commences on **28th August, 2018 (Tuesday) at 10.00 A.M. and ends on30th August, 2018 (Thursday) at 5.00 P.M**. During this period, Shareholders of the Company may casttheir votes electronically. The E-voting module shall be disabled by Karvy for votingthereafter.

iv. Shareholders who have not cast their votes electronically, may only cast their vote at theAGM.

v. The Board of Directors has appointed CS Amber Ahmad, Proprietor, Amber Ahmad & Associates, Company Secretaries, (FCS : 9312 / CP No. : 8581), or failing her, such other practising company secretary as the Executive Committee of the Board of Directors of the Company may appoint, as the Scrutinizer for scrutinizing the process of remote e-voting and e-voting at the Meeting venue (or poll as the case may be) in a fair and transparent manner.

vi. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three 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 any duly authorized Director and who shall declare the result of the voting forthwith.Resolution(s) shall be deemed to the passed on the date of AGM subject to receipt of requisitenumber of votes in favour of Resolution(s).

vii. The Results declared along with the Report of the Scrutinizer shall be placed on the Company's website (www.chini.com) and also be displayed on the Notice Board of the Company at its Registered Office and on the website of Karvy (https://evoting.karvy.com/) immediately after the results are declared and simultaneously communicated to the Stock Exchanges.



# sustainability from profitability

**BALRAMPUR CHINI MILLS LIMITED**

ANNUAL REPORT 2017-18

## Strategic review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**Forward-looking statement**

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in making assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

**In a challenging business marked by a consistently increasing cost of raw material at one end and a volatile end product at the other, the focus is not on profitability as much as it is on sustainability.**

At Balrampur Chini Mills, we recognise that before we finish first we must first finish.

In view of this, every initiative or investment that we make is appraised through the following filters:

- Will it generate a multi-year benefit?
- Will it enhance margins?
- Will it strengthen the competitive edge?

The result of this strategic consistency is the ability to capitalise extensively on sectoral crests and adequately resist industry downturns.

Validating the Company's commitment to extend from profitability to sustainability.

# The world of Balrampur Chini Mills

Balrampur Chini Mills Limited is among India's largest sugar manufacturers with 10 plants spread the cane-rich state of Uttar Pradesh.

## Legacy

- More than four decades of existence
- Grown from a single plant in 1975 to 10 plants across Eastern and Central Uttar Pradesh
- Headed by Shri Vivek Saraogi (Managing Director) and a team of experienced professionals

## Diversified

- Balrampur is one of the largest integrated sugar mills in the country
- Sugar is the Company's key product; the Company is also engaged in the manufacture of ethanol and co-generation using by-products
- The diverse product basket derived from sugar manufacture helps the Company de-risk from business cyclicality and maximising returns during upturns

## Scale

- The Company's integrated facilities are equipped with a cane crushing capacity of 76,500 tonnes per day
- The Company possesses a distillery capacity of 360 kilolitres per day and a saleable co-generation capacity of 163.20 megawatts

## Cutting-edge

- Balrampur is respected in the industry for its use of cutting-edge technology to enhance operational efficiency and environment responsibility
- The Company provided better quality seeds and farm inputs to farmers to enhance yield and recovery
- It invested in state-of-the-art incinerators to reduce distillery emissions and enhance operational days

## Presence

- The Company's plants are located in proximity to each other in the cane-rich belt of Eastern and Central Uttar Pradesh
- The Company is head-quartered in Kolkata, India
- The Company is listed on BSE, NSE and CSE

---

**Balrampur Chini Mills has consistently added value for its stakeholders – farmers, shareholders, employees, society and vendors – deriving sustainability from profitability.**

**76,500**
Crushing capacity (TCD)

**360**
Distillery capacity (KLPD)

**163.20**
Saleable cogeneration capacity (MW)

**1,728.06**
(₹/crore) Market capitalisation as on 31st March, 2018

**3,792**
Employee base as on 31st March, 2018

**More than 4.5 lacs**
Farmer base as on 31st March, 2018

**2,924.92**
(₹/crore) Cane purchases from farmers in 2017-18 (up to 31st March, 2018)

## Profitability & Sustainability

**Balrampur's sustainability drivers**

- Continuous investments in strengthening operational efficiency
- Educating farmers about superior cane management techniques
- Sweating assets better
- Reducing carbon footprint

**Balrampur's profitability drivers**

- Crushed a record 92.78 lac tonnes of cane in FY18
- Improved recovery by 18 bps
- Increased distillery capacity

*Dear shareholders,*

It is indeed ironic that despite FY17 being one of the best years ever for the Indian sugar industry, brightening prospects of medium-term growth, the following year (FY18) proved to be one of the most challenging. Seldom in recent memory anyone has witnessed such a sharp and sudden reversal of prevailing sectoral realities.

During FY18, it earned revenues worth ₹4400.72 crore (up by 20.87 % from FY17), reported PBIT of ₹384.21 crore (compared to ₹789.57 crore in FY17).

A quick recap would indicate that a number of factors impacted sugar production during FY15 and FY16, resulting in one of the lowest closing stocks during the past decade (~4 million tonnes). However, abundant monsoons and sizeable yields in Maharashtra, Karnataka and Uttar Pradesh led to a bumper sugar production in SS17-18 (~ 32 million tonnes). This softened market realisations and domestic ex-factory sugar prices touched a low of ₹25 per kilogram.

It would have been reasonable to believe that at a time of such a large surplus, the cost of the raw material would decline - a natural phenomenon within a commodity space anywhere in the world. Interestingly, the cost of cane in India increased even though the cane output touched unprecedented levels. The combination of these two variables – high raw material prices and record output – led to a higher cost of production and a high production moderated realisations of the final product.

Balrampur Chini Mills too bore the brunt of this sectoral decline. During FY18, it earned revenues worth ₹4400.72 crore (up by 20.87 % from FY17), reported a PBIT of ₹384.21 crore (compared to ₹789.57 crore in FY17). Even as the Company suffered a sharp decline in profitability in the sugar vertical, the decline was partially offset by the performance reported by the other business verticals (distillery and cogeneration). Revenues and PBIT from the distillery and cogeneration vertical stood at ₹643.50 crore and ₹280.27 crore during FY18 respectively (compared to ₹602.29 crore and ₹275.61 crore during FY17, respectively). The result was that the non-sugar proportion of profitability for the Company increased from 32.92% to 66.88%.

## Taking stock of the situation

The 2017-18 sugar season appears to have shifted the balance of power in the country's sugar pipeline. From a scenario where the country enjoyed assured supply, the situation is becoming progressively challenging.

The sharp transformation in sectoral fortunes was primarily a result of the increased cane output in 2017-18. Never before has India reported such a sharp increase in cane output in any single year. As if increased cane planting were not enough, there was an increase in cane yields too, enhancing the surplus available in the country.

This sharp increase in cane output transformed the country's sugar balance. India's opening stock stood at ~4 million tonnes in October 2017. Production is expected to reach ~32 million tonnes. Subsequently, India is expected to finish the sugar season 2017-18 with ~9 million tonnes in stock even after exports of 2 million tonnes under the minimum indicative export quota. However, even this increase is only one part of the story.

The country expects that cane output in 2018-19 will be even higher than the record production reported during the sugar season of 2017-18. Even after factoring a 3% consumption increase over the previous year's level of ~25 million tonnes, the country is expected to close the 2017-18 sugar season with a projected surplus of ~15 million tonnes, equivalent to seven months of sugar inventory – the highest ever. The situation at this point appears grim, marked by mounting cane arrears, weakened rural development and wasted opportunities. Indian exports continue to be unviable in the face of a higher cost of production coupled with subdued global prices complicating the situation further. The need of the hour is to meet an export target of ~8 million tonnes for the current as well as ensuing season combined, so as to moderate the vast surplus, correct prices and provide the sector's financials with a semblance of respectability.

## Weathering the storm

It would be pertinent to explain how Balrampur Chini Mills expects to minimise the impact of the downturn. The Company undertook a number of initiatives to generate more from less.

The Company sweated assets effectively and enhanced operational efficiencies. During the year under review, it undertook de-bottlenecking measures and scaled capacities wherever required. The additional quantity of cane crushed ensured that we had a greater availability of by-products to feed downstream ethanol and cogeneration facilities. This is where the Company's decision to invest proactively in additional pollution control equipment in its distilleries three years ago proved to be game-changing. The proactive investment empowered the Company to run its distilleries for more days this year, which, at a time of surplus molasses, made it possible to consume the additional output internally. The result was that the Company sold nearly 15% more ethanol during the year under review and strengthened revenues earned from by-products – verticals relatively less affected by the sharp decline in sugar realisations.

Besides, the Company invested in distributing superior seed varieties and advising farmers on modern agro practices, which translated into an enhanced average yield in the command areas. Case in point: the Company recorded an improvement of 18 bps in recovery by planting ~60% of the area with early maturing cane.

## Strengthening financials

At Balrampur Chini Mills, we had always believed that in a business where it would be difficult to predict government policy and its corresponding impact on cane volumes, the safest business initiative would be to repay as much of long-term debt there was on the Company's books.

In view of this, the Company embarked on graduating to a leaner Balance Sheet. The Company commenced the year with a long-term debt of ₹204.85 crore, repaid ₹80.54 crore during the course of the year and strengthened gearing from 0.13 to 0.08. The result is that the Company moderated its break-even point and is in a better position to address the sectoral challenge. Despite this reality, we also bought back 66 lac equity shares at ₹150 per share, involving a total outgo of ₹99 crore.

## Looking ahead

Balrampur Chini Mills increased its distillery capacity by nearly 20% through strategic debottlenecking. During the year under review, the Company increased its high-yielding cane coverage to~60% of the command area. The Company crushed the highest ever quantity of cane during the year and this resulted in a greater availability of molasses and bagasse, boosting volumes in the distillery and cogeneration verticals.

## In conclusion

The Company expects the Central and State Government to take urgent decisions, much like what State Government did in 2012-13, 2013-14 and 2014-15 – years marked by a drastic difference in sugar and cane prices. The State Government had then stepped in by providing cash subsidies so that the SAPs announced by them could be paid by millers.

The Central Government needs to improve the situation by increasing export volumes, reassessing minimum sale prices, effective buffer stock management, achieving proper linkages between cane and sugar price and a sustainable pricing policy for ethanol.

I would like to communicate to all stakeholders that the Company is adequately de-risked, should be able to resist this sectoral decline and would be in a stronger position to ride the sectoral recovery thereafter.

**Vivek Saraogi**
*Managing Director*

# The challenging business environment, 2017-18

## Challenges

- Rising sugar cane costs
- Softening sugar realisations
- Higher sugar output

## Impact

- Lower margins, increased cane arrears and lower profitability

## Balrampur's response

- Increased sowing of early maturing varieties in its command area
- Invested in de-bottlenecking production capacities
- Operated distilleries for more days
- Grew the cogeneration business
- Repaid ₹80.54 crore of long-term debt

## The result

- **Recovery improvement:** 18 bps over 2016-17
- **Contribution of allied businesses to PBIT:** 67% (33% in 2016-17)
- **Debt-equity ratio:** 0.08 (compared to 0.13 as on 31st March, 2017)

# Balrampur. A sectoral outlier.

When industry players waited for the downturn to end ….
We selected to strengthen our business from within

When others decided to delay environment-friendly initiatives…
We invested proactively in reducing our carbon footprint

When sugar companies were advised to remain sugar producers…
We scaled our distillery and cogeneration capacities

When industry players remained content with the status quo…
We focused on sweating our assets better

When players preferred to conserve cash…
We bought back stock and prepaid long-term debt

ROCE
2017-18

16.55%

Depreciation & Amortisation
2017-18

₹95.22 crore

Capex
2017-18

₹135.72 crore

# How Balrampur has proactively transformed to emerge larger and stronger

## 01

**Then**

Balrampur was largely a pure-play sugar manufacturer

- The Company ventured into ancillary areas (ethanol and cogeneration)
- The Company invested in sized capacities to fully consume by-products generated within

**Now**

The cogeneration and distillery businesses accounted for ~ 14.63 % of the Company's revenues in FY18

## 02

**Then**

Balrampur remained a single-location company until 1990

- The Company expanded its footprint to de-risk the business
- The Company focused on quality cane-growing regions in Eastern and Central Uttar Pradesh
- The Company ensured cost-effective inter-locational transfers of by-products

**Now**

The Company has expanded to 10 facilities (organically and inorganically)

## 03

**Then**

Balrampur would have access to traditional cane varieties in its command area; it reported relatively low recovery till 2014

- The Company distributed high-yielding early maturing seeds to farmers in its command area few years back
- The Company brought farmers up to speed with the latest farming practices

**Now**

Early varietal cane comprised ~60% of the total cane crushed by the Company in 2017-18

## 04

**Then**

Balrampur nursed peak long-term debt of ₹1020.77 crore in 2008

- The Company utilised surpluses to repay/prepay debt
- It replaced high cost debt with low cost debt

**Now**

The Company's debt-equity ratio strengthened from 0.55 (31.3.2016) to 0.08 (31.3.2018); long-term debt was only ₹124.31 crore on the Company's books as on 31.3.2018

## 05

**Then**

Balrampur was a conscientious industry player

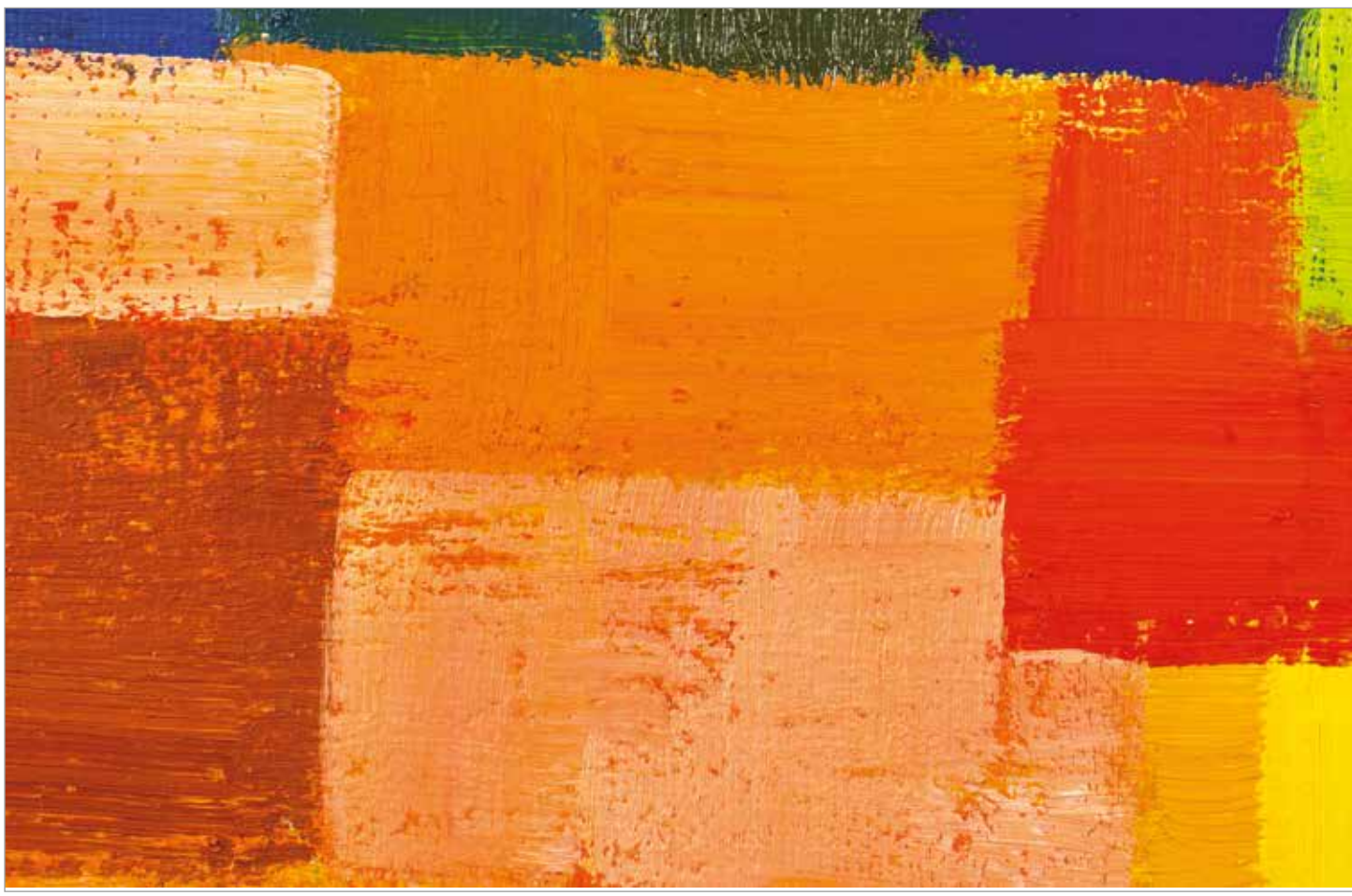
- The Company invested in eco-friendly initiatives to reduce emissions
- The Company moderated water consumption and minimised effluent discharge
- The Company invested extensively in environment-friendly initiatives

**Now**

The Company's proactive investment in incinerators strengthened distillery operations

# Driving rural prosperity

Balrampur selected to catalyse community growth in and near its command area. Besides buying cane directly from more than 4.5 lac farmers, the Company directly impacts the livelihoods of more than 10 lac people across the locations of its presence.



## Key rural prosperity drivers

- Making entrepreneurs out of farmers by skilling them in foliar spraying, trench planting, ratoon management and soil fertility enhancement.
- Providing a premium to producers and suppliers of high-yield and high-recovery varieties.
- Offering transport subsidies to farmers to 'procure' high-yield seeds.

### The power of superior seed varieties

- We familiarised farmers with high-yielding and high-recovery varieties like Co 0238, 0118, 98014 to achieve a steady varietal balance.
- We commenced a healthy seed production programme at the field-level from spring planting season 2018 to extend the lifespan of the Co 0238, 0118 and 98014 varieties.
- We kick-started a large cane seed treatment programme to reduce disease pathogen inoculum accumulation and improve germination; we introduced newly-developed seed treatment devices to eliminate seed-borne inoculums of pathogens.

## Cane purchased by the Company from farmers

*(₹ in crore)*

| Sugar Season | Cane Purchased |
|---|---|
| 2013-14 | 2146.76 |
| 2014-15 | 2117.86 |
| 2015-16 | 1935.36 |
| 2016-17 | 2541.77 |
| **2017-18*** | **3421.80** |

*Includes full season workings of all units except for Kumbhi and Gularia

# Providing quality seeds to farmers

At Balrampur, we recognised that a sustainable competitive advantage would be derived from superior cane, and in turn, effective seed management.

## Scientific practices

### Ratoon management

We improved ratoon management practices through the following activities: Distributed sugarcane-cutting device (Palkati) to improve ground-level cane harvesting leading to better shoot sprouting and reduced summer mortality; launched a Ratoon Yield Competition & Award to incentivise cane-growers in improving ratoon yields.

### Agro-input applications

We educated farmers for the use of the right quantity of agro-inputs to be used at the right time, recommending doses of agro-inputs (manure, fertilisers and pesticides, among others) to farmers during the planting, tillering and grand growth phases leading to optimum cane yield and recovery.

### Planting methods

We educated farmers in planting methods like trench planting, pair row planting and wide row spacing. This enhanced the production of millable cane, yields and recovery. Besides, these methods reduced the stress between plants for enhanced nutrient, space and sunlight.

### Agricultural implements

We introduced modern agricultural implements (trench planters, rotary tillers, laser levelers and line cultivators, among others) to mechanise farming.

### Irrigation facilities

We identified shortcomings faced by cane-growers related to irrigation facilities at some of its units. We helped cane-growers install submersible boring and drip irrigation systems; we helped them repair government-erected tube-wells during the summer.

### Integration of bio-produce (fly ash, sludge, press mud and fertilisers)

We regularised the delivery of factory bio-produce like bio-potash granule, boiler fly ash and press mud along with chemical fertilisers to farmers to improve soil fertility.

### Soil testing programme and soil heath card distribution

We collected soil samples from farmers that were tested for free across soil testing labs at some of the units. Based on the results, we recommended the right dosage of manures and fertilisers, handing soil health cards to farmers.

### Integrated pest and disease management

We deployed field staff to deliver best-in-class solutions in the area of pest and disease management. We sent multimedia messages, text messages, distributed relevant literature, held meetings and workshops, conducted on-field demos and set up a public address system to share knowledge-driven best practices.

### Wire-net fencing

We provided wire-net fencing to protect cane from wild animals.

### Knowledge upgradation and evaluation programme

We kept our cane development team and field officers informed of periodic presentations on cane development and marketing, conducting workshops on cane development coupled with visits to research centres and training programmes by experts.

### Crop monitoring

The Company's Centre of Excellence for Cane undertook various initiatives to reinforce crop management:

- Supervised the replacement of existing varieties with high-yield alternatives
- Monitored cane development at each level, solving problems unit-by-unit
- Conducted verifications of cane varieties across units
- Periodically evaluated cane staff skills
- Implemented the latest cane development initiatives
- Demonstrated the use of agro-products (fungicides, pesticides, hormones, bio-agents and fertilisers, among others)

# Enhancing cross-functional efficiencies

At Balrampur, we focus on sweating assets better. The Company periodically invests in debottlenecking leading to a higher capacity utilisation. By leveraging our rich industry experience, we enhanced all-round development with minimal investments.

## Key investments

- Installed a bagasse drier to reduce bagasse moisture from flue gases which reduces bagasse consumption per unit of power generated, helping generate more power.
- Installed best-in-class evaporators to moderate steam consumption.

## Key capacity enhancements

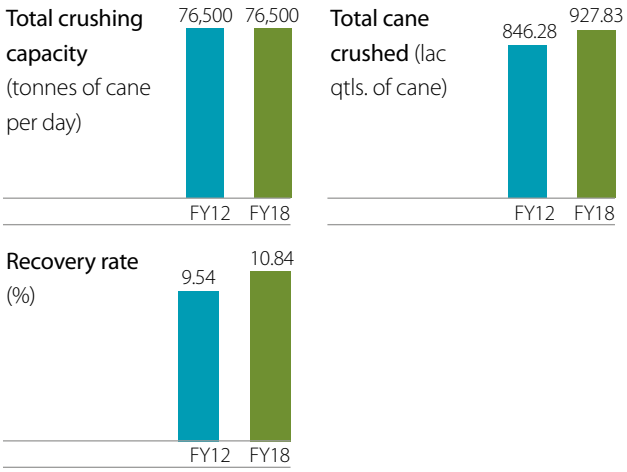
- Debottlenecking at some of our plants, namely Kumbhi, Gularia and Rauzagaon, installing other balancing equipment to enhance capacity and asset utilisation.

### The results:

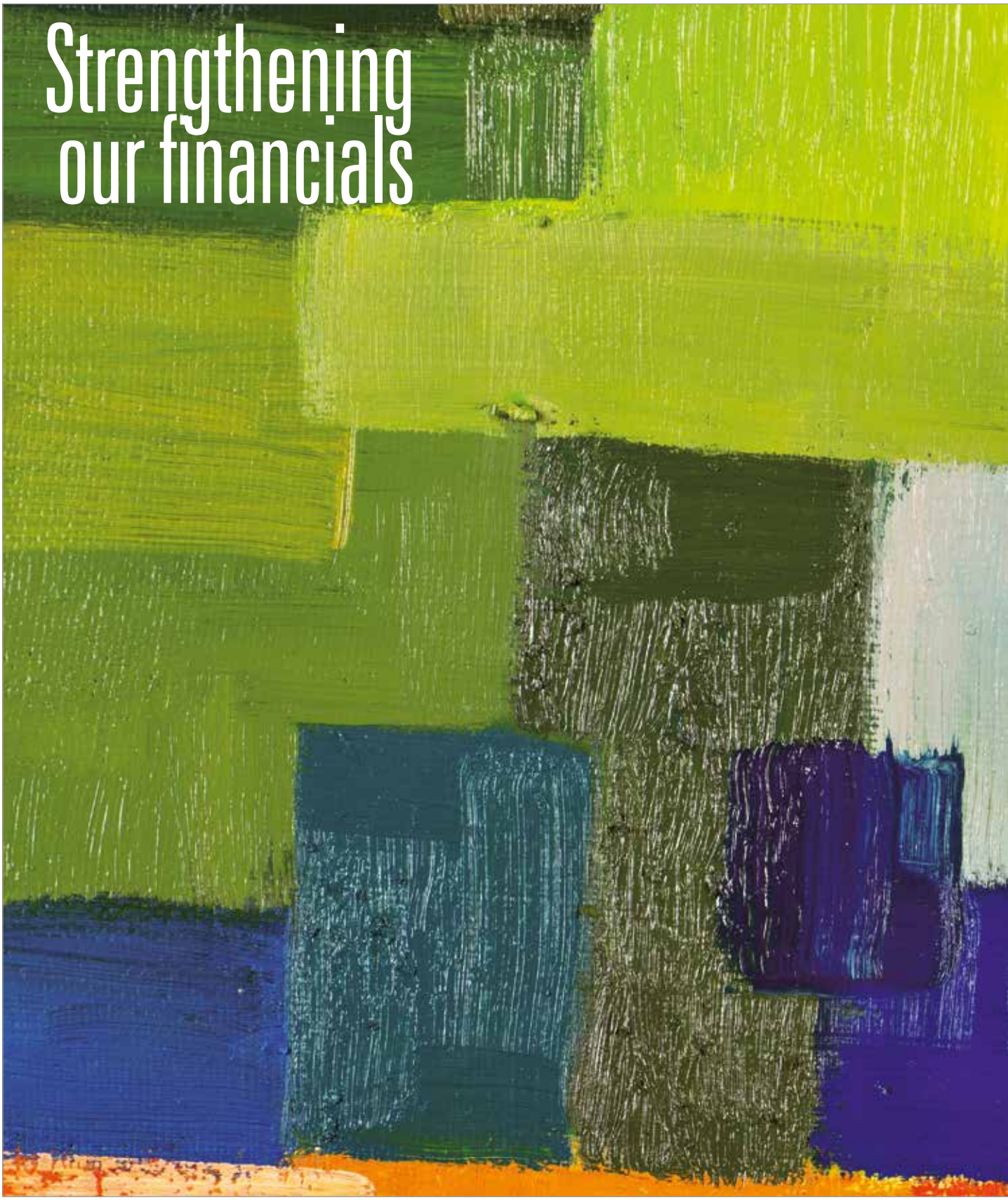
Reduced power consumption; steam consumption; plant down-times and chemical consumption, among others

**Improved:** average crop-day crush, sugar recovery and quality of sugar produced, among others

## A validation of our performance



# Strengthening our financials



At Balrampur, our performance improvement helped us protect our Balance Sheet through industry cycles. The Company selected to buy back shares even during a sectoral downturn.

## Balance Sheet-strengthening measures

- Engaged in pragmatic debt repayment coupled with controlled capex.

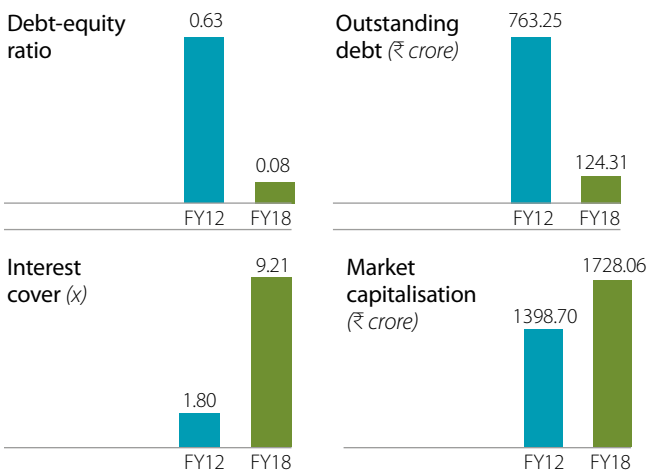
**The result:** Balrampur reported peak long-term debt of ₹667.70 in the last five years and repaid ₹552.39 crore during the past two years including prepayments.

**The result:** As on 31st March 2018, Balrampur nursed long-term debt of ₹124.31 crore resulting in a debt-equity ratio of 0.08.

- Bought back 66 lac equity shares for an aggregate ₹99 crore in FY18.

**The result:** Balrampur reduced its capital structure and liberated profits to pay higher dividends.

## A validation of our performance



# Being environmentally responsible

The manufacture of sugar generates an environmental impact that can potentially affect natural habitat and water availability, through the use of agro-chemicals, discharge and polluted effluents and air emissions. Proactively, Balrampur invested in environment protecting equipment and practices, resulting in complete operational hygiene.

## Eco-friendly measures

- Installed multiple-effect evaporator and incineration boilers with cogeneration turbines in three distilleries to operate them for 330 days a year coupled with zero-discharge.

## A validation of our performance

Enabled our distilleries to run for a higher number of days over the sectoral average.

## A cleaner and greener Balrampur

### Condensate RO installed with per hour permeate capacity

- **Mankapur:** 25 cubic metres per hour
- **Akbarpur:** 25 cubic metres per hour
- **Gularia:** 25 cubic metres per hour

**The result:** Withdrawal of make-up water for cogeneration plant cooling tower reduced significantly and complied CPCB norms for effluent generation at ease.

### Effluent RO installed with per hour permeate capacity:

- **Balrampur:** 65 cubic metres per hour
- **Haidergarh:** 15 cubic metres per hour

**The result:** Solved dual purpose of reducing groundwater extraction and effluent generation as a result of wastewater reuse.

### Sewage treatment plants set up in:

- Balrampur
- Babhnan
- Mankapur
- Rauzagaon

**The result:** The treated sewage was used for irrigation in factory's cane farms resulting in reduced groundwater extraction needs as well as wastewater discharge in drains.

# The Balrampur business model

Balrampur's business model enables it to proactively identify and act on evolving trends leading to standout performances. The Company leverages its multi-decade expertise to address opportunities. The Company aims to consistently deliver superior returns to all its stakeholders including the neighbouring community and society.

## Key facets of our business model

**Relevant:** Although India is the world's largest consumer of sugar, its per capita consumption lags a number of countries - a sectoral opportunity.

**Well-placed:** The Company's 10 plants are located in a cane-rich Uttar Pradesh, providing abundant and quality resource. Besides, the Company's plants are located in proximity of each other, resulting in an ease of inter-plant materials transfer.

**Economies-of-scale:** The Company has the second-largest cane crushing capacity in the country, ensuring optimal operational costs.

**Integrated:** The Company's cane-crushing capacities are complemented by ethanol and cogeneration capacities.

**Hands-on:** The Company invested in superior cane management activities around its command areas to increase the share of early maturing variety cane. Besides, the Company facilitates better farm inputs, helping increase cane acreage of its command areas.

**Cost-efficient:** The Company consistently invested in enhancing process efficiencies to moderate overheads.

## We produce

Balrampur maintains best-in-class production levels while adhering to the highest standards of quality.

## We identify

Balrampur banks on its rich experience to unlock emerging opportunities.

## Overarching objective

Creating an organisation capable of sustainable value creation for all.

## We catalyse

Balrampur's initiatives are directed towards boosting rural prosperity and rewarding shareholders.

## We comply

Balrampur invests in forward-looking eco-friendly initiatives in line with established guidelines.

**Perceptive:** The Company invested ₹135.72 crore during FY18 to scale capacities and efficiencies .

**Credible:** The Company was largely unaffected during the demonetisation period as it had established the practice of paying the farmers via cheques and direct bank transfers.

**Liquid:** The Company enjoyed a debt-equity ratio of 0.08 as on 31st March 2018. Moreover, the Company shared profits with shareholders through the successful completion of a share buyback offer. The Company's interest cover stood a high 9.21x in 2017-18.

**Respected:** Over four decades of existence, the Company developed a reputation for being completely ethical.

**Eco-friendly:** The Company proactively invested in pollution control equipment beyond statutory requirements, ensuring uninterrupted distillery operations for 330 days a year, by achieving zero liquid discharge.

**De-risked:** The Company extended into ethanol production and cogeneration to de-risk from cyclical import. Profits from these businesses helped boost profitability during crests and protected the bottom-line during sectoral troughs.

# Industry ambassador

## Ethical
- Passionate
- Aspirational
- Vigilant
- Appreciative

## Diversified
- Extending the business beyond sugar
- Integrated producer of ethanol and power

## Responsible
- Supporting communities
- Reducing environmental impact

## Well-leveraged
Strong Balance Sheet with low gearing

## Resourceful
Strong process discipline ensuring consistent production volumes and high recovery

## Value creation
shareholder value; investment in the business; customer, employee and social value

# Agile business model

### Future-focused
Engaged with evolving trends and investing ahead of the curve to ensure operational sustainability

### Autonomous
Extensively integrated with distillation and cogeneration capacities

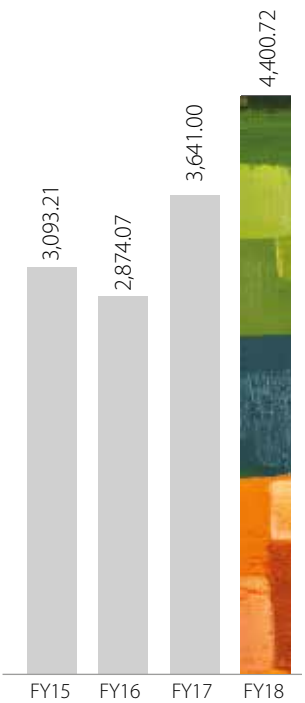
### Management
Experienced management team ensuring that the Company stays ahead of the sectoral curve

### People-focused
Comprises a team of longstanding employees with extensive industry exposure bringing in best-in class practices into operations

### Supportive
Educates farmers in superior cane management techniques and offers critical inputs leading to productivity improvement

### Value creation
shareholder value; investment in the business; customer, employee and social value

# Numbers that speak louder than words



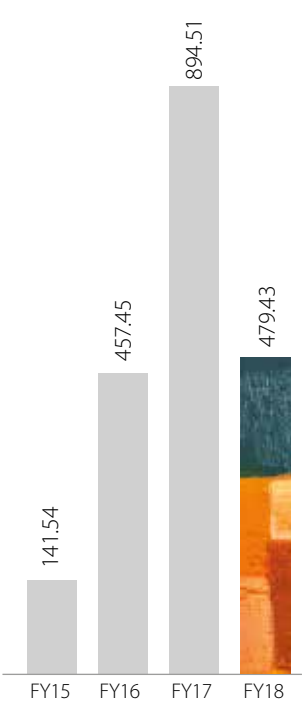

## Revenues
*(₹ crore)*

### Definition
Growth in sales

### Why is this measured?
It is an index that showcases what the Company receives in exchange for its goods and services, which can be easily compared with the retrospective average and sectoral peers.

### Performance
Revenues increased by 20.87% to ₹4400.72 crore in FY18.

### Value impact
Improved product off take enhanced the Company's market share.



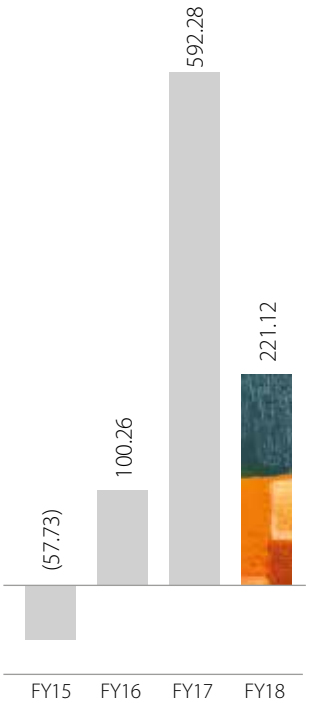

## EBIDTA
*(₹ crore)*

### Definition
Earnings before deduction of interest, depreciation, exceptional items and tax

### Why is this measured?
It is an index that showcases the Company's ability to optimise operating costs despite inflation and provides a basis that can be easily compared with retrospective averages and sectoral peers.

### Performance
The Company reported a decrease in its EBIDTA in FY18 owing to the write-down of sugar inventory below its cost of production. However considering the nature of the Industry in which the Company operates, the quantum of EBIDTA earned by the Company during the year continued to be significant.

### Value impact
Helps create a robust growth engine and allows the Company to plough back profits to build the business in a sustainable manner.



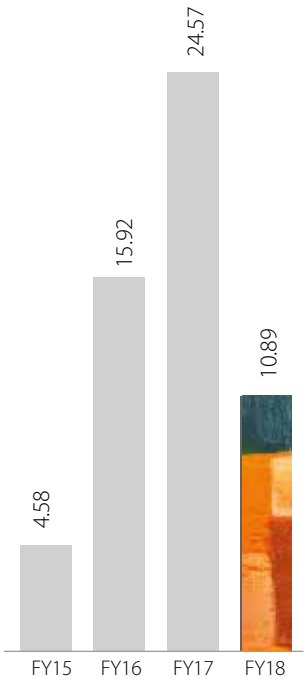

## Profit for the year
*(₹ crore)*

### Definition
Profits earned during the year after deducting all expenses, provisions and taxes.

### Why is this measured?
It highlights the strength in the business model in generating value for its shareholders.

### Performance
The Company reported a decline in its net profit in FY18 – a due to lower sugar realisations and write down of inventory below its cost of production. However, the quantum of profit earned is the best in the Industry when compared to its peers.

### Value impact
Ensures that adequate cash is available for reinvestment and allows the Company's growth to sustain.



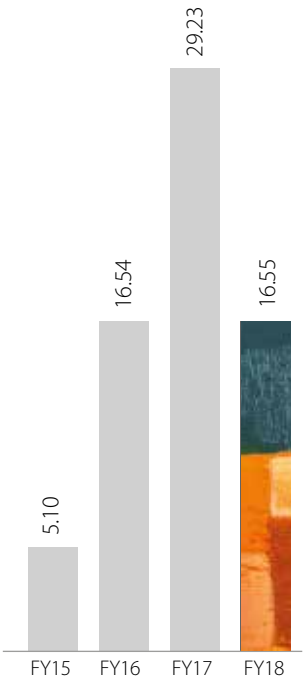

## EBIDTA margin
*(%)*

### Definition
EBITDA margin is a profitability metric used to measure a company's pricing power and operating efficiency

### Why is this measured?
The EBIDTA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sale.

### Performance
The Company reported a decrease in its EBIDTA margin owing to lower sugar realisations and write down of inventory below its cost of production.

### Value impact
Demonstrates adequate buffer in the business, which when multiplied by scale can enhance the surplus.



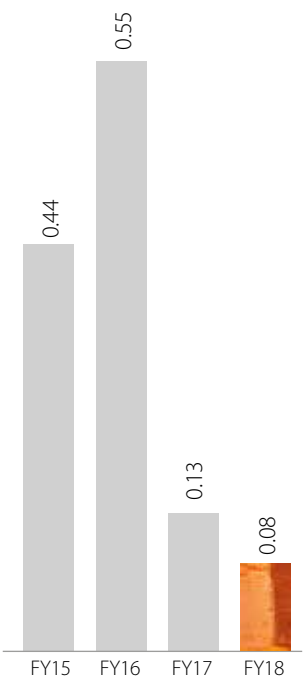

## ROCE
*(%)*

### Definition
This metric measures a company's profitability and the efficiency with which capital is employed in the business

### Why is this measured?
ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use – especially in capital-intensive sectors.

### Performance
The Company reported a decline in its ROCE in FY 18 owing to low profitability.

### Value impact
Enhanced ROCE can potentially drive valuations and perception.



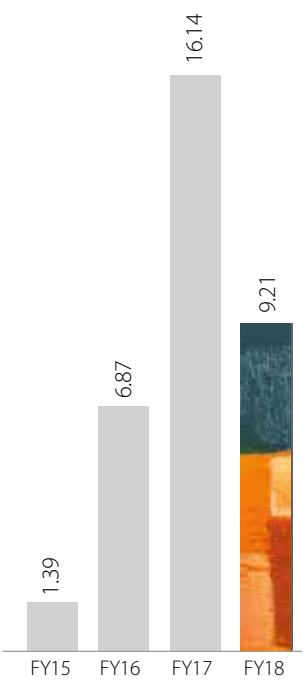

## Gearing
*(x)*

### Definition
This is derived through the ratio of long-term debt to equity (less revaluation reserves)

### Why is this measured?
This is one of the defining measures of a company's financial health, indicating the ability of the company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the company to sustain growth in profits, margins and shareholder value.

### Performance
The Company's gearing moderated to 0.08 in FY18. Ideally this ratio should be read in conjunction with Balrampur's declining net debt, indicating a growing ability to repay loans.

### Value impact
Adds value in the hands of the shareholders by keeping the equity side constant and boosts flexibility by progressively moderating debt costs.




## Interest cover
*(x)*

### Definition
This is derived through the division of EBIDTA by interest.

### Why is this measured?
Interest cover indicates the Company's comfort in servicing interest – the higher the better.

### Performance
The Company's interest cover stood at 9.21x in FY18.

### Value impact
A company's ability to meet its interest obligations, an aspect of its solvency, is arguably one of the most important factors in assuring sizeable returns to shareholders.

# This is how we ran our business

## Capacities

| Units | Sugar capacity (tonnes of cane per day) | Distillery (kilolitres per day) | Installed cogeneration capacity (megawatts) | Saleable cogeneration capacity (megawatts) |
|---|---|---|---|---|
| Balrampur | 12,000 | 160 | 50.55 | 27.25 |
| Babhnan | 10,000 | 100 | 21.76 | 8.00 |
| Tulsipur | 7,000 | - | 9.50 | - |
| Haidergarh | 5,000 | - | 23.25 | 20.95 |
| Akbarpur | 7,500 | - | 18.00 | 11.00 |
| Mankapur | 8,000 | 100 | 43.60 | 30.00 |
| Rauzagaon | 8,000 | - | 25.75 | 23.00 |
| Kumbhi | 8,000 | - | 32.70 | 23.00 |
| Gularia | 8,000 | - | 31.30 | 20.00 |
| Maizapur | 3,000 | - | 6.00 | - |
| **Total** | **76,500** | **360** | **262.41** | **163.20** |

# Financial Summary

## Financials *(₹ in crore)*

| Particulars | March 2014 | March 2015 | March 2016 | March 2017 | March 2018 |
|---|---|---|---|---|---|
| Revenue from operations | 2,758.71 | 3,093.21 | 2,874.07 | 3,641.00 | 4,400.72 |
| Other income | 25.94 | 15.04 | 46.48 | 24.94 | 27.78 |
| **Total income** | **2,784.65** | **3,108.25** | **2,920.55** | **3,665.94** | **4,428.50** |
| Stock adjustments | (184.10) | 426.41 | (136.23) | (419.52) | 409.75 |
| Cost of material consumed | 2,275.00 | 2,083.54 | 2,112.54 | 2,576.85 | 3,064.88 |
| Excise duty * | 93.76 | 106.23 | 117.41 | 180.86 | 58.18 |
| **Gross profit** | **599.99** | **492.07** | **826.83** | **1,327.75** | **895.69** |
| Overheads and all other expenditure | 360.03 | 350.53 | 369.38 | 433.24 | 416.26 |
| **PBDIT** | **239.96** | **141.54** | **457.45** | **894.51** | **479.43** |
| Finance costs | 117.84 | 102.09 | 66.55 | 55.43 | 52.03 |
| **PBDT** | **122.12** | **39.45** | **390.90** | **839.08** | **427.40** |
| Depreciation and amortisation expenses | 109.45 | 115.61 | 110.11 | 104.94 | 95.22 |
| **Profit before tax and exceptional items** | **12.67** | **(76.16)** | **280.79** | **734.14** | **332.18** |
| Exceptional items | - | - | 173.10 | - | - |
| **Pre-tax profit** | **12.67** | **(76.16)** | **107.69** | **734.14** | **332.18** |
| Tax | 9.03 | (18.43) | 7.43 | 141.86 | 111.06 |
| **Profit for the year** | **3.64** | **(57.73)** | **100.26** | **592.28** | **221.12** |
| Other comprehensive income (net of tax) | N.A. | N.A. | (0.38) | (3.63) | (4.55) |
| **Total comprehensive income** | N.A. | N.A. | **99.88** | **588.65** | **216.57** |
| **Equity capital** | **24.48** | **24.49** | **24.50** | **23.50** | **22.84** |
| **Reserves (excluding revaluation reserves)** | **1,193.84** | **1,104.78** | **1,207.02** | **1,517.75** | **1,564.30** |

Note: The above financial summary from March 2016 is based on IND AS

* Excise duty for March 2018 is on sales up to June 2017 only post which GST is applicable

## Value-added statement *(₹ in crore)*

| Particulars | March 2014 | March 2015 | March 2016 | March 2017 | March 2018 |
|---|---|---|---|---|---|
| Income from production | 2,849.05 | 2,560.57 | 2,892.89 | 3,879.66 | 3,932.79 |
| Add: Other income | 25.94 | 15.04 | 46.48 | 24.94 | 27.78 |
| Corporate output | 2,874.99 | 2,575.61 | 2,939.37 | 3,904.60 | 3,960.57 |
| Less: Cost of materials consumed | 2,275.00 | 2,083.54 | 2,112.54 | 2,576.85 | 3,064.88 |
| Less: Other manufacturing expenses | 218.33 | 200.23 | 218.43 | 252.33 | 212.26 |
| Equals gross value-added | 381.66 | 291.84 | 608.40 | 1075.42 | 683.43 |
| Less: Depreciation and amortisation expenses | 109.45 | 115.61 | 110.11 | 104.94 | 95.22 |
| Less: Exceptional items | - | - | 173.10 | - | - |
| Equals net value-added | 272.21 | 176.23 | 325.19 | 970.48 | 588.21 |
| **Allocation of net value-added** | | | | | |
| To personnel | 141.70 | 150.30 | 150.95 | 180.91 | 204.00 |
| To taxes (including tax on dividend) | 9.03 | (18.43) | 7.43 | 159.32 | 123.02 |
| To creditors (via interest) | 117.84 | 102.09 | 66.55 | 55.43 | 52.03 |
| To investors (via dividend) | - | - | - | 85.75 | 58.76 |
| To investors (via buy-back) | - | - | - | 175.00 | 99.00 |
| To the Company (via retained earnings) | 3.64 | (57.73) | 100.26 | 314.07 | 51.40 |

## Key financial ratios

| Financial year | March 2014 | March 2015 | March 2016 | March 2017 | March 2018 |
|---|---|---|---|---|---|
| Overheads-total income (%) | 13.05 | 11.33 | 12.85 | 11.90 | 9.46 |
| PBDIT-total income (%) | 8.70 | 4.58 | 15.92 | 24.57 | 10.89 |
| Interest-total income (%) | 4.27 | 3.30 | 2.32 | 1.52 | 1.18 |
| Interest cover (times) | 2.04 | 1.39 | 6.87 | 16.14 | 9.21 |
| PBDT-total income (%) | 4.43 | 1.28 | 13.60 | 23.05 | 9.71 |
| Net profit-total income (%) | 0.13 | (1.87) | 3.49 | 16.27 | 5.02 |
| Cash profit-total income (%) | 4.10 | 1.87 | 7.32 | 19.15 | 7.19 |
| Return on net worth (%) | 0.29 | (4.92) | 8.88 | 44.42 | 14.63 |
| Return on capital employed (%) | 8.24 | 5.10 | 16.54 | 29.23 | 16.55 |

## Balance sheet ratios

| Financial year | March 2014 | March 2015 | March 2016 | March 2017 | March 2018 |
|---|---|---|---|---|---|
| Debt-equity ratio | 0.55 | 0.44 | 0.55 | 0.13 | 0.08 |
| Inventory turnover (days) | 277 | 197 | 237 | 232 | 149 |
| Current ratio | 1.08 | 1.05 | 1.22 | 1.16 | 1.10 |
| Quick ratio | 0.12 | 0.26 | 0.18 | 0.09 | 0.14 |
| Asset turnover (total revenue-total assets) | 0.66 | 0.77 | 0.76 | 0.95 | 1.15 |
| Fixed asset coverage ratio | 2.28 | 2.81 | 2.11 | 6.92 | 11.73 |
| Debt service coverage ratio | 0.70 | 0.96 | 1.22 | 7.99 | 2.75 |

## Growth ratios

| Financial year | March 2014 | March 2015 | March 2016 | March 2017 | March 2018 |
|---|---|---|---|---|---|
| Growth in turnover (%) | (18.48) | 12.13 | (7.08) | 26.68 | 20.87 |
| Growth in PBDIT (%) | (48.14) | (41.02) | 223.21 | 95.54 | (46.40) |
| Growth in PAT (%) | (97.75) | -* | -** | 490.74 | (62.27) |
| Growth in cash profit (%) | (58.16) | (48.82) | 263.52 | 231.43 | (54.63) |

## Per share data

| Financial year | March 2014 | March 2015 | March 2016 | March 2017 | March 2018 |
|---|---|---|---|---|---|
| Basic EPS (₹) | 0.15 | (2.36) | 4.09 | 24.26 | 9.41 |
| CEPS (₹) | 4.62 | 2.36 | 8.59 | 28.56 | 13.46 |
| Dividend (₹) | - | - | - | 3.50 | 2.50 |
| Book value (₹) | 49.76 | 46.11 | 50.28 | 65.58 | 69.48 |
| Price-earnings | 375.59 | - | 26.45 | 5.99 | 8.04 |
| Net indebtedness (₹) | 27.25 | 20.08 | 27.63 | 8.72 | 5.44 |

* Profit to loss

** Loss to profit

# Management discussion and analysis

## Industry structure and development

### Global sugar industry overview

Global production for 2017-18 is forecast to rise by 12 million tonnes to a record 195 million tonnes, up around 8.4% over the last cycle. Consequently, production could be 20 million tonnes higher than the five-year low registered two years ago. Higher than expected production in India and Thailand, end of production quotas in European Union (EU) and area expansion in China were contributing factors.

The jump in production supported record exports and consumption. With global demand estimated at 183 million tonnes, ending stocks were forecast to go up by 5% as higher stocks in the EU and India could more than offset declining stocks in China.

### Production and consumption trends

**Brazil:** Production levels are estimated at around 38.4 million tonnes based on favourable weather, improved crop management and ethanol mix. Exports are projected to go up by ~1 million tonne to reach a record 29.6 million tonnes on the back of greater exportable supplies and despite China's safeguard measure to limit sugar imports from Brazil.

**India:** Production levels are forecast to rebound 60% to reach 32.0 million tonnes following increased sowing area and higher yields in Maharashtra, Uttar Pradesh and Karnataka. Stocks are expected to be more than sufficient to meet more than India's three-month consumption requirement prior to the start of the next season's harvest.

**The EU:** Production levels are forecast to jump 4.5 million tonnes to reach a record 20.7 million tonnes on the back of higher sowing areas and increased yields. Exports are forecast to rise to 2.5 million tonnes thanks to greater exportable supplies.

**Thailand:** Production levels are forecast to grow by 4.5 million tonnes to 14.8 million tonnes as favourable weather conditions are expected to improve yields. Exports are forecast to rise by a similar amount thanks to greater supplies while overall sugar consumption is forecast to decline only marginally.

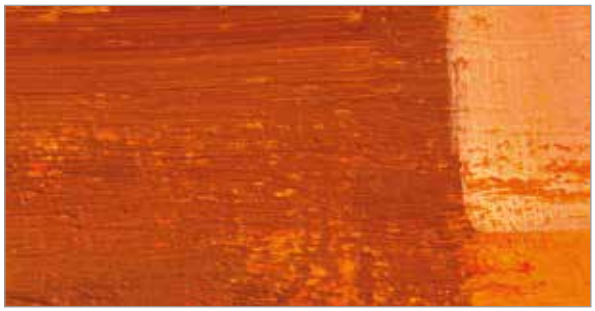
**China:** Production levels are forecast to rise by 1.2 million tonnes to reach 10.5 million tonnes on the back of expanded sugar beet and sugarcane sowing areas. Ending stocks continue to be drawn down after reaching high levels three years ago. Lower carrying stocks, higher production and slightly higher consumption, coupled with safeguard measures levied on sugar imports, are expected to constrain import volumes.

### Global price trends

The white sugar futures delivery fell by ~18% since the beginning of 2017. International sugar prices stood at 14 US cents a pound at the end of 2017 which has plummeted to less than 11.5 US cents a pound during April-May 2018. The large global surplus is expected to cap prices for a prolonged period during 2018. It is expected that mills in Brazil could reduce the amount of cane they turn into sweetener in view of the looming scare of a further fall in price and a surplus sugar stock. It is likely that the Brazilian production of sugar could decline by almost 6 million tonnes in the next year.

### Indian sugar industry overview

The Indian sugar industry plays a leading role in the global sugar market, the world's second largest producer after Brazil and producing nearly 15% and 25% of global sugar and sugarcane respectively. The sugar



The Indian sugar industry is the second largest agro-based industry in India and contributes significantly to the socio-economic development of rural population.

industry encompasses 550 operating sugar mills, 309 distilleries and 180 cogeneration plants as well as numerous downstream pulp, paper and chemical making units supported by four leading sugarcane research institutions, 22 state sugarcane research stations, world-class sugar machinery manufacturers, suppliers and technical experts.

The Indian sugar industry is the second largest agro-based industry in India and contributes significantly to the socio-economic development of rural population. It supports 50 million farmers and their families, providing direct employment to over 0.5 million skilled and semi-skilled persons in sugar mills and integrated industries.

India's sugar production rose to 31.05 million tonnes till 30th April, 2018 in the current sugar season following higher cane yield, acerage, monsoons and water levels compared to the last year. The sugar output for the current season is being been pegged at 32 million tonnes as against 20.3 million tonnes in the previous season.

- Mills in Maharashtra produced 10.65 million tonne of sugar till 30th April, 2018, up from 4.2 million tonnes in the entire previous season.
- In Uttar Pradesh, production volumes rose to 11.2 million tonnes till 30th April, 2018 compared to 8.8 million tonnes in the corresponding period of the entire previous season.
- Sugar production in Karnataka stood at 3.6 million tonnes, compared to 2.1 million tonnes produced in the previous season.

## Sugar Balance Sheet for 2017-18 (in million tonnes)

| | |
|---|---|
| Opening balance (as on 1st October, 2017) | 3.8 |
| Estimated sugar production | 32.0 |
| Imports | 0.2 |
| Sugar availability | 36.0 |
| Estimated sugar sales (considering 2% growth) | 25.5 |
| Estimated exports (MIEQ Quota) | 2.0 |
| Closing balance (as on 30th September, 2018) | 8.5 |

## Indian sugar industry price trends

Domestic sugar prices nosedived since the beginning of the current season from around ₹36.25 per kg to around ₹28.00 per kg till March 2018, i.e. a fall of around 23% in just six months. During April and May 2018 prices further decreased to ₹26.50 per kg. This volatility in prices was on account of an anticipated higher production.

Government's initiatives in the form of an increase in import duty, reduction in export duty, imposing reverse stock holding limits could not hold the fall in prices.

The Central Government's directives on minimum indicative export quota of 2 million tonnes along with cane production subsidies announced during May 2018 failed to revived sugar realisations.

## The Uttar Pradesh sugar industry

Uttar Pradesh emerged as the largest sugar producing state during sugar season 2017-18 by reporting an output of 11.2 million tonnes till April 2018, following the adoption of the Co 0238 and other varieties. Uttar Pradesh-based mills were likely to benefit from volumes and recovery rates, though this could be partly offset by higher SAP cane prices. Even with the increase in volumes and recovery, miller margins could be negative looking at the current price trends and the demand-supply situation. Mills that are fully integrated saw significant deleveraging that should help them withstand cyclical downturns better. Sugar mills crushed around 103.3 million tonnes till April, 2018 compared to 81.9 million tonnes during the previous season. Average recovery levels till 30th April, 2018 increased to 10.88%

The Central Government doubled the import duty on sugar to 100% to protect the domestic market from cheap imports.

from 10.61% a year ago; the state is likely to produce 12.0 million tonnes of sugar during the current crushing season due to better recovery and higher sugarcane yields helped by favourable weather conditions.

## Government initiatives during the year for the sugar industry

**FRP :** The FRP for 2017-18 was fixed at ₹255 per quintal linked to a basic recovery of 9.5% subject to a premium of ₹2.68 per quintal for every 0.1 percentage point increase above that level.

**Import duty:** The Central Government doubled the import duty on sugar to 100% to protect the domestic market from cheap imports.

**Stockholding limit:** The Government imposed a reverse stock holding limit on producers of sugar for February and March 2018.

**Export incentive:** The Government fully withdrew the customs duty on export of sugar to encourage the country's sugar industry to start explore export possibilities.

**MIEQ Scheme:** In view of the inventory with the sugar industry and to facilitate the achievement of financial liquidity, announced a mill-wise Minimum Indicative Export Quotas (MIEQ) totaling 2 million tonnes, for the sugar season 2017-18.

**DFIA Scheme:** To facilitate and incentivise export of surplus sugar by India's sugar mills, the government allowed a Duty Free Import Authorisation (DFIA) Scheme with respect to sugar.

**Financial assistance:** In order to help sugar mills clear farmer cane dues, the Government has decided to provide financial assistance @ ₹5.50 per quintal of cane crushed in sugar season 2017-18 to sugar mills to offset their cost of cane. The assistance shall be paid directly to farmers on behalf of the mills and be adjusted against the cane price payable due to farmers against a Fair and Remunerative Price (FRP), including arrears, relating to the previous years, if any.

## Fair and Remunerative Price (FRP)

Around 5 crore Indian farmers and their family members grow sugarcane for 12-18 months on around 50 lakh hectares. A ratoon of 1-2 years, when farmers do not have to use fresh seed, means that once the farmers plant sugarcane, they are committed to grow sugarcane for 2-3 years. It also means that when the farmers commit themselves to sugarcane, they do not know what the sugar price would be a year later.

In this scenario, the government protects farmers by deciding the price of sugarcane, called the fair and remunerative price (FRP).

## Fair and remunerative price of sugarcane

*(₹ / Quintal)*

| Sugar Season | FRP linked to recovery of 9.50% | Premium for every 0.1% increase |
|---|---|---|
| 2010-11 | 139.12 | 1.46 |
| 2011-12 | 145.00 | 1.53 |
| 2012-13 | 170.00 | 1.79 |
| 2013-14 | 210.00 | 2.21 |
| 2014-15 | 220.00 | 2.32 |
| 2015-16 | 230.00 | 2.42 |
| 2016-17 | 230.00 | 2.42 |
| 2017-18 | 255.00 | 2.68 |

The increase in ethanol production has the potential to create new jobs.

## Ethanol sector in India

The Indian government wants environmental friendly vehicles to ply on India's roads. In view of this blending percentage of ethanol is increasing in automotive fuel. Ethanol supply to oil marketing companies for blending could rise 71% in the 2017-18 season.

### Ethanol supply to oil marketing companies

| Season year | 2016-17 | 2017-18 |
|---|---|---|
| Supply (crore litre) | 66 | 113 |

## Biofuels: an opportunity

Pollution is plaguing India and a short-term solution lies in the quick and scaled expansion of biofuel-powered public transport. This can potentially moderate pollution through lower carbon emissions by public transport vehicles and eliminate crop stubble burning by farmers.

Biofuel-driven buses appear to be a growing preference, which can be easily deployed at a short notice for all public transport purposes. Some 170 million tonnes of agricultural waste out of the 800 million tonnes generated can be used for ethanol production, which could be ramped to 250 million tonnes per year to produce between 31-47 billion litres of ethanol by 2020, a radical increase from the current production of 2 billion litres. This could lead to a reduction in stubble burning because of an economic incentive available to remove and provide crop waste to biofuel plants.

The increase in ethanol production has the potential to create new jobs. States with a combination of high agricultural activity and large fuel consumption (Maharashtra, Punjab and Uttar Pradesh) would be the best positioned to address this opportunity.

## India's bagasse cogeneration industry

When sugarcane is squeezed for its juice, a fibrous pulp material is left over. This material is processed into a usable form called 'bagasse'. For every 10 tonnes of sugarcane crushed, nearly 3 tonnes of wet bagasse is produced. Bagasse is typically used to produce heat and electricity in sugar mills (known as cogeneration), but can also be used for other purposes (paper, cattle feed and disposable food containers). Bagasse-based cogeneration helps sugar mills meet 100% of their energy needs.

Energy from bagasse generates less greenhouse gas emissions than conventional fossil-fuel generation. It can also produce significant surplus electricity for sale to the grid, using the same quantity of bagasse. For example, if steam generation temperature/pressure is raised from 400 degrees C to 485 degrees C, more than 80 KWH of additional electricity can be produced for each ton of cane crushed.

Approximately 500 biomass power and cogeneration projects aggregating 4760 MW capacity have been installed in the country for feeding power to the grid. Around 30 biomass power projects aggregating about 350 MW are under implementation. Around 70 cogeneration projects are under implementation with capacity aggregating 800 MW. Leading states comprise Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra and Uttar Pradesh.

# Segment-wise performance

## Sugar

The sugar segment constituted the largest share of the Company's revenues. The segment contributed 85.37% of the Company's turnover during the year under review against 83.46% in 2016-17. Revenues from the sugar segment during 2017-18 stood at ₹3,756.74 crore as against 3,038.71 crore in 2016-17.

## Distillery

Revenues from this segment contributed 7.54% of the Company's revenues during the year under review against 8.97% in 2016-17. Revenues from the distillery segment during 2017-18 stood at ₹331.67 crore as against ₹326.76 crore in 2016-17.

## Cogeneration

Revenues from the cogeneration segment contributed 7.08% of the Company's revenues during the year under review against 7.57% in 2016-17. Revenues from the segment during 2017-18 stood at ₹311.83 crore as against ₹275.53 crore in 2016-17.

## Business review – segment-wise revenue* *(₹ in crore)*

| Segments | March 2014 | % | March 2015 | % | March 2016 | % | March 2017 | % | March 2018 | % |
|---|---|---|---|---|---|---|---|---|---|---|
| Sugar | 2,186.31 | 81.57% | 2,422.77 | 80.84% | 2,289.90 | 79.67% | 3,038.71 | 83.46% | 3,756.74 | 85.37% |
| Distillery | 251.74 | 9.39% | 285.27 | 9.52% | 295.49 | 10.28% | 326.76 | 8.97% | 331.67 | 7.54% |
| Cogeneration | 236.28 | 8.82% | 282.40 | 9.42% | 279.76 | 9.73% | 275.53 | 7.57% | 311.83 | 7.08% |
| Others | 5.94 | 0.22% | 6.48 | 0.22% | 8.92 | 0.32% | - | - | 0.48 | 0.01% |
| **Total** | **2,680.27** | **100.00%** | **2,996.92** | **100.00%** | **2,874.07** | **100.00%** | **3,641.00** | **100.00%** | **4,400.72** | **100.00%** |

*Does not include inter segmental revenues

## Segment analysis

# Sugar

Revenues earned in 2017-18
**₹3,756.74 crore**

Sugar as a proportion of overall revenues
**85.37%**
(83.46 % in 2016-17)

### Overview

Balrampur is the second-largest sugar manufacturing company in India with a cumulative crushing capacity of 76,500 tonnes of cane per day. The Company has eight plants in Eastern Uttar Pradesh and two in Central Uttar Pradesh, major cane- growing areas of Uttar Pradesh. The plants are located in proximity to each other resulting in cost-effective logistical operations.

### Operational highlights

- Crushed 927.83 lac quintals of cane across plants (794.65 lac quintals in 2016-17)
- Reported an average recovery of 10.84 % compared to 10.66 % in 2016-17, owing to a larger portion of the Company's command area planted with the early-maturing variety of cane
- Achieved higher plant availability ratio and plant efficiency ratio compared to the previous year
- Undertook numerous debottlenecking initiatives

### The Balrampur edge

- Substantial capacity allows the Company to capitalise on benefits arising from economies-of-scale
- Located in the vicinity of major cane-growing regions of Uttar Pradesh
- Comprehensive cane management guidance provided to farmers ensures a timely supply of superior quality cane

### Road ahead

The Company will continue to optimise energy use and enhance process efficiencies.

## Operational summary

### Cane crushed

*(in lac tonnes)*

| Location | March 2014 | March 2015 | March 2016 | March 2017 | March 2018 |
|---|---|---|---|---|---|
| Balrampur | 12.12 | 12.91 | 12.02 | 12.34 | 13.61 |
| Babhnan | 10.03 | 11.24 | 8.77 | 9.84 | 10.11 |
| Tulsipur | 6.02 | 6.64 | 7.11 | 6.25 | 7.04 |
| Haidergarh | 3.71 | 3.53 | 3.31 | 3.75 | 4.89 |
| Akbarpur | 7.83 | 6.34 | 7.14 | 7.51 | 8.65 |
| Rauzagaon | 6.78 | 6.58 | 5.62 | 6.92 | 8.16 |
| Mankapur | 8.61 | 9.20 | 7.69 | 8.43 | 9.20 |
| Kumbhi | 9.31 | 9.79 | 10.01 | 10.48 | 13.90 |
| Gularia | 7.23 | 8.40 | 9.79 | 10.75 | 13.35 |
| Maizapur | 3.38 | 3.60 | 2.79 | 3.19 | 3.87 |
| Khalilabad | 2.26 | 2.34 | - | - | - |
| **Total** | **77.28** | **80.57** | **74.25** | **79.46** | **92.78** |

### Sugar produced

*(in lac tonnes)*

| Location | March 2014 | March 2015 | March 2016 | March 2017 | March 2018 |
|---|---|---|---|---|---|
| Balrampur | 1.18 | 1.27 | 1.30 | 1.28 | 1.44 |
| Babhnan | 1.00 | 1.09 | 0.97 | 1.00 | 1.03 |
| Tulsipur | 0.58 | 0.66 | 0.76 | 0.65 | 0.73 |
| Haidergarh | 0.34 | 0.32 | 0.34 | 0.36 | 0.48 |
| Akbarpur | 0.77 | 0.61 | 0.78 | 0.76 | 0.91 |
| Rauzagaon | 0.67 | 0.64 | 0.61 | 0.75 | 0.90 |
| Mankapur | 0.85 | 0.91 | 0.85 | 0.84 | 0.95 |
| Kumbhi | 0.94 | 1.01 | 1.17 | 1.24 | 1.64 |
| Gularia | 0.69 | 0.85 | 1.14 | 1.26 | 1.56 |
| Maizapur | 0.32 | 0.35 | 0.30 | 0.33 | 0.42 |
| Khalilabad | 0.21 | 0.21 | - | - | - |
| **Total** | **7.55** | **7.92** | **8.22** | **8.47** | **10.06** |

# Distillery

Revenues earned in 2017-18
₹331.67 crore

Distillery revenues as a proportion of overall revenues
7.54%
(8.97 % in 2016-17)

## Overview

Balrampur's three distilleries located in Balrampur, Babhnan and Mankapur are engaged in the production of industrial alcohol and ethanol with a cumulative capacity of 360 kilolitres per day. ~ 95% of the Company's distillation capacity is used for the production of ethanol, resulting in supply to oil marketing companies for blending. These supplies are backed by contracts with steady supplies and attractively priced, enabling the Company to enhance revenue and profitability visibility.

## Operational highlights

- Reported ₹331.37 crore revenue owing to contract renewals (₹40.85 per bulk litre for supply period between December 2017 to November 2018)
- Sold 7.89 crore bulk litres of ethanol compared to 6.88 crore bulk litres in 2016-17
- Scaled overall capacity by 40 KLPD at one of its distilleries, possessing a total distillation capacity of 360 KLPD

## The Balrampur edge

- Sizeable capacity of 360 KLPD allows the Company to capitalise on economies-of-scale
- Contracts with OMCs offer revenue visibilty and attractive profitability
- State-of-the-art incinerators help distilleries run longer (330 days vis-à-vis an industry average of 270 days)

## Road ahead

The Company will continue focusing on improving operational efficiencies.

## Alcohol

*(in crore bulk litres)*

| | March 2014 | March 2015 | March 2016 | March 2017 | March 2018 |
|---|---|---|---|---|---|
| Alcohol production | 7.80 | 6.99 | 7.06 | 7.22 | 8.10 |
| Alcohol sales | 7.41 | 7.42 | 6.47 | 6.92 | 8.07 |

# Cogeneration

Revenues earned in 2017-18
₹311.83 crore

Cogeneration revenues as a proportion of overall revenues
7.08%
(7.57% in 2016-17)

## Overview

Balrampur has an aggregate saleable cogeneration capacity of 163.2 megawatts fuelled by bagasse, a sugarcane by-product. Of the total power generated, the Company consumes nearly 35% in-house and markets the rest to the state electricity grid at a predetermined tariff.

## Operational highlights

- Generated ~ 87.41 crore units of power and exported 56.80 crore units to the state electricity grid
- Installed bagasse-drying system at one of the units to generate more power from the same quantum of bagasse
- Achieved a higher PLF compared to the previous year owing to higher availability of bagasse as a result of increased cane crushing

## The Balrampur edge

- Ample saleable capacity of 163.2 megawatts allows the entire bagasse output to be consumed in-house
- Regular operational assessments and control measures helped the Company enhance performance

## Road ahead

The Company will continue enhancing plant utilisation and related efficiency.

## Power

*(in crore units)*

| | March 2014 | March 2015 | March 2016 | March 2017 | March 2018 |
|---|---|---|---|---|---|
| Power generation | 75.05 | 82.95 | 74.69 | 75.37 | 87.41 |
| Power sales | 54.74 | 61.68 | 53.07 | 51.05 | 56.80 |

# SCOT analysis

## Strengths

- The Indian sugar industry is the world's second-largest producer after Brazil and India the largest sugar consumer.
- Uttar Pradesh experienced a rebound in sugar production volumes.
- The Indian sugar industry provides employment to a large farmer base and supports downstream industries.
- The sector sustains the livelihood of over 6 million agricultural and 0.5 million skilled and semi-skilled industrial worker families
- The sector covers more than 5 million hectares of gross cultivable land area in the country
- The sector is the focal point of rural socio-economic development

## Challenges

- The cost of the principal raw material i.e. sugarcane is controlled by the government
- Most sugar factories are 40+ years old with low installed capacities.
- Most small capacity/standalone sugar factories in India struggle to pay farmers for cane on time.
- Most sugar factories suffer from technological obsolescence

## Opportunities

- The by-products of the sugar industry enjoy attractive realisations
- Technology upgradation and advanced technologies are available for effective by-products utilisation
- The widening use of new cane varieties should lend a boost to the industry
- Lower per capita sugar consumption leaves adequate headroom for the industry to grow sustainably

## Threats

- There is declining ground water availability for irrigation
- Weakening soil quality through prolonged fertiliser and pesticide use is a threat
- High input costs make the industry uncompetitive
- Unstable long term government policies at centre and state level

# Cane management

Over the years, Balrampur has consistently invested in cane management to improve yields in and around its command areas. The Company helps farmers plant high-yielding varieties of cane and absorb innovative farming techniques to bolster output and income. Sugarcane is a crop that is immensely prone to diseases and pests. Balrampur provides farmers with necessary agro inputs to enhance productivity and cultivate robust varieties of cane. Case in point: the Company increased the proportion of early-maturing varieties sowed in its command area from ~41% in sugar season 2016-17 to ~60% in sugar season 2017-18.

## Major initiatives

- Introduction of various new varieties and their multiplication to enhance varietal balance on the farmer's field
- Initiated healthy seed production programme on the farmer's field from spring planting season 2018 to sustain the life span of performing cane varieties
- Initiated a massive cane seed treatment programme on the farmer's field to reduce the disease pathogen inoculum on cane seed sett and soil to improve germination. The Company introduced a newly developed seed treatment device to eliminate the seed-borne inoculum of pathogen/borers
- Recommended doses of agro-input (manure, fertiliser, pesticide & technical know-how) that were delivered to farmers to improve soil health and crop growth
- Popularised improved planting method i.e. trench planting, pair row planting and wide row spacing to catalyse early growth, more millable cane, better yield and more sugar recovery
- Introduced modern agricultural implements viz. Trench planter, rotary tiller, lazer leveler and line cultivator to mechanise farming, leading to timely agricultural operations; provided corresponding subsidies
- Popularised the use of bio produce i.e. bio-potash granules, boiler fly ash, sludge and press mud with chemical fertilisers among farmers, improving soil fertility
- Provided wire net for fencing sugarcane fields to safeguard the crop from animals
- Strengthened the crop monitoring team which engaged in following activities:
  - Sugarcane varietal replacement and the introduction of new cane varieties
  - Monitoring all aspects of sugarcane cultivation
  - Variety verification across all units
  - Enhancement and evaluation of cane staff from time to time
  - Introduction and implementation of new initiatives related to cane development.
  - Conducting a demonstration of new agro products like fungicides, pesticides, hormones, bio-agents, fertilisers and other new technologies

## The result

The Company increased the proportion of early maturing varieties of sugarcane, which led to an increase in recovery and farm yields, providing a larger income for farmers.

| Sugarcane crushed (2017-18) | Recovery (2017-18) | Farmers addressed (2017-18) |
|---|---|---|
| 927.83 lac quintals | 10.84% | 4.5 lac |

# Environment management

## How responsibility has translated to business sustainability

At Balrampur, our long-term business success is influenced by the health of the natural environment.

At one level, we believe that global climate influences cane yield, cane quality and sugar recovery, each of which plays a critical role in the sector's (and company's) immediate profitability.

At the other level, we believe that any compliance mismatch with prevailing statutory requirements related to emissions and effluents generation can attract censure and plant closure.

In view of these realities, the influence of the environment is integral to the success of our business.

### Intent

At Balrampur, we are absolutely committed to minimise our carbon footprint, strengthening our presence as a responsible corporate citizen. We aim to reduce any adverse impact on habitats or biodiversity, making continuous improvements central to our working. In doing so, we focus on always being a business that responsibly and efficiently consumes natural resources across the value chain, protecting the environment we operate in. The result is that our business strategy is related to the conservation of finite resources and climate change.

### Governance and sustainability

At Balrampur, we believe that our environmental priority translates into business sustainability – and not the other way around. This environment priority is driven through a complete compliance with the laws of the land. Over the years, we have showcased our compliance in letter and spirit, extending often beyond statutory requirements, investing proactively and engaging inforward-looking initiatives because they were the right thing to do. Our initiatives have been guided by an organisational policy to moderate carbon footprint. This priority comprises forward-looking investments in environment-strengthening assets and initiatives. Our reporting of on-ground activities extends from hands-on managers to the Board of Directors.

### Responsibility

At Balrampur, we believe in inter-dependability – how our operations can influence the well-being of others and vice versa. This recognition that what we save in terms of finite natural resources will benefit communities and the environment enhances our sense of responsibility.

The result is that we invest in processes, practices and products to generate more from less (fossil fuels, core raw materials, power and water), defining the core of our existence and validating our corporate positioning around a single mantra called 'stretch'.

### Operational integration

At Balrampur, environment responsibility has been designed into our business model. We do not just manufacture sugar from cane; we also utilise the various by-products generated in sugar manufacture to create multiple products that are profitably monetised – the molasses produced is utilised to manufacture ethanol; the bagasse produced is utilised to generate power (consumed within and 'exported' to the state electricity grid). In doing so, we make a complete utilisation of the resources at our disposal. As a measure of prudence, we do not buy molasses and bagasse from the open market to keep our by-product manufacturing units running; we generally do not market our by-products without conversion into value-added products.

We believe that this integration has made it possible for us to moderate our carbon footprint.

## Process discipline

Balrampur Chini Mills invested in a robust safety management system (policy framework to monitoring) extending beyond regulatory reporting. The company's safety committees comprise cross-functional teams (engineering, production, environment, power plant etc.) that meet periodically to appraise systemic effectiveness. The company has invested in people safety, health checks for plant personnel. Mock drills are conducted across units; employees are trained in emergency management. All units are equipped with disaster management measures (water, dry chemicals, CO2, sand, dolomite, foam etc.).

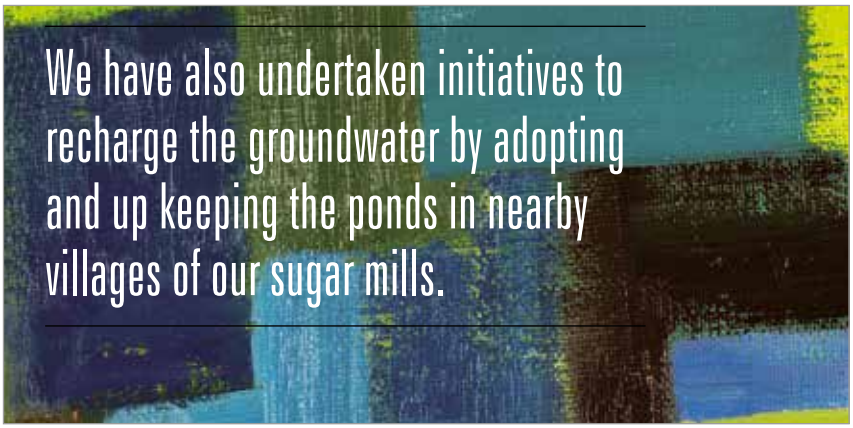
## Environment product mix

In our business, we have extended beyond mere product integration where the end product of one process becomes the raw material of the subsequent process. Our by-products are also environment-friendly, emphasising the social relevance of our business: for instance, we utilise all the bagasse produced as a by-product to co-generate electricity, which is one of the cleanest forms of electricity; we utilise all the by-product molasses to produce ethanol, which is used as an environmentally responsible fuel that enhances engine combustibility that reduces vehicular emission.

## Water: Strategic focus

**Overview:** The manufacture of sugar can potentially lead to in-process leaks that can contaminate the soil and underground water resources. Besides, cane juice can ferment; the odour and bacterial growth can affect the operating environment.

At Balrampur, we believe that the world addresses a looming water shortage. Water is core to our business; its prudent management is something we are committed to as a commercial priority and responsibility to our neighbouring rural communities with who whom we share this finite resource. Responsible water stewardship is therefore vital to our strategy to mitigate the climate change impact, given that these two subjects are inter-connected.




We have addressed this priority through various initiatives: selected to commission cane crushing factories in water-sufficient areas of eastern and central UP. Besides, we are broadly committed to a reduction in water extraction and consumption in our operations and agricultural supply chain through initiatives related to efficient use, re-use and recycling. We have also undertaken initiatives to recharge the groundwater by adopting and up keeping the ponds in nearby villages of our sugar mills.

## Our 2020 water stewardship target

**By 2020, we intend to reduce water consumption per quintal of cane crushed by 15%.**

In 2017-18, our water efficiency improved 20% over the previous year and 50% over the 2010-11 baseline. This improvement was the result of enhanced efficiency across our operations; much of the gains were recorded at the farm level.

Given that about 70 percent of cane weight comprises water, there is a corresponding risk of effluent generation during cane crushing. The company is engaged in extensive re-cycling and re-use across the sugar, co-gen and distillery operations. For instance, the company installed a re-circulation system through CPU and reverse osmosis to recover cooling water, moderating fresh water intake. The highlight of these initiatives was that all three distilleries within the company are being positioned as zero liquid discharge units. We installed evaporators for concentration of spent wash and use as fuel in specially designed incineration boilers. The condensate collected in evaporator was processed in state-of-the-art water recycling plants resulting in reduced water extraction.

The Company invested in a buffer effluent water storage tank at all group plants equivalent to 3-4 hours of effluent generation (at the rate of 200 litres effluent per tonne of cane) for efficient treatment at ETP. This regulated the flow to the effluent treatment plant that enhanced ETP efficiency. The Company replaced the use of oil with solid grease. The open in-plant bagasse conveyors were also properly covered to avoid spillage. The Company extended this investment across most plants. The use of solid grease minimised ground spills and enhanced ETP efficiency. The post-treated water was stored in a polypropylene lined pond within the premises for irrigation. The Company's achievements (pH, total suspended solids and biological oxygen demand)

exceeded Central Pollution Control Board benchmarks.

The Company recorded minimal ground water drawal. The consumption allowed per ton of cane crushed was 1 m3 per ton, whereas we drew approximately 0.25-0.30 tons of water per ton of cane crushed. The consumption was largely for the residential colony and power plant boiler and cooling tower makeup water.

The Company invested in revitalisation of local ponds in nearby villages for rainwater harvesting at all its unit equivalent to its yearly drawal.

The Company also promoted drip irrigation in dry areas across farmers in its command areas. In 2017-18, the total command area of the Tulsipur unit covered by drip irrigation was 15 hectares, which is intended to be increased to 40 hectare.

### Water management

Over the years, the company's water conservation focus comprised the following:

- Reduction of water top-up per MW energy generation compared to low pressure boiler following an investment in a state-of-the-art high pressure boiler 86 kg/cm2
- Complete use of injection water/ excess condensate/ waste water generated from the water treatment plant in ash quenching instead of routing it to an effluent treatment plant, moderating the effluent treatment plant load
- Investment in efficient motors, variable frequency drives, planetary drives and hydraulic drives in the milling tandem and connection of milling control with the centralised distributed control system across operations, enhancing operational efficiency.

## Energy management

The use of bagasse-based cogeneration helped address a large part of the energy requirements, reducing dependence on fossil fuels and related greenhouse gas emissions. The switch to green power through bagasse helped consume a resource earlier under-utilised, enhanced the proportion of 'clean power' and monetised income. The company was one of the first in Eastern Uttar Pradesh to invest in the transformation of bagasse into co-generated power in 2001-02; progressive investments helped increase the company's saleable cogeneration capacity to 163.2 MW.

Over the years, the company replaced inefficient worm type reduction gear box with efficient planetary gears and helical gears across plants. The company invested in a waste heat recovery system and invested in a bagasse drying system in one plant and plans to replicate this across all plants in a phased manner.

There was an increase in power efficiency across the company's manufacturing facilities, lower steam consumption and lower power consumption per tonne of crushed cane. The bagasse drying system will moderate moisture content from 45% to 35%, enhancing bagasse availability to power the incinerator. It will enhance waste heat recovery from flue gas. These initiatives will translate into substantial power savings, strengthening competitiveness. The bagasse drying investment will generate a payback in three years.

**95%**
power efficiency post-investment in modern gears

**65%**
power efficiency pre-investment in modern gears

**400-450 kgs**
of steam consumption per tonne of cane

**550-600 kgs**
of steam consumption per tonne of cane, circa 2002

**35 units**
The number of units of electricity consumed per MT of cane crushed, 2017-18

**50 units**
The number of units of electricity consumed per MT of cane crushed, circa 2002

## Emissions control

The Company strengthened its environment commitment through an investment in an electrostatic precipitator in its Haidergarh plant in 2002. The ESP was directed at a reduction in solid particulate matter to less than 50 mg/nm3 as against a prevailing norm that was three times higher. The ESP investment was replicated across the company's various other plants. Of the Company's 262.41 MW power plant capacity, 100 percent was ESP-backed. In some of the older plants, the company invested in a wet scrubber with similar effectiveness. The investment translated into a saving in steam and power on the one hand, while generating clean energy. All the Company's plant emissions were well below the CPCB pollution control limits.

## Effluents management

The by-product molasses generated in sugar manufacture can potentially contaminate the soil with long-lasting impact. Molasses contains acids, bacteria and chemicals, which make it imperative to neutralise before treatment and disposal. The ₹225 crore investments in the Company's distillery plants – the first investment by a sugar company in Uttar Pradesh – helped achieve standards beyond statutory requirements in 2016 related to distillery waste incineration. The investment was probably the first of its kind in India's sugar industry. The concentrate spentwash generated condensate water (odorful, contaminated and low pH), which was treated in a condensate polishing unit to enhance reusability. The process generated high pH potash-rich ash (soil nutrient). Water extraction from the soil has been minimised. The result was that the distillery is permitted to run an additional 60 days.

## Caring for the environment

Balrampur put in place the infrastructure necessary to achieve zero discharge status. Treated effluent water was recycled and used within the factory for cleaning roads, watering plants, cooling ash, spraying on bagasse and suppressing dust. The Company complied completely with UPCB, CPCB, NGT and CGWA guidelines (air, sound, water and groundwater).

In 2016-17, the Company installed incinerators in its distilleries to achieve zero-discharge status.

The Company invested in online monitoring systems for measuring air and water contamination levels and intends to improve the performance of its effluent treatment plants by investing ₹10-12 crore.

This allowed the Company to achieve a zero liquid discharge status by ensuring that all effluents were solidified and use the steam generated for running turbines and generate around 6 megawatts of power at each of the distilleries. Out of this, around 2.5 megawatts was used captively and the balance sold to the state grid. The leftover residue was used as a fertiliser in amorphous and granular forms. The result is the company's distilleries that once ran for 270 days a year can now run for 330 days a year.

## Waste management

The Company invested in distilleries (molasses is fermented to produce alcohol), and cogeneration (based on bagasse). The Company's zero-waste management helped segregate and dispose waste in a responsible and stipulated manner.

## Improving operational efficiencies

The Company reduced its operational downtime through preventive exercises and better plant maintenance. It now aims to bring downtime to zero.

The Company carried out a 'why-why analysis' for assessing the efficiencies of its plants and equipment. It investigated every breakdown, created standard operating protocols for every process, took corrective action and monitored performance. It replaced mild steel with stainless steel plating to diminish wear and tear. It compared actual and designed outcomes to evaluate how well the machinery operated.

The Company optimised manpower and strengthened training for key positions.

# Financial review

## Capital structure

The equity share capital of the Company reduced from ₹23.50 crore as on 31st March, 2017 (23,50,10,467 equity shares of ₹1 each) to ₹22.84 crore as on 31st March, 2018 (22,84,28,327 equity share of ₹1 each). During the year, the Company bought back 66 lac equity shares, issued 17,500 equity shares under Employee Stock Option Scheme and issued 360 equity shares through a rights issue that was in abeyance due to pendency of disputes.

## Other equity

Other equity of the Company increased by 3.07% from ₹1,517.75 crore as on 31st March, 2017 to ₹1,564.30 crore as on 31st March, 2018. This was mainly on account of profit retention during the year. Securities Premium Reserve decreased by 28.69% on account of the buy-back of equity shares.

Free reserves of the Company stood at ₹1,481.53 crore as on 31st March, 2018 accounting for 94.71% of the total reserves.

## Debt profile

Total long-term borrowings including current maturities reduced from ₹204.84 crore as on 31st March, 2017 to ₹124.31 crore as on 31st March, 2018 due to scheduled repayments of ₹80.53 crore during the year under review.

Working capital borrowings reduced by 45.13% from ₹1,577.44 crore as on 31st March, 2017 to ₹865.52 crore as on 31st March, 2018.

## Capital employed

The capital employed by the Company in the business reduced from ₹3,270.54 crore as on 31st March, 2017 to ₹2,523.98 crore as on 31st March, 2018. ROCE for the year stood at 16.55% as compared to 29.23% during 2016-17.

## Net block

Net block of the Company stood at ₹1,458.31 crore as on 31st March, 2018 as compared to ₹1,418.43 crore as on 31st March, 2017. The Company provided ₹95.22 crore as depreciation and amortisation during the year. During the year, ₹135.72 crore was added to the block of assets.

## Investments

Investments stood at ₹83.16 crore as on 31st March, 2018 compared to ₹45.02 crore as on 31st March, 2017. During the year, Auxilo Finserve Pvt. Ltd. (NBFC private limited company based in India and engaged in financing activities in education sector) became an associate of the Company from 20th March, 2018, in which the Company invested ₹37.50 crore.

## Trade and other receivables

Trade and other receivables increased by 11.94% from ₹162.77 crore as on 31st March, 2017 to ₹182.21 crore as on 31st March, 2018. The outstandings included ₹132.28 crore on account of the supply of power to UPPCL and ₹40.05 crore on account of supply of ethanol to OMCs.

## Trade and other payables

Trade and other payables increased from ₹295.34 crore as on 31st March, 2017 to ₹785.29 crore as on 31st March, 2018. The outstandings were mainly on account of cane price dues to farmers.

## Other financial assets

Other financial assets increased from ₹4.53 crore as on 31st March, 2017 to ₹53.44 crore as on 31st March, 2018. The increase was mainly on account of claims receivables amounting to ₹47.93 crore under Scheme for Financial Assistance to Sugar Mills, 2018.

## Other financial liabilities

Other financial liabilities increased from ₹146.80 crore as on 31st March, 2017 to ₹172.58 crore as on 31st March, 2018. The increase was mainly on account of current maturities of long-term debt. During 2018-19, ₹113.63 crore were repayable compared to ₹80.54 crore repaid during 2017-18.

## Other non-current assets

Other non-current assets reduced from ₹9.54 crore as on 31st March, 2017 to ₹5.20 crore as on 31st March, 2018. The decrease was mainly on account of a reduction in advances for the purchase of assets.

## Other non-current liabilities

Other non-current liabilities stood at ₹0.30 crore as on 31st March, 2018 compared to ₹0.28 crore as on 31st March, 2017.

## Other current assets

Other current assets reduced from ₹26.31 crore as on 31st March, 2017 to ₹20.24 crore as on 31st March, 2018. The decrease was mainly on account of a reduction in receivables on account of GST, CENVAT, VAT and other taxes and duties.

## Other current liabilities

Other current liabilities reduced from ₹158.58 crore as on 31st March, 2017 to ₹47.53 crore as on 31st March, 2018. The decrease was mainly on account of a reversal in liabilities for excise duty on closing stock under GST regime.

# Internal control systems and their adequacy

The internal controls are commensurate with the size and the nature of the operations of the Company. These controls have been designed to provide a reasonable assurance with regard to maintaining proper accounting controls, monitoring of operations, safeguarding of resources and utilizing them to the maximum, promoting operational efficiency, compliances with applicable regulations and ensuring reliability of financial reporting. In addition, there is an internal audit process that reviews the in-system checks and regularly covers significant operational areas.

The Audit Reports, submitted by the Internal Auditors, are reviewed by the Audit committee. Any suggestion for improvements submitted to the Committee are considered and the implementation of corrective actions, wherever required, is followed up. Statutory and Internal Auditors are also invited to the Audit Committee meetings to ascertain their views on the adequacy of internal control systems. Periodically, the Board of Directors is informed of the same.

# Human resources

The focal point of the Company's human resource policy was continuous learning; the policy was progressively geared to meet the aspirations of employees. To enhance efficiency, competence and motivation, the Company organised training programmes. This resulted in the effective retention of employees and enhanced loyalty. To attract and retain the best available talent, the Company was committed to provide equal employment opportunities and the best working conditions. The Company had 3792 employees on its payroll as on 31st March, 2018.

# Cautionary statement

The statements in the 'Management discussion and analysis' section with regard to projections estimates and expectations have been made in good faith. The achievement of results is subject to risks, uncertainties and even less than accurate assumptions. Market data and information are gathered from various published and unpublished reports. Their accuracy, reliability and completeness cannot be assured.

# Mitigating risks at Balrampur

The risk management process at Balrampur revolves around establishing a context, identifying the key risks, undertaking mitigation measures, monitoring their impact and preparing reports. The Company's management team periodically evaluates emerging business risks, priorities them and takes necessary steps to mitigate them.

## Industry risk

### Reduced off-take could affect business sustainability

- India is the largest consumer of sugar globally but the per capita consumption is still low, thereby providing Balrampur with ample prospects of growth.
- With the country's population growing by ~1.5% annually, sugar consumption levels are expected to grow concomitantly.
- The Central Government's decision of mandatory ethanol blending is driving the Company's allied businesses ahead.

## Regulatory risk

### Regulatory changes could impact operational viability

- The Government has announced a slew of measures to protect the industry like Minimum Indicative Export Quotas and financial assistance, among others
- The Company made proactive investments in environment-friendly initiatives to insulate it from regulatory censure and achieve uninterrupted operations.

## Cost risk

### Increasing cane prices and input costs could dent profitability

- The Company invested in distillery and cogeneration businesses to reduce its dependence on the sugar vertical.
- The Company focused on improving yields at the farmer level and recoveries at its end to lower costs.
- The Company saved enormously in the last three years leading to 2017-18 through strategic initiatives.

## Quality risk

### Low quality output could adversely affect the bottom-line

- The Company focused on increasing the share of early maturing variety of cane in its command areas.
- Prudent cane management and judicious chemical use helped Company attain the same.

## Growth risk

### The Company may not be able to grow its business at a pace it wants to

- Improvement in yield and recovery owing to company's cane management activities.
- The Company is fully integrated in terms of its distillery and cogeneration capacity to utilise the molasses and bagasse produced.
- The Company increased capacities of its distilleries and cogeneration in the past three years.

## Finance risk

### Stretched financials could hamper business sustainability

- The Company's gearing as on 31st March 2018 stood at 0.08, which is among the lowest in the industry.
- During the year under review, the Company repaid ₹80.53 crore of long-term debt, leaving a debt balance of ₹124.31 crore

## Availability risk

### Inability to source cane from its command areas could lower capacity utilisation levels

- The Company sourced cane from more than 4.5 lac farmers and enjoys the status of a preferred partner.
- The Company enjoys cordial relations with the farmers owing to timely payments.

## Strategy risk

### An over dependence on the sugar vertical could be disadvantageous during a sectoral downturn

- The Company invested in distilleries and cogeneration capacities to utilise byproducts and create additional revenue streams.
- A steady off-take of ethanol was assured thanks to agreements with OMCs while power export was guaranteed via PPAs.
- The Company created adequate capacities to utilise the entire by-product output in-house.

## Commodity risk

### Sugar being a commodity, price is influenced by various factors including demand and supply

- The Company's forward integration into cogeneration and distillery helped hedge revenues and moderate dependence on sugar for profitability

## Foreign exchange fluctuation risk

### This could result in unwarranted revenue loss as a result of an over-dependence

- The Company neither exports nor imports sugar in a substantial way
- The working model of the Company does not entail foreign exchange risks
- As a matter of prudence, the Company hedges its long-term and short-term foreign exchange exposure, protecting its financials

# REPORT OF THE BOARD OF DIRECTORS

## for the year ended 31st March, 2018

Dear Shareholders

Your Directors have the pleasure of presenting their report as a part of the 42nd Annual Report, along with the Audited Accounts of the Company for the year ended 31st March, 2018.

## Financial Results

The financial results of the Company are summarised below:

(₹ in Lacs)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Revenue from operations | 440072.06 | 364099.71 | 440072.06 | 364099.71 |
| Profit before finance costs, tax, depreciation and amortisation, exceptional items and other comprehensive income | 47943.54 | 89451.32 | 48199.40 | 89409.73 |
| Less: Finance costs | 5203.00 | 5542.80 | 5203.00 | 5542.80 |
| Less: Depreciation and amortisation expense | 9522.11 | 10493.71 | 9522.11 | 10502.84 |
| Profit before share of profit of associates and tax | - | - | 33474.29 | 73364.09 |
| Add: Share of profit of associates | - | - | 1041.11 | 127.43 |
| Profit before tax | 33218.43 | 73414.81 | 34515.40 | 73491.52 |
| Less: Tax expense | 11106.37 | 14186.16 | 11348.91 | 14215.56 |
| Profit for the year | 22112.06 | 59228.65 | 23166.49 | 59275.96 |
| Other comprehensive income (net of tax) | (455.20) | (362.95) | (456.74) | (362.92) |
| **Total comprehensive income for the year** | **21656.86** | **58865.70** | **22709.75** | **58913.04** |

## Dividend and its Distribution Policy

The Board of Directors of the Company declared an interim dividend of 250% (i.e. ₹2.50 per share on Equity Shares of the face value of ₹1/- each) for the financial year ended 31st March, 2018. Total outgo on the interim dividend was ₹7071.69 Lacs (including dividend distribution tax of ₹1196.13 Lacs). The Board has not proposed any final dividend for the financial year ended 31st March, 2018 and accordingly, the interim dividend paid during the year shall be treated as final dividend.

Since the Company is one of the top 500 listed entities based on market capitalisation (calculated as on March 31st of every financial year), pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, the Dividend Distribution Policy, has been annexed to this Report as Annexure - I and the same is also available on the website of the Company at the following web-link:

http://chini.com/wp-content/uploads/2018/07/Dividend_Distribution_Policy_2017.pdf

## Operations

The operational data of the Company for the last two sugar seasons and financial years are as under:

| Particulars | Sugar season | | Financial year | |
|---|---|---|---|---|
| | 2017-18 | 2016-17 | 31.03.2018 | 31.03.2017 |
| Sugarcane crushed (in lac quintals) | 1080.39 | 838.54 | 927.83 | 794.65 |
| Sugar produced (in lac quintals) | 117.10 | 90.01 | 100.56 | 84.70 |
| Recovery (%) | 10.84 | 10.74 | 10.86 | 10.66 |

[The data for sugar season 2017-18 includes full season workings of all units except for Kumbhi and Gularia]

## Industry scenario and outlook

The sugar season 2017-18 commenced with a carryover stock of around 4 million tonnes. Sugar production for the season was initially estimated at 26 million tonnes but revised multiple times at the industrial and ministerial levels. Finally, the country was estimated to have produced ~32 million tonnes of sugar in sugar season 2017-18.

Sugar production for the 2017-18 season surpassed the previous record of 28.3 million tonnes by end-March. This disproportionately higher production was attributed to the sowing of superior cane varieties and higher yields across cane-producing states. Consequently, Maharashtra was estimated to have produced ~10.7 million tonnes of sugar compared to 4.2 million tonnes in the last season. Karnataka was estimated to have produced ~3.6 million tonnes compared to 2.2 million tonnes in the previous season. Uttar Pradesh also reported increased sugar production of ~12 million tonnes compared to 8.8 million tonnes in the previous season, making it the largest sugar producing state for two years in a row.

Moreover, as per field reports, it is expected that the the following season's cane crop production will not be lower than this year's production. The higher price of sugarcane with respect to other cash crops has always induced farmers to plant more cane, and this will continue to hold true.

The market probably had anticipated this higher production well in advance. Subsequently, sugar prices began to erode from the beginning of the 2017-18 season and continued unabated following every upward production revision. Consequently, ex-factory sugar prices dropped from ₹37 per kg to lower than ₹27 per kg in Uttar Pradesh. The industry is in a precarious situation where the current sugar realisation is insufficient to cover raw material procurement costs.

This has brought about a situation where the country's sugar industry is facing a serious and unprecedented cash flow mismatch, resulting in a mammoth cane payment arrears of around ₹20,000 crore as on 31st of March 2018, which could double by March 2019. Realising the gravity of the situation, the Government of India recently announced a ₹55 per tonne cane crushing subsidy in order to partly offset the steep rise in cane procurement costs. However, this may not be enough to overcome the current crisis. Serious efforts need to be undertaken by the Central and State Governments to address the crisis of oversupply along with the mismatch between cane procurement prices and sugar sale prices.

With this huge projected surplus, the opening inventory for next season stands at ~8.5 million metric tonnes (after considering that 2 million metric tonnes of sugar will be exported by September 2018 as announced by the Central Government). A static in domestic consumption growth has made the demand-supply scenario vulnerable with the closing stock in September 2019 pegged at ~15 million metric tonnes without any further export, indicating a further downward slide in the sugar prices.

Against this backdrop, the Central Government has announced measures like increasing import duties, removal of export duties, imposition of stock holding limits and the MIEQ scheme in order to export 2 million metric tonnes of sugar. However, these steps have not managed to revive sugar prices, thus far, making a more proactive governmental interventions necessary to save the industry, which represents the lifeline of the Indian agronomic ecosystem.

- The Central Government needs to announce 6 million metric tonnes of export quota for raw and white sugar by August 2018 so that mills can start producing from October 2018 assisted by the production subsidy.
- The State Governments need to provide subsidies with respect to cane price arrears. The cane pricing policy needs to be scientifically restructured taking into account a long-term perspective.
- Staggered cane price payment structure need to be provided to farmers.
- The GST rate on ethanol needs to be reduced and consequent benefits need to be passed on to millers.

- Ethanol prices need to be increased.
- A policy needs to be framed and implemented that encourages the production of B-heavy molasses to optimise the product mix in favour of ethanol.
- A buffer stock of 3 to 4 million metric tonnes of sugar needs to be maintained over the next two years.
- An aggressive export policy needs to framed and implemented with India's neighbouring countries under preferential arrangements. These steps need to be undertaken on an emergency basis because the crisis that is being encountered by the industry is not a 'sentimental' one but painstakingly 'real' with the need to reduce sugar inventory as quickly as possible.

The global sugar sector environment has not been particularly supportive either. The current global production is expected to result in a surplus with increased output in Brazil, Thailand, and the European Union. Centre-South Brazil completed the marketing year 2017-18 with a production of 36 million tonnes of sugar. Experts feel that Brazil will cut down its sugar output in the next season following the global glut and depressed prices. This may result in Brazil concentrating more on ethanol owing to the better price parity on offer. Production in Thailand is expected to be ~14.5 million tonnes with exports estimated at ~11 million tonnes compared to ~7.5 million tonnes in the previous year. China's production in 2017-18 was estimated at 10.25 million tonnes. With an increase in the customs duty on sugar imports, China's import during 2017-18 dropped considerably. Raw sugar prices dropped below 11cents per pound following the announcement that surplus sugar available in the global market could increase by ~12 million tonnes by the end of the year. Although, the global surplus is expected to reduce by ~6 million metric tonnes, it may not prove helpful when it comes to combating the threats posed by the global surplus scenario .

## BCML's performance during 2017-18

Revenues earned from operations during the year improved to ₹4,40,072.06 Lacs compared to ₹3,64,099.71 Lacs for the year ended 31st March, 2017, an increase of 20.87% driven by improved sales volumes. Sugar recovery increased by 10.86% during the financial year compared to 10.66% in the previous year. The other segments i.e., distillery and cogeneration delivered steady performances. The Company earned a total comprehensive income of ₹21,656.86 Lacs during the year ended 31st March 2018 compared to ₹58,865.70 Lacs in the previous year.

## Segment-wise performance and outlook

### Sugar

Sugarcane crushed during the year stood at 927.83 lac quintals compared to 794.65 lac quintals in the previous year, an increase of 16.76% over the previous year. This was on account of the early start to sugarcane crushing operations during the year. This enabled the Company to crush a higher amount of sugarcane. Recovery levels increased to 10.86% compared to 10.66% achieved during the previous year, owing to a higher proportion of early variety sugarcane planted by the farmers. The Company worked closely with farmers to increase the sowing of early cane varieties which will enable the Company to improve recovery rates, going forward. The Company is providing farmers the necessary agro-inputs so as to increase farm yields and improve clean cane quality. Decisive steps were also taken to educate cane growers on modern agricultural practices.

During the year, the Company sold 102.95 lac quintals of sugar at an average realisation of ₹35.56 per kilogram compared to 79.74 lac quintals at an average realisation of ₹35.90 per kilogram in the previous year.

Sugar inventory as on 31st March 2018 stood at 59.98 lac quintals valued at ~₹25.87 per quintal, leading to an inventory write-down worth ₹31,279.44 Lacs during the year.

### Distillery

The Company's distillery segment performed satisfactorily. The Company produced 810.03 lac bulk litres of alcohol during the year ended 31st March, 2018 compared to 721.58 lac bulk litres during the previous year, an increase of 12.26% over the previous year. Following the achievement of zero liquid discharge status at all the three distilleries, the Company was able to run its plants for a higher number of days, enabling it to produce more alcohol. Going forward, the production of ethanol is expected to increase owing to a higher availability of molasses derived from a higher amount of sugarcane being crushed. Sales during the year stood at 806.59 lac bulk litres compared to 691.80 lac bulk litres during the previous year. Ethanol sales constituted 97.76% of the total segmental volume during the year. The average realisation per bulk litre stood at ₹39.46 compared to ₹42.55 per bulk litre in the previous year. The Central Government fixed the supply price of ethanol at ₹40.85 per litre (including transportation costs) for the period between December 2017 and November 2018 as against the earlier price of ₹39 per litre, which was applicable from December 2016 to November 2017. With a keen emphasis by the Central Government on the ethanol blending programme, the Company foresees increase in the offtake from oil marketing companies during 2018-19.

### Cogeneration

The performance of the cogeneration segment remained stable during the year. Total power generated during the year stood at 8,740.91 lac units compared to 7,537.41 lac units in the previous year, an increase of 15.97%. Power exported to the Uttar Pradesh Power Corporation Limited stood at 5,679.85 lac units as against 5,104.93

lac units in the previous year, an increase of 11.26%. The average realisation per unit remained stable at ₹4.81. The Company also sold 3.93 lac renewable energy certificates during the year resulting in gross proceeds worth ₹3,927.04 Lacs. Going forward, the power generation and export volumes are expected to improve due to greater availability of bagasse. As of 31st March 2018, the Company did not hold any renewable energy certificates.

A detailed analysis of the Company's operations, expectations and business environment has been provided in the Management Discussion and Analysis section, which forms a part of this report.

## Governmental policies related to the Sugar Industry

The salient features of the major policies relating to the sugar industry are mentioned hereunder:

- The Central Government increased the FRP for sugarcane for the 2017-18 sugar season to ₹255 per quintal (from ₹230 per quintal during last year) (linked to a basic recovery of 9.5% and subject to a premium of ₹2.68 per quintal for every 0.1% increase in recovery above that level).
- The Government of Uttar Pradesh increased the SAP of sugarcane for the 2017-18 sugar season from ₹305 to ₹315 per quintal, for the normal variety of sugarcane. Additionally, a society cane commission of ₹5.10 per quintal of sugarcane was raised from ₹4.50 per quintal of sugarcane during last year.
- The Central Government fixed the supply price of ethanol at ₹40.85 per litre for the period between December 2017 and November 2018.

## Subsidiary and Associate Companies

Following the completion of the Open Offer formalities under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended) by Ganesh Explosives Private Limited (Acquirer), Indo Gulf Industries Limited (IGIL) ceased to be the subsidiary of the Company w.e.f. 19th May, 2017. Accordingly, the entire shareholding of the Company in IGIL along with the control and management of IGIL was transferred to the Acquirer. The Company has also been reclassified as "public shareholders" in terms of Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (the "Listing Regulations"), by the concerned stock exchange where the equity shares of IGIL are listed.

During the year under review, Auxilo Finserve Private Limited (AFPL) became an associate company, consequent to the allotment of 3,75,00,000 equity shares having face value of ₹10 each (50% equity shareholding) to the Company by AFPL.

Except the above, no body corporate has become or ceased to be a subsidiary, joint venture or associate company during the year.

## Consolidated Financial Statements

In compliance with the provisions of the Companies Act, 2013 (as amended) (the "Act") and implementation requirements of the Indian Accounting Standards Rules on accounting and disclosure requirements, as applicable and as prescribed under Regulation 34 of the Listing Regulations, the Audited Consolidated Financial Statements form part of this Annual Report.

Pursuant to Section 129(3) of the Act, a statement in Form AOC-1 containing the salient features of the financial statements of the Company's Subsidiary and Associate companies is also provided in this Annual Report.

The audited financial statements of the Company including the consolidated financial statements and related information of the Company are available on the website of the Company at www.chini.com. Since, the Company doesn't have a subsidiary, the compliance under Section 136 about separate financial statements do not apply to it.

## Share Capital

During the year under review, the Company issued and allotted 17,500 equity shares of ₹1 each at a price of ₹45 per share (including premium of ₹44 per share) upon the exercise of 17,500 options under the Employee Stock Option Scheme. Apart from this, the Company has received applications (along with the requisite share application money including premium) in exercise of 10,000 options (in aggregate) under the Employee Stock Option Scheme. The allotment of equity shares against these applications is pending as on 31st March, 2018.

Further, during the year 2017-18, the Company issued and allotted 360 equity shares of ₹1 each at a price of ₹26 per share (including premium of ₹25 per share) on rights basis. The allotment of these shares was made out of the Rights Issue - 2004 hitherto were kept in abeyance pending resolution of certain disputes.

Consequently, the paid-up share capital of the Company increased to ₹23,50,28,327 consisting of 23,50,28,327 equity shares of ₹1 each.

## Buyback of Shares

During the year under review, the Board of Directors of the Company approved buy-back of the equity shares of the Company, through the "Tender Offer" route using the Stock Exchange Mechanism, for an aggregate amount of upto ₹9,900 Lacs (being 6.78% of the total paid-up equity share capital and free reserves of the Company as on 31st March, 2017), at a price of ₹150/- per Equity Share on a proportionate basis in accordance with the provisions contained in the Act, rules made thereunder, the SEBI (Buy Back of Securities) Regulations, 1998 and other applicable circulars, clarifications and

notifications. Formalities pertaining to extinguishment of equity shares bought back were completed on 4th April, 2018.

## Employee Stock Option Scheme

The applicable disclosures as required under the SEBI Guidelines as amended and the details of stock options as at 31st March, 2018 under the Employee Stock Option Scheme, 2005 are set out in the attached Annexure - II and forming part of this Report.

## Credit Rating

CRISIL and ICRA Limited, credit rating agencies, both have individually assigned the credit rating of AA with respect to long-term loans and A1+ with respect to short-term loans.

## Directors

The members of the Company at the 41st Annual General Meeting held on 30th August, 2017, appointed Shri Naresh Dayal as a Non-Executive, Non-Independent Director, liable to retire by rotation with effect from the date of the said AGM of the Company.

At the said AGM, the members of the Company also re-appointed Shri Vivek Saraogi as the Managing Director of the Company for a further period of 5 years with effect from 1st April, 2017 and Dr. A. K. Saxena as a Whole-time Director of the Company for a further period of 5 years with effect from 1st August, 2017.

With deep regret, the Board reports the sad demise of the Chairman and Independent Director, Late (Shri) Naresh Chandra, on 9th July, 2017 and would like to place on record its highest gratitude and appreciation for the guidance given by Late (Shri) Naresh Chandra to the Board during his tenure as a director.

### Director retiring by rotation

Shri Naresh Dayal retires from the Board by rotation and being eligible, offers himself for re-appointment.

### Information regarding the directors seeking re-appointment

Resume and other information regarding Shri Naresh Dayal seeking re-appointment as required by Regulation 36 of the Listing Regulations has been given in the Notice convening the ensuing AGM. The Board of Directors recommends the above re-appointment.

None of the Directors of the Company are disqualified as per the applicable provisions of the Act.

### Other Information

Appointment of directors is made in accordance with the Policy on Selection & Remuneration of Directors, Key Managerial Personnel and other employees and on Board Diversity as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

Other details pertaining to the Directors, their appointment / cessation during the year under review and their remuneration are given in the Extract of Annual Return annexed hereto and forming part of this Report.

The Executive Directors (including Managing Director and Whole-time Director) of the Company did not receive any remuneration or commission from the Subsidiary Company during the year 2017-18.

### Declaration by Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed both under the Act and Regulation 16 of the Listing Regulations.

### Separate Meeting of Independent Directors

Details of the separate meeting of Independent Directors held in terms of Schedule IV of the Act and Regulation 25(3) of the Listing Regulations are given in the Corporate Governance Report.

## Directors' Responsibility Statement

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Act and Regulation 18 of the Listing Regulations in the preparation of the annual accounts for the year ended 31st March, 2018 and state that :

i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

ii. The Directors have 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 profit of the Company for that period;

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The Directors have prepared the annual accounts on a going concern basis;

v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

vi. There is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## Particulars of Employees

The particulars of employees, as required under Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), are given in a separate annexure attached hereto as Annexure – III and forms part of this Report. During the year under review, no complaint / case was filed pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act are given in Annexure - IV attached hereto and forming part of this Report.

## Deposits

The Company has not accepted any deposit from the public and consequently, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

## Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are Shri Vivek Saraogi, Managing Director, Shri Pramod Patwari, Chief Financial Officer and Shri Nitin Bagaria, Company Secretary. During the year, there has been no change in the Key Managerial Personnel of the Company.

Details pertaining to their remuneration have been provided in the Extract of Annual Return annexed hereto and forming part of this Report.

## Board Meetings

The Board met 6 (six) times during the financial year under review, the details of which are given in the Corporate Governance Report attached to this Report.

## Committees of the Board

Pursuant to various requirements under the Act and the Listing Regulations, the Board of Directors has constituted various committees such as Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Executive Committee and Share Transfer Committee. The details of composition, terms of reference, etc., pertaining to these committees are mentioned in the Corporate Governance Report.

## Compliance of Secretarial Standards

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

## Audit Committee

All recommendations made by the Audit Committee during the year were accepted by the Board.

## Whistleblower Policy

The Company has in place a Whistleblower Policy to deal with unethical behavior, victimisation, fraud and other grievances or concerns, if any. The aforementioned whistleblower policy is available on the Company's website at the following web-link:
http://chini.com/wp-content/uploads/2018/03/Vigil_Mechanism_Policy.pdf

## Policy on Selection and Remuneration of Directors

The Policy on Selection & Remuneration of Directors, Key Managerial Personnel and other employees is annexed as Annexure - V.

## Board Evaluation

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out the evaluation of its own performance and that of its Committees as well as evaluation of performance of the individual directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report attached to this Report.

## Corporate Social Responsibility

During the year, the Company has signed a tripartite Memorandum of Understanding (MoU) with the National Skill Development Fund (NSDF) and National Skill Development Corporation (NSDC) for skilling of 1000 women over a period of 24 months to empower women from various rural and urban areas of Uttar Pradesh. This programme will offer economic security and stability for women by facilitating employment related training.

The CSR policy approved by the Board is available on the Company's website at the following web-link:

http://chini.com/wp-content/uploads/2018/03/CSR_Policy.pdf

The Annual Report on CSR activities is appended as Annexure - VI.

## Inter-corporate Loans and Investments

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the notes to the financial statements forming part of this Annual Report.

## Related Party Transactions

There have been no materially-significant related party transactions made by the Company with the Promoters, the Directors or the Key Managerial Personnel which may be in conflict with the interests of the Company at large. The Policy on Related Party Transactions as approved by the Board can be accessed on the Company's website at following web-link:
http://chini.com/wp-content/uploads/2018/03/Policy_on_materiality_of_Related_Party_Transactions.pdf

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

## Risk Management Policy

The policy on risk assessment and minimisation procedures as laid down by the Board are periodically reviewed by the Audit Committee and the Board. The policy facilitates in identification of risks at appropriate time and ensures necessary steps to be taken to mitigate the risks. Brief details of risks and concerns are given in the Management Discussion and Analysis Report.

## Extract of Annual Return

Extract of Annual Return in Form MGT- 9 is annexed to this Report as Annexure – VII. The said Annexure also contains the list of Associates of your Company as on 31st March, 2018.

## Material Changes and Commitments

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year i.e. 31st March, 2018 and the date of this Report.

## Significant and Material Orders

There are no significant/ material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of the Company and its future operations.

## Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. During the year, such controls were reviewed and no reportable material weakness was observed.

## Corporate Governance

In terms of the provisions of Regulation 34(3) of the Listing Regulations, the Management Discussion and Analysis, the Corporate Governance Report and the Certificate on the compliance of conditions of Corporate Governance form part of the Annual Report and are given separately as Annexure - VIII.

## Business Responsibility Report

Regulation 34(2) of the Listing Regulations, inter alia, provides that the annual reports of the top 500 listed entities based on market capitalisation (calculated as on March 31st of every financial year), shall include a Business Responsibility Report. Since the Company is one of the top 500 listed entities, it has presented its Second Business Responsibility Report for the financial year 2017-18, as Annexure - IX to this Report.

## Auditors

### Statutory Auditors and their Audit Report

Pursuant to the applicable provisions of the Act, the members of the Company at their AGM held on 30th August, 2017, appointed M/s. Lodha & Co., Chartered Accountants (Firm Registration No. 301051E), as the Statutory Auditors of the Company to hold office from the conclusion of the 41st AGM until the conclusion of the 46th AGM.

The reports given by the Auditors, M/s. Lodha & Co., Chartered Accountants on the standalone and consolidated financial statements of the Company for the year ended 31st March, 2018 form part of this Annual Report and there is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Reports.

The Auditors of the Company have not reported any fraud in terms of the second proviso to Section 143(12) of the Act.

### Secretarial Auditors and their Audit Report

Pursuant to the provisions of Section 204 of the Act, the Company has appointed M/s. MKB & Associates, Company Secretaries, to undertake the secretarial audit of the Company for the financial year 2017-18. The Secretarial Audit Report for the financial year 2017-18 is attached as Annexure - X and forms part of this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

### Cost Auditors and their Audit Report

The Cost Auditors (M/s. N. Radhakrishnan & Co., Cost Accountants) appointed by the Board have submitted the Cost Audit Report within the time limit prescribed under the Act and Rules made thereunder.

During the year under review, pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 (as amended), the Board appointed M/s. N. Radhakrishnan & Co., Cost Accountants, to conduct cost audit of the Company relating to

sugar (including industrial alcohol) and electricity for the financial year ended 31st March, 2018.

On the date of this Report, your directors have, on the recommendation of the Audit Committee, appointed M/s. N. Radhakrishnan & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year 2018-19. As required under the Act, a resolution seeking ratification of the remuneration payable to the Cost Auditors form part of the Notice convening the ensuing AGM.

## Annexures forming part of this Report

The Annexures referred to in this Report and other information which are required to be disclosed are annexed herewith and form part of this Report :

| Annexure | Particulars |
|---|---|
| I | Dividend Distribution Policy |
| II | Details of Employee Stock Option Scheme |
| III | Particulars of Employees |
| IV | Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo |
| V | Policy on Selection & Remuneration of Directors, Key Managerial Personnel and other employees and on Board Diversity |
| VI | Annual Report on CSR activities |
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| IX | Business Responsibility Report |
| X | Secretarial Audit Report |

## Appreciation

Your Board of Directors takes this opportunity to thank all the stakeholders – the Central Government, the Government of Uttar Pradesh, shareholders, customers, dealers, State Bank of India, HDFC Bank, ICICI Bank, Punjab National Bank, other banks and financial institutions and all other business associates for their excellent support. Your Directors also wish to place on record their deep sense of appreciation for the committed services by your Company's employees.

For and on behalf of the Board of Directors

sd/-

**Dr. Arvind Krishna Saxena**
*Whole-time Director*
DIN – 00846939

sd/-

**Vivek Saraogi**
*Managing Director*
DIN – 00221419

Place: Kolkata
Date: 19th May, 2018

## Annexure I to the Board's Report

# DIVIDEND DISTRIBUTION POLICY

## 1. Background

Securities and Exchange Board of India (SEBI) has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 which came into force w.e.f. July 8, 2016. Pursuant to Regulation 43A of the said Regulations, top 500 listed entities based on market capitalization (calculated as on March 31st of every financial year) should have a Dividend Distribution Policy.

Therefore, the Board of Directors of Balrampur Chini Mills Limited has adopted this Dividend Distribution Policy of the Company as per the aforesaid requirement.

## 2. Effective Date

This Policy becomes effective from the date of its adoption by the Board i.e. Saturday, 11th February, 2017.

## 3. Definitions & Interpretations

Unless repugnant to the context:

(a) 'Act' shall mean the Companies Act, 2013 as amended from time to time and shall include Rules, Regulations and Secretarial Standards made thereunder or pursuant thereto.

(b) 'Board' shall mean the Board of Directors of the Company, as constituted from time to time.

(c) 'Company' shall mean 'Balrampur Chini Mills Limited'.

(d) 'Policy' shall mean this Dividend Distribution Policy as per the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016.

(e) 'Listing Regulations' shall mean SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended).

All words and expressions used but not defined in this Policy, but defined in the Act or the Listing Regulations shall have the same meaning as respectively assigned to them in such Act or Regulations, as the case may be.

Words importing the singular number shall include the plural number and words importing the masculine gender shall, where the context admits, include the feminine and neuter gender.

## 4. Objective

The Company shall strive to drive growth and thereby maximise shareholders' value. The object of this Policy is to strike a balance between dividend payout and the need to retain earnings for future growth. This Policy broadly specifies the external and internal factors that shall be considered while declaring dividend.

## 5. General policy of the Company as regards Dividend

The general considerations of the Company for taking decisions with regard to dividend payout or retention of profits shall be as following:

(a) Subject to the other considerations as provided in the Policy, the Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management and other relevant factors.

(b) The Board may also, where appropriate, aim at distributing dividends in form of fully or partly paid shares or other securities, subject to applicable law.

## 6. Parameters

The Board shall consider the following parameters:

(a) Circumstances under which the shareholders of the Company may or may not expect dividend:

Shareholders may expect Dividend when the Company is having adequate surplus funds after providing all expenses, depreciation, etc., and complying all other statutory requirements of the Act.

Shareholders may not expect Dividend:

(i) When the Sugar Industry Scenario is uncertain, even if the Company has earned profits in the year.

(ii) When there are regulatory restrictions.

(iii) Whenever it is proposed to utilise the surplus cash for buy back of securities.

(b) Financial parameters/Internal factors:

In addition to the aforesaid parameters, the decision of dividend payout or retention of profits shall also be based on the following:-

(i) Operating Cash Flows.

(ii) Long term strategic plans.

(iii) Debt repayment schedules and contractual constraints such as dividend restrictions in debt contracts and the current degree of financial leverage.

(iv) Such other criteria as deemed fit by the Board.

(c) External factors:

The various legal rules and constraints such as paying dividends that would impair capital and policy decisions that may be formulated by the Government or in case of uncertain or recessionary economic and business conditions, the Company will endeavour to retain larger part of profits to build up reserves to absorb future shocks.

(d) Policy to utilise retained earnings with regard to dividend:

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year(s) or out of free reserves, in accordance with the provisions of the Act, after due regard to the parameters laid down in this Policy.

(e) Parameters adopted with regard to various classes of shares:

The factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above. Additionally, the following shall be considered:

(i) The dividend will be paid to the equity shareholders based on the terms of the issue.

(ii) The dividend shall be paid out of Company's distributable profits and / or profits of earlier year(s) (subject to applicable law), and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.

## 7. Review

The Board may review and amend the Policy, from time to time, as it may deem fit and / or to give effect to any amendment in any applicable law.

## Annexure II to the Board's Report

# Disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014, with respect to Employees Stock Option Scheme, 2005 of the Company, as on 31st March, 2018

A. **Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time**

The same has been disclosed in the Notes to the Audited Financial Statements forming part of this Annual Report.

B. **Diluted EPS on issue of shares pursuant to the issue of shares on exercise of options calculated in accordance with Accounting Standard [AS] 'Earnings Per Share'**

Diluted EPS for the year ended 31st March, 2018 calculated in accordance with Ind-AS 33 (Earnings per Share) – ₹9.41

C. **Details relating to Employees Stock Option Scheme, 2005 (ESOS)**

**(i) Description including terms and conditions of ESOS**

**(a) Date of Shareholders' approval:** 08.09.2005 (approval for granting of options) and 25.05.2009 (approval for re-pricing of Options);

**(b) Total number of options approved under ESOS:**

| Year | 2005[1] | 2006[2] | 2007[3] | 2008[4] | 2009 |
|---|---|---|---|---|---|
| No. of options granted | 6,22,500 | 8,83,000 | 9,95,500 | 12,80,000 | 14,64,500 |
| Date of grant | 31.10.2005 | 27.11.2006 | 27.11.2007 | 25.11.2008 | 28.05.2009 |

[1] 12,000 options remaining unexercised at the end of exercise period as on 31.10.2014 lapsed during the year 2014-15.
[2] 18,500 options remaining unexercised at the end of exercise period as on 26.11.2015 lapsed during the year 2015-16.
[3] 27,000 options remaining unexercised at the end of exercise period as on 26.11.2016 lapsed during the year 2016-17.
[4] 15,000 options remaining unexercised at the end of exercise period as on 24.11.2017 lapsed during the year 2017-18.

**(c) Vesting requirements:** The options vested on completion of one year from the date of grant of options.

**(d) Exercise price or pricing formula:**

| Date of grant | 31.10.2005 | 27.11.2006 | 27.11.2007 | 25.11.2008 | 28.05.2009 |
|---|---|---|---|---|---|
| Exercise price per share^ (Each option is equivalent to one equity share having face value of ₹1 each of the Company) | ₹45 (revised from ₹74.60) | ₹45 (revised from ₹104.10) | ₹45 (revised from ₹ 72.20) | ₹45 (revised from ₹ 74.20) | ₹45 |

The exercise price of the options is determined by the Remuneration Committee on the date the option is granted. It is based on the average daily closing market price of the equity shares of the Company during the preceding 26 weeks, prior to the date of grant [on the stock exchange it is traded most].

^The shareholders of the Company at their Extra-Ordinary General Meeting held on 25th May, 2009 have accorded approval to re-price the exercise price of the options granted in the years 2005, 2006, 2007 & 2008, which have not been exercised and also the exercise price in respect of options to be granted for the year 2009 at 20% discount to the average daily closing market price of the Company's shares, on the stock exchange it is traded most, during the preceding 26 weeks prior to the date of the meeting held to re-price the exercise price of the unexercised options and options granted for the year 2009. Accordingly, the Remuneration Committee on 28th May 2009 has re-priced the exercise price of the unexercised options for the years 2005, 2006, 2007 & 2008 and granted stock options for the year 2009 at an exercise price of ₹45 per equity share.

**(e) Maximum term of options granted:** The eligible employees can exercise their options within a period of 96 months from the date of vesting of options;

**(f) Source of shares (primary, secondary or combination):** Primary;

**(g) Variation in terms of options:** Detailed in para C(i)(d) above.

**(ii) Method used to account for ESOS - Intrinsic or fair value:** Intrinsic value;

### (iii) Options movement during the year

| Particulars | Details |
|---|---|
| Number of options outstanding at the beginning of the period | 68,000 |
| Number of options granted during the year | Nil |
| Number of options forfeited / lapsed during the year | 15,000 |
| Number of options vested during the year | Nil |
| Number of options exercised during the year | 27,500 |
| Number of shares arising as a result of exercise of options | 17,500* |
| Money realized by exercise of options (INR), if scheme is implemented directly by the company | ₹12,37,500 |
| Loan repaid by the Trust during the year from exercise price received | Not applicable |
| Number of options outstanding at the end of the year | 25,500 |
| Number of options exercisable at the end of the year | 25,500 |

*During the month of March 2018, the Company has received applications (along with the requisite share application money including premium) in exercise of 10,000 options (in aggregate) under the Employee Stock Option Scheme. The allotment of equity shares against these applications is pending as on 31st March, 2018.

### (iv) Details of options granted to

a) Senior Managerial Personnel: Options have not been granted during the year ended 31st March, 2018.

b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year – Nil.

c) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant – Nil.

**For and on behalf of the Board of Directors**

sd/- sd/-

**Dr. Arvind Krishna Saxena** **Vivek Saraogi**
*Whole-time Director* *Managing Director*
DIN – 00846939 DIN – 00221419

Place: Kolkata
Date: 19th May, 2018

**Notes:**
Other disclosures which are not applicable to the Company have not been separately commented upon.

**Additional Disclosures pursuant to Regulations 13 and 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014:**

1. Other disclosures have also been uploaded on Company's website at the following web-link: http://chini.com/financials/
2. A certificate from M/s. Lodha & Co., Chartered Accountants, Statutory Auditors with respect to the implementation of the Company's ESOP Scheme, forms part of the Report and would also be placed before the shareholders at the ensuing AGM.

## Annexure III to the Board's Report

# Statement of Disclosure of Remuneration under Section 197(12) of Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended)

**I. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2017-18:**

| Name | Designation | Ratio |
|---|---|---|
| Shri Vivek Saraogi | Managing Director | 282:1 |
| Dr. A. K. Saxena | Whole-time Director | 12:1 |

**II. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year 2017-18:**

| Name | Designation | % increase in remuneration |
|---|---|---|
| Shri Vivek Saraogi | Managing Director | 78.87 |
| Dr. A. K. Saxena | Whole-time Director | 9.47 |
| Shri Pramod Patwari | Chief Financial Officer | 53.30 |
| Shri Nitin Bagaria | Company Secretary | 33.84 |

**III. The percentage increase in the median remuneration of employees in the financial year 2017-18:**

The median remuneration of the employees increased by 17.22% in the financial year 2017-18.

**IV. The number of permanent employees on the rolls of the Company:**

There were 3792 number of permanent employees on the rolls of the Company as on 31st March, 2018.

**V. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year – 11.27%

Percentile increase in the managerial remuneration – 44.17%

Justification – Remuneration paid to the managerial personnel are as per recommendation of the Nomination & Remuneration Committee and as approved by the Board and the Shareholders of the Company. Remuneration paid to managerial personnel during the financial year 2017-18 and commission payable to the Managing Director were revised at the 41st Annual General Meeting held on 30th August, 2017 and hence the difference in percentile increases.

**VI. Affirmation that the remuneration is as per the remuneration policy of the Company:**

It is hereby affirmed that the remuneration paid during the year 2017-18 is as per the Remuneration Policy of the Company.

**Notes :**

1. The Non-Executive Directors of the Company are entitled for sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non-Executive Directors are provided in the Report on Corporate Governance and is governed by the Remuneration Policy of the Company, as provided in the Annual Report. In view of this, the calculation of the ratio of remuneration and percentage increase in remuneration of Non-Executive Directors would not be meaningful and hence not provided.
2. Permanent employees on the rolls of the Company does not include Badli Workers, Seasonal, Retainers, Advisors, Trainees / Apprentice, etc.

## Statement of Particulars of Employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules

| Name | Designation, Nature of duties | Remuneration (₹) | Qualification and experience (years) | Age (years) | Date of commencement of employment | Last employer, designation |
|---|---|---|---|---|---|---|
| **Employed throughout the financial year** | | | | | | |
| Shri Vivek Saraogi | Managing Director | 61061469 | B.Com (Hons.), (30) | 52 | 03.07.1987 | None |
| Shri Krishana Pal Singh | Group Head (Operations) | 10839532 | Diploma in Mech. Engineering (40) | 61 | 16.09.2002 | Ghaghara Sugar Ltd., D.G.M. (Engg.) |
| Shri Naresh Kumar Khetan | Executive President & Group Commercial Advisor | 9058252 | B.Com (Hons.) & FCA (34) | 59 | 01.06.1989 | Partner in M/s. M. Kumar Jain & Co., Chartered Accountants |
| Shri Nirmal Kumar Agarwal | Executive President (Unit Head) | 8116629 | Diploma in Mech. Engineering (37) | 60 | 08.06.2006 | Bajaj Hindusthan, Barkhera Unit, Vice President (Unit Head) |
| Shri Rohit Bothra | President (Taxation & Strategy) | 70,61,040 | B.Com (H), CA, GRAD. CWA (24) | 45 | 16.01.2014 | Ernst & Young LLP, Sr. Manager |
| Shri Pramod Patwari | Chief Financial Officer | 7041758 | B.Com (H), FCA, FCS (23) | 48 | 01.06.2007 | Zenith Exports Limited, Finance Controller & Company Secretary |
| Shri Vinay Khanna | Sr. General Manager (Business Planning) | 5665393 | B.Com (H), CA – Inter (18) | 41 | 11.11.1999 | None |
| Shri Manish Purohit | Sr. General Manager | 5648853 | C.A., CIA, DISA, Certification in IFRS (21) | 43 | 02.05.2003 | Emami Limited Audit Manager |
| Shri Praveen Gupta | Chief General Manager | 5599784 | B.E. (MECH), P.G.D.M. (I.I.M. Calcutta) (36) | 59 | 09.10.2008 | M/s Upper Ganges Sugar & Inds., Seohara (U.P.), Jt. Executive President |
| Shri Binod Kumar Yadav | Chief General Manager | 5392146 | M.Sc.-Ag. AVSI (Sugar Cane Development) from V.S.I. –Pune (24) | 49 | 16.07.2003 | JK Sugar-Meerganj, Chief Cane Manager |
| **Employed for part of the financial year** | | | | | | |
| Shri Jugal Kishore Bajaj | Sr. GM – Sales & Marketing | 13279031 (includes gratuity settlement) | B.Com (48) | Deceased | 01.07.1972 | H.M. Fatehpuria, Accounts Clerk |

Notes:

1. Remuneration includes salary, company's contributions to provident fund, bonus, allowances and monetary value of perquisites. However, provision for gratuity during the year have been excluded.
2. Except the appointment of directors, all appointments are non-contractual and terminable by notice on either side.
3. No employee is a relative of any director of the Company.
4. None of the employees are covered under Rule 5(2)(ii) and (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended).

**For and on behalf of the Board of Directors**

sd/-
**Dr. Arvind Krishna Saxena**
*Whole-time Director*
DIN – 00846939

sd/-
**Vivek Saraogi**
*Managing Director*
DIN – 00221419

Place: Kolkata
Date: 19th May, 2018

## Annexure IV to the Board's Report

# Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

## (A) Conservation of Energy

(i) The steps taken or impact on conservation of energy

The Company has taken various steps towards conservation of energy in its Units. Details of steps taken are listed below:

a) Variable Frequency Drive (VFDs) is being added in the system in all the Units for reduction of electrical energy consumption.

b) Installation of planetary gears in replacement of inefficient wheel gears is also being done on regular basis in all the Units for saving of electrical energy.

c) Inefficient Turbines of Mill Drive replaced by Efficient D.C. Drives / A.C. VFD drives for Mill drives in Balrampur and Babhnan Units for steam energy conservation and to enhance mill efficiency.

d) Use of CFL & LED lights is being encouraged.

e) Installation of HTEM / FFE in Haidergarh Unit to reduce the steam consumption.

f) Installation of Auto Rotor STR Panel.

g) Major Steam Saving Projects has been completed in Balrampur and Babhnan Units.

h) Gradual replacement of inefficient geared pumps with screw pumps / high flow pumps for electrical energy efficiency.

The impact of above measures are expected to reduce the consumption of fuel and power substantially and consequently the cost of production.

(ii) The steps taken by the Company for utilising alternate sources of energy

The Company has installed three Incineration Power Plants in its Chemical Plants to use the waste water / spent wash water as fuel after concentration to generate electrical energy through waste. We have installed three plants of 6 MW each for generation of green power through waste.

(iii) The capital investment on energy conservation equipments during the year 2017-18 was ₹4176.59 Lacs.

## (B) Technology absorption

(i) The Company carried on following sugarcane development activities during the financial year 2017-18:

- Distribution of new improved varieties of seeds;
- Rearing of speed nurseries of new improved varieties for varietal replacement;
- Moist heat therapy to eradicate seed borne diseases;
- Pest control measures to protect cane from diseases;
- Biological control laboratory for sugarcane pest management;
- Inter cropping of sugarcane for multi crops to growers;
- Distribution of fertilisers and manures for healthy development & growth of sugarcane;
- Installation of soil testing laboratory including analysis of micronutrients;
- Ratoon crop management & gap filling helping increase yield and recovery;
- Alternate row trash mulching.

(ii) Due to above efforts, it is expected that higher yield of disease free cane will be available to the Company, resulting in higher returns to the Company and the cane growers. Multi cropping also helps farmers to get more returns.

(iii) The Company has not imported any technology.

(iv) Expenditure incurred on Research & Development: Nil.

## (C) Foreign Exchange Earnings and outgo

| Foreign Exchange Earnings and outgo | 2017-18 | 2016-17 |
|---|---|---|
| Foreign Exchange earned in terms of actual inflows | Nil | Nil |
| Foreign Exchange outgo in terms of actual outflows | ₹209.94 Lacs | ₹102.36 Lacs |

**For and on behalf of the Board of Directors**

sd/-
**Dr. Arvind Krishna Saxena**
*Whole-time Director*
DIN – 00846939

sd/-
**Vivek Saraogi**
*Managing Director*
DIN – 00221419

Place: Kolkata
Date: 19th May, 2018

## Annexure V to the Board's Report

# Policy on Selection & Remuneration of Directors, Key Managerial Personnel and other employees and on Board Diversity

## 1. Preamble

Sub-section (3) of Section 178 of the Companies Act, 2013 states that the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

Part – D of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also mandates the Nomination and Remuneration Committee to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. It further requires the Nomination and Remuneration Committee to devise a policy on diversity of the Board of Directors of the listed entity.

This Policy on Selection & Remuneration of Directors, Key Managerial Personnel and other employees and on Board Diversity (the "Policy") is designed to (i) attract, motivate and retain talented employees in the competitive market, (ii) motivate employees to excel in their performance, recognise their contribution, (iii) retain talent in the organisation, reward merit and protect organisational stability & flexibility and (iv) lay down the criteria for selection of directors in the Board and persons in the senior management to assist the Board of Directors in performing its duties. This Policy will also ensure constitution of the Board with optimum combination of Executive and Non-Executive Directors including Independent Directors who possess diverse experience and expertise in strategic management, governance and provide long term vision and direction to the Company.

However, the Board should act according to its obligations under the specific facts and circumstances it faces.

The Board of Directors (the "Board") of Balrampur Chini Mills Limited (the "Company") at their meeting held on August 11, 2016 have adapted this Policy and it shall be effective from September 1, 2016. This Policy supersedes the existing Remuneration Policy and Criteria for selection of Directors and persons in Senior Management.

This Policy applies to the Company's Directors, Key Managerial Personnel and other employees.

## 2. Objectives

This Policy is formulated with the following objectives:

(i) To set the criteria for determining qualifications, positive attributes and independence of a director.

(ii) To have a diverse Board, with people from diverse areas of expertise and experience.

(iii) To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and employees of the quality required to run the Company successfully.

(iv) To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

(v) To ensure that the remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

(vi) To attract, recruit, motivate and retain desired talent.

However, exceptional occasions may arise where it is appropriate to act differently than set out in this Policy due to some extra-ordinary talent of any candidate and due to outstanding performance.

## 3. Definitions and Interpretations

"Act" shall mean the Companies Act, 2013 (as amended) along with the rules made thereunder.

"Committee" means "Nomination & Remuneration Committee" constituted by the Board of Directors of the Company.

"Key Managerial Personnel" or "KMP" means personnel as defined under the Companies Act, 2013.

"Listing Regulations" shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Senior Management", "Senior Management Personnel" or "Senior Executives" means employees of the Company who are members of its core management team excluding directors comprising all members of management one level below the executive directors, including the functional heads. Unless expressly excluded, Senior Management includes KMP.

## 4. Policy for selection and appointment of the Board Members

### Board Membership Criteria & Diversity

The Board of Directors should be composed of individuals who have demonstrated significant achievements in business, education, individual profession and/or public service. They should have requisite expertise, education and experience to make a significant contribution to the deliberations of the Board of Directors in light of the Company's business. In addition, the Board shall have atleast one woman director.

The Committee may review the appropriate skills and characteristics of Board members in the context of the current structure of the Board. This assessment should include issues of diversity, age, business, qualifications, ethics & integrity, willingness to participate in Board matters and other criteria that the Committee and the Board find to be relevant at that point of time. A variety and balance of skills, background and experience is desirable.

The composition of the Board shall meet the conditions prescribed under the Act and the Listing Regulations. Proposed appointees shall possess the Director Identification Number and meet the criteria as laid down in the Act and the Listing Regulations.

### Attributes

The overall ability and experience of individual Board candidates should determine their suitability. The following attributes may be considered as desirable in any candidate for the Board:

- **Experience** - A Board candidate should have extensive experience in business, administration, profession, governance and/or public service. An ideal Board candidates may have had experience in more than one of these areas.
- **Education** - Ideally, it is desirable that a Board candidate should hold degree from a respected college or university. In some cases, it is further desirable for the candidate also to have earned a masters or acumen in governance & administration. However, these educational criteria are not meant to exclude an exceptional candidate who does not meet these educational criteria.
- **Personal** - A Board candidate should be of the highest moral and ethical character. The candidate should exhibit independence, objectivity and be capable of serving as a representative of the stakeholder.
- **Individual Characteristics** - A Board candidate should have the personal qualities to be able to make a substantial active contribution to the Board deliberations. These qualities include intelligence, self-assuredness, high ethical standard, inter-personal skills, independence, judgmental, courage, a willingness to ask difficult questions, communication skills and commitment.
- **Availability** - A Board candidate must be willing to commit, as well as have, sufficient time available to discharge the duties of the Board membership. The candidate should not have any prohibited interlocking relationships.
- **Compatibility** - A Board candidate should be able to develop a good working relationship with other Board members and contribute to the Board's working relationship with the Senior Management of the Company.
- **Compliance** - A Candidate should meet the compliance requirements prescribed under the Act, the Listing Regulations and other Rules & Regulations or standards set out by the Company.

### Predominance of Independent Directors

Independence promotes integrity, accountability and governance. The Board shall comprise of requisite number of Independent Directors as prescribed under the law.

Not less than requisite number of directors shall be independent directors who meet the criteria for independence as required under the Act, the Listing Regulations and other prescribed Rules & Regulations applicable to the Company. Besides, the Board will consider all relevant facts and circumstances in making a determination of independence.

### Selection and Orientation of New Directors

The Committee shall identify candidates for the Board and recommend them for appointment by the Board and subsequently for approval by the shareholders as prescribed under the law. The Board delegates the screening process to the Committee with direct input from the Chairman of the Board or the Managing Director or any other Committee as may deem appropriate. The Senior Management, working in conjunction with the Committee, shall develop an appropriate familiarisation program for new directors that include background briefings, meetings with the Senior Management and visits to Company facilities, etc.

### Assessing Performance of Board and Committees

The Committee shall evaluate performance of each director and report annually to the Board on the results of the assessment process. The performance evaluation of Independent Directors shall be done by the entire Board of Directors. The Independent Directors in their meeting shall review the performance of non-independent directors and the Board as a whole. While assessing the performance, the Board or the Committee shall take into account attendance of directors in the Board and Committee meetings, performance of the business, accomplishment of long-term strategic objectives

& their participation, role & functioning of various committees, compliance and other matter as they may think fit. The purpose of the assessment is to increase the effectiveness of the Board.

## 5. Selection and nomination of Senior Management including KMP

Criteria for selection of directors shall also apply for selection of executives in the Senior Management excepting those which are not applicable for KMP. Where appointment or performance of any KMP requires specific qualification or degree, the person should also possess the same. Keeping self-up-to-date for performing duties, on issues and emerging trends is an important part of responsibilities. KMP must take reasonable steps to remain current in professional development, corporate governance and discharging duties & responsibilities.

The KMP shall meet the conditions prescribed under the Act and other Rules & Regulations as may be applicable.

## 6. Compensation Structure

### Principles of Remuneration

This Policy reflects the balance between the interests of the stakeholders of the Company as well as a balance between the Company's short-term and long-term strategy. As a result, the structure of the remuneration package for the Executive Directors and the Senior Management Personnel are designed to balance short-term operational performance with the medium and long-term objective of creating sustainable value within the Company. The Company strives for high performance in the field of sustainability and aims to maintain a good balance between economic gains, respect for people and concern for the environment in line with the values of the Company and business principles to ensure that highly skilled and qualified personnel can be attracted and retained. The Company aims for a total remuneration level that is comparable to levels provided by other companies that are similar to the Company in terms of size and complexity. The Company shall strive to be an equal opportunity employer.

The following elements shall be considered for payment of remuneration to Executive Directors, Senior Management Personnel and other employees :

Industry Average, Remuneration drawn by peers considering nature and volume of responsibilities, Qualification, Experience, Immediate previous position held in earlier organization & responsibilities occupied, responsibilities shouldered in the Company, contribution made within the organisation, any achievement, reward or recognition, behavioural patterns, work ethics, evaluation of performance, etc.

### Remuneration to Executive Directors & Non-Executive Directors

The Executive Directors shall be eligible for a monthly remuneration consisting of salary, perquisites and profit based annual commission (in case of Managing Director), as may be approved by the Board of Directors, based on the recommendations of the Committee, provided the same are in accordance with the statutory provisions of the Act, the rules made thereunder, for the time being in force and approved by the Shareholders and the Central Government, wherever required.

The Non-Executive Directors (including Independent Directors) shall be entitled to receive sitting fees for attending each meeting of the Board of Directors and the committees thereof. The fees paid to the Non-Executive Directors for attending meetings shall be such as may be determined by the Board within the limits prescribed under the Act. Beside the sitting fees, they are also entitled to reimbursement of expenses for participation in meetings of the Board / Committee / Shareholders and payment of commission on net profits.

Any review of the remuneration to Executive Directors and Non-Executive Directors shall be on the basis of performance evaluation of directors and as per recommendation of the Committee.

Payment of commission & sitting fees to Non-Executive Directors shall be subject to the provisions of the Act including prescribed rules & schedules thereunder and the Listing Regulations.

### Remuneration to Senior Management and other employees

In order to attract and retain managerial expertise, the elements of the remuneration of the Senior Management are determined on the basis of the work they do and the value they create as well as of the conditions in other similar companies. Each element of the remuneration has been weighted in order to ensure a continuous positive development of the Company both in the short and long-term as well as of the employees to enhance productivity.

Remuneration of employees largely consists of base remuneration, perquisites, bonus, exgratia, etc. The components of the total remuneration vary for different cadres/grades are governed by industry pattern, qualification and experience of the employee, responsibilities handled by him, individual performance, among others. Employees/workers may be granted advance/loan with or without interest in case of genuine needs like- Medical, education, housing, marriage or for any other genuine purpose, subject to in conformity with the applicable laws and regulations as amended from time to time. The remuneration to employees/workers shall also comply with the applicable regulations and policies of the respective governments. As the factories of the Company are situated in the State of Uttar Pradesh, the remuneration to employees/workers (other than

Senior Management) shall also be in compliance with the policies of the U.P. Govt. including Wage Board.

However, the Company may give compensation in the form of reward or incentive to any employee for his outstanding or extraordinary performance, which is over and above the benchmark set for him during any year.

Annual appraisal of performance of Senior Executives and other employees shall be done by the respective reporting authority/ head of the department in association with HR Department. Based on such performance evaluation any increase in remuneration shall be considered.

### Long Term Incentive-Employee Stock Option Scheme

The Company has in place an Employees Stock Option Scheme for the Non-Promoter Executive Director(s) and employees of the Company with the objective of aligning interests of the executive management and key employees with the long-term goals of the Company and its shareholders and also to attract and retain talent to align the interest of employees with those creating sustainable value for all stakeholders. The stock options plan is long term for eight years after vesting time of one year from the date of grant of options.

## 7. Supplementary Provisions

The Committee may review this Policy periodically and suggest revisions in this Policy to the Board to ensure this Policy serves its purpose and accurately reflects the sense of the Board and the Company.

## Annexure VI to the Board's Report

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

| | | |
|---|---|---|
| 1. | A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs: | Our vision for CSR is – "to contribute for bringing social and economic change to the underprivileged section of the society in an equitable manner and to contribute for the skill development as means of livelihood for the weaker sections of the society. This way we are building our business on responsible, sustainable and ethical foundations within a commercial framework to enable us to be a significant and effective force for positive change. In doing so we believe we are contributing to develop the quality of human life and making a better India."<br><br>CSR activities will be carried on by the Company through:<br><br>I. Balrampur Institute of Vocational Aid (hereinafter referred to as "BIVA"),<br>II. Balrampur Foundation,<br>III. Balrampur Trust, and<br>IV. Other society, trust, hospital, fund or organisations engaged in activities specified in Schedule VII to the Companies Act, 2013 (as amended) as may be approved by the CSR Committee of the Board in accordance with the provisions of the said Act and Rules made thereunder.<br><br>BIVA is a registered trust and is recognised & affiliated by different Central and State Government agencies. It provides employment enhancing specialised vocational training to the underprivileged for helping alleviate poverty and enhancing self-reliance.<br><br>The object of the Balrampur Foundation and Balrampur Trust is to provide education, medical relief, promoting rural development projects and other objects of general public utility for the upliftment of the economically disempowered section of the society.<br><br>The CSR Policy of the Company has been disclosed on the website of the Company and is available at the following web-link:<br><br>http://chini.com/wp-content/uploads/2018/03/CSR_Policy.pdf |
| 2. | The Composition of the CSR Committee: | Your Company's CSR Committee comprises of the following members as on 31st March, 2018:<br><br>- Smt. Novel S Lavasa – Chairperson (Independent Director)<br>- Shri Dinesh Kumar Mittal – Member (Independent Director)<br>- Shri Vivek Saraogi – Member (Managing Director)<br>- Shri Naresh Dayal – Member (Non - Independent Director) |
| 3. | Average net profit of the Company for last three financial years: | ₹25,021.54 lacs |
| 4. | Prescribed CSR Expenditure (two percent of the amount as in item 3 above): | ₹500.43 lacs |

5. Details of CSR spent during the financial year

   a. Total amount to be spent for the Financial Year: ₹500.43 lacs

   b. Amount unspent, if any: ₹103.29 lacs

   c. Manner in which the amount spent during the financial year is detailed below: The manner in which the amount is spent is detailed in Annexure A.

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

As a responsible corporate citizen, the Company has been contributing for various societal activities, since many years, to benefit the socially and economically underprivileged sections of the society.

Apart from these activities, the Company has made the following CSR expenditure since the implementation of the law relating to CSR:

(₹In lacs)

| Year | Prescribed CSR Expenditure | Amount Spend | %age Spent | Amount Unspent |
|---|---|---|---|---|
| 2014-15 | 157.00 | 91.66 | 58.38% | 65.34 |
| 2015-16 | 96.95 | 62.74 | 64.71% | 34.21 |
| 2016-17 | 25.32 | 44.23 | 100% | Nil |
| 2017-18 | 500.43 | 397.14 | 79.36% | 103.29 |

Over the last four years, the Company has approached the mandatory requirement of CSR positively by building and scaling-up the existing CSR projects.

Barring the year 2016-17 when the prescribed CSR Expenditure was nominal, the Company has achieved gradual increasing in the percentage of amount spent to the prescribed CSR Expenditure.

During the year 2017-18, the Company has also evaluated other areas / projects for CSR expenditure that would deliver sustainable impact on the socially and economically underprivileged sections of the society.

A sum of ₹103.29 lacs has remained unspent since some of the projects undertaken by the Company are multiyear in nature and therefore, further expenditure would be done in stages / ensuing years.

For example, the project for skilling up of 1000 women in the State of Uttar Pradesh undertaken by the Company, in collaboration with National Skill Development Council, under the Skill India campaign, would require further outflow of ₹124.35 lacs in the year 2018-19.

For these reasons, despite the unvarying efforts, the Company could not entirely consume the allocated CSR Budget.

The Company is committed to continually explore new opportunities which align to its CSR philosophy and create sustainable impact on socially and economically underprivileged sections of the society.

7. Affirmation by CSR Committee: The CSR Committee affirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objective and Policy of the Company.

## Annexure A

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|
| **Sl. No.** | **CSR Project or activity identified** | **Sector in which the Project is covered** | **Projects or Programs (1) Local area or other (2) Specify the state and district where the project or programs was undertaken** | **Amount Outlay (budget) project or programs wise** | **Amount spent on the projects or programs**<br><br>**Sub-heads: Direct expenditure on projects or programs** | **Cumulative Expenditure up to reporting period** | **Amount spent: Direct or through implementing agency** |
| | | | | ₹ | ₹ | ₹ | |
| 1. | Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water | Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water. | Local areas - Kolkata (W.B.) & Uttar Pradesh | 1500000 | 5052683 | 5052683 | - Ramakrishna Mission<br>- Balrampur Foundation<br>- People United for Better Living, etc., |
| 2. | Promoting health care including preventing health care | Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water. | Local areas - Kolkata (W.B.) & Uttar Pradesh | 4500000 | 3738725 | 3738725 | - Balrampur Foundation<br>- Anandalok Hospital<br>- S.V.S. Marwari Hospital<br>- Shree Vishudhanand Hospital<br>- Kolkata Gives Foundation, etc., |
| 3. | Promoting education | Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects. | Local areas - Kolkata (W.B.) & Uttar Pradesh | 15000000 | 14261033 | 14261033 | - Natraj Yuva Sangh<br>- Kolkata Gives Foundation<br>- Nehru Centre<br>- South Kolkata Hamari Muskan<br>- Balrampur Foundation<br>- Agastya International Foundation, etc., |
| 4. | Special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects | Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. | Local areas - Kolkata (W.B.) & Uttar Pradesh | 15000000 | 13576837 | 13576837 | - National Skill Development Fund<br>- Balrampur Institute of Vocational Aid<br>- Khajani Welfare Society<br>- Society for the Education of the Crippled<br>- Divya Chaya Trust<br>- Balrampur Foundation, etc., |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|
| **Sl. No.** | **CSR Project or activity identified** | **Sector in which the Project is covered** | **Projects or Programs (1) Local area or other (2) Specify the state and district where the project or programs was undertaken** | **Amount Outlay (budget) project or programs wise** | **Amount spent on the projects or programs**<br><br>**Sub-heads: Direct expenditure on projects or programs** | **Cumulative Expenditure up to reporting period** | **Amount spent: Direct or through implementing agency** |
| | | | | ₹ | ₹ | ₹ | |
| 5. | Setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups | Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups. | Local area -Kolkata (W.B.) | 200000 | 837609 | 837609 | - Kolkata Gives Foundation<br>- Balrampur Foundation<br>- People's Welfare Society |
| 6. | Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports | Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic Sports. | Local & other area -Uttar Pradesh and Other area – New Delhi | 1500000 | 1399780 | 1399780 | - Youthreach<br>- Balrampur Foundation |
| 7. | Animal Welfare | Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water. | Local area - Uttar Pradesh | 100000 | 151000 | 151000 | - Kolkata Gives Foundation<br>- Balrampur Foundation |
| 8. | Rural Development Projects | Rural development projects. | Local area - Uttar Pradesh | 12000000 | 477500 | 477500 | - Kolkata Gives Foundation<br>- Balrampur Foundation |
| 9. | Slum Area Development | Slum Area Development. | - | | - | - | - |
| 10. | Expenditure on administrative overheads | - | - | 250000 | 218925 | 218925 | Direct |
| | | | | **50050000** | **39714092** | **39714092** | |

sd/-
**Vivek Saraogi**
*Managing Director*
DIN - 00221419

sd/-
**Novel S Lavasa**
*Chairperson - CSR Committee*
DIN - 07071993

Place: Kolkata
Date: 19th May, 2018

Annexure VII to the Board's Report

# FORM MGT. 9

# EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March, 2018

## [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

| | | |
|---|---|---|
| i) | CIN | L15421WB1975PLC030118 |
| ii) | Registration Date | 14/07/1975 |
| iii) | Name of the Company | BALRAMPUR CHINI MILLS LIMITED |
| iv) | Category / Sub-Category of the Company | Public Company / Limited by shares |
| v) | Address of the Registered office and contact details | FMC Fortuna, 2nd Floor, 234/3A, A.J.C. Bose Road,<br>Kolkata – 700020.<br>Phone: 033-22874749, Fax: 033-22873083,<br>Email: bcml@bcml.in, Website: www.chini.com |
| vi) | Whether listed company: Yes / No | Yes |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Karvy Computershare Private Limited<br>Apeejay House Block "B",<br>3rd Floor, 15, Park Street,<br>Kolkata – 700016<br><br>Karvy Computershare Private Limited<br>Karvy Selenium Tower B, Plot No. 31-32,<br>Gachibowli, Financial District,<br>Nanakramguda, Hyderabad-500032.<br><br>Tel. No. 040-67161500<br>Fax No. 040-23420814<br>Toll Free No. 18003454001<br>Email: einward.ris@karvy.com<br>Website: www.karvycomputershare.com |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover

| Sl. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the Company |
|---|---|---|---|
| 1. | Sugar | 10721 | 84.21 |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1. | Visual Percept Solar Projects Private Limited 813, Dalamal Tower, Free Press Journal Marg, Nariman Point, Mumbai - 400021 | U40106MH2010PTC206631 | Associate | 45% | Section 2(6) |
| 2. | Auxilo Finserve Private Limited LG-B-13 & 14, Lower Ground Floor, Art Guild House, Phoenix Market City, LBS Marg, Kurla West, Mumbai 400070 | U65990MH2016PTC286516 | Associate | 50% | Section 2(6) |

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

### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01-April -2017] | | | | No. of Shares held at the end of the year [As on 31-March-2018] | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 79716503 | - | 79716503 | 33.92 | 77559792 | - | 77559792 | 33.00 | -0.92 |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corporate | 16504293 | - | 16504293 | 7.02 | 16064785 | - | 16064785 | 6.84 | -0.18 |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(1) | 96220796 | - | 96220796 | 40.94 | 93624577 | - | 93624577 | 39.84 | -1.10 |
| (2) Foreign | | | | | | | | | |
| a) NRI-Individuals | - | - | - | - | - | - | - | - | - |
| b) Other-Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| d) Banks / FIs | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(2) | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoters (A)= (A)(1)+ (A)(2) | 96220796 | - | 96220796 | 40.94 | 93624577 | - | 93624577 | 39.84 | -1.10 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 25239027 | 1362 | 25240389 | 10.74 | 11969254 | 862 | 11970116 | 5.09 | -5.65 |
| b) Banks / FIs | 779592 | 1881 | 781473 | 0.33 | 720522 | 1881 | 722403 | 0.31 | -0.02 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01-April -2017] | | | | No. of Shares held at the end of the year [As on 31-March-2018] | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| f) Insurance Companies | 13852631 | - | 13852631 | 5.90 | 6450525 | - | 6450525 | 2.75 | -3.15 |
| g) FIIs | 2148771 | 100 | 2148871 | 0.92 | 335469 | 100 | 335569 | 0.14 | -0.78 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Foreign Financial Institution/ Banks | 3450 | - | 3450 | 0.00 | - | - | - | - | - |
| Sub-total B)(1):- | 42023471 | 3343 | 42026814 | 17.89 | 19475770 | 2843 | 19478613 | 8.29 | -9.60 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 10740651 | 42989 | 10783640 | 4.59 | 10640177 | 22048 | 10662225 | 4.54 | -0.05 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹1 lakh | 31949209 | 1501936 | 33451145 | 14.23 | 39015989 | 1249489 | 40265478 | 17.13 | +2.90 |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | 15539734 | - | 15539734 | 6.61 | 9084851 | - | 9084851 | 3.86 | -2.75 |
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians | 2013886 | 12647 | 2026533 | 0.86 | 1837059 | 4936 | 1841995 | 0.78 | -0.08 |
| Clearing Members | 438291 | - | 438291 | 0.19 | 4797871 | - | 4797871 | 2.04 | +1.85 |
| Trusts | 133091 | - | 133091 | 0.06 | 77859 | - | 77859 | 0.03 | -0.03 |
| Directors & their | | | | | | | | | |
| Relatives | 16855 | - | 16855 | 0.01 | 16407 | - | 16407 | 0.01 | 0.00 |
| Foreign Portfolio Investor (Corporate) | 34107639 | - | 34107639 | 14.51 | 48106663 | - | 48106663 | 20.47 | +5.96 |
| Unclaimed Shares Suspense Account – Regulation 39 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 | 265929 | - | 265929 | 0.11 | 78538 | - | 78538 | 0.03 | -0.08 |
| IEPF | - | - | - | - | 394314 | - | 394314 | 0.17 | +0.17 |
| Buyback Escrow Account | - | - | - | - | 6598936 | - | 6598936 | 2.81 | +2.81 |
| Sub-total (B)(2):- | 95205285 | 1557572 | 96762857 | 41.17 | 120648664 | 1276473 | 121925137 | 51.87 | +10.70 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 137228756 | 1560915 | 138789671 | 59.06 | 140124434 | 1279316 | 141403750 | 60.16 | +1.10 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 233449552 | 1560915 | 235010467 | 100.00 | 233749011 | 1279316 | 235028327 | 100.00 | 0.00 |

## ii) Shareholding of Promoters:

| Sl. No. | Name of the Shareholders | Shareholding at the beginning of the year [As on 01-April -2017] | | | Shareholding at the end of the year [As on 31-March-2018] | | | % change in share-holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1. | Shri Vivek Saraogi | 36661967 | 15.60 | Nil | 35680017 | 15.18 | Nil | -0.42 |
| 2. | Kamal Nayan Saraogi HUF | 7572091 | 3.22 | Nil | 7370447 | 3.14 | Nil | -0.08 |
| 3. | Vivek Saraogi HUF | 163764 | 0.07 | Nil | 159403 | 0.06 | Nil | -0.01 |
| 4. | Smt. Meenakshi Saraogi | - | - | - | - | - | - | 0.00 |
| 5. | Smt. Sumedha Saraogi | 9422629 | 4.01 | Nil | 9166061 | 3.90 | Nil | -0.11 |
| 6. | Smt. Stuti Dhanuka | 4797649 | 2.04 | Nil | 4658599 | 1.98 | Nil | -0.06 |
| 7. | Shri Karan Saraogi | 17519446 | 7.46 | Nil | 17052904 | 7.26 | Nil | -0.20 |
| 8. | Smt. Avantika Saraogi | 3578957 | 1.52 | Nil | 3472361 | 1.48 | Nil | -0.04 |
| 9. | Udaipur Cotton Mills Co. Ltd. | 6317552 | 2.69 | Nil | 6149316 | 2.62 | Nil | -0.07 |
| 10. | Meenakshi Mercantiles Ltd. | 7200098 | 3.06 | Nil | 7008360 | 2.98 | Nil | -0.08 |
| 11. | Novel Suppliers Pvt. Ltd. | 2986643 | 1.27 | Nil | 2907109 | 1.24 | Nil | -0.03 |
| | **Total** | **96220796** | **40.94** | **Nil** | **93624577** | **39.84** | **Nil** | **-1.10** |

Note: Apart from the changes in shareholding due to sale of shares under buyback of shares by the Company, the percentage of shareholding and the percentage change therein during the year is also adjusted to give effect to the change in Total Share Capital of the Company due to allotment of shares (Details pertaining to allotment of shares have been given under the head "Share Capital" of the Board's Report).

## iii) Change in Promoters' Shareholding:

| Sl. No. | Name of the Shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|
| | | | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1. | **Shri Vivek Saraogi** | | | | | | |
| | At the beginning of the year | 01.04.2017 | | 36661967 | 15.60 | | |
| | Increase / Decrease in Shareholding during the year | 27.03.2018 | Buyback of Shares | 981950 | 0.42 | 35680017 | 15.18 |
| | At the end of the year | 31.03.2018 | | | | 35680017 | 15.18 |
| 2. | **Kamal Nayan Saraogi HUF** | | | | | | |
| | At the beginning of the year | 01.04.2017 | | 7572091 | 3.22 | | |
| | Increase / Decrease in Shareholding during the year | 27.03.2018 | Buyback of Shares | 201644 | 0.08 | 7370447 | 3.14 |
| | At the end of the year | 31.03.2018 | | | | 7370447 | 3.14 |
| 3. | **Vivek Saraogi HUF** | | | | | | |
| | At the beginning of the year | 01.04.2017 | | 163764 | 0.07 | | |
| | Increase / Decrease in Shareholding during the year | 27.03.2018 | Buyback of Shares | 4361 | 0.01 | 159403 | 0.06 |
| | At the end of the year | 31.03.2018 | | | | 159403 | 0.06 |
| 4. | **Smt. Meenakshi Saraogi** | | | | | | |
| | At the beginning of the year | 01.04.2017 | | 0 | 0.00 | | |
| | Increase / Decrease in Shareholding during the year | | | Nil | Nil | 0 | 0.00 |

| Sl. No. | Name of the Shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|
| | | | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| | At the end of the year | 31.03.2018 | | | | 0 | 0.00 |
| 5. | Smt. Sumedha Saraogi | | | | | | |
| | At the beginning of the year | 01.04.2017 | | 9422629 | 4.01 | | |
| | Increase / Decrease in Shareholding during the year | 27.03.2018 | Buyback of Shares | 256568 | 0.11 | 9166061 | 3.90 |
| | At the end of the year | 31.03.2018 | | | | 9166061 | 3.90 |
| 6. | Smt. Stuti Dhanuka | | | | | | |
| | At the beginning of the year | 01.04.2017 | | 4797649 | 2.04 | | |
| | Increase / Decrease in Shareholding during the year | 27.03.2018 | Buyback of Shares | 139050 | 0.06 | 4658599 | 1.98 |
| | At the end of the year | 31.03.2018 | | | | 4658599 | 1.98 |
| 7. | Shri Karan Saraogi | | | | | | |
| | At the beginning of the year | 01.04.2017 | | 17519446 | 7.46 | | |
| | Increase / Decrease in Shareholding during the year | 27.03.2018 | Buyback of Shares | 466542 | 0.20 | 17052904 | 7.26 |
| | At the end of the year | 31.03.2018 | | | | 17052904 | 7.26 |
| 8. | Smt. Avantika Saraogi | | | | | | |
| | At the beginning of the year | 01.04.2017 | | 3578957 | 1.52 | | |
| | Increase / Decrease in Shareholding during the year | 27.03.2018 | Buyback of Shares | 106596 | 0.04 | 3472361 | 1.48 |
| | At the end of the year | 31.03.2018 | | | | 3472361 | 1.48 |
| 9. | Udaipur Cotton Mills Co. Ltd. | | | | | | |
| | At the beginning of the year | 01.04.2017 | | 6317552 | 2.69 | | |
| | Increase / Decrease in Shareholding during the year | 27.03.2018 | Buyback of Shares | 168236 | 0.07 | 6149316 | 2.62 |
| | At the end of the year | 31.03.2018 | | | | 6149316 | 2.62 |
| 10. | Meenakshi Mercantiles Ltd. | | | | | | |
| | At the beginning of the year | 01.04.2017 | | 7200098 | 3.06 | | |
| | Increase / Decrease in Shareholding during the year | 27.03.2018 | Buyback of Shares | 191738 | 0.08 | 7008360 | 2.98 |
| | At the end of the year | 31.03.2018 | | | | 7008360 | 2.98 |
| 11. | Novel Suppliers Pvt. Ltd. | | | | | | |
| | At the beginning of the year | 01.04.2017 | | 2986643 | 1.27 | | |
| | Increase / Decrease in Shareholding during the year | 27.03.2018 | Buyback of Shares | 79534 | 0.03 | 2907109 | 1.24 |
| | At the end of the year | 31.03.2018 | | | | 2907109 | 1.24 |

## iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | Name of the Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1. | LIFE INSURANCE CORPORATION OF INDIA | | | | |
| | At the beginning of the year - 01/04/2017 | 13852631 | 5.89 | | |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | Nil | Nil | 13852631 | 5.89 |
| | -Sold during the year (includes sale of shares in Buyback of Shares by the Company) | 7402106 | 3.15 | 6450525 | 2.74 |
| | At the end of the year -31/03/2018 | | | 6450525 | 2.74 |
| 2. | IDFC PREMIER EQUITY FUND | | | | |
| | At the beginning of the year - 01/04/2017 | 9477270 | 4.03 | | |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | Nil | Nil | 9477270 | 4.03 |
| | -Sold during the year (includes sale of shares in Buyback of Shares by the Company) | 3948259 | 1.68 | 5529011 | 2.35 |
| | At the end of the year -31/03/2018 | | | 5529011 | 2.35 |
| 3. | GOVERNMENT PENSION FUND GLOBAL | | | | |
| | At the beginning of the year - 01/04/2017 | 6643106 | 2.83 | | |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | 4772534 | 2.03 | 11415640 | 4.86 |
| | -Sold during the year (includes sale of shares in Buyback of Shares by the Company) | 6356539 | 2.70 | 5059101 | 2.16 |
| | At the end of the year -31/03/2018 | | | 5059101 | 2.16 |
| 4. | AKASH BHANSHALI* | | | | |
| | At the beginning of the year - 01/04/2017 | 3999650 | 1.70 | | |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | 1328000 | 0.57 | 5327650 | 2.27 |
| | -Sold during the year (includes sale of shares in Buyback of Shares by the Company) | 5307085 | 2.26 | 20565 | 0.01 |
| | At the end of the year -31/03/2018 | | | 20565 | 0.01 |
| 5. | L AND T MUTUAL FUND TRUSTEE LTD-L AND T INDIA VALUE FUND* | | | | |
| | At the beginning of the year - 01/04/2017 | 3952031 | 1.68 | | |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | Nil | Nil | 3952031 | 1.68 |
| | -Sold during the year | 3952031 | 1.68 | 0 | 0.00 |
| | At the end of the year -31/03/2018 | | | 0 | 0.00 |
| 6. | OCEAN DIAL GATEWAY TO INDIA MAURITIUS LIMITED* | | | | |
| | At the beginning of the year - 01/04/2017 | 2500000 | 1.06 | | |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | Nil | Nil | 2500000 | 1.06 |
| | -Sold during the year | 2500000 | 1.06 | 0 | 0.00 |
| | At the end of the year -31/03/2018 | | | 0 | 0.00 |

| Sl. No. | Name of the Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 7. | LATA BHANSHALI* | | | | |
| | At the beginning of the year - 01/04/2017 | 2328081 | 0.99 | | |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | Nil | Nil | 2328081 | 0.99 |
| | -Sold during the year | 2328081 | 0.99 | 0 | 0.00 |
| | At the end of the year -31/03/2018 | | | 0 | 0.00 |
| 8. | L AND T MUTUAL FUND TRUSTEE LTD-L AND T INDIA PRUDENCE FUND* | | | | |
| | At the beginning of the year - 01/04/2017 | 2268796 | 0.96 | | |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | Nil | Nil | 2268796 | 0.96 |
| | -Sold during the year | 2268796 | 0.96 | 0 | 0.00 |
| | At the end of the year -31/03/2018 | | | 0 | 0.00 |
| 9. | POLUNIN EMERGING MARKETS SMALL CAP FUND, LLC | | | | |
| | At the beginning of the year - 01/04/2017 | 2132798 | 0.91 | | |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | 116401 | 0.05 | 2249199 | 0.96 |
| | -Sold during the year | Nil | Nil | 2249199 | 0.96 |
| | At the end of the year -31/03/2018 | | | 2249199 | 0.96 |
| 10. | VANGUARD EMERGING MARKETS STOCK INDEX FUND | | | | |
| | At the beginning of the year - 01/01/2017 | 2069507 | 0.88 | | |
| | Increase / Decrease in Shareholding during the year | | | | |
| | -Bought during the year | 289454 | 0.12 | 2358961 | 1.00 |
| | -Sold during the year (includes sale of shares in Buyback of Shares by the Company) | 114661 | 0.05 | 2244300 | 0.95 |
| | At the end of the year - 31/03/2018 | | | 2244300 | 0.95 |
| 11. | DIMENSIONAL EMERGING MARKETS VALUE FUND # | | | | |
| | At the beginning of the year - 01/04/2017 | 2088771 | 0.89 | | |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | 42906 | 0.02 | 2131677 | 0.91 |
| | -Sold during the year (includes sale of shares in Buyback of Shares by the Company) | 56760 | 0.03 | 2074917 | 0.88 |
| | At the end of the year -31/03/2018 | | | 2074917 | 0.88 |
| 12. | MORGAN STANLEY (FRANCE) S.A. # | | | | |
| | At the beginning of the year - 01/04/2017 | 0 | 0.00 | | |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | 10230324 | 4.35 | 10230324 | 4.35 |
| | -Sold during the year (includes sale of shares in Buyback of Shares by the Company) | 7520434 | 3.20 | 2709890 | 1.15 |
| | At the end of the year -31/03/2018 | | | 2709890 | 1.15 |
| 13. | STATE STREET EMERGING MARKETS SMALL CAP # | | | | |
| | At the beginning of the year - 01/04/2017 | 1746699 | 0.74 | | |

| Sl. No. | Name of the Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | 1548772 | 0.66 | 3295471 | 1.40 |
| | -Sold during the year (includes sale of shares in Buyback of Shares by the Company) | 434238 | 0.18 | 2861233 | 1.22 |
| | At the end of the year -31/03/2018 | | | 2861233 | 1.22 |
| 14. | SOCIETE GENERALE # | | | | |
| | At the beginning of the year - 01/04/2017 | 0 | 0.00 | | |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | 3825500 | 1.63 | 3825500 | 1.63 |
| | -Sold during the year (includes sale of shares in Buyback of Shares by the Company) | 1544899 | 0.66 | 2280601 | 0.97 |
| | At the end of the year -31/03/2018 | | | 2280601 | 0.97 |
| 15. | STATE STREET EMERGING MARKETS ACTIVE SECURITIES # | | | | |
| | At the beginning of the year - 01/04/2017 | 0 | 0.00 | | |
| | Increase/Decrease in Shareholding during the year | | | | |
| | -Bought during the year | 2882422 | 1.23 | 2882422 | 1.23 |
| | -Sold during the year (includes sale of shares in Buyback of Shares by the Company) | 140104 | 0.06 | 2742318 | 1.17 |
| | At the end of the year -31/03/2018 | | | 2742318 | 1.17 |

The above data provides consolidated changes during the year. Date-wise increase/decrease in shareholding of Top Ten Shareholders is available on the website of the Company, www.chini.com

#Not in the list of Top 10 shareholders as on 01.04.2017. The same has been reflected above since the shareholder was one of the Top Ten Shareholders as on 31.03.2018.

*During the year ceased to be in the list of Top Ten Shareholders.

## (v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | Name of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1. | Shri Vivek Saraogi, Managing Director | | | | |
| | At the beginning of the year | 36661967 | 15.60 | | |
| | Changes during the year | | | | |
| | Buyback of shares – 27.03.2018 | 981950 | 0.42 | 35680017 | 15.18 |
| | At the end of the year | | | 35680017 | 15.18 |
| 2. | Shri R. N. Das, Independent Director | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Changes during the year | Nil | Nil | 0 | 0.00 |
| | At the end of the year | | | 0 | 0.00 |
| 3. | Shri D. K. Mittal, Independent Director | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Changes during the year | Nil | Nil | 0 | 0.00 |
| | At the end of the year | | | 0 | 0.00 |
| 4. | Shri Krishnava Dutt, Independent Director | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Changes during the year | Nil | Nil | 0 | 0.00 |
| | At the end of the year | | | 0 | 0.00 |
| 5. | Smt. Novel S. Lavasa, Independent Director | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Changes during the year | Nil | Nil | 0 | 0.00 |
| | At the end of the year | | | 0 | 0.00 |
| 6. | Dr. Arvind Krishna Saxena, Whole-time Director | | | | |
| | At the beginning of the year | 16855 | 0.01 | | |
| | Changes during the year | | | | |
| | Buyback of shares – 27.03.2018 | 448 | 0.00 | 16407 | 0.01 |
| | At the end of the year | | | 16407 | 0.01 |
| 7. | Shri Sakti Prasad Ghosh, Independent Director | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Changes during the year | Nil | Nil | 0 | 0.00 |
| | At the end of the year | | | 0 | 0.00 |
| 8. | Shri Sumit Mazumder, Independent Director | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Changes during the year | Nil | Nil | 0 | 0.00 |
| | At the end of the year | | | 0 | 0.00 |
| 9. | Shri Naresh Dayal, Non - Executive Director | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Changes during the year | Nil | Nil | 0 | 0.00 |
| | At the end of the year | | | 0 | 0.00 |

| Sl. No. | Name of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 10. | Shri Nitin Bagaria, Company Secretary | | | | |
| | At the beginning of the year | 6 | 0.00 | | |
| | Changes during the year | Nil | Nil | 0 | 0.00 |
| | At the end of the year | | | 6 | 0.00 |
| 11. | Shri Pramod Patwari, Chief Financial Officer | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Changes during the year | Nil | Nil | 0 | 0.00 |
| | At the end of the year | | | 0 | 0.00 |

## V. INDEBTEDNESS

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

(₹ in Lacs)

| Particulars | Secured Loans excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 68,701.93 | 109,526.25 | - | 178,228.18 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 820.39 | - | - | 820.39 |
| Total (i+ii+iii) | 69,522.32 | 109,526.25 | - | 179,048.57 |
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | | | | |
| Addition* | 38,643.72 | - | - | 38,643.72 |
| Reduction* | 8,568.13 | 109,526.25 | - | 118,094.38 |
| Net Change | 30,075.59 | -109,526.25 | - | -79,450.66 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 98,982.70 | - | - | 98,982.70 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 615.21 | - | - | 615.21 |
| Total (i+ii+iii) | 99,597.91 | - | - | 99,597.91 |

* Includes an amount towards interest accrued but not due under Secured Loans excluding Deposits

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lacs)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total Amount |
|---|---|---|---|---|
| | | Shri Vivek Saraogi | Dr. Arvind Krishna Saxena | |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 240.00 | 20.51 | 260.51 |
| | (b) Value of perquisites under section 17(2) Income-tax Act, 1961 | 11.66 | 3.09 | 14.75 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission<br>- as % of profit<br>- others, specify | <br>330.00<br>- | <br>-<br>- | <br>330.00<br>- |
| 5. | Others, please specify | - | - | - |
| | Total (A) | 581.66 | 23.60 | 605.26 |
| | Ceiling as per the Act | 10% of the net profit, calculated as per Section 198 of the Companies Act, 2013. | | |

### B. Remuneration to other directors:

(₹ in Lacs)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | | | Total Amount |
|---|---|---|---|---|---|---|---|---|---|
| | | Shri Sumit Mazumder | Shri R. N. Das | Shri D. K. Mittal | Shri Krishnava Dutt | Shri S. P. Ghosh | Smt. Novel S Lavasa | Shri Naresh Dayal | |
| 1. | Independent Directors | | | | | | | | |
| | Fee for attending board/ committee meetings | 2.60 | 5.60 | 2.00 | 3.40 | 9.20 | 3.40 | – | 26.20 |
| | Commission | 13.00 | 13.00 | 10.00 | 10.00 | 10.00 | 10.00 | – | 66.00 |
| | Others, please specify | – | – | – | – | – | – | – | – |
| | Total (1) | 15.60 | 18.60 | 12.00 | 13.40 | 19.20 | 13.40 | – | 92.20 |
| 2. | Other Non-Executive Directors | | | | | | | | |
| | Fee for attending board/ committee meetings | – | – | – | – | – | – | 1.80 | 1.80 |
| | Commission | – | – | – | – | – | – | 10.00 | 10.00 |
| | Others, please specify | – | – | – | – | – | – | – | – |
| | Total (2) | – | – | – | – | – | – | 11.80 | 11.80 |
| | Total (B)=(1+2) | 15.60 | 18.60 | 12.00 | 13.40 | 19.20 | 13.40 | 11.80 | 104.00 |
| | Total Managerial Remuneration [(A) + (B)] | | | | | | | | 709.26 |
| | Overall Ceiling as per the Act | 11% of the net profit, calculated as per Section 198 of the Companies Act, 2013. | | | | | | | |

Commission relates to the financial year 2017-18 and shall be paid after the 42nd Annual General Meeting. Commission is net off GST. Sitting Fees are net off GST / Service Tax, Swachh Bharat Cess (SBC) and Krishi Kalyan Cess (KKC).

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

(₹ in Lacs)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO | Company Secretary | CFO | Total |
| | | | Shri Nitin Bagaria | Shri Pramod Patwari | |
| 1. | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | N.A. | 32.05 | 65.84 | 97.89 |
| | (b) Value of perquisites under section 17(2) Income-tax Act, 1961 | N.A. | 0.45 | 0.42 | 0.87 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | N.A. | – | – | – |
| 2. | Stock Option | N.A. | – | – | – |
| 3. | Sweat Equity | N.A. | – | – | – |
| 4. | Commission | N.A. | – | – | – |
| | - as % of profit | N.A. | – | – | – |
| | Others, specify | N.A. | – | – | – |
| 5. | Others, please specify | N.A. | – | – | – |
| | **Total** | N.A. | **32.50** | **66.26** | **98.76** |

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give details) |
|---|---|---|---|---|---|
| A. COMPANY | | | | | |
| Penalty | None | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | None | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | None | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

For and on behalf of the Board of Directors

sd/-
**Dr. Arvind Krishna Saxena**
*Whole-time Director*
DIN – 00846939

sd/-
**Vivek Saraogi**
*Managing Director*
DIN – 00221419

Place: Kolkata
Date: 19th May, 2018

Annexure VIII to the Board's Report

# CORPORATE GOVERNANCE REPORT

## Company's Philosophy on Code of Governance

Corporate Governance refers to, but not limited to, a set of laws, regulations and good practices & systems that enable an organisation to perform efficiently and ethically to generate long term wealth and create value for all its stakeholders. Sound governance practices and responsible corporate behaviour contribute to superior long term performance of organisations. Corporate Governance requires everyone to raise their level of competency and capability to meet the expectations in managing the enterprise and its resources optimally with prudent ethical standards.

The Company recognises that good corporate governance is a continuous exercise. Adherence to transparency, accountability, fairness and ethical standards are an integral part of the Company's function. The Company's structure, business dealings, administration and disclosure practices are aligned to good corporate governance philosophy. The Company has an adequate system of control in place to ensure that the executive decisions taken should result in optimum growth and development which benefits all the stakeholders. The Company also aims to increase and sustain its corporate values through growth and innovation.

## Date of Report

The information provided in this Report on Corporate Governance for the purpose of unanimity is as on 31st March, 2018. This Report is updated as on the date of the Report wherever applicable.

## Board of Directors

The Company recognises the importance of a diverse board in its success. The Board is entrusted with the ultimate responsibility of the management, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (the "Listing Regulations") mandate that for a company with a non-executive chairman, atleast one third of the board should comprise of independent directors. As on 31st March, 2018, the Board comprised of 9 (nine) directors, of which 6 (six) (two third) were Independent Directors including the Chairman. The composition of the Board is in conformity with the requirements of Regulation 17(1) of the Listing Regulations.

The composition of the Board of Directors as on 31st March, 2018, the number of other directorships and committees of which a director is a Member/Chairperson and the attendance of each director at the Board Meetings and the last Annual General Meeting (AGM) of the Company were as follows:

| Name of the Directors | Category | No. of directorships*#@ | No. of membership/ chairmanship on Board committees^# | No. of Board meetings attended during the year 2017-18 | Attendance at last AGM held on 30.08.2017 |
|---|---|---|---|---|---|
| Shri Sumit Mazumder (Chairman) | Independent, Non-Executive | 14 (2) | 2 | 5 | Yes |
| Shri Vivek Saraogi (Managing Director) | Promoter, Executive | 5 | 2 | 5 | Yes |
| Shri R. N. Das | Independent, Non-Executive | 1 (1) | 2 (including 2 as Chairman) | 6 | Yes |
| Shri D. K. Mittal | Independent, Non-Executive | 12 (6) | 10 (including 1 as Chairman) | 3 | No |
| Shri Krishnava Dutt | Independent, Non-Executive | 5 (3) | 5 (including 2 as Chairman) | 4 | No |
| Smt. Novel S Lavasa | Independent, Non-Executive | 9 (2) | 5 | 6 | Yes |

| Name of the Directors | Category | No. of directorships*#@ | No. of membership/ chairmanship on Board committees^# | No. of Board meetings attended during the year 2017-18 | Attendance at last AGM held on 30.08.2017 |
|---|---|---|---|---|---|
| Shri Sakti Prasad Ghosh | Independent, Non-Executive | 5 (2) | 5 (including 2 as Chairman) | 6 | Yes |
| Dr. Arvind Krishna Saxena (Whole-time Director) | Non-Promoter, Executive | 1 | 0 | 3 | Yes |
| Shri Naresh Dayal | Non- Independent, Non-Executive | 2 (1) | 1 | 4 | Yes |
| Shri Naresh Chandra (Ceased w.e.f. 9th July, 2017) | Independent, Non-Executive | N.A. | N.A. | 1 | N.A. |

The Directorships/Committee Memberships are based on the latest disclosures received by the Company.
*In case of Independent Directors, figures in brackets represent the number of directorships, including Balrampur Chini Mills Limited, reckoned in terms of Regulation 25(1) of the Listing Regulations.
@Excludes memberships of the managing committee of various chambers/bodies, directorships in foreign companies and alternate directorships.
#Includes Balrampur Chini Mills Limited.
^Only membership/ chairmanship of the Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies have been considered.

The Company is in compliance with the provisions regarding Board, its composition and committees under the Listing Regulations. The Independent Directors of the Company have confirmed that they meet the criteria for "independence" and / or "eligibility" as prescribed under the Listing Regulations and Section 149 of the Companies Act, 2013 (as amended) (the "Act"). None of the directors of the Company are related to each other.

None of the directors on the Board is a member of more than 10 committees and / or Chairperson of more than 5 committees, reckoned in terms of Regulation 26 of the Listing Regulations. The Independent Directors of the Company do not serve in more than the prescribed number of companies as independent directors in terms of the requirements of the Listing Regulations.

The Board has devised proper system to ensure compliance with the provisions of all applicable laws and periodically reviewed the compliance reports of all laws applicable to the Company and necessary steps were taken to ensure the compliance in letter and spirit.

The Board of Directors of the Company met 6 (six) times during the year 2017-18. Atleast one meeting of the Board was held in every quarter and the time gap between any two consecutive board meetings did not exceed 120 days during the year 2017-18. The details are as follows:

| Sl. No. | Date of Board Meetings | Board Strength (No. of Directors) | No. of Directors Present | No. of Independent Directors Present |
|---|---|---|---|---|
| 1. | 27th May, 2017 | 10 | 9 | 6 |
| 2. | 31st July, 2017 | 9 | 7 | 5 |
| 3. | 15th September, 2017 | 9 | 8 | 6 |
| 4. | 7th November, 2017 | 9 | 8 | 6 |
| 5. | 8th February, 2018 | 9 | 6 | 4 |
| 6. | 21st February, 2018 | 9 | 5 | 4 |

Disclosures regarding appointment / re-appointment of the director has been furnished in the Notice convening the 42nd Annual General Meeting, which forms part of the Annual Report.

## Familiarisation Programme

In terms of Regulation 25 of the Listing Regulations, the Company is required to conduct various programmes for the Independent Directors of the Company to familiarise them with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

The details of such programmes for familiarisation of the Independent Directors are put on the website of the Company at the following web-link:
http://chini.com/wp-content/uploads/2018/03/familiarisation_programme.pdf

## Independent Directors' Separate Meeting

Schedule IV to the Act and the Listing Regulations mandates the Independent Directors of the Company to hold atleast one meeting in every financial year, without the attendance of non-independent directors and members of the management. During the year ended 31st March, 2018, the Independent Directors met on 8th February, 2018, inter alia, to review performance of Non-Independent Directors & the Board as a whole, to review performance of the Chairman of the Company and to assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board.

## Lead Independent Director

Although not mandatory, the Board has appointed Shri D. K. Mittal as the Lead Independent Director at its meeting held on 31st July, 2017. The Lead Independent Director provides leadership to the Independent Directors and liaisons between the Independent Directors and the Management / Board / Shareholders.

## Code of Conduct

Regulation 17(5) of the Listing Regulations requires every listed company to have a Code of Conduct for its directors and senior management. Further, Schedule IV of the Act requires the appointment of Independent Director to be formalised through a letter of appointment, which shall set out the Code for Business Ethics that the Company expects its directors and employees to follow. The said schedule also requires the Independent Directors to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy.

In terms of the above, there exists a comprehensive Code of Conduct for all Directors, Senior Management Personnel and all other employees of the Company and the same is available on the website of the Company at the following web-link:
http://chini.com/code-of-conducts/

All Directors and Senior Management Personnel have affirmed compliance with the Code for the financial year 2017-18. A declaration to this effect signed by the Managing Director is annexed to this Report.

## Board Committees

The Board has constituted various committees consisting of Executive and Non-Executive Directors of the Company to meet various mandatory requirements of the Act and the Listing Regulations as well as to perform other critical functions. Currently, the Board has 6 (six) committees: Audit Committee, CSR Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Executive Committee and Share Transfer Committee. The composition of the said committees have been disclosed on the website of the Company. The Company Secretary acts as the Secretary to all the Committees of the Board.

## Audit Committee

The Board of Directors of the Company has constituted a qualified and independent Audit Committee that acts as a link between the management, the Statutory and Internal Auditors and the Board.

## Terms of Reference

The terms of reference of the Audit Committee are in conformity with the requirements of Regulation 18 of the Listing Regulations and Section 177 of the Act. Terms of reference of the Audit Committee includes overseeing the financial reporting process, review of financial statements, ensuring compliance with the regulatory guidelines, review of internal audit reports, recommending appointment and remuneration of auditors to the Board of Directors and to review adequacy of internal control systems and internal audit function and other matters specified for Audit Committee under the Listing Regulations and the Act. The Audit Committee also reviews information as per the requirement of Part C of Schedule II to the Listing Regulations.

## Composition, Meetings and Attendance

The composition of the Audit Committee is in accordance with the provisions of the Act and Regulation 18 of the Listing Regulations.

As on 31st March, 2018, the Audit Committee comprised of 5 (five) directors, all of whom are Independent Directors, except Shri Vivek Saraogi who is an Executive & Promoter Director. All of them are financially literate with majority having accounting or related financial management expertise. The Chairman of the Committee is an Independent (Non-Executive) Director, nominated by the Board.

The Committee meetings were attended by the Statutory Auditors and the Chief Financial Officer of the Company as invitees. The Committee also invited the representatives of Internal Auditors for obtaining valuable guidance from their expertise in best practices in Internal Audit. The Cost Auditors were also invited whenever the Cost Audit related matters were considered. The minutes of the Audit Committee meetings were circulated to the Board, discussed and taken note of. All recommendations made by the Audit Committee during the year were accepted by the Board.

Atleast one meeting of the Audit Committee was held in every quarter and the time gap between any two consecutive meetings of the Audit Committee did not exceed 120 days during the year 2017-18. During the year ended 31st March, 2018, 4 (four) Audit Committee meetings were held on 27th May, 2017, 31st July, 2017, 7th November, 2017 and 8th February, 2018. The composition and attendance of the members of the Audit Committee are as follows:

| Sl. No. | Name of the Directors | Position | No. of meetings attended |
|---|---|---|---|
| 1. | Shri R. N. Das | Chairman | 4 |
| 2. | Shri Vivek Saraogi | Member | 4 |
| 3. | Shri D. K. Mittal | Member | 2 |
| 4. | Shri Krishnava Dutt | Member | 3 |
| 5. | Shri Sakti Prasad Ghosh | Member | 4 |
| 6. | Late (Shri) Naresh Chandra | Member (upto 09.07.2017) | 1 |

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company to answer the queries related to accounts to the satisfaction of the shareholders.

## Nomination & Remuneration Committee

### Terms of Reference

The terms of reference of the Nomination & Remuneration Committee cover all the areas mentioned under Regulation 19 of the Listing Regulations and Section 178 of the Act. The broad terms of reference of the Committee includes:

(i) To formulate the criteria for determining qualifications, positive attributes and independence of a Director;

(ii) To recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees of the Company;

(iii) To identify persons who are qualified to become directors and who may be appointed in senior management;

(iv) To evaluate the performance of all Directors.

The Nomination & Remuneration Committee also administers the Employee Stock Option Scheme, which was approved by the shareholders at the Extra-Ordinary General Meetings of the Company held on 8th September, 2005 and 25th May, 2009.

### Composition, Meetings and Attendance

As on 31st March, 2018, the Nomination & Remuneration Committee comprised of 3 (three) directors, all of whom are Non-Executive, Independent Directors.

The details of the composition, meetings and attendance of the members of the Nomination & Remuneration Committee are as follows:

| Sl. No. | Name of the Directors | Position | No. of meetings attended | Date of meetings |
|---|---|---|---|---|
| 1. | Shri D. K. Mittal | Chairman | 0 | 27th May, 2017<br>8th February, 2018 |
| 2. | Shri R. N. Das | Member | 2 | |
| 3. | Smt. Novel S Lavasa | Member | 2 | |
| 4. | Late (Shri) Naresh Chandra | Member (upto 09.07.2017) | 1 | |

The representative of the Chairman of the Nomination & Remuneration Committee was present at the last Annual General Meeting of the Company to answer the queries of the shareholders.

### Remuneration Policy

The Policy on Selection & Remuneration of Directors, Key Managerial Personnel and other employees and on Board Diversity as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors is annexed to the Board's Report and is also available on the Company's website.

The Non - Executive Directors do not have any pecuniary relationship/ transaction with the Company in their personal capacity other than Commission (not exceeding the limits prescribed under the Companies Act, 2013) and Sitting Fees (paid @ ₹40,000/- for attending each meeting of the Board and @ ₹20,000/- for attending each meeting of the Committees thereof, except for Audit Committee. The sitting fees for attending each meeting of Audit Committee is ₹40,000/-). The aggregate annual commission payable to the Non-Executive Directors is upto one percent of the net profit of the Company or ₹80 Lacs, plus applicable taxes, whichever is lower, in such proportion and manner as fixed by the Board of Directors.

The Commission payable to the Managing Director is at the rate of one percent of the net profit of the Company, subject to a ceiling of ₹360 Lacs p.a.

Details of remuneration paid / payable to the Directors for the year ended 31st March, 2018 and their shareholding as on that date is as under:

| Name of the Directors | Salary (₹) | Perquisites / Benefits (₹) | Bonus (₹) | Commission (₹) | Sitting Fees (₹) | Total (₹) | Service Contract/ Notice period/ Severance Fees | Shareholding (Equity) (No.) |
|---|---|---|---|---|---|---|---|---|
| Shri Vivek Saraogi | 2,40,00,000 | 40,61,469 | – | 3,30,00,000 | - | 6,10,61,469 | Term of office valid upto 31.03.2022. No notice period and no severance fees | 3,56,80,017 |
| Shri R. N. Das | – | – | – | 13,00,000 | 5,60,000 | 18,60,000 | Appointed as Independent Director upto 31.03.2019 | Nil |
| Shri D.K. Mittal | – | – | – | 10,00,000 | 2,00,000 | 12,00,000 | Appointed as Independent Director upto 31.03.2019 | Nil |
| Shri Krishnava Dutt | – | – | – | 10,00,000 | 3,40,000 | 13,40,000 | Appointed as Independent Director upto 31.03.2019 | Nil |
| Smt. Novel S Lavasa | – | – | – | 10,00,000 | 3,40,000 | 13,40,000 | Appointed as Independent Director upto 31.03.2019 | Nil |
| Shri Sakti Prasad Ghosh | – | – | – | 10,00,000 | 9,20,000 | 19,20,000 | Appointed as Independent Director upto 30.09.2020 | Nil |
| Dr. Arvind Krishna Saxena | 20,02,833 | 5,44,593 | – | – | – | 25,47,426 | Term of office valid upto 31.07.2022 subject to re-appointment after retirement by rotation. No notice period, no severance fees | 16,407 |
| Shri Sumit Mazumder | – | – | – | 13,00,000 | 2,60,000 | 15,60,000 | Appointed as Independent Director upto 30.04.2021 | Nil |
| Shri Naresh Dayal | – | – | – | 10,00,000 | 1,80,000 | 11,80,000 | Appointed as Non-Executive Director w.e.f. 15.11.2016. Liable to retire by rotation. | Nil |
| Late (Shri) Naresh Chandra | – | – | – | N.A. | 1,20,000 | 1,20,000 | N.A. (Deceased on 09.07.2017) | |

Note – Company's contributions to provident fund have been shown under head 'Benefits' in the above Table. Commission relates to the financial year 2017-18 and shall be paid after the 42nd Annual General Meeting. Sitting Fees and Commission are net off GST / Service Tax, Swachh Bharat Cess (SBC) and Krishi Kalyan Cess (KKC). None of the Directors of the Company hold any convertible instruments of the Company.

Other terms and conditions of appointment of the Independent Directors have been disclosed on the website of the Company at the following web-link:
http://chini.com/wp-content/uploads/2018/07/Terms_and_conditions_of_appointment_of_Non-Executive_Independent_Director.pdf

## Performance Evaluation and Criteria

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out the performance evaluation of its own performance and that of its Committees as well as evaluation of performance of the Directors individually. The performance evaluation of the Independent Directors was also carried out by the entire Board (excluding the director being evaluated).

The performance evaluation of the Board, its Chairman and the Non-Independent Directors were carried out by the Independent Directors. The Nomination & Remuneration Committee also carried out evaluation of every director's performance. The evaluation for the year 2017-18 was carried out through structured questionnaires (based on various aspects of the Board's functioning, composition, its committees, culture, governance, execution and performance of statutory duties and obligations). The questionnaire covers all aspects prescribed by SEBI vide its circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5th January, 2017. The Directors expressed their satisfaction with the evaluation process and results thereof.

## Executive Committee

The Executive Committee, constituted by the Board of Directors of the Company, met 14 (fourteen) times during the year 2017-18. The terms of reference of the said Committee includes the following:

i. To approve and / or authorise opening of bank accounts, cash credit, current, dividend payment or otherwise and to give instructions relating to such banking accounts.

ii. To approve and / or authorise opening of Demat Accounts, Trading Accounts and to give instructions relating to such accounts.

iii. To borrow money/monies, from time to time, for the purpose of the Company, from banks / Financial Institutions.

iv. To authorise affixation of the Company's Common Seal.

v. To confer signing powers and authorities on such officers and employees of the Company as deemed fit for various operational and statutory matters.

vi. To perform such other function as may be delegated by the Board of Directors from time to time.

The details of the composition, meetings and attendance of the members of the Executive Committee are as follows:

| Sl. No. | Name of the Directors | Position | No. of meetings attended | Date of meetings |
|---|---|---|---|---|
| 1. | Shri S. P. Ghosh | Member* | 6 | 8th April, 2017 ◆ 20th April, 2017 ◆ 23rd June, 2017 ◆ 10th July, 2017 ◆ 22nd August, 2017 ◆ 29th August, 2017 ◆ 12th October, 2017 ◆ 15th November, 2017 ◆ 1st December, 2017 ◆ 19th December, 2017 ◆ 19th January, 2018 ◆ 15th February, 2018 ◆ 8th March, 2018 ◆ 28th March, 2018 |
| 2. | Shri Sumit Mazumder | Member (w.e.f. 01.04.2017) | 2 | |
| 3. | Shri Vivek Saraogi | Member | 14 | |
| 4. | Dr. A. K. Saxena | Member | 6 | |

(*the Committee doesn't have a Chairman, however, whenever Shri S. P. Ghosh was present, he was elected as the Chairman of the Committee for the meeting.)

## CSR Committee

Pursuant to the provisions of the Act, the CSR Committee is required to recommend the amount of expenditure to be incurred for undertaking CSR activities by the Company in terms of the Corporate Social Responsibility Policy. It also monitors the CSR Policy of the Company from time to time. During the year ended 31st March, 2018, 2 (two) CSR Committee meetings were held on 27th May, 2017 and 8th February, 2018. The composition and attendance of the members of the CSR Committee are as follows:

| Sl. No. | Name of the Directors | Position | Category | No. of meetings attended |
|---|---|---|---|---|
| 1. | Smt. Novel S Lavasa | Chairperson (w.e.f. 01.08.2017) | Independent, Non-Executive | 2 |
| 2. | Shri D. K. Mittal | Member | Independent, Non-Executive | 0 |
| 3. | Shri Vivek Saraogi | Member | Promoter, Executive | 2 |
| 4. | Shri Naresh Dayal | Member (w.e.f. 01.08.2017) | Non-Independent, Non-Executive | 1 |
| 5. | Late (Shri) Naresh Chandra | Chairman (upto 09.07.2017) | Independent, Non-Executive | 1 |

## Shareholders' Committees

### i) Stakeholders Relationship Committee

The Stakeholders Relationship Committee (SRC) considers and resolves grievances of the security holders of the Company. The SRC also oversees the redressal of shareholders' and investors' grievances in relation to the transfer of shares, non-receipt of annual report, non-receipt of declared dividend, among others. During the year ended 31st March, 2018, 2 (two) SRC meetings were held on

27th May, 2017 and 15th September, 2017. The composition and attendance of the members of the SRC are as follows:

| Sl. No. | Name of the Directors | Position | Category | No. of meetings attended |
|---|---|---|---|---|
| 1. | Shri R. N. Das | Chairman | Independent, Non-Executive | 2 |
| 2. | Shri Krishnava Dutt | Member | Independent, Non-Executive | 2 |
| 3. | Shri Vivek Saraogi | Member | Promoter, Executive | 2 |

## ii) Share Transfer Committee

The Share Transfer Committee of the Board deals with various matters/ requests relating to share transfer/transmission, allotment, issue of duplicate share certificates, demat/remat, split and consolidation requests and other matters relating to shares.

The composition and attendance of the members of the Share Transfer Committee are as follows:

| Sl. No. | Name of the Directors | Position | Category | No. of meetings attended |
|---|---|---|---|---|
| 1. | Shri S. P. Ghosh | Chairman | Independent, Non-Executive | 19 |
| 2. | Shri R. N. Das | Member | Independent, Non-Executive | 3 |
| 3. | Shri Vivek Saraogi | Member | Promoter, Executive | 23 |
| 4. | Shri Sumit Mazumder | Member (w.e.f 1st April, 2017) | Independent, Non-Executive | 1 |

During the year ended 31st March, 2018, 23 (twenty three) meetings of the Share Transfer Committee were held on the following dates:

| Month | Date of meetings |
|---|---|
| April, 2017 | 21st and 28th |
| May, 2017 | 12th and 19th |
| June, 2017 | 10th and 27th |
| July, 2017 | 8th and 14th |
| August, 2017 | 4th, 10th and 29th |
| September, 2017 | 22nd |
| October, 2017 | 3rd, 6th and 21st |
| November, 2017 | 11th and 28th |
| December, 2017 | 19th |
| January, 2018 | - |
| February, 2018 | 9th, 13th and 23rd |
| March, 2018 | 5th and 23rd |

## Compliance Officer

The Board has designated Shri Nitin Bagaria, Company Secretary as the Compliance Officer.

## Details of Shareholders' complaints

A total of 354 (Three Hundred and Fifty Four) complaints (other than those pertaining to Buyback of Equity Shares) were received and replied to the satisfaction of the shareholders during the year ended 31st March, 2018. There were no outstanding complaints (including those pertaining to Buyback of Equity Shares) as on 31st March, 2018. No share was pending for transfer as on 31st March, 2018.

## Nature of Complaints:

| Description | Received and resolved during the Year |
|---|---|
| Non-receipt of securities | 24 |
| Non receipt of dividend (including warrants) | 315 |
| SEBI Complaints | 3 |
| Stock Exchange Complaints | 2 |
| Others – (e.g. Non-receipt of Annual reports, etc.,) | 10 |
| Total | 354 |

The Company supports SCORES by using it as a platform for communication between SEBI and the Company.

## General Body Meetings

Details of the last three Annual General Meetings are given below:

| Accounting Year | Date | Location | Time | Special Resolution passed |
|---|---|---|---|---|
| 2014-15 | 12.08.2015 | 'Vidya Mandir', 1, Moira Street, Kolkata – 700 017 | 10.30 A.M. | 1. Substitution of existing Articles of Association of the Company by a new set of Articles of Association as per Companies Act, 2013.<br>2. Approval for Payment of Commission to the Non-Executive Directors of the Company.<br>3. Approval for payment of existing remuneration to Shri Kishor Shah, Director cum Chief Financial Officer as minimum remuneration.<br>4. Approval for payment of existing remuneration to Dr. Arvind Krishna Saxena, Whole-time Director as minimum remuneration. |

| Accounting Year | Date | Location | Time | Special Resolution passed |
|---|---|---|---|---|
| 2015-16 | 12.08.2016 | 'Vidya Mandir',<br>1, Moira Street, Kolkata – 700 017 | 10.30 A.M. | 1. Revision in the payment of the Commission to the Non-Executive Directors of the Company. |
| 2016-17 | 30.08.2017 | 'Vidya Mandir',<br>1, Moira Street, Kolkata – 700 017 | 11.00 A.M. | 1. Re-appointment including payment of remuneration to Shri Vivek Saraogi (DIN: 00221419) as the Managing Director for a further term of 5 years with effect from 1st April, 2017.<br>2. Re-appointment including payment of remuneration to Dr. A. K. Saxena (DIN: 00846939) as a Whole-time Director for a further term of 5 years with effect from 1st August, 2017. |

## Details of Special Resolution passed through Postal Ballot

During the year ended 31st March, 2018, no special resolution was passed through Postal Ballot.

No special resolution was passed through ballot at the last AGM and no special resolution is proposed to be conducted through postal ballot at the forthcoming/ensuing AGM.

## Means of Communication

The extracts of the quarterly and annual results were published in the leading English and Bengali newspapers such as Business Standard (All editions) and Arthik Lipi and the full format of the results were filed with the Stock Exchanges on NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance & Listing Centre (the Listing Centre) and were available on the Stock Exchange websites - www.nseindia.com and www.bseindia.com.

The financial results, official news releases, presentations made to Institutional Investors and Analysts, concall transcripts with Analysts / Investors are hosted on the Company's website www.chini.com.

Apart from electronic copies of the Annual Report and Notices of the Annual General Meeting / Postal Ballot, etc., the Company sends individual communication, atleast once every year, regarding its performance to those shareholders whose email addresses are registered with the Company / Depository Participant(s).

## General Shareholders' Information

### Annual General Meeting (AGM) and Book Closure Dates

The Day, Date, Time and Venue of the 42nd Annual General Meeting and Book Closure Dates are given below:

| Accounting Year | Date & Day | Venue | Time | Book Closure Dates |
|---|---|---|---|---|
| 2017-18 | 31.08.2018<br>Friday | 'Vidya Mandir',<br>1, Moira Street, Kolkata – 700 017 | 11.30 A.M. | (Saturday) 25th August, 2018 to (Friday) 31st August, 2018 (both days inclusive) |

### Financial Year

The financial year of the Company is from 1st April to 31st March every year.

### Financial year calendar for 2018-19 (Tentative)

| | |
|---|---|
| Results for the quarter ending 30th June, 2018 | 2nd week of August, 2018 |
| Results for the quarter ending 30th September, 2018 | 2nd week of November, 2018 |
| Results for the quarter ending 31st December, 2018 | 2nd week of February, 2019 |
| Results for the quarter ending/Annual 31st March, 2019 | 4th week of May, 2019 |

### Details of Listing of Equity Shares and Stock Code

| National Stock Exchange of India Ltd. (NSE)<br>Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai 400 051. | BSE Ltd. (BSE)<br>PJ Towers, Dalal Street, Fort, Mumbai 400 001. | The Calcutta Stock Exchange Ltd.<br>7, Lyons Range, Kolkata 700 001<br>[Application for delisting has been made]. |
|---|---|---|
| BALRAMCHIN | 500038 | 12012 |

## Listing Fees

Listing fee for the year 2018-19 has been paid to each of the above named stock exchanges.

## Depositories

National Securities Depository Ltd.
Trade World, 4th Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400013.

Central Depository Services (India) Ltd.
Marathon Futurex, A-Wing, 25th Floor,
NM Joshi Marg, Lower Parel,
Mumbai - 400013.

## ISIN

INE119A01028 (Equity Shares)

## Reuters Code

NSE – BACH.NS and BSE – BACH.BO

## Market Price Data (Face value of ₹1 each)

| NSE | | Months | BSE | |
|---|---|---|---|---|
| High (₹) | Low (₹) | | High (₹) | Low (₹) |
| 170.50 | 146.00 | April, 2017 | 170.55 | 146.00 |
| 169.25 | 152.65 | May, 2017 | 169.10 | 152.70 |
| 158.85 | 143.00 | June, 2017 | 158.85 | 142.50 |
| 167.50 | 150.40 | July, 2017 | 167.10 | 147.00 |
| 180.90 | 155.25 | August, 2017 | 180.75 | 155.35 |
| 182.50 | 155.85 | September, 2017 | 182.50 | 155.75 |
| 172.00 | 156.00 | October, 2017 | 171.90 | 155.00 |
| 179.45 | 155.25 | November, 2017 | 179.00 | 151.90 |
| 162.00 | 129.80 | December, 2017 | 162.75 | 130.40 |
| 144.90 | 116.50 | January, 2018 | 144.85 | 116.25 |
| 123.00 | 105.05 | February, 2018 | 123.10 | 105.70 |
| 120.80 | 74.80 | March, 2018 | 120.75 | 74.70 |

## Stock Performance in comparison to broad based indices

| Financial year | NSE CNX NIFTY | | BSE SENSEX | |
|---|---|---|---|---|
| | Change in BCML share price | Change in Nifty | Change in BCML share price | Change in SENSEX |
| 2017–18 | (47.95%) | 10.25% | (48.16%) | 11.30% |

## Registrar and Share Transfer Agent

Karvy Computershare Private Limited
Apeejay House Block "B", 3rd Floor
15, Park Street, Kolkata – 700016

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No. 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad-500032

Tel. No. 040-67161500
Fax No. 040-23420814
Toll Free No.1800-345-4001
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

## Share Transfer System

All valid share transfer requests / demat requests are processed and put into effect within a maximum period of 15 days from the date of receipt.

M/s. Karvy Computershare Pvt. Ltd. is the Registrar and Share Transfer Agent of the Company and it serves the members in all matters relating to physical and demat shares such as transfer, transmission, dematerialisation, rematerialisation, dividend etc. Accordingly, members may please address all correspondence and requests relating to the Shares of the Company to M/s. Karvy Computershare Pvt. Ltd. at any of the above mentioned addresses.

## Shareholding Pattern as on 31st March, 2018

| Category | No. of Shares | % of Holding |
|---|---|---|
| Promoters' Holding (A) | 9,36,24,577 | 39.84 |
| Public Shareholding (B) | | |
| Financial Institutions, Insurance Companies, Banks, NBFCs and Mutual Funds | 1,91,43,044 | 8.15 |
| Foreign Institutional Investors & Foreign Financial Institution | 3,35,569 | 0.14 |
| Corporate Bodies (including Buyback Escrow Account) | 1,73,39,699 | 7.38 |
| NRIs | 18,41,995 | 0.78 |
| Trusts | 77,859 | 0.03 |
| Foreign Portfolio Investor (Corporate) | 4,81,06,663 | 20.47 |
| Indian Public (Including Unclaimed Suspense Shares and IEPF) | 4,97,61,050 | 21.17 |
| Clearing Members | 47,97,871 | 2.04 |
| **Total (A) + (B)** | **23,50,28,327** | **100.00** |

## Distribution of Shareholding and Dematerialisation position as on 31st March, 2018

| Shareholding Range | No. of Holders | % of total holders | No. of Shares Held | % of total shares |
|---|---|---|---|---|
| Up to 5000 | 1,06,472 | 98.75 | 2,96,88,499 | 12.63 |
| 5001 - 10,000 | 626 | 0.58 | 45,34,934 | 1.93 |
| 10,001 - 20,000 | 307 | 0.29 | 43,59,612 | 1.85 |
| 20,001 - 30,000 | 102 | 0.10 | 24,88,847 | 1.06 |
| 30,001-100,000 | 164 | 0.15 | 85,45,928 | 3.64 |
| 100,001 and above | 144 | 0.13 | 18,54,10,507 | 78.89 |
| Total | 1,07,815 | 100.00 | 23,50,28,327 | 100.00 |

## Dematerialisation of shares and Liquidity

Around 99.45% of the Share Capital is held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) as at 31st March, 2018.

## Status of Unpaid Dividend

| Dividend for the year | Amount of dividend (₹ in Lacs) | Amount of unpaid dividend as at 31.03.2018 (₹ in Lacs) | Due date of transfer to IEPF |
|---|---|---|---|
| 2009-11* | 1832.35 | 13.09 | 30th August, 2018 |
| 2012-13 | 4886.28 | 36.49 | 7th September, 2020 |
| 2016-17 (Interim) | 8574.58 | 58.65 | 18th September, 2023 |
| 2017-18 (Interim) | 5875.56 | 39.75 | 4th September, 2024 |

*18 months period.

The Company sends reminders to the shareholders for the unpaid dividend every year.

In terms of Section 125 of the Act, read with rules made thereunder, the Company is required to transfer the unpaid dividend amounts which remained unclaimed for 7 years from the date of transfer of such amounts to Unpaid Dividend A/C to Investor Education and Protection Fund. In compliance with the same, the Company has transferred Unpaid Dividend for the year 2008-09 (Payment to shareholders of Indo Gulf Industries Ltd. pursuant to Rehabilitation Scheme approved by the Hon'ble BIFR vide order dated 24.06.2010) amounting to ₹72,079 (Rupees Seventy Two Thousand Seventy Nine Only) to Investor Education and Protection Fund on 12th October, 2017.

## Equity Shares in Demat Suspense Account

In terms of Regulation 34 read with Schedule V to the Listing Regulations, the Company reports the following details in respect of equity shares lying in the Demat Suspense Account of the Company:

| Particulars | Number of Shareholders | Number of equity shares |
|---|---|---|
| Aggregate number of shareholders and the outstanding shares lying in the Demat Suspense Account at the beginning of the year | 4,891 | 2,71,581 |
| Aggregate number of shareholders and the outstanding shares transferred to Suspense Account during the year | Nil | Nil |
| Number of shareholders who approached the Company for transfer of shares from the Suspense Account during the year | 3 | 1,141 |
| Number of Shares transferred to Investor Education and Protection Fund (Demat) | 536 | 1,86,250 |
| Number of shareholders to whom shares were transferred from the Suspense Account during the year | 3 | 1,141 |
| Aggregate number of shareholders and the outstanding shares lying in the Suspense Account at the end of the year | 4,347 | 78,538 |

The voting rights on the shares outstanding in the Suspense Account as at 31st March, 2018 shall remain frozen till the rightful owners of such shares claim their shares.

## Compulsory transfer of Equity Shares to Investor Education and Protection Fund (IEPF) Suspense Account:

In terms of the provisions of the Section 124(6) of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended) ("the Rules") and other applicable rules, notifications and circulars, if any, requiring every company to transfer the shares, in respect of which dividend remains unpaid / unclaimed for a period of seven (7) consecutive years to the Demat Account of the IEPF Authority ("the IEPF Demat Account"), the Company has given individual as well as newspaper notices to the shareholders holding shares relating to which they have not encashed their dividend since 2009-11 (i.e. none of the dividend(s) declared since 2009-11 were claimed/encashed), that such shares are liable to be transferred by the Company under the said Rules to the IEPF Demat Account. The Company has also uploaded the necessary details in this respect on its website at www.chini.com.

In order to comply with the Rules, the Company will proceed to transfer the equity shares to the IEPF Demat Account if no valid claim(s) is/are received by the Company/its Registrar and Share Transfer Agent.

Shareholders can claim both the unclaimed/ unpaid dividend and equity shares transferred to the IEPF Demat Account including benefits accruing on such equity shares, if any, from the IEPF Authority by making an online application in the prescribed Form IEPF-5 (available on the website www.iepf.gov.in) and sending a duly signed (as per the specimen signature recorded with the Company/Depository) physical copy of the same along with the requisite documents enumerated in Form IEPF-5 to the Company for verification of the claim.

## Plant Locations

**Unit 1 :** Balrampur (Sugar, Co-generation and Distillery divisions), Dist. Balrampur, Uttar Pradesh.

**Unit 2 :** Babhnan (Sugar, Co-generation and Distillery divisions), Dist. Gonda, Uttar Pradesh.

**Unit 3 :** Tulsipur (Sugar division), Dist. Balrampur, Uttar Pradesh.

**Unit 4 :** Haidergarh (Sugar and Co-generation divisions), Dist. Barabanki, Uttar Pradesh.

**Unit 5 :** Akbarpur (Sugar and Co-generation divisions), Dist. Ambedkarnagar, Uttar Pradesh.

**Unit 6 :** Mankapur (Sugar, Co-generation and Distillery divisions) Dist. Gonda, Uttar Pradesh.

**Unit 7 :** Rauzagaon (Sugar and Co-generation divisions) Dist. Faizabad, Uttar Pradesh.

**Unit 8 :** Kumbhi (Sugar and Co-generation divisions), Dist. Lakhimpur-Kheri, Uttar Pradesh.

**Unit 9 :** Gularia (Sugar and Co-generation divisions), Dist. Lakhimpur–Kheri, Uttar Pradesh.

**Unit 10 :** Maizapur (Sugar division), Dist. Gonda, Uttar Pradesh.

Commodities form a major part of business of the Company and hence commodity price risk is one of the important risks for the Company. The Company has a robust mechanism in place to protect the Company's interest from risks arising out of market volatility. Further disclosures relating to risks and activities including commodity price risk, foreign exchange risk, etc., have been adequately covered under the Management Discussion and Analysis Report forming part of the Annual Report.

## Investors' Correspondence

Shri Kamal Sewoda,
Asst. Manager - Secretarial
Balrampur Chini Mills Limited
FMC Fortuna, 2nd Floor
234/3A, A.J.C. Bose Road
Kolkata – 700 020
Phone : (033) 2287 4749

The Company has designated investorgrievances@bcml.in (email id) exclusively for the purpose of registering complaints by investors.

## Other Disclosures

i) The Company does not have any materially significant related party transaction, which may have potential conflict with the interests of the Company at large. The transactions with related parties, in normal course of business, have been disclosed separately in the Notes to the Financial Statements. The Company has disclosed the policy on dealing with the related party transactions on its website at the following web-link: http://chini.com/wp-content/uploads/2018/03/Policy_on_materiality_of_Related_Party_Transactions.pdf

ii) There were no instances of non-compliances related to capital markets during the year under review and no penalties/ strictures were imposed against the Company during the last three years.

iii) Whistle Blower Policy framed by the Company to deal with unethical behavior, victimisation, fraud and other grievances or concerns, if any, is available on the Company's website at the following web-link: http://chini.com/wp-content/uploads/2018/03/Vigil_Mechanism_Policy.pdf

During the year 2017-18, no personnel has been denied access to the Audit Committee.

iv) All mandatory requirements relating to corporate governance under the Listing Regulations have been appropriately complied with and the status of non-mandatory (discretionary) requirements is given below:

1. The Company doesn't bear any expenses of the Non-Executive Chairman's Office.
2. The Financial Statements are free from any Audit Qualifications.
3. The Company has appointed separate persons as its Chairman and Managing Director.
4. The Internal Auditors of the Company report directly to the Audit Committee.

v) The Company doesn't have any unlisted subsidiary company as defined in the Listing Regulations and therefore corresponding disclosures have not been made.

vi) In terms of the Listing Regulations, the Management Discussion and Analysis Report forms part of the Annual Report. Disclosures relating to risks including commodity price risk, foreign exchange risk, etc., have been adequately covered under the Management Discussion and Analysis Report.

vii) The CEO & CFO Certification for the year 2017-18 forms part of the Annual Report.

viii) In accordance with the notification dated 16th February, 2015, issued by the Ministry of Corporate Affairs, the Company adopted Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) during the year ended 31st March, 2017, with effect from 1st April, 2016.

Accordingly, the Financial Statements, forming part of the Annual Report, have been prepared in accordance with Ind AS prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2017.

ix) The Company has laid down Risk Assessment and Minimisation procedures and the same are periodically reviewed by the Board. The Company has a defined Risk Management Policy approved by the Board of Directors of the Company. Further, the Company has adequate internal control systems to identify risks at appropriate time and to ensure that the executive management controls the risk through properly defined framework.

Other items which are not applicable to the Company have not been separately commented upon.

For and on behalf of the Board of Directors

sd/-
**Dr. Arvind Krishna Saxena**
*Whole-time Director*
DIN – 00846939

sd/-
**Vivek Saraogi**
*Managing Director*
DIN – 00221419

Place: Kolkata
Date: 19th May, 2018

# DECLARATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT

This is to confirm that Balrampur Chini Mills Limited ("the Company") has adopted the Code of Conduct for its Board Members and Senior Management Personnel and the same is available on the website of the Company.

The Board of Directors and Senior Management Personnel of the Company have affirmed their compliance with the said Code. It is hereby declared that the Company has obtained from all the Board Members and Senior Management Personnel affirmation that they have complied with the said Code for the financial year 2017-18.

sd/-
**Vivek Saraogi**
*Managing Director*
Balrampur Chini Mills Limited

Place: Kolkata
Date: 19th May, 2018

# CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER IN TERMS OF REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Balrampur Chini Mills Limited ("the Company") to the best of our knowledge and belief, hereby certify that:

A. We have reviewed the financial statements for the year ended 31st March, 2018 and that to the best of our knowledge and belief, we state that:
   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. We further state that to the best of our knowledge and belief, no transactions were entered into by the Company during the year 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 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. there has been no significant change in internal control over financial reporting during the year;
   2. there has been no significant change in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   3. there has been no instance of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

Place: Kolkata
Date: 19th May, 2018

sd/-
**Vivek Saraogi**
*Managing Director*

sd/-
**Pramod Patwari**
*Chief Financial Officer*

# PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
**Balrampur Chini Mills Limited**

We have examined the compliance of conditions of Corporate Governance by Balrampur Chini Mills Limited ("the Company") for the year ended on March 31, 2018, as stipulated in Chapter IV & Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause and/ or Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV & Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **MKB & Associates**
*Company Secretaries*
F R No.P2010WB042700

sd/-
**Manoj Kumar Banthia**
*Partner*
ACS No. 11470
COP No. 7596

Place : Kolkata
Date : 18th May, 2018

Annexure IX to the Board's Report

# BUSINESS RESPONSIBILITY REPORT

## About Balrampur Chini Mills Limited:

Balrampur Chini Mills Limited ("the Company") is one of the largest integrated sugar manufacturing companies in India. The Company's 10 factories in Uttar Pradesh possess an aggregate cane crushing capacity of 76,500 tonnes per day while its distilleries possess an aggregate capacity of 360 kiloliters per day and cogeneration capacity of 262.41 megawatts (saleable 163.20 megawatts).

## About this report:

Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("the Listing Regulations"), prescribe that the Top 500 companies based on market capitalization as on March 31st of every financial year, are required to have "Business Responsibility Report" as part of their Annual Report. Since the Company is one of the Top 500 companies based on market capitalization, following is the Business Responsibility Report ("the Report") of the Company for the financial year 2017-18.

The Business Responsibility Policy of the Company is based on the National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business (NVGs) issued by the Ministry of Corporate Affairs, Government of India. The Report has been prepared in accordance with Regulation 34 of the Listing Regulations and provides the requisite information as prescribed by SEBI.

## SECTION A: General information about the Company:

| | | | |
|---|---|---|---|
| 1. | Corporate Identity Number (CIN) of the Company: | L15421WB1975PLC030118 | |
| 2. | Name of the Company: | Balrampur Chini Mills Limited | |
| 3. | Registered Address: | 234/3A, A J C Bose Road, FMC Fortuna, 2nd Floor, Kolkata 700020 | |
| 4. | Website: | www.chini.com | |
| 5. | Email ID: | bcml@bcml.in | |
| 6. | Financial Year Reported: | 2017-18 | |
| 7. | Sector(s) that the Company is engaged in (industrial activity code-wise): | Manufacturing of Sugar | 10721 |
| | | Production of Industrial Alcohol | 1101 |
| | | Generation of Power | 35106 |
| 8. | List three key products/services that the Company manufactures/provides (as in balance sheet): | 1. Sugar<br>2. Industrial Alcohol<br>3. Power (Co-generation) | |
| 9. | Total number of locations where business activity is undertaken by the Company: | 1. Number of International Locations (Provide details of major 5) – Nil<br>2. Number of National Locations: The Company carries out its operations through its Registered Office in Kolkata (West Bengal), offices in New Delhi and Lucknow and 10 Manufacturing Facilities located across Eastern and Central Uttar Pradesh at Balrampur, Babhnan, Tulsipur, Haidergarh, Akbarpur, Mankapur, Rauzagaon, Kumbhi, Gularia and Maizapur. | |
| 10. | Markets served by the Company – Local/State/ National/International | Local | ✓ |
| | | State | ✓ |
| | | National | ✓ |
| | | International | ✗ |

## SECTION B: Financial details of the Company:

| | | |
|---|---|---|
| 1. | Paid up Capital (INR) | 23,50,28,327 |
| 2. | Total Turnover (INR) | 4,342.54 Crore (net of excise duty) |
| 3. | Total profit after taxes (INR) | 221.12 Crore |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 1.59% of average net profit of last three financial years. |
| 5. | List of activities in which expenditure in 4 above has been incurred:- | Please refer to Annexure VI to the Board's Report forming part of this Annual Report. |

## SECTION C: Other Details:

1. Does the Company have any Subsidiary Company/ Companies?

   No, the Company does not have any subsidiary as on 31st March, 2018.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

   Not Applicable.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

   No.

## SECTION D: BR Information:

1. Details of Director/Directors responsible for BR

   a. Details of the Director/Directors responsible for implementation of the BR policy/policies

      1. DIN: 00846939
      2. Name: Dr. Arvind Krishna Saxena
      3. Designation: Whole-time Director

   b. Details of the BR head

| No. | Particulars | Details |
|---|---|---|
| 1. | DIN (if applicable) | N.A. |
| 2. | Name | Shri N. K. Khetan and Shri K. P. Singh |
| 3. | Designation | Shri N. K. Khetan - Executive President & Group Commercial Advisor<br>Shri K. P. Singh - Head of Centre of Business Excellence - Technical |
| 4. | Telephone number | 05263 – 232379<br>05244 – 246502 |
| 5. | e-mail id | nk.khetan@bcml.in<br>kp.singh@bcml.in |

2. Principle-wise (as per NVGs) BR Policy/policies:

(a) Details of compliance:

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Do you have a policy/ policies for .... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2. | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3. | Does the policy conform to any national / international standards? If yes, specify? (50 words) | Yes, the Policy is based on the "National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business" released by the Ministry of Corporate Affairs, Government of India. Apart from this, the policies on the principles are based on the generally accepted practices for the respective principles. | | | | | | | | |
| 4. | Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Yes, the Board of Directors of the Company has approved the Policy at their meeting held on 15th November, 2016 and it has been signed by the Company Secretary, pursuant to the authorization by the Board. | | | | | | | | |
| 5. | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6. | Indicate the link for the policy to be viewed online? | http://chini.com/wp-content/uploads/2018/03/BCML_BR_Policy.pdf | | | | | | | | |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | The Policy has been posted on the Company's website for information of all stakeholders. For internal stakeholders, appropriate communication means like Notice Boards, etc., are used. | | | | | | | | |
| 8. | Does the company have in-house structure to implement the policy/ policies | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9. | Does the company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10. | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | The implementation of the Business Responsibility Policy was evaluated by the Internal Auditors of the Company, being an independent audit firm, who reports issues, if any, to the Board of Directors of the Company. | | | | | | | | |

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | The company has not understood the Principles | Not applicable | | | | | | | | |
| 2. | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3. | The company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4. | It is planned to be done within next 6 months | | | | | | | | | |
| 5. | It is planned to be done within the next 1 year | | | | | | | | | |
| 6. | Any other reason (please specify) | | | | | | | | | |
| 10. | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | | | | | | | | | |

3. Governance related to BR:

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

Within 3-6 months. The Board of Directors has reviewed the BR performance of the Company at their meeting held on 27th May, 2017 and 8th February, 2018.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company has published its Business Responsibility Report (on an annual basis) from the financial year 2016-17 and onwards and the same forms part of the relevant Annual Reports. The same can be accessed at www.chini.com.

## SECTION E: Principle-wise performance:

### Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

   The Company's policies on Ethics, Transparency and Accountability along with the Company's Code of Conduct and Business Ethics ("the Code") are applicable to all directors and employees of the Company. The directors and employees of the Company are expected to read and understand the Code, uphold the standards mentioned thereunder in their day-to-day activities and comply with all applicable laws, rules and regulations. The Company also has in place a Whistle Blower Policy.

   There is no group structure or joint venture of the Company. The Company does not have any subsidiary. The Company is gradually encouraging parties associated with it like vendors, suppliers, contractors, etc., to follow the principles envisaged in the Policy.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

| Stakeholder | Complaints Received during FY 2017-18 | Complaints Resolved during FY 2017-18 | Complaints Resolved (%) |
|---|---|---|---|
| Investors' Complaints | 354 | 354 | 100% |
| Customers' Complaints | 8 | 8 | 100% |
| Total | 362 | 362 | 100% |

### Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   The Company is engaged in manufacturing of sugar, industrial alcohol and cogeneration of power. All the products of the Company take care of the social / environment concerns and risks. The Company has bagasse-based power generation facilities, which is a great alternative to fossil fuels and reduces greenhouse gas emission to safeguard the environment. The Company has also invested in optimization of power and steam consumption which saves additional bagasse and provides additional raw material for enhanced running of capacities already installed. Earlier the effluents from sugar mills was considered a nuisance, however, with improved effluent treatment systems now available, the treated affluent has become a boom for farmers for land irrigation. The treated water is recycled through RO Plants to substitute fresh water requirements.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   The Company has progressively invested in optimum use of resources. The core cane crushing operation generates molasses (as by-product) and bagasse (as waste); molasses is utilized to manufacture ethanol (a green fuel) while bagasse is being utilized to generate green power.

   Sugarcane process produces 45 - 50% water (450 - 500 litres / ton cane crush) on cane crushed in the form of vapour condensate of 70-80 degree centigrade out of which approximately 28 - 30% (280 – 300 litres / ton cane crush) evaporates through cooling towers while the remaining 17 - 20% (170 - 200 litres / ton cane crush) is captured within the system through recirculation. After processing, there is surplus water @15-20% which after being utilized in washing and excess from cooling and condensing system goes to ETP for treatment and recycling.

   The steam consumption of our two old units (Balrampur and Babhnan) has been reduced to 41% from 52% of cane crushed following the implementation of the latest technologies.

   In last few years, we have made many of our units steam efficient. Both of our Sugar refineries at Rauzagaon and Haidergarh are benchmark for steam consumption amongst other refineries, with best figures below 39% and season average below 43%.

   All our new sugar units (except Gularia) are equipped with the latest effluent treatment plants (ETP) coupled with buffer storage reservoirs to avoid shock dosing of the ETP and with ponds for irrigation to comply with pollution control norms. We are one of the few

companies having Sulphate removal system installed and running at our units. Though we are not in GANGA BASIN, we have upgraded our effluent treatment plants well before others to the best possible levels.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The data regarding reduction during usage by consumers is not available with the Company. Our Balrampur and Babhnan units have spent more than ₹50 crores during last off season to reduce steam consumption from 52% to 41%.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   Yes, the Company deploys sustainable procurement practice. All the plants of the Company are situated close to cane growing area. Entire raw material is procured sustainably. Since the inputs are procured from sources close to the mills, it also helps in minimizing transportation requirements. Cane is also supplied by small and medium farmers through bullock driven carts. This significantly reduces the environmental impact of transportation of raw materials.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   The Company sources 100% of its raw materials (that is, sugarcane) from areas near to the factories. It procures cane from the farmers (including small and medium farmers) based on the areas allotted to the respective units by the Cane Commissioner. The Company works closely with cane growers of the allotted areas to improve their productivity. In order to achieve this, the Company shares knowledge and expertise in sustainable agriculture practices with the farmers for cane cultivation which includes recommendation and arranging the right type of seeds. Besides this, the farmers are also guided on use of right type of agri-inputs. These developmental activities help in improvement of quality and yield of cane thereby benefitting the Company as well as the farmers. The Company has been highly effective in encouraging farmers to grow the best variety of cane.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

   The core cane crushing operation generates molasses as a by-product which is utilized to manufacture ethanol. Waste generated from sugar crushing operation (bagasse) & distillery operation (spent wash) are used as fuel for generating clean energy. Further, Boiler Ash generated from Incineration Plants is rich in Potash and thereby serves as a vital soil nutrient. We have installed potash granulation plant for converting the rich potash resource into a form which can be used as agri-inputs.

   Thus the by-products and waste generated out of manufacturing processes are mostly recycled.

## Principle 3

As on 31st March, 2018

| | | |
|---|---|---|
| 1. | Please indicate the Total number of employees. | 3792 (Not including Badli Workers, Seasonal, Retainers, Advisors, Trainees / Apprentices, etc.,) |
| 2. | Please indicate the Total number of employees hired on temporary/ contractual/casual basis. | Sugar Industry being a seasonal industry (October to September), the Company has different number of employees hired on seasonal basis during the season and off-season. In view of this, the number of employees hired on seasonal / temporary / contractual / casual basis as on 31st March, 2018 would not be meaningful and hence not provided. |
| 3. | Please indicate the Number of permanent women employees. | 7 |
| 4. | Please indicate the Number of permanent employees with disabilities. | 2 |
| 5. | Do you have an employee association that is recognized by management. | Yes |
| 6. | What percentage of your permanent employees is members of this recognized employee association? | The Company has 10 Sugar Mills located across Eastern and Central Uttar Pradesh. The factory-wise percentage varies from Nil to 80%. |
| 7. | Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. | Nil |
| 8. | What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? | |

| | | |
|---|---|---|
| a. | Permanent Employees | 40.53% |
| b. | Permanent Women Employees | 14.28% |
| c. | Casual/Temporary/Contractual Employees | 37.93% |
| d. | Employees with Disabilities | 50.00% |

## Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No

   Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

   The Company identifies marginal growers with very small land holdings around its business locations as disadvantaged, vulnerable & marginalized stakeholders. The Company continuously engages with majority of them for identifying their needs and priorities and provides need based resolution to their problems.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   Developmental activities are carried out by the Company by providing necessary guidance to the small and marginalized cane growers towards selection of right variety of seed, arranging agri-inputs, etc.

## Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   The Company's policy on Respecting and Promoting Human Rights is applicable to all directors and employees of the Company. There is no group structure or joint venture of the Company. The Company doesn't have any subsidiary. The Company is gradually encouraging vendors, suppliers, contractors, etc., associated with it, to follow the principles envisaged in the Policy.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   No complaint was received pertaining to human rights violation during the past financial year.

## Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

   The Company's policies on Respecting, Promoting and Restoring the Environment and in relation to Environment, Health & Safety (EHS) are applicable to all directors and employees of the Company. There is no group structure or joint venture of the Company. The Company doesn't have any subsidiary. The Company is gradually encouraging vendors, suppliers, contractors, etc. associated with it to follow the principles envisaged in the Policy. The EHS Policy also covers the contractors engaged by the Company.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   Global environment issues such as climate change, global warming, GHG emissions pose challenges to all. The Company is totally committed to reduce their impact. At the captive power plants, Bagasses (waste generated) is used as fuel for generating power. At the Distillery, Spent Wash (effluent generated) is mixed with Bagasse and used as fuel in boilers to generate clean energy with minimal carbon footprint by incineration process. There is no usage of non-renewal resources except in case of power outages/emergency. The Company has installed ESP and wet scrubbers at the boilers to arrest / control air pollution.

3. Does the company identify and assess potential environmental risks? Y/N

   Yes.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   No.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   Yes, the Company has undertaken several initiatives on clean technology, energy efficiency, renewable energy, etc. The Company has achieved spectacular result in utilization of hazardous and pollutant industrial waste namely Spent Wash. This waste is used as a fuel at the recently installed incineration boilers of the Company for generating clean energy.

   Further details relating to conservation of energy can be found in Annexure IV forming part of the Board's Report.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   All the emissions / waste generated by the Company during the financial year being reported are generally within the permissible limits given by CPSB / SPCB.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   No show cause/ legal notices from CPCB/SPCB are pending as on 31st March, 2018.

## Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   The Company is member of various trade, industry and chamber associations like CII, FICCI, Indian Chamber of Commerce, Indian Sugar Mills Association, UP Sugar Mills Association, UP Sugar Mills Co Gen Association, etc.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   The Company prefers to be part of the broader policy development process taking into account the Company's as well as larger national and stakeholders' interest. However, it does not practice lobbying on any specific issue.

## Principle 8

1. Does the company have specified programmes / initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

   CSR activities are carried on by the Company through :

   (i) Balrampur Institute of Vocational Aid ("BIVA"),

   (ii) Balrampur Foundation ("BF"),

   (iii) Other society, trust, hospital, fund or organisations engaged in CSR activities, as may be approved by the CSR Committee of the Board.

   The details of programmes/ initiatives/ projects in pursuit of the CSR policy are provided in the CSR Report forming part of the Board's Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

   The programmes/projects are undertaken through own foundation as well as through other external NGOs / organizations subject to approval of CSR Committee.

3. Have you done any impact assessment of your initiative?

The Company assesses the impact of its CSR Projects and Programmes at Board and CSR Committee meetings. Updates on the utilization, certifications and details received from the implementing agencies are placed at the CSR Committee meetings for its review and assessment.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

   The Company has spent an amount of ₹390.11 Lacs in various CSR activities during 2017-18. The details of the amount incurred and areas covered are given in Annexure - VI (Annual Report on Corporate Social Responsibility Activities) forming part of the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Apart from various CSR projects and programs eligible as CSR spend under the prescribed law, various community development initiatives are also undertaken by the Company after identifying the needs of the communities requiring development. The Company also interacts with the stakeholders to ensure that its projects are being implemented effectively. Apart from this, the Company also procures details of utilization / certificates of utilization from the implementing agencies to which the Company has contributed for community development.

## Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   The Company has successfully resolved 100% of the complaints received during the financial year ended 31st March, 2018 and no complaint relating to the current year or an earlier year is pending.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)

   Yes, the applicable product information, wherever it is sold in packed condition (i.e. Sugar), is displayed on the bags. Besides, the Company complies with the applicable regulations as provided in Legal Metrology Act, Bureau of Indian Standards Specifications, Food Safety and Standards Act and the relevant rules prescribed therein.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   The Company never indulges in any unfair trade practices, irresponsible advertising and/or anti-competitive behavior, however, based on a complaint, CCI has ordered investigation against the Oil Marketing Companies (OMCs), ISMA and various Sugar Mills (including the Company) for anti-completive behavior in the tender floated by OMCs in 2012-13 for procurement of Ethanol under the Ethanol Blending with Petrol programme of the Government of India. The said allegation has been contested by the Company. The DG has submited his first report, which was contested by OMC, ISMA and various Sugar Mills (including the Company). CCI has directed the DG to conduct further investigation and submit a revised report. The revised report of the DG is pending to be received at the end of the financial year under report.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   There is no formal customer survey carried out by the Company. However, the Company ensures customer satisfaction by obtaining informal feedback from the wholesellers / agents from the market.

**For and on behalf of the Board of Directors**

| | sd/- | sd/- |
|---|---|---|
| | **Dr. Arvind Krishna Saxena** | **Vivek Saraogi** |
| Place: Kolkata | *Whole-time Director* | *Managing Director* |
| Date: 19th May, 2018 | DIN – 00846939 | DIN – 00221419 |

## Annexure X to the Board's Report

# FORM NO. MR-3
# SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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,
**BALRAMPUR CHINI MILLSLIMITED**
FMC Fortuna, 2nd Floor
234/3A, A. J. C. Bose Road
Kolkata – 700 020

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BALRAMPUR CHINI MILLS LIMITED (hereinafter referred to "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial and other records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Based on our verification of the books, papers, minute 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 the secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 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, 2018, to the extent applicable, according to the provisions of:

i) The Companies Act, 2013 (as amended) (the Act) and the Rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI, to the extent applicable:

   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, 1992 and the Securities & 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 & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

vi) Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing/trading companies, the following laws/acts are also, inter alia, applicable to the Company:

   a) The Sugar Cess Act, 1982 and the Rules made thereunder;

   b) The Sugar Development Fund Act, 1982 and the Rules made thereunder;

   c) The Sugar (Control) Order, 1966;

d) The Levy Sugar Price Equalisation Fund Act, 1976 [as intimated by the Company not applicable during the year under audit]

e) The Food Safety & Standards Act, 2006 and the Rules & Regulations made thereunder;

f) The Agricultural and Processed Food Products Export Act, 1986 [as intimated by the Company not applicable during the year under audit];

g) The Export (Quality Control and Inspection) Act, 1963 [as intimated by the Company not applicable during the year under audit];

h) The Essential Commodities Act,1955;

i) The Legal Metrology Act, 2009

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

a) Secretarial Standards issued by The Institute of Company Secretaries of India;

b) The provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

a) 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.

b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast 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.

c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

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

We further report that during the audit period,the Company has bought back its 66,00,000 (Sixty Six Lakh) Equity Shares of ₹1/- each for an aggregate amount of ₹99,00,00,000/-(Rupees Ninety Nine Crore only) constituting 6.78% of the total paid up Equity Share Capital and Free Reserves of the Company as on 31st March, 2017 and complied with the provisions of the Act and Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

This report is to be read with our letter of even date which is annexed as Annexure – 1 which forms an integral part of this report.

For **MKB & Associates**
*Company Secretaries*

*sd/-*
**Manoj Kumar Banthia**
Partner
ACS no. 11470
COP no. 7596
FRN: P2010WB042700

Place: Kolkata
Date: 19th May, 2018

## Annexure I

To
The Members
**Balrampur Chini Mills Ltd.**
FMC Fortuna, 2nd Floor
234/3A, A. J. C. Bose Road
Kolkata – 700 020

Our report of even date is to be read along with this letter.

1. It is management's responsibility to identify the Laws, Rules, Regulations, Guidelines and Directions which are applicable to the Company depending upon the industry in which it operates and to comply and maintain those records with same in letter and in spirit. Our responsibility is to express an opinion on those records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices,we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and the Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's Representation about the compliance of Laws, Rules, Regulations, Guidelines and Directions and happening events, etc.
5. 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 **MKB & Associates**
*Company Secretaries*

sd/-
**Manoj Kumar Banthia**
Partner
ACS no. 11470
COP no. 7596
FRN: P2010WB042700

Place: Kolkata
Date: 19th May, 2018

# FINANCIAL STATEMENTS

## Standalone Financial Statements


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## Consolidated Financial Statements


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# Independent Auditors' Report

The members of
**Balrampur Chini Mills Limited**

## Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **Balrampur Chini Mills Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), and Cash Flow Statement and the Statement of changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes for the year ended on that date (hereinafter referred to as "Standalone Ind AS financial statements").

## Management's Responsibility 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 Companies Act 2013 (" the Act") (as amended) with respect to the preparation of these Standalone Ind AS financial statements that gives a true and fair view of the state of affairs (financial position), Profit or loss (financial performance including other comprehensive income), cash flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide for our audit opinion on the Standalone Ind AS financial statements.

## Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its Profit (financial performance including other comprehensive income) and its Cash Flows and the changes in equity for the year ended on that date.

## Other Matters

The comparative Ind AS financial information of the Company for the corresponding year ended 31st March, 2017 were audited by the predecessor auditor, M/s. G. P. Agrawal & Co., who expressed unmodified opinion vide their report dated 27th May, 2017 and reliance has been placed by us on the same for the purpose of this report.

Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Further to our comments in the annexure referred to in the paragraph above, 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 appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss, 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 Indian Accounting Standards (Ind AS) specified under section 133 of the Act;

e) On the basis of the written representations received from the Directors as on 31st March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

g) 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, 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 No. 38(1) 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv. The reporting requirement on disclosures relating to specified Bank note is not applicable to the Company for the year ended 31st March, 2018.

For **LODHA & CO.**
*Chartered Accountants*
Firm's Registration No.: 301051E

sd/-
**(R. P. Singh)**
*Partner*
Membership No: 052438

Place of Signature: Kolkata
Date: 19th May, 2018

# Annexure "A" To The Independent Auditors' Report of Even Date

(Referred to in paragraph 'Report on Other Legal and Regulatory Requirments' of our report of even date)

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

b. During the year, fixed assets have been physically verified by the management according to a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verifications.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note No. 4 on Property, plant and equipment to financial statements, are held in the name of the Company.

ii) As informed, the inventories of the Company, have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on such physical verification.

iii) The Company has not granted any loans secured or unsecured to companies, firms or parties covered in the register maintained under section 189 of the Act. Accordingly, clause 3 (iii) of the Order is not applicable to the Company.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

v) The Company has not accepted any deposits from public covered under sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder.

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 Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

vii) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess, Goods and Services Tax (GST) and other statutory dues as applicable to it.

b. According to the information and explanations given to us, the details of disputed dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax, Goods and Services Tax (GST) and Cess, if any, as at 31st March, 2018, are as follows:

| Name of the Statute | Nature of Dues | Amount (₹ in lacs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| The Central Sales Tax Act,1956 | Central Sales Tax | 1.08 | 2009-10 | Dy. Commissioner, (Appeal) - Balrampur |

viii) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or government. The Company has not issued any debentures.

ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. On the basis of our examination and according to the information and explanations given to us, money raised by way of term loans have been applied for the purpose for which the loans were obtained.

x) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across incidence of any material fraud on or by the Company nor have we been informed of any such cases by the management.

xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **LODHA & CO.**
*Chartered Accountants*
Firm's Registration No.: 301051E

sd/-
**(R. P. Singh)**
*Partner*
Membership No: 052438

Place of Signature: Kolkata
Date: 19th May, 2018

# Annexure "B" to the Independent Auditors' Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting 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 **Balrampur Chini Mills Limited** ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS 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 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 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 standalone financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, 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 **LODHA & CO.**
*Chartered Accountants*
Firm's Registration No.: 301051E

sd/-
**(R. P. Singh)**
*Partner*
Membership No: 052438

Place of Signature: Kolkata
Date: 19th May, 2018

# Balance Sheet as at 31st March, 2018

(₹ in Lacs)

| Particulars | Note No. | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non - current assets** | | | | | |
| (a) Property, plant and equipment | 4 | 144501.28 | | 140949.76 | |
| (b) Capital work-in-progress | 4A | 1125.21 | | 612.95 | |
| (c) Intangible assets | 5 | 204.24 | | 280.15 | |
| (d) Financial assets | | | | | |
| (i) Investments | 6 | 8316.33 | | 4502.39 | |
| (ii) Trade and other receivables | 7(i) | - | | - | |
| (iii) Other financial assets | 8(i) | 157.56 | | 142.93 | |
| (e) Non-current tax assets (net) | 9 | 4832.55 | | 101.50 | |
| (f) Other non-current assets | 10 | 520.49 | 159657.66 | 954.17 | 147543.85 |
| **Current assets** | | | | | |
| (a) Inventories | 11 | 180220.07 | | 231363.13 | |
| (b) Biological assets | 12 | 11.60 | | 12.33 | |
| (c) Financial assets | | | | | |
| (i) Trade and other receivables | 7(ii) | 18221.31 | | 16276.95 | |
| (ii) Cash and cash equivalents | 13 | 245.15 | | 203.05 | |
| (iii) Bank balances other than cash and cash equivalents | 14 | 625.64 | | 245.51 | |
| (iv) Loans | 15 | 13.28 | | 957.34 | |
| (v) Other financial assets | 8(ii) | 5186.50 | | 310.34 | |
| (d) Other current assets | 16 | 2024.09 | 206547.64 | 2631.28 | 251999.93 |
| **Assets classified as held for sale** | 17 | | - | | - |
| **Total Assets** | | | **366205.30** | | **399543.78** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| (a) Share capital | 18 | 2284.28 | | 2350.10 | |
| (b) Other equity | 19 | 156430.45 | 158714.73 | 151775.31 | 154125.41 |
| **Liabilities** | | | | | |
| **Non - current liabilities** | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | 20(i) | 1066.81 | | 12430.54 | |
| (ii) Other financial liabilities | 21(i) | 306.19 | | 459.28 | |
| (b) Deferred income | 22 | 145.02 | | 152.11 | |
| (c) Provisions | 23(i) | 433.41 | | 318.18 | |
| (d) Deferred tax liabilities (net) | 24 | 18345.69 | | 14339.88 | |
| (e) Other non-current liabilities | 25 | 30.39 | 20327.51 | 27.59 | 27727.58 |
| **Current liabilities** | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | 20(ii) | 86552.16 | | 157743.71 | |
| (ii) Trade and other payables | 26 | 78529.18 | | 29533.65 | |
| (iii) Other financial liabilities | 21(ii) | 16951.31 | | 14220.48 | |
| (b) Deferred income | 22 | 7.09 | | 7.09 | |
| (c) Other current liabilities | 27 | 4752.69 | | 15857.63 | |
| (d) Provisions | 23(ii) | 370.63 | 187163.06 | 328.23 | 217690.79 |
| **Total Equity and Liabilities** | | | **366205.30** | | **399543.78** |
| Corporate information | 1 | | | | |
| Significant accounting policies and the accompanying notes 2 to 38 are an integral part of the standalone financial statements. | | | | | |

As per our report of even date attached.

For **LODHA & CO.**
Chartered Accountants
Firm's Registration No. - 301051E

**Sd/-**
(R. P. Singh)
Partner
Membership No. 052438

**Sd/-**
Nitin Bagaria
Company Secretary

**Sd/-**
Pramod Patwari
Chief Financial Officer

For and on behalf of the Board of Directors

**Sd/-**
Dr. Arvind Krishna Saxena
Whole-time Director
DIN - 00846939

**Sd/-**
Vivek Saraogi
Managing Director
DIN - 00221419

Place of Signature: Kolkata
Date: 19th May, 2018

# Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in Lacs)

| Particulars | Note No. | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|
| **Revenue from operations** | 28 | 440072.06 | 364099.71 |
| Other income | 29 | 2777.87 | 2494.23 |
| **Total income** | | **442849.93** | **366593.94** |
| **Expenses:** | | | |
| Cost of materials consumed | 30 | 306487.53 | 257684.56 |
| Excise duty on sale of goods | | 5817.76 | 18086.33 |
| Changes in inventories of finished goods, by-products and work-in-progress | 31 | 40974.80 | (41952.11) |
| Employee benefits expense | 32 | 20400.35 | 18091.13 |
| Finance costs | 33 | 5203.00 | 5542.80 |
| Depreciation and amortisation expense | 34 | 9522.11 | 10493.71 |
| Other expenses | 35 | 21225.95 | 25232.71 |
| **Total expenses** | | **409631.50** | **293179.13** |
| **Profit before tax** | | **33218.43** | **73414.81** |
| **Tax expense** | 36 | | |
| Current tax (under MAT provisions) | | 7114.68 | - |
| Current tax (under normal provisions) | | - | 15788.07 |
| Tax provision for earlier years written back | | (14.12) | - |
| Deferred tax | | 4005.81 | (1601.91) |
| **Total tax expenses** | | **11106.37** | **14186.16** |
| **Profit for the year** | | **22112.06** | **59228.65** |
| **Other comprehensive income** | 37 | | |
| Items that will not be reclassified to profit or loss | | (578.71) | (555.04) |
| Income tax relating to items that will not be reclassified to profit or loss | | 123.51 | 192.09 |
| **Total other comprehensive income** | | **(455.20)** | **(362.95)** |
| **Total comprehensive income for the year** | | **21656.86** | **58865.70** |
| *(Comprising of profit and other comprehensive income for the year)* | | | |
| **Earnings per equity share of ₹1/- each** | 38(7) | | |
| - Basic (₹) | | 9.41 | 24.26 |
| - Diluted (₹) | | 9.41 | 24.25 |
| **Weighted average number of shares used in computing earnings per share** | | | |
| - Basic | | 234948663 | 244167344 |
| - Diluted | | 234967468 | 244209069 |
| Corporate information | 1 | | |
| Significant accounting policies and the accompanying notes 2 to 38 are an integral part of the standalone financial statements. | | | |

As per our report of even date attached.

For **LODHA & CO.**
Chartered Accountants
Firm's Registration No. - 301051E

For and on behalf of the Board of Directors

| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| (R. P. Singh) | Nitin Bagaria | Pramod Patwari | Dr. Arvind Krishna Saxena | Vivek Saraogi |
| Partner | Company Secretary | Chief Financial Officer | Whole-time Director | Managing Director |
| Membership No. 052438 | | | DIN - 00846939 | DIN - 00221419 |

Place of Signature: Kolkata
Date: 19th May, 2018

# Statement of Changes in Equity for the year ended 31st March, 2018

**(a) Equity share capital:**

**For the year ended 31st March, 2018**

(₹ in Lacs)

| Balance as at 1st April, 2017 | Changes in equity share capital during the year | Balance as at 31st March, 2018 |
|---|---|---|
| 2350.10 | (65.82) | 2284.28 |

**For the year ended 31st March, 2017**

(₹ in Lacs)

| Balance as at 1st April, 2016 | Changes in equity share capital during the year | Balance as at 31st March, 2017 |
|---|---|---|
| 2449.50 | (99.40) | 2350.10 |

**(b) Other equity**

(₹ in Lacs)

| | Share application money pending allotment | Reserves and surplus | | | | | | | Other comprehensive income | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Capital reserve | Securities premium reserve | Capital redemption reserve | Share options outstanding account | Storage fund for molasses | General reserve | Retained earnings | Re-measurement of defined benefit plan | |
| **Balance as at 1st April, 2017** | **-** | **1075.58** | **34466.26** | **2754.10** | **18.09** | **117.75** | **64977.91** | **48365.62** | **-** | **151775.31** |
| **Changes in equity during the year ended 31st March, 2018** | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 22112.06 | - | 22112.06 |
| Other comprehensive income/ (loss) for the year | - | - | - | - | - | - | - | - | (455.20) | (455.20) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **22112.06** | **(455.20)** | **21656.86** |
| Share application money pending for allotment | 4.50 | - | - | - | - | - | - | - | - | 4.50 |
| Exercise of stock options | - | - | 12.56 | - | (4.86) | - | - | - | - | 7.70 |
| Right share issued eralier kept in abeyance | - | - | 0.09 | - | - | - | - | - | - | 0.09 |
| Transfer on account of buy-back of equity shares | - | - | (66.00) | 66.00 | - | - | - | - | - | - |
| Utilized on account of buy-back of equity shares | - | - | (9834.00) | - | - | - | - | - | - | (9834.00) |
| Buy back expenses (net of tax, ₹ Nil) | - | - | - | - | - | - | - | (130.51) | - | (130.51) |
| Storage fund for molasses created during the year | - | - | - | - | - | 22.19 | - | - | - | 22.19 |
| Transfer to retained earnings | - | - | - | - | - | - | - | (455.20) | 455.20 | - |
| Interim dividend | - | - | - | - | - | - | - | (5875.56) | - | (5875.56) |
| Dividend distribution tax on interim dividend | - | - | - | - | - | - | - | (1196.13) | - | (1196.13) |
| **Balance as at 31st March, 2018** | **4.50** | **1075.58** | **24578.91** | **2820.10** | **13.23** | **139.94** | **64977.91** | **62820.28** | **-** | **156430.45** |

# Statement of Changes in Equity for the year ended 31st March, 2018

**(b) Other equity** *(contd.)*

(₹ in Lacs)

| | Share application money pending allotment | Reserves and surplus | | | | | | | Other comprehensive income | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Capital reserve | Securities premium reserve | Capital redemption reserve | Share options outstanding account | Storage fund for molasses | General reserve | Retained earnings | Re-measurement of defined benefit plan | |
| **Balance as at 1st April, 2016** | **-** | **1075.58** | **51917.94** | **2654.10** | **53.12** | **114.30** | **64977.91** | **(91.21)** | **-** | **120701.74** |
| **Changes in equity during the year ended 31st March, 2017** | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 59228.65 | - | 59228.65 |
| Other comprehensive income/ (loss) for the year | - | - | - | - | - | - | - | | (362.95) | (362.95) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **59228.65** | **(362.95)** | **58865.70** |
| Exercise of stock options | - | - | 48.32 | - | (21.62) | - | - | - | - | 26.70 |
| Forfeiture of stock options | - | - | - | - | (13.41) | - | - | - | - | (13.41) |
| Transfer on account of buy-back of equity shares | - | - | (100.00) | 100.00 | - | - | - | - | - | - |
| Utilized on account of buy-back of equity shares | - | - | (17400.00) | - | - | - | - | - | - | (17400.00) |
| Buy back expenses (net of tax ₹ 46.94 Lacs) | - | - | - | - | - | - | - | (88.70) | - | (88.70) |
| Storage fund for molasses created during the year | - | - | - | - | - | 18.61 | - | - | - | 18.61 |
| Storage fund for molasses utilized during the year | - | - | - | - | - | (15.16) | - | - | - | (15.16) |
| Transfer to retained earnings | - | - | - | - | - | - | - | (362.95) | 362.95 | - |
| Interim dividend | - | - | - | - | - | - | - | (8574.59) | - | (8574.59) |
| Dividend distribution tax | - | - | - | - | - | - | - | (1745.58) | - | (1745.58) |
| **Balance as at 31st March, 2017** | **-** | **1075.58** | **34466.26** | **2754.10** | **18.09** | **117.75** | **64977.91** | **48365.62** | **-** | **151775.31** |

Significant accounting policies and the accompanying notes 2 to 38 are an integral part of the standalone financial statements.

As per our report of even date attached.

For **LODHA & CO.**
Chartered Accountants
Firm's Registration No. - 301051E

**Sd/-**
(R. P. Singh)
Partner
Membership No. 052438

Place of Signature: Kolkata
Date: 19th May, 2018

For and on behalf of the Board of Directors

**Sd/-**
Nitin Bagaria
Company Secretary

**Sd/-**
Pramod Patwari
Chief Financial Officer

**Sd/-**
Dr. Arvind Krishna Saxena
Whole-time Director
DIN - 00846939

**Sd/-**
Vivek Saraogi
Managing Director
DIN - 00221419

# Cash Flow Statement for the year ended 31st March, 2018

(₹ in Lacs)

| Particulars | | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|---|
| **A CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| **Profit before tax** | | | **33218.43** | | **73414.81** |
| *Adjustments to reconcile profit before tax to net cash flow provided by operating activities:* | | | | | |
| Finance costs | | 5203.00 | | 5542.80 | |
| Depreciation and amortisation expense | | 9522.11 | | 10493.71 | |
| Loss on sale/discard of property, plant and equipment (net) | | 283.11 | | 2925.76 | |
| Sundry debit balances/advances written off | | 75.01 | | 49.07 | |
| Transfer to storage fund for molasses | | 22.19 | | 18.61 | |
| Allowance for doubtful receivables, loans and advances | | 97.63 | | 8.27 | |
| Loss on sale of non-current investment of an associate | | - | | 458.95 | |
| Cane commission subsidy no longer receivable written off | | - | | 2106.83 | |
| Bad debts written off | | - | | 24.86 | |
| Fair value loss on financial instruments at fair value through profit or loss | | - | | 8.82 | |
| Interest income on financial assets | | (205.49) | | (382.77) | |
| Gain on sale of non-current investment in a subsidiary | | (20.65) | | - | |
| Unspent liabilities/balances written back | | (711.77) | | (336.61) | |
| Provision for contingencies written back | | (6.31) | | - | |
| Provision for doubtful advances written back | | (0.05) | | - | |
| Deferred income | | (7.09) | | (7.09) | |
| Provision for wealth tax written back | | - | | (7.87) | |
| Storage fund for molasses written back | | - | | (15.16) | |
| Expense on employee stock option scheme | | - | | (13.41) | |
| | | | **14251.69** | | **20874.77** |
| **Operating profit before working capital changes** | | | **47470.12** | | **94289.58** |
| *Adjustments to reconcile operating profit to cash flow provided by changes in working capital :* | | | | | |
| Decrease/(increase) in inventories | | 43337.78 | | (44873.94) | |
| Decrease/(increase) in biological assets | | 0.73 | | (8.89) | |
| (Increase)/decrease in trade and other receivables | | (2041.99) | | 3626.31 | |
| Decrease/(increase) in loans | | 24.06 | | (6.49) | |
| Decrease/(increase) in other financial assets | | (4867.57) | | 3200.76 | |
| Decrease in other non-current and other current assets | | 643.77 | | 1928.95 | |
| Deposit for cane price payment (escrow) | | (46.53) | | - | |
| Increase/(decrease) in trade and other payables | | 49565.13 | | (12464.93) | |
| (Decrease)/increase in other non-current and other current financial liabilities | | (564.35) | | 1498.25 | |
| (Decrease)/increase in other non-current and other current liabilities | | (3300.21) | | 2047.51 | |
| (Decrease) in provision for employee benefits/wealth tax | | (414.77) | | (464.00) | |
| | | | 82336.05 | | (45516.47) |
| Cash generated from operations | | | **129806.17** | | **48773.11** |
| Tax expense (excluding wealth tax) | | | (11821.98) | | (14139.29) |
| **Net cash generated from operating activities** | **(A)** | | **117984.19** | | **34633.82** |
| **B CASH FLOW FROM INVESTING ACTIVITIES** | | | | | |
| Additions to property, plant & equipment and intangibles assets | | (13571.74) | | (12955.94) | |
| Sale of property, plant & equipment and intangibles assets | | 357.39 | | 728.30 | |
| Purchase of shares of associate | | (3750.00) | | (2228.63) | |
| Sale of debentures | | - | | 2227.50 | |
| Sale of shares of subsidiary | | 20.65 | | - | |
| Purchase of national savings certificates | | (0.55) | | (0.05) | |
| Proceeds from maturity of national savings certificates (NSC) | | 1.05 | | 1.16 | |
| Fixed deposits placed with banks | | (154.48) | | (106.96) | |
| Fixed deposits redeemed from banks | | 92.74 | | 94.33 | |
| Loan received back from a corporate | | 920.00 | | - | |
| Interest received on debentures/inter corporate deposits/fixed deposits and NSC | | 152.49 | | 716.35 | |
| **Net cash used in investing activities** | **(B)** | | **(15932.45)** | | **(11523.94)** |

# Cash Flow Statement for the year ended 31st March, 2018 (contd.)

(₹ in Lacs)

| Particulars | | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|---|
| **C CASH FLOW FROM FINANCING ACTIVITIES** | | | | | |
| Proceeds from issuance of equity shares on exercise of employee stock option and rights issue | | 7.97 | | 27.30 | |
| Payment towards buy-back of shares | | (9900.00) | | (17500.00) | |
| Buy back expenses | | (130.51) | | (135.64) | |
| Deposit for buy-back of shares (escrow) | | (266.25) | | - | |
| Share application money received pending for allotment | | 4.50 | | - | |
| Repayment of long-term borrowings | | (8053.93) | | (47185.19) | |
| Proceeds /(repayment) from issue of commercial paper (net) | | (95526.25) | | 95526.25 | |
| Proceeds/(repayment) of other short-term borrowings (net) | | 24334.70 | | (37224.39) | |
| Interest expense | | (5364.12) | | (6391.93) | |
| Payment on settlement of derivatives | | - | | (8.82) | |
| Other borrowing costs | | (44.06) | | (59.54) | |
| Interim dividend paid | | (5875.56) | | (8574.59) | |
| Dividend distribution tax paid | | (1196.13) | | (1745.58) | |
| **Net cash (used in) financing activities** | **(C)** | | **(102009.64)** | | **(23272.13)** |
| **Net increase in cash and cash equivalents** | **(A+B+C)** | | **42.10** | | **(162.25)** |
| Opening cash and cash equivalents | | | 203.05 | | 365.30 |
| **Closing cash and cash equivalents for the purpose of Cash Flow Statement** | | | **245.15** | | **203.05** |

**Notes:**

1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS) 7 on Statement of Cash Flows.
2) Interest expense is inclusive of, and additions to property, plant and equipment and intangible assets are exclusive of, interest capitalised ₹ Nil (Previous year: ₹530.03 lacs). Further, other borrowing costs is inclusive of, and additions to property, plant and equipment and intangible assets are exclusive of, other borrowing cost capitalised ₹ Nil (Previous year: ₹ Nil).
3) Additions to fixed assets include movement of Capital work-in-progress during the year.
4) Proceeds/(repayment) of/from commercial paper and other short-term borrowings qualify for disclosure on net basis.
5) Cash and cash equivalents do not include any amount which is not available to the Company for its use.
6) **Cash and cash equivalents as at the Balance Sheet date consists of:**

(₹ in Lacs)

| | | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|---|
| a) | Balance with banks on current accounts | | 199.29 | | 126.99 |
| b) | Cheques on hand | | 0.05 | | 0.20 |
| c) | Cash on hand | | 45.81 | | 75.86 |
| | **Closing cash and cash equivalents (Refer Note No. 13)** | | **245.15** | | **203.05** |

7) **Change in Company's liabilities arising from financing activities:**

(₹ in Lacs)

| | | As at 31st March, 2017 | Cash flows* | Non-Cash Flows^ | As at 31st March, 2018 |
|---|---|---|---|---|---|
| a) | Long term borrowings [Refer Note no. 20 (i)] | 12430.54 | - | (11363.73) | 1066.81 |
| b) | Current maturities of long term debt [Refer Note no. 21 (ii)] | 8053.93 | (8053.93) | 11363.73 | 11363.73 |
| c) | Short term borrowings [Refer Note no. 20 (ii)] ** | 62217.46 | 24334.70 | - | 86552.16 |
| d) | Commerical papers [Refer Note no. 20 (ii)] ** | 95526.25 | (95526.25) | - | - |
| e) | Interest accrued but not due on borrowings [Refer Note no. 21 (i) & (ii)] | 820.39 | (514.20) | 309.02 | 615.21 |
| | **Total** | **179048.57** | **(79759.68)** | **309.02** | **99597.91** |

* Includes cash flows on account of both principal and interest.

^ Includes amount on account of effect of change in foreign exchange rates and changes in fair values - Nil.

** Cash flows represetns cash flows during the year on net basis.

8) Figure in brackets represent cash outflow from respective activities.
9) As breakup of cash and cash equivalents is also available in Note No. 13, reconciliation of items of cash and cash equivalents as per Cash Flow Statement with the respective items reported in the Balance Sheet is not required and hence not provided.

The accompanying notes 2 to 38 are an integral part of the standalone financial statements.

As per our report of even date attached.

For **LODHA & CO.**
Chartered Accountants
Firm's Registration No. - 301051E

For and on behalf of the Board of Directors

| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| (R. P. Singh) | Nitin Bagaria | Pramod Patwari | Dr. Arvind Krishna Saxena | Vivek Saraogi |
| Partner | Company Secretary | Chief Financial Officer | Whole-time Director | Managing Director |
| Membership No. 052438 | | | DIN - 00846939 | DIN - 00221419 |

Place of Signature: Kolkata
Date: 19th May, 2018

# Notes forming part of the Standalone Financial Statements

## Note No. : 1 Corporate information

Balrampur Chini Mills Limited ("BCML" or "the Company") is a public limited company incorporated and domiciled in India and has its registered office situated at FMC Fortuna, 2nd floor, 234/3A, A.J.C. Bose Road, Kolkata – 700020, West Bengal, India.

The Company's shares are listed on the BSE Ltd., National Stock Exchange of India Ltd. and The Calcutta Stock Exchange Ltd.

The Company is one of the largest integrated sugar manufacturing companies in India. The principal activity of the Company is manufacturing and sale of sugar. Besides this, the allied business activities undertaken by the company primarily consists of manufacturing and sale of Ethyl Alcohol, Ethanol and generation and sale of power.

The financial statements for the year ended 31st March, 2018 were approved for issue by the Board of Directors of the Company on 19th May, 2018 and is subject to the adoption by the shareholders in the ensuing Annual General Meeting.

## Note No. : 2 Significant accounting policies

### 2.1 Statement of Compliance with Ind AS

The financial statements have been prepared in accordance with Ind AS prescribed under section 133 of the Companies Act, 2013 ("Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are approved for issue by the Board of Directors has been considered in preparing these financial statements.

Accounting Policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

### 2.2 Recent pronouncements

On 28th March, 2018, Ministry of Corporate Affairs ("MCA") has issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 notifying Ind AS 115, "Revenue from Contract with Customers" and Appendix B to Ind AS 21 "Foreign currency transactions and advance consideration" which are applicable with effect from financial periods beginning on or after 1st April, 2018.

**Ind AS 115 – Revenue from Contract with Customers**

The standard requires that an entity should recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effect of this amendment on the financial statements of the Company is being evaluated.

**Ind AS 21 – Appendix B "Foreign currency transactions and advance consideration"**

This Appendix applies to a foreign currency transaction (or part of it) when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income (or part of it). The effect of this amendment on the financial statements of the Company is being evaluated.

### 2.3 Basis of preparation

#### (a) Historical cost convention

These financial statements have been prepared under the historical cost convention on accrual basis, except certain financial assets and financial liabilities and biological assets which are measured in terms of relevant Ind AS at fair value / costs at the end of each balance sheet date.

Historical cost is generally based on the fair value of the consideration in exchange for goods and services.

Note No. : 2 Significant accounting policies *(contd.)*

**(b) Current and non - current classification**

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**(c) Functional /Presentation currency and rounding-off of amounts**

The financial statements including notes thereon are presented in Indian Rupees ("Rupees"or"Rs." or "₹"), which is the Company's functional and presentation currency. All amounts disclosed in the financial statements including notes thereon have been rounded off to the nearest lacs as per the requirement of Schedule III to the Act, unless stated otherwise.

**(d) 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 under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed for such measurement:

(i) Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: inputs other than quoted prices included within level 1 that are observable either directly or indirectly for the asset or liability.

(iii) Level 3: inputs for the asset or liability which are not based on observable market data.

**2.4 Revenue recognition**

Revenue is recognised to the extent it is probable that economic benefits would flow to the Company and the revenue can be reliably measured, regardless of when the revenue proceeds is received from customers.

Revenue is measured at the fair value of the consideration received/receivable taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

Revenue is recognised only if the following conditions are satisfied:

(a) The Company has transferred risks and rewards incidental to ownership to the customer;

(b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) It is probable that the economic benefit associated with the transaction will flow to the Company;

(d) It can be reliably measured and it is reasonable to expect ultimate collection.

**The specific recognition criteria for revenue recognition are as follows:**

**(i) Sale of goods**

Sale of goods is recognised at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration. It includes excise duty and cess upto 30th June 2017 and excludes indirect taxes, trade discounts and rebates (if any).

**(ii) Income from sale of Renewable Energy Certificates (RECs)**

Income from sale of RECs is recognised on delivery of RECs to the customers' account as evidenced by the receipt of confirmation of execution of delivery instructions.

**(iii) Interest income**

For all debt instruments measured at amortised cost, interest income is recognised using the Effective Interest Rate ("EIR"). Interest income is included in "Other Income" in the Statement of Profit and Loss.

# Notes forming part of the Standalone Financial Statements

Note No. : 2 Significant accounting policies *(contd.)*

**(iv) Dividend income**

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

**(v) Insurance claims**

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

**(vi)** All other income are accounted for on accrual basis.

**2.5 Expenses**

All expenses are accounted for on accrual basis.

**2.6 Property, plant and equipment (PPE) and Capital work-in-progress (CWIP)**

(a) All PPE are measured at cost less accumulated depreciation and accumulated impairment losses, if any. For this purpose cost include deemed cost on the date of transition and includes the purchase cost of assets, including import duties and non-refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets are capitalised as part of the cost of the asset until such time that the asset is ready for its intended use.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the part will flow to the Company and its cost can be measured reliably.

(b) The carrying amount of the replaced part is derecognised. The costs of regular servicing of property, plant and equipment are recognised in the Statement of Profit and Loss as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use, if any, is included in the cost of the respective asset, if the recognition criteria for provisions are met.

When parts of an item of PPE have different useful lives, they are accounted for as separate components.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss.

**(c) Depreciation methods, estimated useful lives and residual value**

Freehold land is not depreciated. Lease-hold land and lease hold improvements are amortised over the lower of estimated useful life and lease term.

Depreciation on other items of PPE commences when the assets are ready for their intended use. It is provided on a straight-line basis to allocate their cost, net of their residual value over the estimated useful life of the respective asset as specified in Schedule II to the Companies Act, 2013, except, certain motor vehicles and mobile phones. The said motor vehicles and mobile phones are depreciated over a period of five years and three years respectively.

The estimated useful lives are determined based on assessment made by technical experts, in order to reflect the actual usage of the assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Note No. : 2 Significant accounting policies *(contd.)*

**The estimated useful lives considered are as follows:**

| Category | Useful life | |
|---|---|---|
| | 31st March, 2018 | 31st March 2017 |
| Buildings | 03 - 60 years | 03 - 60 years |
| Roads | 03 - 10 years | 03 - 10 years |
| Plant and equipment | 08 - 25 years | 08 - 25 years |
| Furniture and fixtures | 10 years | 10 years |
| Vehicles | 05- 10 years | 08 - 10 years |
| Office equipment | 03 - 05 years | 03 - 05 years |
| Computers | 03 - 06 years | 03 - 06 years |
| Electrical installation and equipment | 05 - 10 years | 05 - 10 years |
| Pipelines | 15 years | 15 years |

Each item of PPE individually costing ₹5,000/- or less is depreciated over a period of one year from the date the said asset is available for use.

The residual value of an item of PPE is not more than 5% of the original cost of the respective asset.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year and are given effect to, wherever appropriate.

**(d) Expenditure during construction period**

Directly attributable expenditure (including finance costs relating to borrowed funds for construction or acquisition of PPE) incurred on projects under implementation are treated as pre-operative expenses pending allocation to the assets and are shown under Capital work-in-progress. Capital work-in-progress is stated at the amount expended upto the balance sheet date on assets or PPE that are not yet ready for their intended use.

**2.7 Intangible assets (Computer Software)**

(a) Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset.

Acquired computer software is measured at original cost less accumulated amortisation and impairment losses, if any.

Cost includes acquisition price, licence fees, non-refundable taxes and costs of implementation/system integration services and any directly attributable expenses, wherever applicable for bringing the asset to its working condition for the intended use.

(b) Amortization methods, estimated useful lives and residual value

Computer Software is amortised on a straight-line basis over its estimated useful lives of five years from the date they are available for use.

The estimated useful lives, residual values and amortization method are reviewed at the end of each financial year and are given effect to, wherever appropriate.

(c) The cost and related accumulated amortization are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss.

**2.8 Inventories**

(a) Inventories (other than by-products and scraps) are valued at lower of cost and net realisable value after providing for obsolescence, if any.

Cost of inventory comprises of purchase price, cost of conversion and other directly attributable costs that have been incurred in bringing the inventories to their respective present location and condition. Borrowing costs are not included in the value of inventories.

# Notes forming part of the Standalone Financial Statements

Note No. : 2 Significant accounting policies *(contd.)*

The cost of inventories is computed on weighted average basis. Inventories are written down on a case-by-case basis if the anticipated net realizable value declines below the carrying amount of the inventories. Such write downs are recognised in the Statement of Profit and Loss. When the reason for a write-down of the inventories ceases to exist, the write-down is reversed.

Net realisable value (NRV) 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.

(b) By-products and scraps are valued at net realisable value.

**2.9 Biological assets**

Biological assets comprise standing crops (crops under development) of sugarcane.

The biological process starts with preparation of land for planting, seedlings and ends with the harvesting of crops. When harvested, cane is transferred to inventory at fair value less costs to sell or at cost whichever applicable.

For biological assets, where little biological transformation has taken place since the initial cost was incurred (for example seedlings planted immediately before the balance sheet date), such biological assets are measured at cost i.e. the total expenses incurred on such plantation upto the balance sheet date.

**2.10 Government grants**

Government grants are recognised at fair value when there is reasonable assurance that the grant would be received and the Company would comply with all the conditions attached with them.

Government grants related to PPE are treated as deferred income (included under non-current liabilities with current portion considered under current liabilities) and are recognised and credited in the Statement of Profit and Loss on a systematic and rational basis over the estimated useful life of the related asset and included under "Other Income".

Government grants related to revenue nature are recognised on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs and are adjusted with the related expenditure. If not related to a specific expenditure, it is taken as income and presented under "Other Income".

The benefit of a government loan at a below-market rate of interest or loan with interest subvention is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

**2.11 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset till such time that is required to complete and prepare the asset to get ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

**2.12 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 and the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

**(a) When the Company is a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. Leases under which substantially all the risks and rewards of ownership are transferred to the Company are classified as finance leases.

Note No. : 2 Significant accounting policies *(contd.)*

On initial recognition, the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Payment made under operating leases are recognised as expense in the Statement of Profit and Loss on a straight line basis over the lease term, unless the receipts are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

(**b**) **When the Company is a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the escalation of lease rentals is in line with the expected general inflation so as to compensate the lessor for expected inflationary cost, the increases in the rentals is not straight lined.

**2.13 Provisions, contingent liabilities and contingent assets**

(a) A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the passage of time is recognised as finance costs.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to provision is presented in the Statement of Profit and Loss, net of any reimbursement.

(b) A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation.

A contingent liability is not recognised in the financial statements, however, is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

If it becomes probable that an outflow of future economic benefits will be required for an item dealt with as a contingent liability, a provision is recognised in the financial statements of the period (except in the extremely rare circumstances where no reliable estimate can be made).

(c) A contingent asset is not recognised in the financial statements, however, is disclosed, where an inflow of economic benefits is probable.

(d) Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

**2.14 Dividend payable**

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividend are recorded as a liability on the date of declaration by the Company's Board of Directors. A corresponding amount is recognised directly in equity.

# Notes forming part of the Standalone Financial Statements

Note No. : 2 Significant accounting policies *(contd.)*

**2.15 Foreign currency transactions and translations**

**(a) Functional and presentation currency**

The items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Indian Rupee (INR), which is the Company's functional as well as presentation currency.

**(b) Transactions and balances**

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

Monetary assets and liabilities related to foreign currency transactions remaining outstanding at the balance sheet date are translated at the functional currency spot rate of exchange prevailing at the balance sheet date. Any income or expense arising on account of foreign exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

Non-monetary items which are carried at historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial transaction.

**2.16 Employee benefits**

**(a) Short-term employee benefits**

Short-term employee benefits in respect of salaries and wages, including non-monetary benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

**(b) Defined contribution plans**

The Company pays provident and other fund contributions to publicly administered fund as per related Government regulations.

The Company has no further obligation, other than the contributions payable to the respective funds. The Company recognises contribution payable to such funds as an expense, when an employee renders the related service.

**(c) Defined benefit plans**

The Company operates a defined benefit gratuity plan, which requires contributions to be made to The Balrampur Sugar Company Limited Employees Gratuity Fund (the Trust). Trustees administer contributions made to the Trust and contributions are invested through insurance companies.

The liability or asset recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated by external actuaries using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to Retained Earnings through Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

**Past service costs are recognised in profit or loss on the earlier of:**

(i) The date of the plan amendment or curtailment, and

(ii) The date that the Company recognises related restructuring costs.

Note No. : 2 Significant accounting policies *(contd.)*

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

(i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and

(ii) Net interest expense or income.

**d) Compensated absences**

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method for the unused entitlement that has accumulated as at the balance sheet date.

The benefits are discounted using the market yields as at the end of the balance sheet date that has terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

**2.17 Share based payments (Employee stock option)**

The eligible employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to equity share capital (par value of the equity share) and securities premium reserve. The Company determines the compensation cost based on the intrinsic value method. The compensation cost is amortised on a straight line basis over the vesting period.

**2.18 Financial instruments**

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and financial liabilities at initial recognition based on its nature and characteristics.

**Financial assets**

**(a) Initial recognition and measurement**

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

The financial assets include equity and debt securities, trade and other receivables, loans and advances, cash and bank balances and derivative financial instruments.

**(b) Subsequent measurement**

**For the purpose of subsequent measurement, financial assets are classified in the following categories:**

(i) At amortised cost,

(ii) At fair value through other comprehensive income (FVTOCI), and

(iii) At fair value through profit or loss (FVTPL).

**Financial assets at amortised cost**

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

(i) The asset is held within a business model whose objective is to hold the asset for collecting contractual cash flows, and

(ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost is determined using the Effective Interest Rate (EIR) method. Discount or premium on acquisition and fees or costs forms an integral part of the EIR.

# Notes forming part of the Standalone Financial Statements

## Note No. : 2 Significant accounting policies *(contd.)*

**Equity investments**

All equity investments in the scope of Ind AS 109 are measured at fair value except in case of investment in subsidiary as on the transition date to Ind AS carried at deemed cost and subsequent to the transition date, investments in subsidiaries or associates, as the case may be, carried at cost.

The Company makes an election to present changes in fair value either through OCI or through profit or loss on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in OCI. Profit or loss arising on sale thereof is also taken to OCI and the amount accumulated in this respect is transferred within the equity.

**(c) De-recognition**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

**Financial liabilities**

**(a) Initial recognition and measurement**

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

The financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, derivative financial instruments, etc.

**(b) Subsequent measurement**

**For the purpose of subsequent measurement, financial liabilities are classified in two categories:**

(i) Financial liabilities at amortised cost, and

(ii) Derivative instruments at fair value through profit or loss (FVTPL).

**Financial liabilities at amortised cost**

After initial recognition, financial liabilities 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.

Discount or premium on acquisition and fees or costs forms an integral part of the EIR.

**(c) De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**Derivative financial instruments**

**Initial recognition and subsequent measurement**

A derivative financial instrument, such as foreign exchange forward contracts are used to hedge foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities including derivative instruments are offset and the net amount is reported in the Balance Sheet, if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Note No. : 2 Significant accounting policies *(contd.)*

**Equity Share capital**

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Incremental costs directly attributable to the issuance of new equity shares are recognised as a deduction from equity, net of any tax effects.

**2.19 Impairment of assets**

**(a) Non-financial assets**

Property, plant and equipment and intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment loss previously recognised is reversed so that the asset is recognised at its recoverable amount but not exceeding the value which would have been reported in this respect if the impairment loss had not been recognised.

**(b) Financial assets**

The Company recognises loss allowances using the Expected Credit Loss ("ECL") model for the financial assets which are not fair valued through profit or loss.

ECL impairment loss allowance is measured at an amount equal to lifetime ECL.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income or expense in the Statement of Profit and Loss. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance sheet. The allowance reduces the net carrying amount.

Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**2.20 Taxes**

Income tax expense comprises current tax and deferred tax and is recognised in the Statement of Profit and Loss except to the extent it relates to items directly recognised in Equity or in Other Comprehensive Income (OCI).

**(a) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities using the tax rates and tax laws that are enacted or substantively enacted by the balance sheet date and applicable for the period.

Current tax items in correlation to the underlying transaction relating to OCI and Equity are recognised in OCI and in Equity respectively.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

# Notes forming part of the Standalone Financial Statements

Note No. : 2 Significant accounting policies *(contd.)*

**(b) Deferred income tax**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 assets to be utilised.

Unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent where 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 realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws to the extent it is likely to give future economic benefits in the form of availability to set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off deferred tax assets against deferred tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.21 Earnings per share**

(a) Basic earnings per share are computed by dividing the net profit/(loss) after tax by the weighted average number of equity shares outstanding during the year.

(b) Diluted earnings per share are computed by dividing the net profit/(loss) after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are determined as at the end of each period presented.

The number of equity shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any share split and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

**2.22 Segment reporting**

Operating segments are identified and reported taking into account the different risk and return, organisational structure and internal reporting system.

**2.23 Cash and cash equivalents**

Cash and cash equivalents in the Balance sheet comprise cash on hand, cheques on hand, balance with banks on current accounts and short term, highly liquid investments with an original maturity of three months or less and which carry insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents, as defined above and net of outstanding book overdrafts (if any), as they are considered an integral part of the Company's cash management.

**2.24 Cash flow statement**

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

# Notes forming part of the Standalone Financial Statements

## Note No. : 3 Use of critical estimates, judgements and assumptions

The preparation of the financial statements in conformity with measurement principle under Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of revenue, expenses, assets and liabilities including the accompanying disclosures and the disclosure of contingent assets and liabilities.

Estimates, judgements and assumptions are continuously evaluated. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

**Estimates and assumptions**

The Company based its estimates, judgements and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The application of accounting policies that require critical judgements and accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed herein below.

**(i) Estimated useful life of property, plant and equipment (PPE)**

PPE represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual value of the asset are determined by the management when the asset is acquired and reviewed periodically including at each financial year end. The lives are based on technical evaluation, technological obsolesces and historical experience with similar assets as well as anticipation of future events, which may impact their lives.

**(ii) Current taxes and deferred taxes**

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes.

Deferred tax assets are recognised for unused losses (carry forward of prior years' losses) and unused tax credit to the extent that it is probable that taxable profit would be available against which the losses could be utilised. Significant management judgment 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.

**(iii) Estimation of defined benefit obligations**

The cost of the defined benefit gratuity plan 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 least each financial year end.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the actuary considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. 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.

# Notes forming part of the Standalone Financial Statements

## Note No. : 3 Use of critical estimates, judgements and assumptions *(contd.)*

**(iv) Estimated fair value of unlisted securities**

The fair values of financial instruments that are not traded in an active market and cannot be measured based on quoted prices in active markets is determined using valuation techniques including the Discounted Cash Flow (DCF) model. The Company uses its judgement to select a variety of method / methods and make assumptions that are mainly based on market conditions at regular intervals.

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.

Such changes are reflected in the assumptions when they occur.

**(v) Provisions and contingencies**

The timing of recognition and quantification of the provisions and contingent liabilities requires the application of judgement to existing facts and circumstances which can be subject to change. Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies / claims/ litigations against the Company.

# Notes forming part of the Standalone Financial Statements

## Note No. : 4 Property, plant and equipment and Capital work-in-progress

(₹ in Lacs)

| Particulars | Property, plant and equipment | | | | | | | | | | | | Capital work-in-progress @ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Land (Free hold) | Land (Lease hold) | Buildings | Roads | Plant and equipment | Furniture & Fixtures | Vehicles | Office equipment | Computers | Electrical Installation and equipment | Pipelines | Total | |
| **Gross block** | | | | | | | | | | | | | |
| **Gross carrying amount as at 1st April, 2017** | **6824.83** | **399.29** | **34932.32** | **1437.18** | **99066.16** | **648.68** | **1145.69** | **156.06** | **512.28** | **9538.07** | **7004.84** | **161665.40** | **612.95** |
| Additions during the year | - | 3.25 | 1572.14 | 154.28 | 8762.63 | 109.47 | 491.05 | 24.16 | 162.28 | 1672.87 | 666.60 | 13618.73 | 13058.08 |
| Disposals/deductions during the year | 241.27 | - | 12.71 | - | 289.61 | 14.01 | 198.91 | 12.15 | 16.82 | 14.76 | 23.68 | 823.92 | 12545.82 |
| **Gross carrying amount as at 31st March, 2018** | **6583.56** | **402.54** | **36491.75** | **1591.46** | **107539.18** | **744.14** | **1437.83** | **168.07** | **657.74** | **11196.18** | **7647.76** | **174460.21** | **1125.21** |
| **Depreciation /amortisation** | | | | | | | | | | | | | |
| **Accumulated depreciation / amortisation as at 1st April, 2017** | - | 12.80 | 2448.61 | 1007.69 | 10050.49 | 238.06 | 254.91 | 52.12 | 194.04 | 5060.11 | 1396.81 | 20715.64 | - |
| Depreciation/ amortisation for the year | - | 6.42 | 1278.79 | 153.92 | 5746.37 | 84.16 | 305.75 | 28.42 | 133.39 | 886.22 | 803.28 | 9426.72 | - |
| Disposals/deductions during the year | - | - | 3.35 | - | 42.02 | 6.75 | 100.91 | 5.27 | 9.73 | 8.20 | 7.20 | 183.43 | - |
| **Accumulated depreciation / amortisation as at 31st March, 2018** | **-** | **19.22** | **3724.05** | **1161.61** | **15754.84** | **315.47** | **459.75** | **75.27** | **317.70** | **5938.13** | **2192.89** | **29958.93** | **-** |
| **Net carrying amount as at 31st March, 2018** | **6583.56** | **383.32** | **32767.70** | **429.85** | **91784.34** | **428.67** | **978.08** | **92.80** | **340.04** | **5258.05** | **5454.87** | **144501.28** | **1125.21** |
| **Gross block** | | | | | | | | | | | | | |
| **Gross carrying amount as at 1st April, 2016** | 6827.47 | 399.29 | 34435.84 | 1302.00 | 86635.52 | 554.05 | 947.59 | 127.50 | 376.80 | 7841.35 | 5169.51 | 144616.92 | 8647.05 |
| Additions during the year | - | - | 1228.11 | 136.19 | 15789.09 | 102.67 | 315.23 | 31.69 | 147.60 | 1768.26 | 1901.97 | 21420.81 | 11520.73 |
| Reclassification made during the year | - | - | 3.24 | - | (3.24) | - | - | - | - | - | - | - | - |
| Disposals/deductions during the year | 2.64 | - | 734.87 | 1.01 | 3355.21 | 8.04 | 117.13 | 3.13 | 12.12 | 71.54 | 66.64 | 4372.33 | 19554.83 |
| **Gross carrying amount as at 31st March, 2017** | **6824.83** | **399.29** | **34932.32** | **1437.18** | **99066.16** | **648.68** | **1145.69** | **156.06** | **512.28** | **9538.07** | **7004.84** | **161665.40** | **612.95** |
| **Depreciation /amortisation/ impairment** | | | | | | | | | | | | | |
| **Accumulated depreciation / amortisation as at 1st April, 2016** | - | 6.40 | 1411.30 | 572.50 | 5006.07 | 134.49 | 138.06 | 25.63 | 95.96 | 2964.72 | 684.90 | 11040.03 | - |
| Depreciation/ amortisation for the year | - | 6.40 | 1266.41 | 435.58 | 5434.55 | 107.83 | 155.48 | 27.74 | 106.30 | 2130.22 | 724.06 | 10394.57 | - |
| Reclassification made during the year | - | - | 0.18 | - | (0.18) | - | - | - | - | - | - | - | - |
| Disposals/deductions during the year | - | - | 229.28 | 0.39 | 389.95 | 4.26 | 38.63 | 1.25 | 8.22 | 34.83 | 12.15 | 718.96 | - |
| **Accumulated depreciation / amortisation as at 31st March, 2017** | **-** | **12.80** | **2448.61** | **1007.69** | **10050.49** | **238.06** | **254.91** | **52.12** | **194.04** | **5060.11** | **1396.81** | **20715.64** | **-** |
| **Net carrying amount as at 31st March, 2017** | **6824.83** | **386.49** | **32483.71** | **429.49** | **89015.67** | **410.62** | **890.78** | **103.94** | **318.24** | **4477.96** | **5608.03** | **140949.76** | **612.95** |

@ Refer Note No. 4A.

Notes :

(a) The finance costs on specific borrowing capitalised during the year amounted to ₹Nil (Previous year ₹87.92 Lacs) using the capitalization rate of Nil % (Previous year 10.00%) per annum which is the effective interest rate for the specific borrowings. Further, the Company has also capitalised borrowing costs on its general borrowings amounting to ₹Nil (Previous year ₹442.11 Lacs) using the weighted average capitalisation rate of Nil % (Previous year 8.03%) per annum.

b) The Company has availed loans from banks and other entities against security of the aforesaid assets (Refer Note No. 20 for charge created / security terms against the said borrowings).

c) The Company has entered into various agreements in respect of land under finance lease arrangements. The lease agreements include renewal and escalation clause and do not provide the Company a right to sub-lease. For most of the lease agreements, original lease term is 30 years subject to maximum of 90 years from the date of inception.

# Notes forming part of the Standalone Financial Statements

## Note No. : 4A Capital work-in-progress

(₹ in Lacs)

| Particulars | | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|---|
| **Plant and equipment / Civil work - in - progress** | | | | | |
| Additions during the year | | | 13051.38 | | 10517.68 |
| | **(A)** | | **13051.38** | | **10517.68** |
| **Preoperative expenses/ trial run expenses** | | | | | |
| **Additions during the year :** | | | | | |
| Cost of materials consumed | | | 30.58 | | 249.10 |
| **Employee benefits expense** | | | | | |
| Salaries and wages | | 2.50 | | 57.95 | |
| Contribution to provident and other funds | | 0.23 | | 4.61 | |
| Staff welfare expense | | - | 2.73 | 0.84 | 63.40 |
| **Finance costs** | | | | | |
| Interest | | | - | | 530.03 |
| **Depreciation expense** | | | 0.15 | | 0.14 |
| **Other expenses** | | | | | |
| Consumption of stores and spare parts | | 40.96 | | 20.76 | |
| Packing material | | 10.14 | | - | |
| Power and fuel | | 25.71 | | 80.30 | |
| Insurance | | - | | 0.55 | |
| Rates and taxes (excluding taxes on income) | | - | | 0.81 | |
| Professional expenses | | - | | 76.60 | |
| Miscellaneous expenses | | 25.23 | 102.04 | 49.35 | 228.37 |
| | **(B)** | | **135.50** | | **1071.04** |
| **Income during trial run :** | | | | | |
| **Inter division transfers** | | | | | |
| Steam | | - | | 15.91 | |
| Power | | - | - | 52.08 | 67.99 |
| **Credit during pre-operative / trial run :** | | | | | |
| Sale of goods | | 74.83 | | - | |
| Closing stock | | 53.97 | 128.80 | - | - |
| | **(C)** | | **128.80** | | **67.99** |
| Total additions during the year | **D= (A+B-C)** | | 13058.08 | | 11520.73 |
| **Balance brought forward** | | | | | |
| Plant and equipment/ Civil work - in- progress | **(E)** | | 612.95 | | 8647.05 |
| | **F = (D+E)** | | **13671.03** | | **20167.78** |
| Capitalised during the year | **(G)** | | 12545.82 | | 19554.83 |
| **Capital work-in-progress at the end of the year** | **H= (F-G)** | | **1125.21** | | **612.95** |

# Notes forming part of the Standalone Financial Statements

Note No. : 5 Intangible assets

(₹ in Lacs)

| Particulars | Intangible assets Computer Software (Acquired) |
|---|---|
| **Gross block** | |
| **Gross carrying amount as at 1st April, 2017** | 470.96 |
| Additions during the year | 19.64 |
| Disposals/deductions during the year | 0.01 |
| **Gross carrying amount as at 31st March, 2018** | **490.59** |
| **Amortisation** | |
| **Accumulated amortisation as at 1st April, 2017** | **190.81** |
| Amortisation for the year | 95.54 |
| Disposals/deductions during the year | - |
| **Accumulated amortisation as at 31st March, 2018** | **286.35** |
| **Net carrying amount as at 31st March, 2018** | **204.24** |
| **Gross block** | |
| **Gross carrying amount as at 1st April, 2016** | **374.46** |
| Additions during the year | 99.40 |
| Disposals/deductions during the year | 2.90 |
| **Gross carrying amount as at 31st March, 2017** | **470.96** |
| **Amortisation** | |
| **Accumulated amortisation as at 1st April, 2016** | **93.74** |
| Amortisation for the year | 99.28 |
| Disposals/deductions during the year | 2.21 |
| **Accumulated amortisation as at 31st March, 2017** | **190.81** |
| **Net carrying amount as at 31st March, 2017** | **280.15** |

**Note:**

The Company has availed loans from banks and other entities against security of the aforesaid assets (Refer Note No. 20 for charge created/security terms against the said borrowings).

# Notes forming part of the Standalone Financial Statements

## Note No. : 6 Investments

(₹ in Lacs)

| Particulars | Face value | Number of Shares / debentures | As at 31st March, 2018 | Number of Shares / debentures | As at 31st March, 2017 |
|---|---|---|---|---|---|
| **(a) Investment in Equity instruments (Carried at cost)** | | | | | |
| **Fully paid up :** | | | | | |
| **Unquoted** | | | | | |
| **In associates** | | | | | |
| Visual Percept Solar Projects Pvt. Ltd. Associate Company (w.e.f 24th January, 2017) [Refer Note No. 38(16)] | ₹10 | 8914500 | 2228.63 | 8914500 | 2228.63 |
| Auxilo Finserve Pvt. Ltd. Associate Company (w.e.f 20th March, 2018) [Refer Note No. 38(17)] | ₹10 | 37500000 | 3750.00 | - | - |
| **(A)** | | | **5978.63** | | **2228.63** |
| **(b) Investment in Equity instruments (Designated at fair value through other comprehensive income)** | | | | | |
| **Fully paid up :** | | | | | |
| **Unquoted** | | | | | |
| Asia Sugar Industries Pvt. Ltd. | ₹10 | 250000 | 55.39 | 250000 | 52.59 |
| Fortuna Services Ltd. | ₹1 | 70287 | 0.70 | 70287 | 0.70 |
| **(B)** | | | **56.09** | | **53.29** |
| **(c) Investment in Debentures # (Measured at amortised cost)** | | | | | |
| **Fully paid up :** | | | | | |
| **Unquoted** | | | | | |
| Visual Percept Solar Projects Pvt. Ltd. Associate Company (w.e.f 24th January, 2017) | ₹100 | 1822500 | 2274.12 | 1822500 | 2212.48 |
| **(C)** | | | **2274.12** | | **2212.48** |
| **(d) Investment in Post Office National Saving Certificates (Measured at amortised cost)** | | | | | |
| **Unquoted** (Deposited with government authorities) | | | 7.49 | | 7.99 |
| **(D)** | | | **7.49** | | **7.99** |
| **E = (A + B + C + D)** | | | **8316.33** | | **4502.39** |
| Aggregate amount of quoted investments | | | Not applicable | | Not applicable |
| Aggregate market value of quoted investments | | | Not applicable | | Not applicable |
| Aggregate amount of unquoted investments | | | 8316.33 | | 4502.39 |
| Aggregate amount of impairment in value of investments | | | Nil | | Nil |
| Aggregate amount of investments carried at amortised cost | | | 2281.61 | | 2220.47 |
| Aggregate amount of investments designated at fair value through other comprehensive income | | | 56.09 | | 53.29 |
| Aggregate amount of investments carried at cost | | | 5978.63 | | 2228.63 |

# Unsecured non-convertible debentures carrying overall simple yield to maturity of 9.50% p.a. The coupon amount is payable annually @ 5% p.a. for the first six years and 14% p.a. for the next six years. The debentures are redeemable at par at the end of twelve years from the date of allotment.

# Notes forming part of the Standalone Financial Statements

## Note No. : 7 Trade and other receivables (carried at amortised cost)

(i) Non-current *(Unsecured, considered good unless stated otherwise)*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Trade receivables** | | | | |
| Considered doubtful | | 97.63 | | - |
| Less : Allowance for bad and doubtful trade receivables | | 97.63 | | - |
| | | - | | - |

(ii) Current *(Unsecured, considered good unless stated otherwise)*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Trade receivables | | 18210.92 | | 16266.59 |
| Other receivables | | 10.39 | | 10.36 |
| | | **18221.31** | | **16276.95** |

## Note No. : 8 Other financial assets (carried at amortised cost)

(i) Non-current *(Unsecured, considered good unless stated otherwise)*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Security deposits | | 57.56 | | 72.99 |
| **Fixed deposits with banks** | | | | |
| (Bank deposits with more than 12 months maturity) | | | | |
| For Molasses storage fund (Earmarked) | 46.43 | | 34.57 | |
| Pledged with excise authorities | 45.01 | 91.44 | 25.01 | 59.58 |
| **Interest accrued but not due on** | | | | |
| Fixed deposits with banks | 5.27 | | 6.97 | |
| National saving certificates | 3.29 | 8.56 | 3.39 | 10.36 |
| | | **157.56** | | **142.93** |

(ii) Current *(Unsecured, considered good unless stated otherwise)*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Advances to employees | | 104.04 | | 68.16 |
| Security deposits | | 2.00 | | 2.00 |
| Claims receivable* | | 5053.26 | | 174.75 |
| **Interest accrued but not due on** | | | | |
| Debentures @ | - | | 13.26 | |
| Fixed deposits with banks | 16.93 | | 11.03 | |
| Others | 2.21 | 19.14 | 1.69 | 25.98 |
| Miscellaneous | | 8.06 | | 39.45 |
| | | **5186.50** | | **310.34** |
| @ Due from an associate company (₹in Lacs) | | - | | 13.26 |
| * Includes claim for subsidy [Refer Note No. 38(5)(a)] | | | | |

# Notes forming part of the Standalone Financial Statements

## Note No. : 9 Non-current tax assets (net)

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Advance tax | | 29826.26 | | 18495.05 |
| Less : Provision for taxation | | 24993.71 | | 18393.55 |
| | | **4832.55** | | **101.50** |

## Note No. : 10 Other non-current assets (Unsecured, considered good unless stated otherwise)

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Capital advances | | 144.65 | | 581.22 |
| Advances other than capital advances | | | | |
| **Other advances** | | | | |
| Advances to suppliers and others | | | | |
| Considered doubtful | 16.33 | | 16.38 | |
| Less: Allowance for bad and doubtful advances | 16.33 | - | 16.38 | - |
| **Others** | | | | |
| Prepaid expenses | 53.30 | | 35.52 | |
| Duties and taxes paid under protest | 322.54 | 375.84 | 337.43 | 372.95 |
| | | **520.49** | | **954.17** |

## Note No. : 11 Inventories

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Raw materials | 7751.62 | | 5563.85 | |
| Add : Goods-in-transit | 87.33 | 7838.95 | 5.39 | 5569.24 |
| Packing materials | | 563.60 | | 86.40 |
| **Work-in-progress** | | | | |
| Sugar | 3511.47 | | 2368.26 | |
| Molasses | 333.63 | 3845.10 | 223.97 | 2592.23 |
| **Finished goods** | | | | |
| Sugar | 151651.93 | | 204419.91 | |
| Industrial alcohol | 2884.21 | | 3443.52 | |
| Banked power | 67.12 | | 77.47 | |
| Others | 71.64 | 154674.90 | - | 207940.90 |
| Stores and spares | 5645.52 | | 5476.06 | |
| Add : Goods-in-transit | 129.05 | 5774.57 | 154.53 | 5630.59 |
| Loose tools | | 0.17 | | 0.19 |
| By-products | | 7493.94 | | 9519.72 |
| Scrap | | 28.84 | | 23.86 |
| | | **180220.07** | | **231363.13** |
| Carrying amount of inventories pledged as security for borrowings (₹in Lacs) | | 177235.38 | | 227895.75 |
| Amount of write-down of inventories recognised as expense (₹ in Lacs) | | 33236.51 | | - |
| Refer Note No. 2(2.8) for mode of valuation. | | | | |

# Notes forming part of the Standalone Financial Statements

## Note No. : 12 Biological assets

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Reconciliation of changes in book value of biological assets:** | | | | |
| Opening balance | | 12.33 | | 3.44 |
| Changes in fair value | | 26.15 | | 50.40 |
| Decrease due to harvested sugarcane transferred to inventory | | 26.88 | | 41.51 |
| **Closing balance** | | **11.60** | | **12.33** |

## Note No. : 13 Cash and cash equivalents

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Balances with banks | | | | |
| On current accounts | | 199.29 | | 126.99 |
| Cheques on hand | | 0.05 | | 0.20 |
| Cash on hand | | 45.81 | | 75.86 |
| | | **245.15** | | **203.05** |

## Note No. : 14 Bank balances other than cash and cash equivalents

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Earmarked balances** | | | | |
| **Fixed deposits for molasses storage fund** | | | | |
| Current portion of original maturity period more than 12 months | 16.78 | | 19.57 | |
| Original maturity period up to 12 months | 113.08 | 129.86 | 95.42 | 114.99 |
| Unpaid dividend accounts | | 147.98 | | 110.51 |
| **Fixed deposits pledged with excise authorities** | | | | |
| Current portion of original maturity period more than 12 months | | 35.02 | | 20.01 |
| Other bank balances * | | 312.78 | | - |
| | | **625.64** | | **245.51** |

* Balances in escrow accounts for buy-back of equity shares and cane payment.

# Notes forming part of the Standalone Financial Statements

## Note No. : 15 Loans (carried at amortised cost)

Current *(Unsecured, considered good unless stated other wise)*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Other loans** | | | | |
| Inter-corporate deposits | - | | 920.00 | |
| Loans to employees * | 13.28 | 13.28 | 37.34 | 957.34 |
| | | **13.28** | | **957.34** |
| * Includes loan to officer (other than directors) of the Company (₹ in Lacs) | | 2.71 | | 6.64 |

**Note:** Inter-corporate deposits given for general corporate purpose are receivable on demand.

## Note No. : 16 Other current assets (Unsecured, considered good unless stated otherwise)

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Advances other than capital advances** | | | | |
| **Other advances** | | | | |
| Advances to suppliers and others | 1240.40 | | 1017.49 | |
| GST, Cenvat, Vat and other taxes / duties | 328.68 | 1569.08 | 1100.56 | 2118.05 |
| **Others** | | | | |
| Prepaid expenses | 429.66 | | 487.96 | |
| Miscellaneous | 25.35 | 455.01 | 25.27 | 513.23 |
| | | **2024.09** | | **2631.28** |

## Note No. : 17 Assets classified as held for sale

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Investment in equity instruments of a subsidiary [Refer Note No. 38(15)] | | - | | - @ |
| | | - | | - |

@ ₹1/- shown as nil due to rounding off.

# Notes forming part of the Standalone Financial Statements

## Note No. : 18 Share capital

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| | No. of shares | (₹ in Lacs) | No. of shares | (₹ in Lacs) |
| **(a) Authorised** | | | | |
| Equity shares of par value ₹1/- each | 400000000 | 4000.00 | 400000000 | 4000.00 |
| Preference shares of par value ₹100/- each | 2500000 | 2500.00 | 2500000 | 2500.00 |
| | | **6500.00** | | **6500.00** |
| **(b) Issued, subscribed and fully paid up** | | | | |
| Equity shares of par value ₹1/- each | 228428327 | 2284.28 | 235010467 | 2350.10 |
| | | **2284.28** | | **2350.10** |

Issue of 16910 (Previous year 17270) equity shares on Right basis has been kept in abeyance due to pending disputes.

**(c) Reconciliation of number and amount of equity shares outstanding:**

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| | No. of shares | (₹ in Lacs) | No. of shares | (₹ in Lacs) |
| **At the beginning of the year** | 235010467 | 2350.10 | 244949767 | 2449.50 |
| Add: Shares issued on exercise of Employee Stock Option *[Refer Note No. 38(3)]* | 17500 | 0.18 | 60700 | 0.60 |
| Add: Shares issued on rights issue earlier kept in abeyance * | 360 | - @ | - | - |
| Less: Buyback of shares *[Refer Note No. 38(8)]* | 6600000 | 66.00 | 10000000 | 100.00 |
| **At the end of the year** | **228428327** | **2284.28** | **235010467** | **2350.10** |

* The Board of Directors of the Company, at their meeting held on 15th September, 2017, allotted 360 equity shares of par value of ₹1 each of the Company at a price of ₹26 per equity share (including premium of ₹25 per equity share) on rights basis out of the Rights Issue 2004. These shares were kept in abeyance out of the Rights Issue 2004 due to pendency of certain disputes.

@ ₹360/- shown as nil due to rounding off.

(d) The Company has only one class of equity shares. The Company declares and pays dividend in Indian Rupees. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share.

(e) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

(f) **Shareholders holding more than 5 % of the equity shares in the Company:**

| Name of the shareholder | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| | No. of shares held | % of holding | No. of shares held | % of holding |
| Shri Vivek Saraogi | 35680017 | 15.62 | 36661967 | 15.60 |
| Shri Karan Saraogi | 17052904 | 7.47 | 17519446 | 7.46 |
| Life Insurance Corporation of India | 6450525 | 2.82 | 13852631 | 5.89 |

(g) The aggregate number of equity shares issued pursuant to Scheme of amalgamation without payment being received in cash in immediately preceding last five years - 31st March, 2018 – 526894 equity shares (previous period of five years ended 31st March, 2017 – 526894 equity shares).

(h) The aggregate number of equity shares bought back in immediately preceding last five years ended 31st March, 2018 - 16600000 equity shares (previous period of five years ended 31st March, 2017 - 10000000 equity shares).

(i) The Company has reserved 35500 (Previous year 68000) equity shares of par value ₹1/- each for issue at a premium of ₹44/- each to eligible employees of the Company under Employee Stock Option Scheme. Refer note no. 38(3) for terms of Employee Stock Option Scheme.

# Notes forming part of the Standalone Financial Statements

## Note No. : 19 Other equity

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **(a) Capital reserve** | | | | |
| Balance as per last account | | 1075.58 | | 1075.58 |
| **(b) Capital redemption reserve** | | | | |
| Balance as per last account | 2754.10 | | 2654.10 | |
| Add: Transfer from securities premium reserve on buy back of equity shares *[Refer Note No. 38 (8)]* | 66.00 | 2820.10 | 100.00 | 2754.10 |
| **(c) Securities premium reserve** | | | | |
| Balance as per last account | 34466.26 | | 51917.94 | |
| Add: On exercise of Employee Stock Option Scheme | 12.56 | | 48.32 | |
| Add: On rights issue of equity shares earlier kept on abeyance | 0.09 | | - | |
| Less : Utilised on buy back of equity shares | 9834.00 | | 17400.00 | |
| Less: Transfer to capital redemption reserve on buy back of equity shares *[Refer Note No. 38 (8)]* | 66.00 | 24578.91 | 100.00 | 34466.26 |
| **(d) Share options outstanding account** | | | | |
| Balance as per last account | 18.09 | | 53.12 | |
| Less: Options exercised | 4.86 | | 21.62 | |
| Less: Options forfeited | - | 13.23 | 13.41 | 18.09 |
| **(e) General reserve** | | | | |
| Balance as per last account | | 64977.91 | | 64977.91 |
| **(f) Storage fund for molasses** | | | | |
| Balance as per last account | 117.75 | | 114.30 | |
| Add: Created during the year | 22.19 | | 18.61 | |
| Less: Utilised during the year | - | 139.94 | 15.16 | 117.75 |
| **(g) Retained earnings** | | | | |
| Balance as per last account | 48365.62 | | (91.21) | |
| Add: Profit for the year | 22112.06 | | 59228.65 | |
| Less: Transfer from other comprehensive income | 455.20 | | 362.95 | |
| Less: Buy back expenses, net of tax ₹Nil (Previous year ₹46.94 Lacs) *[Refer Note No. 38 (8)]* | 130.51 | | 88.70 | |
| **Amount available for appropriation** | 69891.97 | | 58685.79 | |
| **Less : Appropriations:** | | | | |
| Interim dividend paid during the year | 5875.56 | | 8574.59 | |
| Tax on interim dividend paid during the year | 1196.13 | 62820.28 | 1745.58 | 48365.62 |
| **(h) Other comprehensive income** | | | | |
| Balance as per last account | - | | - | |
| Add: Other comprehensive income for the year | (455.20) | | (362.95) | |
| Less: Transfer to retained earnings | 455.20 | - | 362.95 | - |
| (i) **Share application money pending for allotment** | | 4.50 | | - |
| | | **156430.45** | | **151775.31** |

**Notes:**

i) Capital reserve comprises of reserve arising consequent to business combination in earlier years, in accordance with applicable accounting standard and court's order as on that date.

ii) Capital redemption reserve is created consequent to redemption of preference share capital and buy back of shares. This reserve shall be utilised in accordance with the provisions of the Act.

iii) Securities premium is used to record the premium on issue of shares. This reserve shall be utilised in accordance with the provisions of the Act.

# Notes forming part of the Standalone Financial Statements

## Note No. : 19 Other equity *(contd.)*

iv) The share options outstanding account is used to record the value of equity-settled share based payment transactions with employees under its employee share option plan. The amounts recorded in share options outstanding account are transferred to securities premium reserve upon exercise of stock option by employees.

v) The general reserve represents amount kept by the Company out of its profits for future purposes and reserve aggregating to ₹4224.23 Lacs (Previous year ₹4224.23 Lacs) arising consequent to business combination in earlier years, in accordance with applicable accounting standard and court's order as on that date. It is not earmarked for any specific purpose.

vi) The storage fund for molasses has been created to meet the cost of construction of molasses storage tank as required under Uttar Pradesh Sheera Niyantran (Sansodhan) Adesh, 1974 and the said storage fund is represented by investment in the form of fixed deposits with banks amounting to ₹176.29 Lacs (Previous year ₹149.56 Lacs).

vii) Retained earnings represents the undistributed profit / amount of accumulated earnings of the Company.

viii) Other comprehensive income (OCI) represents the balance in equity relating to re-measurement gain / (loss) of defined benefit obligation. This would not be re-classified to Statement of Profit and Loss.

## Note No. : 20 Borrowings

(i) Non-current

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Carried at amortised cost** | | | | |
| **Term loans** | | | | |
| **From banks** | | | | |
| **Secured** | | | | |
| **Rupee loans:** | | | | |
| State Bank of India (SBI) | - | | 5833.60 | |
| Punjab National Bank (PNB) | - | | 1546.73 | |
| HDFC Bank Ltd. (HDFC) | - | - | 3450.00 | 10830.33 |
| **From entities other than banks** | | | | |
| **Secured** | | | | |
| **Rupee loans:** | | | | |
| Government of India, Sugar Development Fund (SDF) | | 1066.81 | | 1600.21 |
| | | **1066.81** | | **12430.54** |

**a) Nature of securities for the aforesaid borrowings including current maturities of long term debt:**

i) Rupee Term Loan from SBI amounting to ₹5833.60 Lacs (previous year ₹11666.80 Lacs) under Scheme for Extending Financial Assistance to Sugar Undertakings, 2014, is secured by pari passu first charge, by way of hypothecation of all the movable and immovable fixed assets, both present and future, pertaining to all the ten sugar divisions of the Company viz; Balrampur, Babhnan, Tulsipur, Haidergarh, Akbarpur, Mankapur, Rauzagaon, Kumbhi, Gularia and Maizapur.

ii) Rupee Term Loan from PNB amounting to ₹1546.73 Lacs (previous year ₹3234.06 Lacs) under Scheme for Extending Financial Assistance to Sugar Undertakings, 2014, is secured by residual charge, by way of hypothecation of all the movable fixed assets, both present and future, pertaining to all the ten sugar divisions of the Company.

iii) Rupee Term Loan from HDFC amounting to ₹3450.00 Lacs (previous year ₹3450.00 Lacs) is secured by first charge, by way of hypothecation of movable fixed assets, both present and future, pertaining to Company's distillery divisions at Babhnan and Mankapur.

iv) Rupee Term Loan from SDF amounting to ₹1600.21 Lacs (previous year ₹2133.61 Lacs) is secured by an exclusive second charge by way of equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration divisions at Rauzagaon.

v) Release of securities in respect of a long-term loan fully repaid by the Company is pending.

# Notes forming part of the Standalone Financial Statements

Note No. : 20 Borrowings *(contd.)*

**b) Terms of Repayment:**

| | Particulars | Rate of Interest (ROI) (%) | Amount outstanding as at 31st March, 2018 | | Amount outstanding as at 31st March, 2017 | | Period of maturity w.r.t. the Balance Sheet date as at 31st March, 2018 | Number of installments outstanding as at 31st March, 2018 | Amount of each installment (₹ in Lacs) | Details of security offered |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Current (₹ in Lacs) | Non-current (₹ in Lacs) | Current (₹ in Lacs) | Non-current (₹ in Lacs) | | | | |
| 1 | **State Bank of India** | * 12% p.a. (Fixed) | 5833.60 | - | 5833.20 | 5833.60 | 1 year | 4 | 1458.40 | Refer note no. 20 (i) (a) (i) above |
| | | **Sub - Total** | **5833.60** | **-** | **5833.20** | **5833.60** | | | | |
| 2 | **Punjab National Bank** | * 12% p.a. (Fixed) | 1546.73 | - | 1687.33 | 1546.73 | 11 months | 11 | 140.61 | Refer note no. 20 (i) (a) (ii) above |
| | | **Sub - Total** | **1546.73** | **-** | **1687.33** | **1546.73** | | | | |
| 3 | **HDFC Bank Limited** | HDFC one year MCLR (+) 0.40% effective rate 8.50% | 3450.00 | - | - | 3450.00 | 7 months 17 days | 1 | 3450.00 | Refer note no. 20 (i) (a) (iii) above |
| | | **Sub - Total** | **3450.00** | **-** | **-** | **3450.00** | | | | |
| 4 | **Government of India, Sugar Development Fund** | # Bank Rate (-) 2% i.e. 4% p.a. | 533.40 | 1066.81 | 533.40 | 1600.21 | 2 years 5 months 15 days | 3 | 533.40 | Refer note no. 20 (i) (a) (iv) above |
| | | **Sub - Total** | **533.40** | **1066.81** | **533.40** | **1600.21** | | | | |
| | | **Grand Total** | **11363.73** | **1066.81** | **8053.93** | **12430.54** | | | | |

* Entitled for interest subvention from Sugar Development Fund up to 12.00% p.a.

\# Bank rate as prevailing on the date of disbursement.

# Notes forming part of the Standalone Financial Statements

Note No. : 20 Borrowings *(contd.)*

**(ii)** Current

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Carried at amortised cost** | | | | |
| **Loans repayable on demand** | | | | |
| **Working capital loans** | | | | |
| **From banks** | | | | |
| **Secured** | | | | |
| State Bank of India (SBI) | 55917.73 | | 19662.22 | |
| Punjab National Bank (PNB) | 5147.49 | | 20967.42 | |
| HDFC Bank Ltd. (HDFC) | 20371.23 | | 7587.82 | |
| ICICI Bank (ICICI) | 5115.71 | 86552.16 | - | 48217.46 |
| **Unsecured** | | | | |
| HDFC Bank Ltd. (HDFC) | | - | | 14000.00 |
| **Other loans and advances** | | | | |
| **Working capital loans** | | | | |
| **From banks** | | | | |
| **Unsecured** | | | | |
| State Bank of India (SBI) | | - | | 59284.12 |
| HDFC Bank Ltd. (HDFC) | | - | | 29818.09 |
| **From entities other than banks** | | | | |
| Unsecured | | - | | 6424.04 |
| | | **86552.16** | | **157743.71** |
| **Summary of current borrowings** | | | | |
| Secured borrowings | | 86552.16 | | 48217.46 |
| Unsecured borrowings | | - | | 109526.25 |
| | | **86552.16** | | **157743.71** |

**Nature of securities :**

**(a) Working capital loans from SBI are secured / to be secured:**

i) by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of all the ten sugar divisions of the Company on pari passu basis with PNB, HDFC and ICICI.

ii) by way of exclusive hypothecation of entire current assets of all the Cogeneration units of the Company.

iii) by way of third charge on immovable and movable properties (excluding current assets and book debts), both present and future, of all the ten sugar divisions of the Company on pari passu with PNB and HDFC.

**b) Working capital loans from PNB are secured / to be secured:**

i) by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of all the ten sugar divisions of the Company on pari passu basis with SBI, HDFC and ICICI.

ii) by way of third charge on immovable and movable properties (excluding current assets and book debts), both present and future, of all the ten sugar divisions of the Company on pari passu with SBI and HDFC.

**c) Working capital loans from HDFC are secured / to be secured:**

i) by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of all the ten sugar divisions of the Company on pari passu basis with SBI, PNB and ICICI.

ii) by way of third charge on immovable and movable properties (excluding current assets and book debts), both present and future, of all the ten sugar divisions of the Company on pari passu with SBI and PNB.

**d) Working capital loans from ICICI are secured:**

i) by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of all the ten sugar divisions of the Company on pari passu basis with SBI, HDFC and PNB.

# Notes forming part of the Standalone Financial Statements

## Note No. : 21 Other financial liabilities (Carried at amortised cost)

(i) Non-current

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Interest accrued but not due on borrowings | | 306.19 | | 459.28 |
| | | **306.19** | | **459.28** |

(ii) Current

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Current maturities of long - term debt * | | 11363.73 | | 8053.93 |
| Interest accrued but not due on borrowings | | 309.02 | | 361.11 |
| Unpaid dividend @ | | 147.98 | | 110.51 |
| Other payables | | | | |
| Retention monies | 1274.81 | | 1131.31 | |
| Security deposits | 264.82 | | 297.71 | |
| Accrued expenses | 125.39 | | 264.19 | |
| Unpaid salaries and other payroll dues | 3126.48 | | 3418.86 | |
| Others | 339.08 | 5130.58 | 582.86 | 5694.93 |
| | | **16951.31** | | **14220.48** |

* Refer note no. 20 (a) and (b) for nature of securities and terms of repayment respectively.

@ There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

## Note No. : 22 Deferred income

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Opening balance** | | 159.20 | | 1135.06 |
| Less: Released to the Statement of Profit and Loss | | 7.09 | | 975.86 |
| **Closing balance** | | **152.11** | | **159.20** |
| Current | | 7.09 | | 7.09 |
| Non - Current | | 145.02 | | 152.11 |
| *[Refer Note No. 38(5) for other disclosures]* | | | | |

## Note No. : 23 Provisions

(i) Non-current

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Provision for employee benefits - unavailed leave *[Refer Note No. 38(9)]* | | 433.41 | | 318.18 |
| | | **433.41** | | **318.18** |

(ii) Current

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Provision for employee benefits - unavailed leave *[Refer Note No. 38(9)]* | | 370.00 | | 321.29 |
| **Other provisions** | | | | |
| Provision for wealth tax | - | | 45.34 | |
| Less : Advance wealth tax | - | | 45.34 | |
| | - | | - | |
| Provision for contingencies [Refer Note No. 38(2)] | 0.63 | 0.63 | 6.94 | 6.94 |
| | | **370.63** | | **328.23** |

# Notes forming part of the Standalone Financial Statements

Note No. : 24 Deferred tax liabilities (net)

**As at 31st March, 2018**

(₹ in Lacs)

| Particulars | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| **Tax effect of items constituting deferred tax liabilities** | | | |
| Depreciation | 25329.04 | 2005.89 | 27334.93 |
| Investment | 134.97 | 22.85 | 157.82 |
| | **25464.01** | **2028.74** | **27492.75** |
| **Tax effect of items constituting deferred tax assets** | | | |
| Carried forward tax losses / unabsorbed depreciation | 149.81 | 74.96 | 224.77 |
| Expenses allowable on payment basis | 4667.24 | (4368.18) | 299.06 |
| VRS expenses | 85.10 | (27.82) | 57.28 |
| MAT credit entitlement | 6221.37 | 2344.58 | 8565.95 |
| Others | 0.61 | (0.61) | - |
| | **11124.13** | **(1977.07)** | **9147.06** |
| **Net deferred tax liabilities / expense** | **14339.88** | **4005.81** | **18345.69** |

**As at 31st March, 2017**

(₹ in Lacs)

| Particulars | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| **Tax effect of items constituting deferred tax liabilities** | | | |
| Depreciation | 25773.33 | (444.29) | 25329.04 |
| Investment | 231.88 | (96.91) | 134.97 |
| Others | 13.57 | (13.57) | - |
| | **26018.78** | **(554.77)** | **25464.01** |
| **Tax effect of items constituting deferred tax assets** | | | |
| Carried forward tax losses / unabsorbed depreciation | 149.81 | - | 149.81 |
| Expenses allowable on payment basis | 4169.27 | 497.97 | 4667.24 |
| VRS expenses | 113.47 | (28.37) | 85.10 |
| MAT credit entitlement | 5642.00 | 579.37 | 6221.37 |
| Others | 2.44 | (1.83) | 0.61 |
| | **10076.99** | **1047.14** | **11124.13** |
| **Net deferred tax liabilities / expense** | **15941.79** | **(1601.91)** | **14339.88** |

The ultimate realisation of the deferred tax assets, carried forward losses and unused tax credits is dependent upon the generation of future taxable income. Based on the historical taxable income and projection of future taxable income management believes that the Company will realise the assets carried forward as deferred tax assets.

Considering the probability of future taxable profits and following principle of prudence, deferred tax assets of ₹10819.53 Lacs (Previous year ₹3890.99 Lacs) have not been recognised in respect of some portion of unutilized MAT credit which is expiring during various assessment years upto assessment year 2033-34.

# Notes forming part of the Standalone Financial Statements

## Note No. : 25 Other non-current liabilities

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Deferred gain on changes in fair value of financial assets | | 30.39 | | 27.59 |
| | | **30.39** | | **27.59** |

## Note No. : 26 Trade and other payables

Current

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Trade payables** | | | | |
| Total outstanding dues of micro enterprises and small enterprises *[Refer Note No. 38(4)]* | | 16.98 | | 42.73 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 77999.12 | | 29120.01 |
| | | **78016.10** | | **29162.74** |
| **Other payables** | | | | |
| **Payable to suppliers of capital goods** | | | | |
| Total outstanding dues of micro enterprises and small enterprises [Refer Note No. 38(4)] | | 87.10 | | 142.33 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 425.98 | | 228.58 |
| | | **513.08** | | **370.91** |
| | | **78529.18** | | **29533.65** |

## Note No. : 27 Other current liabilities

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Other advances** | | | | |
| Advances from customers and others | | 1151.07 | | 1283.31 |
| **Others** | | | | |
| Statutory liabilities * | 3598.45 | | 14570.30 | |
| Others [Refer Note No. 38(4)] | 3.17 | 3601.62 | 4.02 | 14574.32 |
| | | **4752.69** | | **15857.63** |
| * Includes excise duty on closing stock (₹in Lacs) | | - | | 13113.25 |

# Notes forming part of the Standalone Financial Statements

## Note No. : 28 Revenue from operations

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| **Sale of goods** | | | | |
| Sugar | 370602.85 | | 301675.86 | |
| Industrial alcohol | 32888.08 | | 32420.02 | |
| Power | 27247.87 | | 24596.37 | |
| Molasses | 665.03 | | 1518.14 | |
| Renewable energy certificates | 3927.04 | | 2931.54 | |
| Others | 4741.19 | 440072.06 | 957.78 | 364099.71 |
| **Other operating revenue** | | - | | - |
| **Revenue from operations** | | **440072.06** | | **364099.71** |

## Note No. : 29 Other income

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| **Interest income on financial assets carried at amortised cost** | | | | |
| **Non-current investments** | | | | |
| Debentures | 186.46 | | 363.43 | |
| National saving certificates | 0.55 | | 0.60 | |
| | 187.01 | | 364.03 | |
| Deposit with banks and others | 39.33 | 226.34 | 40.15 | 404.18 |
| Interest income on income tax refund | | - | | 271.51 |
| Gain on sale of non-current investment in a subsidiary | | 20.65 | | - |
| Gain on sale of highly liquid investments (treated as cash equivalent) | | 835.29 | | 398.01 |
| Deferred income *[Refer Note No. 38(5)(a)]* | | 7.09 | | 187.58 |
| **Other non-operating income** | | | | |
| Insurance claims | 109.22 | | 84.94 | |
| Unspent liabilities/balances written back | 711.77 | | 336.61 | |
| Provision for contingencies written back [Refer Note No. 38(2)] | 6.31 | | - | |
| Provision for doubtful advances written back | 0.05 | | - | |
| Refund of cane purchase tax | - | | 356.64 | |
| Provision for wealth tax for earlier years written back | - | | 7.87 | |
| Recovery towards balances written off earlier | - | | 0.83 | |
| Storage fund for molasses written back | - | | 15.16 | |
| Miscellaneous | 861.15 | 1688.50 | 430.90 | 1232.95 |
| | | **2777.87** | | **2494.23** |

# Notes forming part of the Standalone Financial Statements

## Note No. : 30 Cost of materials consumed

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| Sugar cane | | 305531.30 | | 256229.79 |
| Molasses | | 490.49 | | 1121.49 |
| Bagasse | | 432.32 | | 223.02 |
| Others | | 33.42 | | 110.26 |
| | | **306487.53** | | **257684.56** |

## Note No. : 31 Changes in inventories of finished goods, by-products and work-in-progress

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| **Finished goods** | | | | |
| **Opening stock** | | | | |
| Sugar | 204419.91 | | 165311.32 | |
| Industrial alcohol | 3443.52 | | 2386.61 | |
| Banked power | 77.47 | | 113.42 | |
| Others | - | 207940.90 | 1.56 | 167812.91 |
| **Less : Closing stock** | | | | |
| Sugar | 151651.93 | | 204419.91 | |
| Industrial alcohol | 2884.21 | | 3443.52 | |
| Banked power | 67.12 | | 77.47 | |
| Others | 71.64 | 154674.90 | - | 207940.90 |
| Add: Manufactured during the trial run of capital projects | | 53.97 | | - |
| Less: Power used during the trial run of capital projects | | 1.87 | | 20.45 |
| **(Increase) / Decrease (A)** | | **53318.10** | | **(40148.44)** |
| **By-products** | | | | |
| **Opening stock** | | 9519.72 | | 8189.27 |
| **Less : Closing stock** | | 7493.94 | | 9519.72 |
| Less: Used during the trial run of capital projects | | 2.96 | | 130.96 |
| **(Increase) / Decrease (B)** | | **2022.82** | | **(1461.41)** |
| **Work- in-progress** | | | | |
| **Opening stock** | | | | |
| Sugar | 2368.26 | | 1119.96 | |
| Molasses | 223.97 | 2592.23 | 101.37 | 1221.33 |
| **Less : Closing stock** | | | | |
| Sugar | 3511.47 | | 2368.26 | |
| Molasses | 333.63 | 3845.10 | 223.97 | 2592.23 |
| **(Increase) / Decrease (C)** | | **(1252.87)** | | **(1370.90)** |
| **(Increase) / Decrease D = (A + B + C)** | | **54088.05** | | **(42980.75)** |
| Less : Excise duty on stock * | | 13113.25 | | (1028.64) |
| | | **40974.80** | | **(41952.11)** |

* The amount of excise duty on stock represents differential excise duty on opening and closing stock.

# Notes forming part of the Standalone Financial Statements

## Note No. : 32 Employee benefits expense

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| Salaries and wages | | 17980.04 | | 15952.34 |
| Contribution to provident and other funds | | 2015.87 | | 1798.78 |
| Employee stock option expense [Refer Note No. 38(3)] | | - | | (13.41) |
| Staff welfare expense | | 404.44 | | 353.42 |
| | | **20400.35** | | **18091.13** |

## Note No. : 33 Finance costs

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| **Interest** | | | | |
| On long term borrowings | 215.85 | | 766.21 | |
| On short term borrowings | 4912.58 | | 4671.46 | |
| Others * | 30.51 | 5158.94 | 45.59 | 5483.26 |
| Other borrowing costs | | 44.06 | | 59.54 |
| | | **5203.00** | | **5542.80** |
| * Includes interest on of statutory dues (₹ in Lacs) | | 1.37 | | 0.38 |
| * Includes interest on shortfall in payment of advance income-tax (₹ in Lacs) | | - | | 13.98 |

## Note No. : 34 Depreciation and amortisation expense

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| Depreciation and amortisation of property, plant and equipment *[Refer Note No. 4]* | | 9426.57 | | 10394.43 |
| Amortisation of intangible assets *[Refer Note No. 5]* | | 95.54 | | 99.28 |
| | | **9522.11** | | **10493.71** |

# Notes forming part of the Standalone Financial Statements

## Note No. : 35 Other expenses

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| Consumption of stores and spare parts | | 3006.08 | | 2307.51 |
| Packing materials | | 3276.74 | | 2697.39 |
| Power and fuel | | 492.61 | | 524.48 |
| Rent | | 77.43 | | 68.80 |
| Repairs | | | | |
| Buildings | 353.73 | | 255.47 | |
| Machinery | 4676.12 | | 3472.63 | |
| Others | 204.04 | 5233.89 | 195.36 | 3923.46 |
| Insurance | | 482.22 | | 509.36 |
| Rates and taxes (excluding taxes on income) | | 563.47 | | 584.88 |
| Commission to non-executive directors | | 76.00 | | 71.81 |
| Payments to auditor* | | | | |
| As auditor for statutory audit | 45.00 | | 38.06 | |
| For taxation matters | 12.50 | | 10.15 | |
| For other services (Limited reviews and certifications) | 16.99 | | 16.27 | |
| For reimbursement of expenses | 0.53 | 75.02 | 0.51 | 64.99 |
| Cost audit fees | | 3.50 | | 3.55 |
| Net loss on foreign currency transactions and translations | | 3.86 | | 1.60 |
| Charity and donation | | 17.38 | | 35.82 |
| Corporate social responsibility expense [Refer Note No. 38(6)] | | 397.14 | | 44.23 |
| Directors' fees | | 27.67 | | 28.05 |
| Professional expenses [Refer Note No. 38(5)(a)] | | 612.33 | | 532.75 |
| Freight and handling expenses | | 1503.40 | | 2206.68 |
| Brokerage and commission | | 516.26 | | 434.34 |
| Miscellaneous expenses | | 4306.38 | | 5591.41 |
| Loss on sale/discard of property, plant and equipment (net) | | 283.11 | | 2925.76 |
| Sundry debit balances/advances written off | | 75.01 | | 49.07 |
| Payment towards balances written back earlier | | 76.63 | | 0.43 |
| Allowance for doubtful receivables, loans and advances | | 97.63 | | 8.27 |
| Cane commission subsidy no longer receivable written off | | - | | 2106.83 |
| Loss on sale of non-current investment | | - | | 458.95 |
| Bad debts written off | | - | | 24.86 |
| Transfer to storage fund for molasses | | 22.19 | | 18.61 |
| Fair value loss on financial instruments at fair value through profit or loss | | - | | 8.82 |
| | | **21225.95** | | **25232.71** |
| * Includes amount paid to previous statutory auditor (₹ in Lacs) | | | | |
| As auditor for statutory audit | | - | | 38.06 |
| For taxation matters | | 12.50 | | 10.15 |
| For other services (Limited reviews and certifications) | | 4.38 | | 16.27 |
| For reimbursement of expenses | | 0.53 | | 0.51 |
| | | **17.41** | | **64.99** |

# Notes forming part of the Standalone Financial Statements

## Note No. : 36 Tax expense

(₹ in Lacs)

| Particulars | | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|
| Current tax (under MAT provisions) | | 7114.68 | - |
| Current tax (under normal provisions) | | - | 15788.07 |
| Tax provision for earlier years written back | | (14.12) | - |
| Deferred tax *[Refer Note No. 24]* | | 4005.81 | (1601.91) |
| | | **11106.37** | **14186.16** |
| **Reconciliation of tax expense** | | | |
| Profit before tax | | 33218.43 | 73414.81 |
| Applicable tax rate (using the Company's tax rate) | | 34.608% | 34.608% |
| **Computed tax expense** | **(A)** | **11496.23** | **25407.40** |
| **Adjustments for:** | | | |
| Income exempt for tax purpose | | - | (9.53) |
| Expenses not allowed for tax purpose | | 132.89 | 524.63 |
| Additional allowances for tax purpose | | - | (1.96) |
| Effect of tax deductions | | (7440.72) | (7786.81) |
| Changes in recognised deductible temporary differences | | 245.64 | 38.74 |
| Effect of transition adjustment under MAT | | (29.97) | (29.97) |
| Recognition of MAT credit | | - | (3956.34) |
| Unrecognised MAT credit for the year (to the extent related to profit before tax) | | 6546.76 | - |
| Changes in deferred tax rates | | 258.77 | - |
| Effect of losses carried forward | | (89.11) | - |
| Tax provision for earlier years written back | | (14.12) | - |
| **Net adjustments** | **(B)** | **(389.86)** | **(11221.24)** |
| **Tax expense** | **C=(A+B)** | **11106.37** | **14186.16** |

## Note No. : 37 Other comprehensive income

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|
| **Items that will not be reclassified to profit or loss** | | |
| Re-measurements of defined benefit plans | (578.71) | (555.04) |
| Less: Income tax relating to items that will not be reclassified to profit or loss | 123.51 | 192.09 |
| | **(455.20)** | **(362.95)** |

# Notes forming part of the Standalone Financial Statements

## Note No. : 38 Other disclosures

**1. Contingent liabilities and commitments (to the extent not provided for)**

**a) Contingent liabilities :**

(₹ in Lacs)

| Sl. No. | Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|---|
| (i) | Claims against the Company not acknowledged as debts : | | | | |
| | Excise duty demand - under appeal | | 167.00 | | 277.62 |
| | Sales tax demand- under appeal | | 15.46 | | 10.43 |
| | Others - under appeal/litigation | | 525.45 | | 704.43 |
| | | | **707.91** | | **992.48** |
| (ii) | Claims for acquisition of 1.99 acres of land for the Distillery unit at Balrampur and compensation there against is under dispute as the matter is subjudice | Amount not ascertainable | | Amount not ascertainable | |

The amounts shown in (i) above represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the final outcome of different legal processes which have been invoked by the Company or the claimants, as the case may be and, therefore, cannot be estimated accurately. The Company does not expect any reimbursement in respect of above contingent liabilities.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of the appeals.

**b) Commitments :**

(₹ in Lacs)

| Sl. No. | Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|---|
| (i) | Estimated amount of contracts remaining to be executed on capital account and not provided for | | 1290.46 | | 2874.15 |
| (ii) | Advance paid against above | | 144.65 | | 581.22 |

**2. Disclosures as required by Indian Accounting Standard (Ind AS) 37 Provisions, Contingent liabilities and Contingent assets:**

**(a) Provision for contingencies**

(i) Provisions for contingencies represent provision towards various claims made/anticipated in respect of duties and taxes and other claims against the Company based on the Management's assessment.

**(ii) Movement in Provision for Contingencies:**

(₹ in Lacs)

| Particulars | Duties and taxes | Other litigation claims | Total |
|---|---|---|---|
| **Balance as at 1st April, 2017** | **6.31** | **0.63** | **6.94** |
| Provided during the year | - | - | - |
| Used during the year | - | - | - |
| Reversed during the year upon Court's final decision | 6.31 | - | 6.31 |
| **Balance as at 31st March, 2018** | **-** | **0.63** | **0.63** |
| - Non-current | - | - | - |
| - Current | - | 0.63 | 0.63 |
| **Balance as at 1st April, 2016** | **6.31** | **0.63** | **6.94** |
| Provided during the year | - | - | - |
| Used during the year | - | - | - |
| Reversed during the year | - | - | - |
| **Balance as at 31st March, 2017** | **6.31** | **0.63** | **6.94** |
| - Non-current | - | - | - |
| - Current | 6.31 | 0.63 | 6.94 |

It is not possible to estimate the timing/uncertainities relating to utilisation /reversal from the provision for contingencies. Future cash outflow in respect of the above is determinable only upon Court's decision/out of Court settlement/disposal of appeals. The Company does not expect any reimbursement in respect of above provisions.

Note No. : 38 Other disclosures *(contd.)*

**Contingent assets**

During the normal course of business, several unresolved claims are currently outstanding. The inflow of economic benefits, in respect of such claims cannot be measured due to uncertainities that surround the related events and circumstances. Also refer Note No. 38(14)(b).

3. The Employee Stock Option Scheme 2005 (Scheme 2005) of the Company was formulated by the Committee of the Board of Directors of the Company and approved by the Board at its meeting held on 11th August, 2005, and 31st October, 2005 and by the shareholders at the Extraordinary General Meeting of the Company held on 8th September, 2005 and in accordance with the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 prescribed by the Securities and Exchange Board of India.

   Employees covered under the Employee Stock Option Scheme are granted an option to purchase equity shares of the Company at the exercise price determined by the Remuneration Committee (presently re-named as "Nomination & Remuneration Committee") on the date the option is granted. It is based on the average daily closing market price of the equity shares of the Company during the preceding 26 weeks, prior to the date of grant.

   Under the said Scheme, Options granted have vesting period of one year and exercise period of maximum eight years.

   The shareholders of the Company at their Extraordinary General Meeting held on 25th May, 2009 had accorded approval to re-price the exercise price of the options granted in the years 2005-06 (1st series), 2006-07 (2nd series), 2007-08 (3rd series), and 2008-09 (4th series), which have not been exercised, and also to the exercise price in respect of options to be granted for the year 2008-09 (5th series), at 20% discount to the average daily closing market price of the Company's share, on the stock exchange it is traded most, during the preceding 26 weeks prior to the date of the meeting. Accordingly, the Remuneration Committee (presently re-named as "Nomination & Remuneration Committee") on 28th May, 2009 had re-priced the exercise price of the unexercised options for the years 2005-06 (1st series), 2006-07 (2nd series), 2007-08 (3rd series) and 2008-09 (4th series) and granted stock options for the year 2008-09 (5th series) at an exercise price of ₹45/- per equity share.

   The maximum number of options granted till date stands at 5245500 and each option is equivalent to one equity share of par value of ₹1/- each of the Company.

**The details of Options granted, lapsed and exercised as at 31st March, 2018 are as under :**

| **Year of Issue** | **2007-08** | **2008-09** | **2008-09** | **Total** |
|---|---|---|---|---|
| **Series** | **3rd Series** | **4th Series** | **5th Series** | |
| Date of grant of option | 27-11-2007 | 25-11-2008 | 28-05-2009 | |
| Initial exercise price (₹) | 72.20 | 74.20 | 45.00 | |
| Revised exercise price (₹) | 45.00 | 45.00 | Not applicable | |
| Market price on the date of grant (₹) | 90.75 | 35.40 | 82.35 | |
| Excess of initial exercise price over revised exercise price (₹) | 27.20 | 29.20 | Not applicable | |
| Excess of market price over exercise price/ revised exercise price (₹) | 45.75 | - | 37.35 | |
| **As at 31st March, 2018:** | | | | |
| Outstanding at the beginning of the year (Nos.) | - | 19500 | 48500 | 68000 |
| Granted (Nos.) | - | - | - | - |
| Exercised (Nos.) * | - | 4500 | 23000 | 27500 |
| Forfeited/lapsed and expired (Nos.) | - | 15000 | - | 15000 |
| Outstanding at the end of the year (Nos.) | - | - | 25500 | 25500 |
| Exercisable at the end of the year (Nos.) | - | - | 25500 | 25500 |
| **As at 31st March, 2017:** | | | | |
| Outstanding at the beginning of the year (Nos.) | 31500 | 23000 | 103700 | 158200 |
| Granted (Nos.) | - | - | - | - |
| Exercised (Nos.) | 3000 | 3500 | 54200 | 60700 |
| Forfeited/lapsed and expired (Nos.) | 28500 | - | 1000 | 29500 |
| Outstanding at the end of the year (Nos.) | - | 19500 | 48500 | 68000 |
| Exercisable at the end of the year (Nos.) | - | 19500 | 48500 | 68000 |

* Includes 10000 options which were exercised within 31st March, 2018 against which allotment of equity shares were pending as on 31st March, 2018.

# Notes forming part of the Standalone Financial Statements

Note No. : 38 Other disclosures *(contd.)*

Total Number of Options outstanding/exercisable as at 1st April, 2016 relating to 1st and 2nd series is Nil. Therefore, details for the same has been excluded from above table.

The weighted average share price of options exercised during the year ended 31st March, 2018 was ₹45/- (Previous year: ₹45/-) for each option.

There were no modifications to the terms of Scheme 2005 either in the current year or in the previous years other than the re-repricing as stated above.

**The following table summarises information about outstanding stock options:**

| Particulars | As at 31st March, 2018 | | | As at 31st March, 2017 | | |
|---|---|---|---|---|---|---|
| | Numbers | Weighted average remaining life (Years) | Weighted average exercise price (₹) | Numbers | Weighted average remaining life (Years) | Weighted average exercise price (₹) |
| 4th Series | - | - | - | 19500 | 0.65 | 45.00 |
| 5th Series | 25500 | 0.16 | 45.00 | 48500 | 1.16 | 45.00 |

**Other information:**

a) Options vested upto 31st March, 2018: 4593000 (Previous year: 4593000)

b) Options exercised upto 31st March, 2018: 4422500 (Previous year: 4395000)

c) Options exercised during the year ended 31st March, 2018: 27500 (Previous year: 60700)

d) Total number of equity shares arising as a result of exercise of options as at 31st March, 2018 : 4422500 (Previous year: 4395000)

(Options equivalent to 10000 equity shares were exercised within 31st March, 2018, however, the same were due to be allotted as on 31st March, 2018.

e) Options lapsed upto 31st March, 2018: 797500 (Previous year: 782500)

f) Options lapsed during the year ended 31st March, 2018 : 15000 (Previous year: 29500)

g) Money realised on exercise of options upto 31st March, 2018 : ₹2014.29 lacs (Previous year : ₹2001.92 lacs )

h) Money realised on exercise of options during the year ended 31st March, 2018 : ₹12.37 lacs (Previous year : ₹27.31 lacs)

i) Total number of options in force as at 31st March, 2018 : 25500 (Previous year : 68000)

j) Details of option granted to :-

(i) Senior Managerial Personnel: No options have been granted either during the year ended 31st March, 2018 or during the year ended Previous year,

(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year ended 31st March, 2018 - Nil (Previous year - Nil), and

(iii) Identified employees who were granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant - Nil (Previous year - Nil).

# Notes forming part of the Standalone Financial Statements

Note No. : 38 Other disclosures *(contd.)*

4. Based on the information/documents available with the Company, information as per the requirement of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 with respect to trade payables and payable to suppliers of capital goods are as follows:

**As at 31st March, 2018:** (₹ in Lacs)

| Sl. No. | Description | Trade Payables | Payable to suppliers of capital goods | Total |
|---|---|---|---|---|
| (i) | The principal amount remaining unpaid to suppliers as at the end of accounting year * | 16.98 | 87.10 | 104.08 |
| (ii) | The interest due thereon remaining unpaid to suppliers as at the end of accounting year | 0.17 | 1.47 | 1.64 |
| (iii) | The amount of interest paid by the Company in terms of section 16, of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the suppliers beyond the appointed day during the year | 2.03 | 1.99 | 4.02 |
| (iv) | 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 Micro, Small and Medium Enterprises Development Act, 2006 | 1.02 | 0.51 | 1.53 |
| (v) | The amount of interest accrued during the year and remaining unpaid at the end of the accounting year** | 1.19 | 1.98 | 3.17 |
| (vi) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - | - |

* Included in the line item "Total outstanding dues of micro enterprises and small enterprises" under Note No. 26.

** Included in the line item "Others" under Note No. 27.

**As at 31st March, 2017:** (₹ in Lacs)

| Sl. No. | Description | Trade Payables | Payable to suppliers of capital goods | Total |
|---|---|---|---|---|
| (i) | The principal amount remaining unpaid to suppliers as at the end of accounting year * | 42.73 | 142.33 | 185.06 |
| (ii) | The interest due thereon remaining unpaid to suppliers as at the end of accounting year | 0.63 | 1.43 | 2.06 |
| (iii) | The amount of interest paid by the Company in terms of section 16, of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the suppliers beyond the appointed day during the year | 3.28 | - | 3.28 |
| (iv) | 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 Micro, Small and Medium Enterprises Development Act, 2006 | 1.40 | 0.56 | 1.96 |
| (v) | The amount of interest accrued during the year and remaining unpaid at the end of the accounting year** | 2.03 | 1.99 | 4.02 |
| (vi) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - | - |

* Included in the line item "Total outstanding dues of micro enterprises and small enterprises" under Note No. 26.

** Included in the line item "Others" under Note No. 27.

# Notes forming part of the Standalone Financial Statements

Note No. : 38 Other disclosures *(contd.)*

5(a) The Company is eligible to receive various financial assistance from government authorities. Accordingly, the Company has recognised these government grants in the following manner:

(₹ in Lacs)

| Sl. No. | Particulars | Treatment in accounts | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|---|
| | **Revenue related government grants:** | | | |
| (a) | Cane crush subsidy (Refer footnote (i) below) | Deducted from cost of materials consumed | 4792.83 | - |
| (b) | Production subsidy | Deducted from cost of materials consumed | - | 54.27 |
| (c) | Interest on term loans | - Deducted from interest expense on long term borrowings | 1604.68 | 2460.31 |
| | | - Shown as separate line item "Deferred income" under Other Income | - | 180.49 |
| (d) | Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) (Refer footnote (ii) below) | Deducted from Contribution to provident and other funds under Employee benefits expense | 3.45 | - |
| | **Deferred government grants:** | | | |
| (e) | Government grant relating to interest on term loans | Deducted from interest expense on long term borrowings | - | 968.77 |
| (f) | Government grant relating to property, plant and equipment | Shown as separate line item "Deferred income" under Other Income | 7.09 | 7.09 |
| | | | **6408.05** | **3670.93** |

**Note:**

(i) The Central Government pursuant to Notification No. 1(5)/2018-S.P.-I dated 9th May, 2018 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) has notified a scheme for assistance to sugar mills against sugar cane crushed during sugar season 2017-18. Accordingly, ₹4792.83 Lacs has been adjusted during the year ended 31st March, 2018 as reduction in cost of materials consumed. Valuation impact with respect to 69347.00 MT of Sugar allocated for export in terms of Minimum Indicative Export quotas (MIEQ) under tradable export scrip schemes has also been given effect to in these accounts.

(ii) The Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) has been designed to incentivise employers for generation of new employment, where the Government of India will be paying the 8.33% Employee Pension Scheme contribution of the employer for the new employment.

(b) Cane commission subsidy no longer receivable was written off and shown under Note No. 35 - "Other expenses" aggregating to ₹2106.83 Lacs during the year ended 31st March, 2017 on account of reimbursement of society cane commission being no longer receivable pursuant to the notification dated 28th December, 2016 issued by the Government of Uttar Pradesh.

**6. Expenditure on Corporate Social Responsibility (CSR) activities :**

**(a) Details of CSR expenditure:**

(₹ in Lacs)

| Sl. No. | Particulars | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|
| (i) | Gross amount required to be spent by the Company during the year | 500.43 | 25.32 |
| (ii) | Amount spent during the year : | | |
| | i) Construction/acquisition of any asset | | |
| | - in cash | 27.60 | - |
| | - yet to be paid in cash | - | - |
| | ii) On purposes other than (i) above | | |
| | - in cash | 369.54 | 44.23 |
| | - yet to be paid in cash | - | - |

Note No. : 38 Other disclosures *(contd.)*

**(b) The various heads under which the CSR expenditure were incurred in cash is detailed as follows:**

(₹ in Lacs)

| Sl. No. | Relevant clause of Schedule VII to the Act | Description of CSR activities | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|---|
| (i) | Clause (i) | Promoting healthcare including preventive healthcare | 37.39 | 4.69 |
| (ii) | Clause (i) | Eradicating hunger, poverty and malnutrition, making available safe drinking water | 50.53 | 7.87 |
| (iii) | Clause (ii) | Promoting education, including special education and employment enhancing vocational training and livelihood enhancement projects | 278.38 | 8.24 |
| (iv) | Clause (iii) | Setting up homes and other facilities for orphans, senior citizens and for socially and economically backward groups | 8.37 | 3.55 |
| (v) | Clause (iv) | Animal welfare | 1.51 | 0.51 |
| (vi) | Clause (vii) | Promoting rural sports and nationally recognised sports | 14.00 | 19.07 |
| (vii) | Clause (x) | Rural development projects | 4.77 | 0.30 |
| (viii) | Clause (xi) | Slum area development | - | - |
| (ix) | | Expenditure on administrative overheads | 2.19 | - |
| | | | **397.14** | **44.23** |

**7. Earnings per share - The numerators and denominators used to calculate Basic / Diluted earnings per share :**

| Sl. No. | Particulars | | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|---|
| (i) | Amount used as the numerator<br>Profit after tax (₹ in Lacs) | (A) | 22112.06 | 59228.65 |
| (ii) | Weighted average number of equity shares outstanding used as the denominator for computing Basic Earnings per share * | (B) | 234948663 | 244167344 |
| (iii) | Add: Weighted average number of dilutive potential equity shares on account of Employees Stock Option Scheme | | 18805 | 41725 |
| (iv) | Weighted average number of equity shares outstanding used as the denominator for computing Diluted Earnings per share * | (C) | 234967468 | 244209069 |
| (v) | Nominal value of equity shares (₹) | | 1.00 | 1.00 |
| (vi) | Basic Earnings per share (₹) | (A/B) | 9.41 | 24.26 |
| (vii) | Diluted Earnings per share (₹) | (A/C) | 9.41 | 24.25 |

* The weighted average number of shares takes into account the weighted average effect of changes in number of shares due to buy back of shares and employee stock options during the year ended 31st March, 2018 and 31st March, 2017.

**8. Buy back of shares**

**(i) Year ended 31st March, 2018**

The Board of Directors of the Company at its meeting held on 21st February, 2018 approved buyback of 6600000 equity shares of the Company, through the "Tender Offer" route using the Stock Exchange Mechanism, for an aggregate amount of ₹9900.00 Lacs (being 6.78% of the total Paid-up Equity Share Capital and Free Reserves of the Company as on 31st March, 2017), at a price of ₹150/- per Equity Share on a proportionate basis in accordance with the Companies Act, 2013 (as amended), rules made thereunder, the SEBI (Buy Back of Securities) Regulations, 1998 and other applicable circulars, clarifications and notifications and the settlement in respect of shares bought back have been completed on 28th March, 2018. Formalities pertaining to extinguishment of the shares bought back have since been completed on 4th April, 2018.

Consequent to the said buy-back, the equity share capital has been reduced by ₹66.00 Lacs and Capital Redemption Reserve of an equivalent amount has therefore been created.

# Notes forming part of the Standalone Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**(ii) Year ended 31st March, 2017**

The Company had undertaken a Buy Back of 10000000 fully paid-up equity shares of face value ₹1/- each, representing 4.08% of the total number of Equity Shares of the Company, on a proportionate basis, through the Tender Offer route, at a price of ₹175/- per Equity Share for an aggregate amount of ₹17500.00 Lacs which was 14.72% and 14.75% of the aggregate of the fully paid-up equity share capital and free reserves as per the standalone and consolidated audited accounts of the Company for the financial year ended 31st March, 2016, respectively.

Consequent to the said buy-back, the equity share capital had reduced by ₹100.00 Lacs and Capital Redemption Reserve of an equivalent amount has therefore been created.

**9. Employee Benefits :**

As per Ind AS - 19 "Employee Benefits", the disclosures of Employee Benefits are as follows:

**Defined Contribution Plan :**

Employee benefits in the form of Provident Fund, Employee State Insurance Corporation (ESIC) and Labour Welfare Fund are considered as defined contribution plan.

The contributions to the respective fund are made in accordance with the relevant statute and are recognised as expense when employees have rendered service entitling them to the contribution. The contributions to defined contribution plan, recognised as expense in the Statement of Profit and Loss are as under:

(₹ in Lacs)

| Defined Contribution Plan | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|
| Employer's Contribution to Provident Fund | 867.80 | 748.26 |
| Employer's Contribution to Pension Scheme | 661.20 | 608.28 |
| Employer's Contribution to Labour Welfare Fund | 0.01 | 0.01 |
| Employer's Contribution to Employees' State Insurance Scheme | 1.12 | 0.54 |

**Gratuity**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the said Act, an employee who has completed five years of continuance service is entitled to specific benefit. The Gratuity plan provides a lumpsum payment to employees at retirement, death, incapacitation or termination of employment. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund is in the form of a trust and is governed by the Board of Trustees who are responsible for its administration. The Company contributes all ascertained liabilities towards gratuity to the trust.

The following tables summarises the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in the Balance Sheet for the said plan:

**a) Details of funded post retirement plans are as follows:**

(₹ in Lacs)

| | Particulars | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|
| **I.** | **Expenses recognised in the Statement of Profit and Loss:** | | |
| 1 | Current service cost | 385.70 | 319.29 |
| 2 | Net interest on the net defined benefit liability/asset | (16.67) | (13.79) |
| 3 | Expense recognised in the Statement of Profit and Loss | 369.03 | 305.50 |
| **II.** | **Other comprehensive income** | | |
| 1 | Actuarial gain / (loss) arising from: | | |
| | - change in financial assumptions | 227.74 | 182.94 |
| | - changes in experience adjustments | 314.81 | 438.41 |
| 2 | (Returns)/loss on plan assets excluding amounts included in interest income | 36.16 | (66.31) |
| 3 | Components of defined benefit costs recognised in other comprehensive income | 578.71 | 555.04 |

# Notes forming part of the Standalone Financial Statements

Note No. : 38 Other disclosures *(contd.)*

(₹ in Lacs)

| | | Particulars | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|---|
| **III.** | | **Change in present value of defined benefit obligation :** | | |
| | 1 | Present value of defined benefit obligation **at the beginning of the year** | 4135.70 | 3327.08 |
| | 2 | Interest expense | 293.51 | 235.74 |
| | 3 | Current service cost | 385.70 | 319.29 |
| | 4 | Benefits paid | 444.59 | 367.76 |
| | 5 | Actuarial gain / (loss) arising from: | | |
| | | - changes in financial assumptions | 227.74 | 182.94 |
| | | - changes in experience adjustments | 314.81 | 438.41 |
| | 6 | Present value of defined benefit obligation **at the end of the year** | 4912.87 | 4135.70 |
| **IV.** | | **Change in fair value of plan assets during the year :** | | |
| | 1 | Plan assets at the beginning of the year | 4135.70 | 3327.08 |
| | 2 | Interest income | 310.18 | 249.53 |
| | 3 | Employers' contributions | 947.74 | 860.54 |
| | 4 | Benefits paid | 444.59 | 367.76 |
| | 5 | Re-measurement (Returns on plan assets excluding amounts included in interest income) | 36.16 | (66.31) |
| | 6 | Fair Value of plan assets at the end of the year | 4912.87 | 4135.70 |
| **V.** | | **Net Asset / (Liability) recognised in the Balance Sheet as at the year end:** | | |
| | 1 | Present value of defined benefit obligation | 4912.87 | 4135.70 |
| | 2 | Fair value of plan assets | 4912.87 | 4135.70 |
| | 3 | Funded status [Surplus/(Deficit)] | - | - |
| | 4 | Net Asset / (Liability) recognised in Balance Sheet | - | - |
| | | Current liability (Short term) | - | - |
| | | Non-current liability (Long term) | - | - |
| **VI.** | | **Actuarial Assumptions :** | | |
| | 1 | Discount rate (per annum) % | 7.50% | 7.50% |
| | 2 | Expected return on plan assets (per annum) % | 7.50% | 7.50% |
| | 3 | Expected rate of salary increase % | 6.00% | 5.50% |
| | 4 | Retirement/Superannuation age (Year) | 60 | 60 |
| | 5 | Mortality rates | IALM 2006-2008 Ultimate | IALM 2006-2008 Ultimate |
| **VII.** | | **Major category of plan assets as a % of the total plan assets as at the year end :** | | |
| | 1 | Administered by insurance companies | 99.94% | 99.95% |
| | 2 | Others (cash and cash equivalents) | 0.06% | 0.05% |
| **VIII.** | | **Maturity profile of defined benefit obligation** | | |
| | | Expected cash flows (valued on undiscounted basis): | | |
| | | Within the next 12 months | 455.23 | 392.92 |
| | | Between 2 and 5 years | 1137.59 | 1093.33 |
| | | Between 5 and 10 years | 2607.98 | 1841.76 |
| | | Beyond 10 years | 7504.05 | 5784.16 |
| | | **Total expected payments** | **11704.85** | **9112.17** |
| | | The average duration of the defined benefit plan obligation at the end of the Balance Sheet date (in years) | 15 | 16 |

# Notes forming part of the Standalone Financial Statements

Note No. : 38 Other disclosures *(contd.)*

| | Particulars | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|
| **IX.** | **Sensitivity analysis on present value of defined benefit Obligations:** | | |
| | Discount rates | | |
| | 0.50% Increase | (4.58)% | (4.52)% |
| | 0.50% Decrease | 4.92% | 4.87% |
| | Expected rates of salary increases | | |
| | 0.50% Increase | 4.94% | 4.91% |
| | 0.50% Decrease | (4.64)% | (4.60)% |
| | Attrition rate | | |
| | 0.50% Increase | 0.13% | 0.15% |
| | 0.50% Decrease | (0.13)% | (0.15)% |
| | Mortality rate | | |
| | 10% Increase | 0.72% | 0.72% |
| | 10% Decrease | (0.72)% | (0.72)% |

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring as at the Balance Sheet date.

All sensitivities are calculated using the same actuarial method as for the disclosed present value of the defined benefits obligation at year end.

**X. The history of funded post retirement plans are as follows :**

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 | As at 31st March, 2016 | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---|---|---|---|---|
| Present value of defined benefit obligation | 4912.87 | 4135.70 | 3327.08 | 3655.68 | 3220.20 |
| Fair value of plan assets | 4912.87 | 4135.70 | 3327.08 | 3655.68 | 3220.20 |

**b) Details of unfunded post retirement obligations are as follows:**

(₹ in Lacs)

| | Particulars | Leave encashment (Unfunded) | |
|---|---|---|---|
| | | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
| **I.** | **Components of employer expense :** | | |
| 1 | Current service cost | 102.15 | 21.67 |
| 2 | Interest cost | 22.79 | 19.40 |
| 3 | Actuarial (gain) /loss recognised in the year | 47.78 | 74.57 |
| 4 | Expense recognised in the Statement of Profit and Loss | 172.72 | 115.64 |
| **II.** | **Change in present value of obligation :** | | |
| 1 | Present value of obligation at the beginning of the year | 347.08 | 285.94 |
| 2 | Interest cost | 22.79 | 19.40 |
| 3 | Current service cost | 102.15 | 21.67 |
| 4 | Benefits paid | 86.39 | 54.50 |
| 5 | Actuarial (gain) /loss recognised in the year | 47.78 | 74.57 |
| 6 | Present value of obligation at the end of the year | 433.41 | 347.08 |
| **III.** | **Net asset / (liability) recognised in the Balance Sheet as at the year end:** | | |
| 1 | Present value of defined benefit obligation | 433.41 | 347.08 |
| 2 | Fair value of plan assets | - | - |
| 3 | Funded status [Surplus/(Deficit)] | (433.41) | (347.08) |
| 4 | Net asset / (liability) recognised in Balance Sheet | (433.41) | (347.08) |

Note No. : 38 Other disclosures *(contd.)*

(₹ in Lacs)

| | Particulars | Leave encashment (Unfunded) | |
|---|---|---|---|
| | | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
| **IV.** | **Actuarial Assumptions :** | | |
| 1 | Discount rate (per annum) % | 7.50 | 7.50 |
| 2 | Expected rate of Salary increase % | 6.00 | 5.50 |
| 3 | Retirement/superannuation age (Year) | 60 | 60 |
| 4 | Mortality rates | IALM 2006-08 Ultimate | IALM 2006-08 Ultimate |
| **V.** | **Maturity profile** | | |
| | Expected cash flows (valued on undiscounted basis): | | |
| | Within the next 12 months | 35.19 | 29.96 |
| | Between 2 and 5 years | 71.78 | 75.99 |
| | Between 5 and 10 years | 196.07 | 127.73 |
| | Beyond 10 years | 875.33 | 624.25 |
| | **Total expected payments** | **1178.37** | **857.93** |

**(c) Risks related to defined benefit plans:**

**The main risks to which the Company is exposed in relation to operating defined benefit plans are :**

(i) Mortality risk: The assumptions adopted by the Company make allowances for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the plans and consequently increases the plan's liabilities. In order to minimise this risk, mortality assumptions are reviewed on a regular basis.

(ii) Market and liquidity risks: These are the risks that the investments do not meet the expected returns over the medium to long term. This also encompasses the mismatch between assets and liabilities. In order to minimise the risks, the structure of the portfolios is reviewed and asset-liability matching analysis are performed on a regular basis.

**(d) Asset - liability management and funding arrangements**

The trustees are responsible for determining the investment strategy of plan assets. The overall investment policy and strategy for Company's funded defined benefit plan is guided by the objective of achieving an investment return which, together with the contribution paid is sufficient to maintain reasonable control over various funding risks of the plan.

**(e) Other disclosures :**

(i) The following are the assumptions used to determine the benefit obligation:

**Discount rate:**

The yield of government bonds are considered as the discount rate. The tenure has been considered taking into account the past long term trend of employees' average remaining service life which reflects the average estimated term of the post - employment benefit obligations.

**Rate of escalation in salary :**

The estimates of rate of escalation in salary, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

**Rate of return on plan assets:**

Rate of return for the year was the average yield of the portfolio in which the Company's plan assets are invested over a tenure equivalent to the entire life of the related obligation.

**Attrition rate :**

Attrition rate considered is the management's estimate based on the past long- term trend of employee turnover in the Company.

ii) The Gratuity and provident fund expenses have been recognised under " Contribution to provident and other funds" and Leave Encashment under Salaries and Wages under Note No. 32 - Employee benefits expense.

# Notes forming part of the Standalone Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**10. Segment information**

a) The Managing Director has been identified as the Company's chief operating decision-maker (CODM) as defined by Ind AS 108 – Operating Segments. The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The CODM of the Company evaluates the segments based on their revenue growth, operating income and return on capital employed. No operating segments have been aggregated in arriving at the Business Segment of the Company.

The Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance. The Company has identified three business segments viz. Sugar, Cogeneration and Distillery presented the same in the financial statements on a consistent basis. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment assets and segment liabilities represent assets and liabilities of respective segment. Investments, tax related assets/ liabilities and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

**b) The following is an analysis of revenue and results from operations by reportable segments:**

(₹ in Lacs)

| Particulars | Sugar | Cogeneration | Distillery | Others | Unallocable | Adjustments and elimination | Total |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| External sales | **375674.49** | **31182.53** | **33167.46** | **47.58** | **-** | **-** | **440072.06** |
| | (303870.98) | (27552.76) | (32675.97) | (-) | (-) | (-) | (364099.71) |
| Inter Segment sales | **40751.17** | **21934.55** | **-** | **-** | **-** | **(62685.72)** | **-** |
| | (33087.88) | (16815.18) | (-) | (-) | (-) | (-)(49903.06 ) | (-) |
| **Revenue from operations** | **416425.66** | **53117.08** | **33167.46** | **47.58** | **-** | **(62685.72)** | **440072.06** |
| | (336958.86) | (44367.94) | (32675.97) | (-) | (-) | (-)(49903.06) | (364099.71) |
| **Segment profit / (loss)** | **13882.92** | **17206.88** | **10819.55** | **12.55** | **-** | **-** | **41921.90** |
| | (55766.95) | (15768.25) | (11793.00) | (-)(195.24) | (-) | (-) | (83132.96) |
| Unallocable expenditure net of unallocable income | | | | | 3726.81 | | **3726.81** |
| | | | | | (4851.04) | | (4851.04) |
| Interest income | | | | | | | **226.34** |
| | | | | | | | (675.69) |
| Finance costs | | | | | | | **5203.00** |
| | | | | | | | (5542.80) |
| **Profit before tax** | | | | | | | **33218.43** |
| | | | | | | | (73414.81) |
| **Tax** | | | | | | | |
| Current tax (under MAT provisions) | | | | | | | **7114.68** |
| | | | | | | | (-) |
| Current tax (under normal provisions) | | | | | | | **-** |
| | | | | | | | (15788.07) |
| Tax provision for earlier years written back | | | | | | | **(14.12)** |
| | | | | | | | (-) |
| Deferred tax | | | | | | | **4005.81** |
| | | | | | | | (-) (1601.91) |
| **Profit after tax** | | | | | | | **22112.06** |
| | | | | | | | (59228.65) |

**Notes:**

(i) Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed at Company level. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed at Company level. Capital expenditure consists of additions to property, plant and equipment, capital work in progress and intangible assets.

(ii) Transactions between segments are primarily transferred at cost/market determined prices. Common costs are apportioned on a reasonable basis.

(iii) Figures in brackets pertain to previous year.

# Notes forming part of the Standalone Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**c) Other information**

(₹ in Lacs)

| Particulars | Sugar | Cogeneration | Distillery | Others | Unallocable | Adjustments and elimination | Total |
|---|---|---|---|---|---|---|---|
| Segment assets | **255939.87** | **68319.42** | **25351.76** | **514.03** | **16080.22** | **-** | **366205.30** |
| | (299263.47) | (69065.66) | (23729.73) | (-) | (7484.92) | (-) | (399543.78) |
| Segment liabilities | **84682.95** | **2075.69** | **1620.30** | **135.18** | **118976.45** | **-** | **207490.57** |
| | (47880.78) | (1977.83) | (1382.49) | (-) | (194177.27) | (-) | (245418.37) |
| Capital expenditure * | **11275.29** | **1413.50** | **1075.93** | **253.58** | **132.33** | **-** | **14150.63** |
| | (1935.26) | (6923.10) | (4407.85) | (-) | (219.90) | (-) | (13486.11) |
| Depreciation and amortisation | **4946.11** | **3281.25** | **1037.45** | **1.19** | **256.11** | **-** | **9522.11** |
| | (5508.92) | (3704.22) | (1058.54) | (8.51) | (213.52) | (-) | (10493.71) |
| Non cash expenses other than depreciation and amortisation | **197.36** | **125.92** | **114.49** | **-** | **40.17** | **-** | **477.94** |
| | (2976.11) | (356.35) | (1585.22) | (187.24) | (487.43) | (-) | (5592.35) |

*Includes depreciation, interest and other borrowing costs capitalised.

**Note:** Figures in brackets pertain to previous year.

**d) Reconciliations of amounts reflected in the financial statements**

**i) Reconciliation of assets**

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Segment operating assets | 366205.30 | 399543.78 |
| Total assets | 366205.30 | 399543.78 |

**ii) Reconciliation of liabilities**

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Segment operating liabilities | 207490.57 | 245418.37 |
| Total liabilities | 207490.57 | 245418.37 |

**e) Geographical information:**

The Company operated only in India during the year ended 31st March, 2018 and 31st March, 2017.

**f) Information about major customers:**

No single customer contributed 10% or more of the total revenue of the Company for the year ended 31st March, 2018 and 31st March, 2017.

# Notes forming part of the Standalone Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**11. Related party disclosures :**

**a) Name of the related parties and description of relationship**

| | | |
|---|---|---|
| i) | **Subsidiary Companies :**<br>(Control exists) | Indo Gulf Industries Ltd. (IGIL) (upto 18th May, 2017) |
| ii) | **Associate Companies :**<br>(Significant influence can be exercised) | 1. Visual Percept Solar Projects Pvt. Ltd. (VPSPPL) (w.e.f. 24th January, 2017)<br>2. Auxilo Finserve Pvt. Ltd. (AFPL) (w.e.f. 20th March, 2018) |
| iii) | Key Managerial Personnel (KMP): | 1. Shri Vivek Saraogi - Managing Director<br>2. Dr. Arvind Krishna Saxena - Whole-time Director |
| iv) | **Other related parties:**<br>**Close members of KMP :**<br>Shri Vivek Saraogi | 1. Smt. Meenakshi Saraogi - Mother<br>2. Smt. Sumedha Saraogi - Wife<br>3. Shri Karan Saraogi - Son<br>4. Smt. Avantika Saraogi - Daughter<br>5. Smt. Stuti Dhanuka - Sister |
| | Significant influence entities: | 1. Meenakshi Mercantiles Ltd.<br>2. Udaipur Cotton Mills Co. Ltd.<br>3. Novel Suppliers Pvt. Ltd.<br>4. Neoworth Commerical Pvt. Ltd.<br>5. Kamal Nayan Saraogi (HUF)<br>6. Vivek Saraogi (HUF)<br>7. The Balrampur Sugar Company Limited Employees Gratuity Fund |

**b) Transactions with Related parties :**

(₹ in Lacs)

| | Nature of transaction / Name of the related party | Subsidiary | Associate | Significant influence entities | Key managerial personnel (KMP) | Close members of KMP | Total |
|---|---|---|---|---|---|---|---|
| **(i)** | **Sitting fees** | | | | | | |
| | Smt. Meenakshi Saraogi | - | - | - | - | - | - |
| | | ( - ) | ( - ) | ( - ) | ( - ) | (0.80) | (0.80) |
| **(ii)** | **Compensation/Remuneration of KMP** | | | | | | |
| | Shri Vivek Saraogi | - | - | - | **610.61** | - | **610.61** |
| | | ( - ) | ( - ) | ( - ) | (341.37) | ( - ) | (341.37) |
| | Dr. Arvind Krishna Saxena | - | - | - | **25.47** | - | **25.47** |
| | | ( - ) | ( - ) | ( - ) | (23.27) | ( - ) | (23.27) |
| **(iii)** | **Interim dividend paid to equity shareholders** | | | | | | |
| | Shri Vivek Saraogi | - | - | - | **916.55** | - | **916.55** |
| | | ( - ) | ( - ) | ( - ) | (1332.88) | ( - ) | (1332.88) |
| | Dr. Arvind Krishna Saxena | - | - | - | **0.42** | - | **0.42** |
| | | ( - ) | ( - ) | ( - ) | (0.61) | ( - ) | (0.61) |
| | Smt. Meenakshi Saraogi | - | - | - | - | - | - |
| | | ( - ) | ( - ) | ( - ) | ( - ) | (498.55) | (498.55) |
| | Smt. Sumedha Saraogi | - | - | - | - | **235.57** | **235.57** |
| | | ( - ) | ( - ) | ( - ) | ( - ) | (342.97) | (342.97) |
| | Shri Karan Saraogi | - | - | - | - | **437.99** | **437.99** |
| | | ( - ) | ( - ) | ( - ) | ( - ) | (138.13) | (138.13) |
| | Smt. Avantika Saraogi | - | - | - | - | **89.47** | **89.47** |
| | | ( - ) | ( - ) | ( - ) | ( - ) | (131.13) | (131.13) |
| | Smt. Stuti Dhanuka | - | - | - | - | **119.94** | **119.94** |
| | | ( - ) | ( - ) | ( - ) | ( - ) | (175.42) | (175.42) |

# Notes forming part of the Standalone Financial Statements

## Note No. : 38 Other disclosures *(contd.)*

(₹ in Lacs)

| | Nature of transaction / Name of the related party | Subsidiary | Associate | Significant influence entities | Key managerial personnel (KMP) | Close members of KMP | Total |
|---|---|---|---|---|---|---|---|
| | Meenakshi Mercantiles Ltd. | - | - | **180.00** | - | - | **180.00** |
| | | ( - ) | ( - ) | (261.66) | ( - ) | ( - ) | (261.66) |
| | Udaipur Cotton Mills Co. Ltd. | - | - | **157.94** | - | - | **157.94** |
| | | ( - ) | ( - ) | (229.59) | ( - ) | ( - ) | (229.59) |
| | Novel Suppliers Pvt. Ltd. | - | - | **74.67** | - | - | **74.67** |
| | | ( - ) | ( - ) | (108.54) | ( - ) | ( - ) | (108.54) |
| | Kamal Nayan Saraogi (HUF) | - | - | **189.30** | - | - | **189.30** |
| | | ( - ) | ( - ) | (275.18) | ( - ) | ( - ) | (275.18) |
| | Vivek Saraogi (HUF) | - | - | **4.09** | - | - | **4.09** |
| | | ( - ) | ( - ) | (5.95) | ( - ) | ( - ) | (5.95) |
| **(iv)** | **Amount paid upon buyback of equity shares** | | | | | | |
| | Shri Vivek Saraogi | - | - | - | **1472.93** | - | **1472.93** |
| | | ( - ) | ( - ) | ( - ) | (2485.62) | ( - ) | (2485.62) |
| | Dr. Arvind Krishna Saxena | - | - | - | **0.67** | - | **0.67** |
| | | ( - ) | ( - ) | ( - ) | (1.13) | ( - ) | (1.13) |
| | Smt. Sumedha Saraogi | - | - | - | - | **384.85** | **384.85** |
| | | ( - ) | ( - ) | ( - ) | ( - ) | (658.65) | (658.65) |
| | Shri Karan Saraogi | - | - | - | - | **699.81** | **699.81** |
| | | ( - ) | ( - ) | ( - ) | ( - ) | (1175.04) | (1175.04) |
| | Smt. Avantika Saraogi | - | - | - | - | **159.89** | **159.89** |
| | | ( - ) | ( - ) | ( - ) | ( - ) | (293.38) | (293.38) |
| | Smt. Stuti Dhanuka | - | - | - | - | **208.58** | **208.58** |
| | | ( - ) | ( - ) | ( - ) | ( - ) | (375.11) | (375.11) |
| | Meenakshi Mercantiles Ltd. | - | - | **287.61** | - | - | **287.61** |
| | | ( - ) | ( - ) | (482.92) | ( - ) | ( - ) | (482.92) |
| | Udaipur Cotton Mills Co. Ltd. | - | - | **252.35** | - | - | **252.35** |
| | | ( - ) | ( - ) | (423.72) | ( - ) | ( - ) | (423.72) |
| | Novel Suppliers Pvt. Ltd. | - | - | **119.30** | - | - | **119.30** |
| | | ( - ) | ( - ) | (200.32) | ( - ) | ( - ) | (200.32) |
| | Kamal Nayan Saraogi (HUF) | - | - | **302.47** | - | - | **302.47** |
| | | ( - ) | ( - ) | (507.87) | ( - ) | ( - ) | (507.87) |
| | Vivek Saraogi (HUF) | - | - | **6.54** | - | - | **6.54** |
| | | ( - ) | ( - ) | (10.98) | ( - ) | ( - ) | (10.98) |
| **(v)** | **Contribution to employees defined benefit plans** | | | | | | |
| | The Balrampur Sugar Company Limited Employees Gratuity Fund | - | - | **947.74** | - | - | **947.74** |
| | | ( - ) | ( - ) | (860.54) | ( - ) | ( - ) | (860.54) |
| **(vi)** | **Interest income (at amortised cost)** | | | | | | |
| | Visual Percept Solar Projects Pvt. Ltd. | - | **186.46** | - | - | - | **186.46** |
| | | ( - ) | (28.94) | ( - ) | ( - ) | ( - ) | (28.94) |
| **(vii)** | **Balance Outstanding:** | | | | | | |
| | Investment in debentures (at amortised cost) | - | **2274.12** | - | - | - | **2274.12** |
| | | ( - ) | (2212.48) | ( - ) | ( - ) | ( - ) | (2212.48) |
| | Interest accrued but not due on debentures | - | - | - | - | - | - |
| | | ( - ) | (13.26) | ( - ) | ( - ) | ( - ) | (13.26) |
| | Remuneration payable | - | - | - | **330.00** | - | **330.00** |
| | | ( - ) | ( - ) | ( - ) | (150.00) | ( - ) | (150.00) |

# Notes forming part of the Standalone Financial Statements

Note No. : 38 Other disclosures *(contd.)*

Note: Figures in brackets pertain to previous year.

**c) Details of remuneration paid/payable to KMP:**

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | | Year ended 31st March, 2017 | | |
|---|---|---|---|---|---|---|
| | Shri Vivek Saraogi | Dr. Arvind Krishna Saxena | Total | Shri Vivek Saraogi | Dr. Arvind Krishna Saxena | Total |
| **Short-term employee benefits** | | | | | | |
| - Salary | 240.00 | 20.03 | 260.03 | 150.00 | 18.29 | 168.29 |
| - Commission | 330.00 | - | 330.00 | 150.00 | - | 150.00 |
| - Perquisites | 11.81 | 3.24 | 15.05 | 23.37 | 2.94 | 26.31 |
| | **581.81** | **23.27** | **605.08** | **323.37** | **21.23** | **344.60** |
| **Post-employment benefits** | | | | | | |
| - Contribution to Provident Fund | 28.80 | 2.20 | 31.00 | 18.00 | 2.04 | 20.04 |
| | **610.61** | **25.47** | **636.08** | **341.37** | **23.27** | **364.64** |

The above remuneration does not include provision for gratuity and leave, which is determined for the Company as a whole.

d) The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.

e) The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in current year and previous year for bad or doubtful debts in respect of the amounts owed by related parties.

f) The remuneration of directors is determined by the Nomination & Remuneration Committee having regard to the performance of individuals and market trends.

**12. Disclosure under Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Company has neither given any loan nor has advanced any amount either during the year ended 31st March, 2018 or year ended 31st March, 2017. Hence, the requirements under the said Schedule is not applicable to the Company and no information is required to be disclosed.

**13. Details of loans and investments covered under section 186 (4) of the Companies Act, 2013 :**

Details of loans given and investments made are given in the respective note.

14. (a) The Company's Writ Petition against withdrawal of the New Sugar Industry Promotion Policy 2004 admitted by the Lucknow Bench of the Hon'ble Allahabad High Court vide its order dated 9th May, 2008 is pending for decision. As an interim measure, the Order permits limited protection from remission of taxes namely Entry Tax on Sugar, Trade Tax on Molasses and Cane Purchase Tax. Accordingly, the Company continued to avail remission of these taxes and levies and ₹120.44 Lacs (Previous year ₹56.84 Lacs) has been accrued for in this respect.

In the assessment of Entry Tax on Sugar and Trade Tax on Molasses for the years 2008-09 to 2014-15, relating to four sugar units, namely, Akbarpur, Mankapur, Kumbhi and Gularia aggregating to ₹5909.42 Lacs (including ₹1366.33 Lacs pertaining to 2013-14 and 2014-15 determined during the year ended 31st March, 2018) has been assessed, though these units are also eligible under the aforesaid scheme. However, no demand has been raised on the Company in view of the limited protection by the Hon'ble High Court as aforesaid. These units are eligible for incentive, pending decision of the Court and the protection available in this respect, therefore, the aforesaid amount of ₹5909.42 Lacs has not been considered as contingent liability.

(b) The Company's claim for recoverable incentive under the New Sugar Industry Promotion Policy, 2004 of the Government of Uttar Pradesh is pending for decision by the Lucknow Bench of the Hon'ble Allahabad High Court.

Amount receivable against the aforesaid claim being unascertainable and contingent in nature would be accounted for on final decision.

**15.** The Company had entered into a Share Purchase Agreement (SPA) on 27th January, 2017 inter-alia with Ganesh Explosives Pvt. Ltd. (GEPL) for sale of its entire shareholding of 53.96% in Indo Gulf Industries Ltd. (IGIL) consisting of 5162470 equity shares of ₹1/- each subject to compliance and completion of the formalities under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI (SAST) Regulations, 2011") and the conditions precedent in terms of the SPA.

Pursuant to the completion of the Open Offer formalities by the acquirer (GEPL), IGIL had ceased to be the Subsidiary of the Company w.e.f. 19th May, 2017.

**16. Exercise of Call Option Agreement**

On 24th January, 2017, the Company had exercised the said Call Option and acquired 8914500 equity shares of VPSPPL at ₹25/- per equity share of ₹10/- each fully paid up, constituting 45% of the voting rights of VPSSPL pursuant to which, VPSPPL became an associate of the Company.

**17.** The Board of Directors of the Company at its meeting held on 15th September, 2017 considered and approved an investment upto ₹3750.00 lacs as first tranche and a cumulative investment of ₹17500.00 lacs in tranches over a period of five years in Auxilo Finserve Private Limited ("AFPL"), a non-listed NBFC private limited company based in India and engaged in financing activities in education sector. The objects of the said Company includes but not limited to invest into financing activities in education sector in India.

On 20th March, 2018, the Company was alloted 37500000 Equity shares of AFPL at par value of ₹10 each aggregating to ₹3750.00 lacs on preferential issue basis constituting 50% of the the shareholding in AFPL, pursuant to which, AFPL became an associate Company.

**18. Financial instruments**

**A. Financial instruments by category**

**As at 31st March, 2018**

(₹ in Lacs)

| Sl. No. | Particulars | Refer note No. | Total fair value | Carrying value | | | |
|---|---|---|---|---|---|---|---|
| | | | | Cost | Amortised cost | FVTOCI | Total |
| **(i)** | **Financial assets** | | | | | | |
| (a) | Investments | 6 | 8316.33 | 5978.63 | 2281.61 | 56.09 | 8316.33 |
| (b) | Trade and other receivables | 7 | 18221.31 | - | 18221.31 | - | 18221.31 |
| (c) | Cash and cash equivalents | 13 | 245.15 | - | 245.15 | - | 245.15 |
| (d) | Bank balances other than cash and cash equivalents | 14 | 625.64 | - | 625.64 | - | 625.64 |
| (e) | Loans | 15 | 13.28 | - | 13.28 | - | 13.28 |
| (f) | Other financial assets | 8 | 5344.06 | - | 5344.06 | - | 5344.06 |
| | **Total** | | **32765.77** | **5978.63** | **26731.05** | **56.09** | **32765.77** |
| **(ii)** | **Financial liabilities** | | | | | | |
| (a) | Borrowings | 20 | 87618.97 | - | 87618.97 | - | 87618.97 |
| (b) | Trade and other payables | 26 | 78529.18 | - | 78529.18 | - | 78529.18 |
| (c) | Other financial liabilities | 21 | 17257.50 | - | 17257.50 | - | 17257.50 |
| | **Total** | | **183405.65** | **-** | **183405.65** | **-** | **183405.65** |

# Notes forming part of the Standalone Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**As at 31st March, 2017**

(₹ in Lacs)

| Sl. No. | Particulars | Refer note no. | Total fair value | Carrying value | | | |
|---|---|---|---|---|---|---|---|
| | | | | Cost | Amortised cost | FVTOCI | Total |
| **(i)** | **Financial assets** | | | | | | |
| (a) | Investments | 6 | 4502.39 | 2228.63 | 2220.47 | 53.29 | 4502.39 |
| (b) | Trade and other receivables | 7 | 16276.95 | - | 16276.95 | - | 16276.95 |
| (c) | Cash and cash equivalents | 13 | 203.05 | - | 203.05 | - | 203.05 |
| (d) | Bank balances other than cash and cash equivalents | 14 | 245.51 | - | 245.51 | - | 245.51 |
| (e) | Loans | 15 | 957.34 | - | 957.34 | - | 957.34 |
| (f) | Other financial assets | 8 | 453.27 | - | 453.27 | - | 453.27 |
| | **Total** | | **22638.51** | **2228.63** | **20356.59** | **53.29** | **22638.51** |
| **(ii)** | **Financial liabilities** | | | | | | |
| (a) | Borrowings | 20 | 170174.25 | - | 170174.25 | - | 170174.25 |
| (b) | Trade and other payables | 26 | 29533.65 | - | 29533.65 | - | 29533.65 |
| (c) | Other financial liabilities | 21 | 14679.76 | - | 14679.76 | - | 14679.76 |
| | **Total** | | **214387.66** | **-** | **214387.66** | **-** | **214387.66** |

**B. Fair value hierarchy**

The fair value of the financial assets and financial liabilities are 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.

**The following methods and assumptions were used to estimate the fair values:**

i) Fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade and other receivables, loans and other current financial assets, current borrowings, trade and other payables and other current financial liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

ii) The carrying value of debentures approximate their fair value as the instruments are at prevailing market rate.

**The Company uses the following fair value hierarchy for determining and disclosing the fair value of financial instruments:**

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**The following tables provide the fair value hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis:**

**(i) Financial assets and financial liabilities measured at fair value on a recurring basis as at 31st March, 2018:**

(₹ in Lacs)

| Sl. No. | Particulars | Refer note no. | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|
| | **Financial assets** | | | | | |
| | **At FVTOCI** | | | | | |
| | Investments in equity instruments | 6 | - | - | 56.09 | 56.09 |
| | **Total financial assets** | | **-** | **-** | **56.09** | **56.09** |

Note No. : 38 Other disclosures *(contd.)*

**(ii) Financial assets and financial liabilities measured at fair value on a recurring basis as at 31st March, 2017:**

(₹ in Lacs)

| Sl. No. | Particulars | Refer note no. | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|
| | **Financial assets** | | | | | |
| | **At FVTOCI** | | | | | |
| | Investments in equity instruments | 6 | - | - | 53.29 | 53.29 |
| | **Total financial assets** | | **-** | **-** | **53.29** | **53.29** |

There have been no transfers between Level 1 and Level 2 either during the year ended 31st March, 2018 or year ended 31st March, 2017.

**Description of significant unobservable inputs to valuation:**

The following table shows the valuation technique and inputs for financial instruments:

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Investments in unqoted equity shares | Adjusted net asset method | |

**Reconciliation of opening and closing balances for Level 3 fair value:**

(₹ in Lacs)

| Particulars | Investments in unqoted equity shares | Options | Total |
|---|---|---|---|
| **Balance as at 1st April, 2016** | **54.07** | **706.92** | **760.99** |
| Net re-measurement gain recognised and deferred during the year | (0.78) | - | (0.78) |
| De-recognition during the year | - | 706.92 | 706.92 |
| **Balance as at 31st March, 2017** | **53.29** | **-** | **53.29** |
| Net re-measurement gain recognised and deferred during the year | 2.80 | - | 2.80 |
| De-recognition during the year | - | - | - |
| **Balance as at 31st March, 2018** | **56.09** | **-** | **56.09** |

**19. Financial risk management objectives and policies**

The Company's principal financial liabilities includes borrowings, trade payables and other financial liabilities.

The Company's principal financial assets include trade receivables, cash and cash equivalents and other financial assets.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management under the supervision of Board of Directors oversees the management of these risks. The policies framed with respect to risks summarised below provides assurance that the Company's financial risks 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.

**(a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other risks, such as regulatory risk and commodity price risk.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings obligations. These borrowings are at floating rate of interest and to that extent risk arising due to fluctuation thereof is mitigated to certain extent.

# Notes forming part of the Standalone Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**(ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

**(iii) Commodity price risk**

Sugar industry being cyclical in nature, realisations get adversly affected during downturn. Higher cane price or higher production than the demand ultimately affect profitability. The Company has mitigated this risk by well integrated business model by diversifying into cogeneration and distillation, thereby utilising the by-products.

**(b) 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's sugar sales are mostly on cash. Power and ethanol are sold to government entities, thereby the credit default risk is significantly mitigated.

The Company uses judgement in making these assumptions and selecting the inputs for assessing the impairment calculation, based on the Company's past history, existing market conditions as well as future estimates at the end of each balance sheet date.

Financial assets are written off when there is no reasonable expectation of recovery, however, the Company continues to attempt to recover the receivables. Where recoveries are made, these are recognised in the Statement of Profit and Loss.

**(i) Trade receivables**

Trade receivables are non-interest bearing and are generally on credit terms of 3 to 60 days.

An impairment analysis is performed at each balance sheet date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial assets disclosed under Note No. 7.

**The ageing analysis of the receivables has been considered from the date the invoice falls due:**

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Upto 6 months | 18301.99 | 16103.63 |
| 6 to 12 months | 1.37 | 162.96 |
| More than 12 months | 5.19 | - |
| Total | **18308.55** | **16266.59** |

**(ii) The following table summarises the change in the loss allowances measured using life time expected credit loss model for trade receivables:**

| Particulars | Amount (₹ in Lacs) |
|---|---|
| Balance as at 1st April, 2016 | **-** |
| Provided during the year | - |
| Reversed during the year | - |
| Balance as at 31st March, 2017 | **-** |
| Provided during the year | 97.63 |
| Reversed during the year | - |
| Balance as at 31st March, 2018 | **97.63** |

No significant changes in estimation were made during the reported period.

**(iii) Balances with banks**

Credit risk from balances with banks is managed in accordance with the Company's policy.

The Company's maximum exposure to credit risk for the components of the balance sheet as at 31st March, 2018 and 31st March, 2017 is the carrying amounts as stated under Note No. 13 and 14.

**(c) Liquidity risk**

The Company's objective is to meet the funding requirment and maintain flexibility in this respect through the use of cash credit facilities, short term loans and commercial papers.

**The table below summarises the maturity profile of the Company's financial liabilities:**

(₹ in Lacs)

| Sl. No. | Particulars | Less than 1 year | 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **A.** | **As at 31st March, 2018** | | | | |
| (i) | Borrowings | | | | |
| | (excluding current maturities of long - term debt) | 86552.16 | 1066.81 | - | 87618.97 |
| (ii) | Trade and other payables | 78529.18 | - | - | 78529.18 |
| (iii) | Other financial liabilities | 16951.31 | 306.19 | - | 17257.50 |
| | **Total** | **182032.65** | **1373.00** | **-** | **183405.65** |
| **B.** | **As at 31st March, 2017** | | | | |
| (i) | Borrowings | | | | |
| | (excluding current maturities of long - term debt) | 157743.71 | 12430.54 | - | 170174.25 |
| (ii) | Trade and other payables | 29533.65 | - | - | 29533.65 |
| (iii) | Other financial liabilities | 14220.48 | 459.28 | - | 14679.76 |
| | **Total** | **201497.84** | **12889.82** | **-** | **214387.66** |

**20. Capital management**

**(a) Risk management**

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders of the Company. The Company's objective while managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and other stake holders.

The Company manages its capital structure and makes adjustments in light of changes in the financial condition and the requirements of the financial covenants and return of capital to shareholders.

In order to achieve this overall objective, the Company's capital management, amongst other things, also aim to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. The Company has complied with these covenants and there have been no breaches in the financial covenants of any interest-bearing loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2018 and 31st March, 2017.

# Notes forming part of the Standalone Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**(b) Final dividend / Interim dividend**

| Particulars | | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|
| **Year to which interim dividend relates** | | **2017-18** | **2016-17** |
| Interim dividend paid per equity share | (₹) | 2.50 | 3.50 |
| Gross amount of Interim dividend | (₹in Lacs) | 5875.56 | 8574.59 |
| Dividend distribution tax on above | (₹in Lacs) | 1196.13 | 1745.58 |

**21.** The previous year's figures have been regrouped, rearranged and reclassified wherever necessary to make them comparable with those of the current year's figures.

As per our report of even date attached.

For **LODHA & CO.**
Chartered Accountants
Firm's Registration No. - 301051E

**Sd/-**
(R. P. Singh)
Partner
Membership No. 052438

Place of Signature: Kolkata
Date: 19th May, 2018

For and on behalf of the Board of Directors

**Sd/-**
Nitin Bagaria
Company Secretary

**Sd/-**
Pramod Patwari
Chief Financial Officer

**Sd/-**
Dr. Arvind Krishna Saxena
Whole-time Director
DIN - 00846939

**Sd/-**
Vivek Saraogi
Managing Director
DIN - 00221419

# Independent Auditors' Report

The members of
**Balrampur Chini Mills Limited**

## Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of **Balrampur Chini Mills Limited** (hereinafter referred to as "the Company") and share of profit/loss of associates comprising of the Consolidated Balance Sheet as at 31st March, 2018, and 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 a summary of the significant accounting policies and other explanatory information notes for the year ended on that date (hereinafter referred to as "the Consolidated Ind AS financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") (as amended) that gives a true and fair view of the state of affairs (consolidated financial position), profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Company including its Associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the Associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company including its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that gives a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

## Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph (a) in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanation 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 associates, the aforesaid consolidated Ind As financial statements give the information required by 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 (financial position) of the Company including its associates, as at 31st March, 2018 and their consolidated profit (financial performance including other comprehensive income), their consolidated cash flows and the consolidated changes in equity for the year then ended.

## Other Matters

(a) We did not audit the financial statements of the two associate companies, Visual Percept Solar Projects Private Limited and Auxilo Finserve Private Limited included in the consolidated financial statements for the year ended 31st March, 2018 which includes Company's share of net profit of ₹798.57 Lacs, other comprehensive income of ₹(-) 1.54 Lacs and total comprehensive income of ₹797.03 Lacs. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the associates, and our report in terms of sub-section (3) and sub section (11) of section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the report of other auditors.

(b) The comparative Ind AS financial information of the Company including its associates for the year ended 31st March, 2017 were audited by the predecessor auditor, M/s. G. P. Agrawal & Co, who expressed unmodified opinion vide their report dated 27th May, 2017 and reliance has been placed by us on the same for the purpose of this report.

Our opinion is not modified in respect of the above matters.

## Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that to the extent applicable, 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 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 consolidated Ind AS financial statements have been kept so far as appears from our examination of those books and the report of the other auditors;

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant 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 Indian Accounting Standards specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018, taken on record by the Board of Directors of the Company and the report of the other statutory auditors of its associate companies, none of the directors is disqualified as on 31st March, 2018, 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 and the operating effectiveness of such controls, refer to our Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the associate companies incorporated in India;

g) 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, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company and its associates have disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements – Refer Note No. 38(1) to the consolidated Ind AS financial Statements.

   ii. The Company and its associates did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2018. There were no amounts to be transferred to the Investor Education and Protection Fund by its associate companies during the year ended 31st March, 2018.

   iv. The reporting requirement on disclosures relating to specified Bank note is not applicable to the Company and its associates for the year ended 31st March, 2018.

For **LODHA & CO.**
*Chartered Accountants*
Firm's Registration No.: 301051E

sd/-
**(R. P. Singh)**
*Partner*
Membership No: 052438

Place of Signature: Kolkata
Date: 19th May, 2018

# Annexure "A" to the Independent Auditors' Report on Consolidated Ind AS Financial Statements

**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting 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 Ind AS financial statements of the Company and its associates as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of Balrampur Chini Mills Limited (hereinafter referred to as "the Company") and its associate companies, which are companies incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its associate companies 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 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 (ICAI). 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 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 of the associate companies, which are companies incorporated in India, 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 Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, its associates, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, 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.

## Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two associates, which are companies incorporated in India, is based on the corresponding standalone reports of the auditors, as applicable, of such companies incorporated in India.

For **LODHA & CO.**
*Chartered Accountants*
Firm's Registration No.: 301051E

sd/-
**(R. P. Singh)**
*Partner*
Membership No: 052438

Place of Signature: Kolkata
Date: 19th May, 2018

# Consolidated Balance Sheet as at 31st March, 2018

(₹ in Lacs)

| Particulars | Note No. | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non - current assets** | | | | | |
| (a) Property, plant and equipment | 4 | 144501.28 | | 140949.76 | |
| (b) Capital work-in-progress | 4A | 1125.21 | | 612.95 | |
| (c) Intangible assets | 5 | 204.24 | | 280.15 | |
| (d) Financial assets | | | | | |
| (i) Investments | | | | | |
| Investment in associates accounted for using the equity method | 6 | 9886.70 | | 5097.61 | |
| Other investments | 7 | 2325.14 | | 2261.19 | |
| (ii) Trade and other receivables | 8(i) | - | | - | |
| (iii) Other financial assets | 9(i) | 157.56 | | 142.93 | |
| (e) Non-current tax assets (net) | 10 | 4832.55 | | 101.50 | |
| (f) Other non-current assets | 11 | 520.49 | 163553.17 | 954.17 | 150400.26 |
| **Current assets** | | | | | |
| (a) Inventories | 12 | 180220.07 | | 231363.13 | |
| (b) Biological assets | 13 | 11.60 | | 12.33 | |
| (c) Financial assets | | | | | |
| (i) Trade and other receivables | 8(ii) | 18221.31 | | 16276.95 | |
| (ii) Cash and cash equivalents | 14 | 245.15 | | 203.05 | |
| (iii) Bank balances other than cash and cash equivalents | 15 | 625.64 | | 245.51 | |
| (iv) Loans | 16 | 13.28 | | 957.34 | |
| (v) Other financial assets | 9(ii) | 5186.50 | | 310.34 | |
| (d) Other current assets | 17 | 2024.09 | 206547.64 | 2631.28 | 251999.93 |
| **Assets classified as held for sale** | 38(15) | | - | | 348.52 |
| **Total Assets** | | | **370100.81** | | **402748.71** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| (a) Share capital | 18 | 2284.28 | | 2350.10 | |
| (b) Other equity | 19 | 159421.98 | | 153710.08 | |
| Equity attributable to equity shareholders of the parent | | 161706.26 | | 156060.18 | |
| Non-controlling interests | | - | 161706.26 | (28.83) | 156031.35 |
| **Liabilities** | | | | | |
| **Non - current liabilities** | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | 20(i) | 1066.81 | | 12430.54 | |
| (ii) Other financial liabilities | 21(i) | 306.19 | | 459.28 | |
| (b) Deferred income | 22 | 145.02 | | 152.11 | |
| (c) Provisions | 23(i) | 433.41 | | 318.18 | |
| (d) Deferred tax liabilities (net) | 24 | 19249.67 | | 15001.79 | |
| (e) Other non-current liabilities | 25 | 30.39 | 21231.49 | 27.59 | 28389.49 |
| **Current liabilities** | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | 20(ii) | 86552.16 | | 157743.71 | |
| (ii) Trade and other payables | 26 | 78529.18 | | 29533.65 | |
| (iii) Other financial liabilities | 21(ii) | 16951.31 | | 14220.48 | |
| (b) Deferred income | 22 | 7.09 | | 7.09 | |
| (c) Other current liabilities | 27 | 4752.69 | | 15857.63 | |
| (d) Provisions | 23(ii) | 370.63 | 187163.06 | 328.23 | 217690.79 |
| **Liabilities associated with assets classified as held for sale** | 38(15) | | - | | 637.08 |
| **Total Equity and Liabilities** | | | **370100.81** | | **402748.71** |
| Corporate information | 1 | | | | |
| Significant accounting policies and the accompanying notes 2 to 38 are an integral part of the consolidated financial statements. | | | | | |

As per our report of even date attached.

For **LODHA & CO.**
Chartered Accountants
Firm's Registration No. - 301051E

**Sd/-**
**(R. P. Singh)**
Partner
Membership No. 052438

**Sd/-**
Nitin Bagaria
Company Secretary

**Sd/-**
Pramod Patwari
Chief Financial Officer

For and on behalf of the Board of Directors

**Sd/-**
Dr. Arvind Krishna Saxena
Whole-time Director
DIN - 00846939

**Sd/-**
Vivek Saraogi
Managing Director
DIN - 00221419

Place of Signature: Kolkata
Date: 19th May, 2018

# Consolidated Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in Lacs)

| Particulars | Note No. | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|
| **Revenue from operations** | 28 | 440072.06 | 364099.71 |
| Other income | 29 | 3033.73 | 2507.02 |
| **Total income** | | **443105.79** | **366606.73** |
| **Expenses:** | | | |
| Cost of materials consumed | 30 | 306487.53 | 257684.56 |
| Excise duty on sale of goods | | 5817.76 | 18086.33 |
| Changes in inventories of finished goods, by-products and work-in-progress | 31 | 40974.80 | (41952.11) |
| Employee benefits expense | 32 | 20400.35 | 18099.46 |
| Finance costs | 33 | 5203.00 | 5542.80 |
| Depreciation and amortisation expense | 34 | 9522.11 | 10502.84 |
| Other expenses | 35 | 21225.95 | 25278.76 |
| **Total expenses** | | **409631.50** | **293242.64** |
| **Profit before share of profit of associates and tax** | | **33474.29** | **73364.09** |
| Share of profit of associates | | **1041.11** | **127.43** |
| **Profit before tax** | | **34515.40** | **73491.52** |
| **Tax expense** | 36 | | |
| Current tax (under MAT provisions) | | 7114.68 | - |
| Current tax (under normal provisions) | | - | 15788.07 |
| Tax provision for earlier years written back | | (14.12) | - |
| Deferred tax | | 4248.35 | (1572.51) |
| **Total tax expense** | | **11348.91** | **14215.56** |
| **Profit for the year** | | **23166.49** | **59275.96** |
| **Other comprehensive income** | 37 | | |
| Items that will not be reclassified to profit or loss | | (580.72) | (555.00) |
| Income tax relating to items that will not be reclassified to profit or loss | | 123.98 | 192.08 |
| **Total other comprehensive income** | | **(456.74)** | **(362.92)** |
| **Total comprehensive income for the year** | | **22709.75** | **58913.04** |
| *(Comprising of profit and other comprehensive income for the year)* | | | |
| **Profit for the year attributable to :-** | | | |
| Owners of the parent | | 23166.49 | 59299.32 |
| Non-controlling interests | | - | (23.36) |
| | | **23166.49** | **59275.96** |
| **Other comprehensive income attributable to :-** | | | |
| Owners of the parent | | (456.74) | (362.92) |
| Non-controlling interests | | - | - |
| | | **(456.74)** | **(362.92)** |
| **Total comprehensive income attributable to :-** | | | |
| Owners of the parent | | 22709.75 | 58936.40 |
| Non-controlling interests | | - | (23.36) |
| | | **22709.75** | **58913.04** |
| **Earnings per equity share of ₹1/- each** | 38(7) | | |
| - Basic (₹) | | 9.86 | 24.29 |
| - Diluted (₹) | | 9.86 | 24.28 |
| **Weighted average number of shares used in computing earnings per share** | | | |
| - Basic | | 234948663 | 244167344 |
| - Diluted | | 234967468 | 244209069 |
| Corporate information | 1 | | |
| Significant accounting policies and the accompanying notes 2 to 38 are an integral part of the consolidated financial statements. | | | |

As per our report of even date attached.

For **LODHA & CO.**
Chartered Accountants
Firm's Registration No. - 301051E

**Sd/-**
**(R. P. Singh)**
Partner
Membership No. 052438

**Sd/-**
Nitin Bagaria
Company Secretary

**Sd/-**
Pramod Patwari
Chief Financial Officer

For and on behalf of the Board of Directors

**Sd/-**
Dr. Arvind Krishna Saxena
Whole-time Director
DIN - 00846939

**Sd/-**
Vivek Saraogi
Managing Director
DIN - 00221419

Place of Signature: Kolkata
Date: 19th May, 2018

# Consolidated Statement of Changes in Equity for the year ended 31st March, 2018

**(a) Equity share capital:**

**For the year ended 31st March, 2018**

(₹ in Lacs)

| Balance as at 1st April, 2017 | Changes in equity share capital during the year | Balance as at 31st March, 2018 |
|---|---|---|
| 2350.10 | (65.82) | 2284.28 |

**For the year ended 31st March, 2017**

(₹ in Lacs)

| Balance as at 1st April, 2016 | Changes in equity share capital during the year | Balance as at 31st March, 2017 |
|---|---|---|
| 2449.50 | (99.40) | 2350.10 |

**(b) Other equity**

(₹ in Lacs)

| | Share application money pending allotment | Attributable to the equity share holders of the parent | | | | | | | | | Non-controlling interests | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserves and surplus | | | | | | | Other comprehensive income | Total | | |
| | | Capital reserve | Securities premium reserve | Capital redemption reserve | Share options outstanding account | Storage fund for molasses | General reserve | Retained earnings | Re-measurement of defined benefit plan | | | |
| **Balance as at 1st April, 2017** | **-** | **3184.58** | **34466.26** | **2754.10** | **18.09** | **117.75** | **64974.04** | **48195.26** | **-** | **153710.08** | **(28.83)** | **153681.25** |
| **Changes in equity during the year ended 31st March, 2018** | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 23166.49 | - | 23166.49 | - | 23166.49 |
| Other comprehensive income/(loss) for the year | - | - | - | - | - | - | - | - | (456.74) | (456.74) | - | (456.74) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **23166.49** | **(456.74)** | **22709.75** | **-** | **22709.75** |
| Share application money pending for allotment | 4.50 | - | - | - | - | - | - | - | - | 4.50 | | 4.50 |
| Consolidation adjustment on sale of non-current investments | - | - | - | - | - | - | 3.87 | - | | 3.87 | 28.83 | 32.70 |
| Exercise of stock options | - | - | 12.56 | - | (4.86) | - | - | - | - | 7.70 | - | 7.70 |
| Right share issued earlier kept in abeyance | - | - | 0.09 | - | - | - | - | - | - | 0.09 | - | 0.09 |
| Transfer on account of buy-back of equity shares | - | - | (66.00) | 66.00 | - | - | - | - | - | - | - | - |
| Utilized on account of buy-back of equity shares | - | - | (9834.00) | - | - | - | - | - | - | (9834.00) | - | (9834.00) |
| Buy back expenses (net of tax ₹ Nil) | - | - | - | - | - | - | - | (130.51) | - | (130.51) | - | (130.51) |
| Storage fund for molasses created during the year | - | - | - | - | - | 22.19 | - | - | - | 22.19 | - | 22.19 |
| Transfer to retained earnings | - | - | - | - | - | - | - | (456.74) | 456.74 | - | - | - |
| Interim dividend | - | - | - | - | - | - | - | (5875.56) | - | (5875.56) | - | (5875.56) |
| Dividend distribution tax on interim dividend | - | - | - | - | - | - | - | (1196.13) | - | (1196.13) | - | (1196.13) |
| **Balance as at 31st March, 2018** | **4.50** | **3184.58** | **24578.91** | **2820.10** | **13.23** | **139.94** | **64977.91** | **63702.81** | **-** | **159421.98** | **-** | **159421.98** |

# Consolidated Statement of Changes in Equity for the year ended 31st March, 2018

## (b) Other equity *(contd.)*

(₹ in Lacs)

| | Share application money pending allotment | Attributable to the equity share holders of the parent | | | | | | | | | Non-controlling interests | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserves and surplus | | | | | | | Other comprehensive income | Total | | |
| | | Capital reserve | Securities premium reserve | Capital redemption reserve | Share options outstanding account | Storage fund for molasses | General reserve | Retained earnings | Re-measurement of defined benefit plan | | | |
| **Balance as at 1st April, 2016** | **-** | **1075.58** | **51917.94** | **2654.10** | **53.12** | **114.30** | **64974.04** | **(332.27)** | | **120456.81** | **(5.47)** | **120451.34** |
| **Changes in equity during the year ended 31st March, 2017** | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 59299.32 | - | 59299.32 | (23.36) | 59275.96 |
| Other comprehensive income/(loss) for the year | - | - | - | - | - | | - | - | (362.92) | (362.92) | - | (362.92) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **59299.32** | **(362.92)** | **58936.40** | **(23.36)** | **58913.04** |
| Consolidation adjustment (net of tax ₹632.52 Lacs) | - | 2109.00 | - | - | - | - | - | - | - | 2109.00 | - | 2109.00 |
| Exercise of stock options | - | - | 48.32 | - | (21.62) | - | - | - | - | 26.70 | - | 26.70 |
| Forfeiture of stock options | - | - | - | - | (13.41) | - | - | - | - | (13.41) | - | (13.41) |
| Transfer on account of buy-back of equity shares | - | - | (100.00) | 100.00 | - | - | - | - | - | - | - | - |
| Utilized on account of buy-back of equity shares | - | - | (17400.00) | - | - | - | - | - | - | (17400.00) | - | (17400.00) |
| Buy back expenses (net of tax ₹46.94 Lacs) | - | - | - | - | - | - | - | (88.70) | - | (88.70) | - | (88.70) |
| Storage fund for molasses created during the year | - | - | - | - | - | 18.61 | - | - | - | 18.61 | - | 18.61 |
| Storage fund for molasses utilized during the year | - | - | - | - | - | (15.16) | - | - | - | (15.16) | - | (15.16) |
| Transfer to retained earnings | - | - | - | - | - | - | - | (362.92) | 362.92 | - | - | - |
| Interim dividend | - | - | - | - | - | - | - | (8574.59) | - | (8574.59) | - | (8574.59) |
| Dividend distribution tax | - | - | - | - | - | - | - | (1745.58) | - | (1745.58) | - | (1745.58) |
| **Balance as at 31st March, 2017** | **-** | **3184.58** | **34466.26** | **2754.10** | **18.09** | **117.75** | **64974.04** | **48195.26** | **-** | **153710.08** | **(28.83)** | **153681.25** |

The accompanying notes 2 to 38 are an integral part of the consolidated financial statements.

As per our report of even date attached.

For **LODHA & CO.**
Chartered Accountants
Firm's Registration No. - 301051E

**Sd/-**
**(R. P. Singh)**
Partner
Membership No. 052438

Place of Signature: Kolkata
Date: 19th May, 2018

For and on behalf of the Board of Directors

**Sd/-**
Nitin Bagaria
Company Secretary

**Sd/-**
Pramod Patwari
Chief Financial Officer

**Sd/-**
Dr. Arvind Krishna Saxena
Whole-time Director
DIN - 00846939

**Sd/-**
Vivek Saraogi
Managing Director
DIN - 00221419

# Consolidated Cash Flow Statement for the year ended 31st March, 2018

(₹ in Lacs)

| Particulars | | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|---|
| **A CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| **Profit before share of profit of associates and tax** | | | **33474.29** | | **73364.09** |
| ***Adjustments to reconcile profit before* share of profit of associates and tax *to net cash flow provided by operating activities:*** | | | | | |
| Finance costs | | 5203.00 | | 5542.80 | |
| Depreciation and amortisation expense | | 9522.11 | | 10502.84 | |
| Loss on sale/discard of property, plant and equipment (net) | | 283.11 | | 2925.77 | |
| Sundry debit balances/advances written off | | 75.01 | | 49.07 | |
| Transfer to storage fund for molasses | | 22.19 | | 18.61 | |
| Allowance for doubtful receivables, loans and advances | | 97.63 | | 8.27 | |
| Loss on sale of non-current investment of an associate | | - | | 458.95 | |
| Cane commission subsidy no longer receivable written off | | - | | 2106.83 | |
| Bad debts written off | | - | | 24.86 | |
| Fair value loss on financial instruments at fair value through profit or loss | | - | | 8.82 | |
| Interest income on financial assets | | (205.49) | | (395.57) | |
| Gain on sale of non-current investment in a subsidiary | | (276.51) | | - | |
| Unspent liabilities/balances written back | | (711.77) | | (336.61) | |
| Provision for contingencies written back | | (6.31) | | - | |
| Provision for doubtful advances written back | | (0.05) | | - | |
| Deferred income | | (7.09) | | (7.09) | |
| Provision for wealth tax written back | | - | | (7.87) | |
| Storage fund for molasses written back | | - | | (15.16) | |
| Expense on employee stock option scheme | | - | | (13.41) | |
| Employee benefit expense | | - | | 0.13 | |
| | | | 13995.83 | | 20871.24 |
| **Operating profit before working capital changes** | | | **47470.12** | | **94235.33** |
| ***Adjustments to reconcile operating profit to cash flow provided by changes in working capital:*** | | | | | |
| Decrease/(increase) in inventories | | 43337.78 | | (44873.94) | |
| Decrease/(increase) in biological assets | | 0.73 | | (8.89) | |
| (Increase)/decrease in trade and other receivables | | (2041.99) | | 3626.31 | |
| Decrease/(increase) in loans | | 24.06 | | (7.85) | |
| (Increase)/decrease in other financial assets | | (4867.57) | | 3200.76 | |
| Decrease in other non-current and other current assets | | 643.77 | | 1916.49 | |
| Deposit for cane price payment (escrow) | | (46.53) | | - | |
| Increase/(decrease) in trade and other payables | | 49565.13 | | (12464.93) | |
| (Decrease)/increase in other non-current and other current financial liabilities | | (564.35) | | 1497.72 | |
| (Decrease)/increase in other non-current and other current liabilities | | (3300.21) | | 2047.67 | |
| (Decrease) in provision for employee benefits/wealth tax | | (414.77) | | (464.00) | |
| | | | 82336.05 | | (45530.66) |
| Cash generated from operations | | | **129806.17** | | **48704.67** |
| Tax expense (excluding wealth tax) | | | (11821.98) | | (14140.21) |
| **Net cash generated from operating activities** | **(A)** | | **117984.19** | | **34564.46** |
| **B CASH FLOW FROM INVESTING ACTIVITIES** | | | | | |
| Additions to property, plant & equipment and intangibles assets | | (13571.74) | | (12955.94) | |
| Sale of property, plant & equipment and intangibles assets | | 357.39 | | 728.30 | |
| Purchase of shares of associate | | (3750.00) | | (2228.63) | |
| Sale of debentures | | - | | 2227.50 | |
| Sale of shares of subsidiary | | 20.65 | | - | |
| Purchase of national savings certificates | | (0.55) | | (0.05) | |
| Proceeds from maturity of national savings certificates (NSC) | | 1.05 | | 1.16 | |
| Fixed deposits placed with banks | | (154.48) | | (362.41) | |
| Fixed deposits redeemed from banks | | 92.74 | | 210.07 | |
| Loan received back from a corporate | | 920.00 | | - | |
| Interest received on debentures/inter corporate deposits/fixed deposits and NSC | | 152.49 | | 728.08 | |
| **Net cash used in investing activities** | **(B)** | | **(15932.45)** | | **(11651.92)** |

# Consolidated Cash Flow Statement for the year ended 31st March, 2018 (contd.)

(₹ in Lacs)

| Particulars | | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|---|
| **C CASH FLOW FROM FINANCING ACTIVITIES** | | | | | |
| Proceeds from issuance of equity shares on exercise of employee stock option and rights issue | | 7.97 | | 27.30 | |
| Payment towards buy-back of shares | | (9900.00) | | (17500.00) | |
| Buy back expenses | | (130.51) | | (135.64) | |
| Deposit for buy-back of shares (escrow) | | (266.25) | | - | |
| Share application money received pending for allotment | | 4.50 | | - | |
| Repayment of long-term borrowings | | (8053.93) | | (47185.19) | |
| Proceeds /(repayment) from issue of commercial paper (net) | | (95526.25) | | 95526.25 | |
| Proceeds/(repayment) of other short-term borrowings (net) | | 24334.70 | | (37224.39) | |
| Interest expense | | (5364.12) | | (6391.92) | |
| Payment on settlement of derivatives | | - | | (8.82) | |
| Other borrowing costs | | (44.06) | | (59.54) | |
| Interim dividend paid | | (5875.56) | | (8574.59) | |
| Dividend distribution tax paid | | (1196.13) | | (1745.58) | |
| **Net cash (used in) financing activities** | **(C)** | | **(102009.64)** | | **(23272.12)** |
| **Net increase in cash and cash equivalents** | **(A+B+C)** | | **42.10** | | **(359.58)** |
| Opening cash and cash equivalents | | | 203.05 | | 616.15 |
| Elimination of cash and cash equivalnets owing to transfer to asset held for sale [Refer Note No. 38(15) | | | | | (53.52) |
| **Closing cash and cash equivalents for the purpose of Consolidated Cash Flow Statement** | | | **245.15** | | **203.05** |

**Notes:**

1) The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in the Indian Accounting Standard (IND AS) 7 on Statement of Cash Flows.
2) Interest expense is inclusive of, and additions to property, plant and equipment and intangible assets are exclusive of, interest capitalised ₹Nil (Previous year: ₹530.03 lacs). Further, other borrowing costs is inclusive of, and additions to property, plant and equipment and intangible assets are exclusive of, other borrowing cost capitalised ₹Nil (Previous year: ₹Nil).
3) Additions to fixed assets include movement of Capital work-in-progress during the year.
4) Proceeds/(repayment) of/from commercial paper and other short-term borrowings qualify for disclosure on net basis.
5) Cash and cash equivalents do not include any amount which is not available to the Company for its use.
6) **Cash and cash equivalents as at the Balance Sheet date consists of:**

(₹ in Lacs)

| | | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|---|
| a) | Balance with banks on current accounts | | 199.29 | | 126.99 |
| b) | Cheques on hand | | 0.05 | | 0.20 |
| c) | Cash on hand | | 45.81 | | 75.86 |
| | **Closing cash and cash equivalents (Refer Note No. 14)** | | **245.15** | | **203.05** |

7) **Change in Company's liabilities arising from financing activities:**

(₹ in Lacs)

| | | As at 31st March, 2017 | Cash flows* | Non-Cash Flows^ | As at 31st March, 2018 |
|---|---|---|---|---|---|
| a) | Long term borrowings [Refer Note no. 20 (i)] | 12430.54 | - | (11363.73) | 1066.81 |
| b) | Current maturities of long term debt [Refer Note no. 21 (ii)] | 8053.93 | (8053.93) | 11363.73 | 11363.73 |
| c) | Short term borrowings [Refer Note no. 20 (ii)] ** | 62217.46 | 24334.70 | - | 86552.16 |
| d) | Commerical papers [Refer Note no. 20 (ii)] ** | 95526.25 | (95526.25) | - | - |
| e) | Interest accrued but not due on borrowings [Refer Note no. 21 (i) & (ii)] | 820.39 | (514.20) | 309.02 | 615.21 |
| | **Total** | **179048.57** | **(79759.68)** | **309.02** | **99597.91** |

* Includes cash flows on account of both principal and interest.

^ Includes amount on account of effect of change in foreign exchange rates and changes in fair values - Nil.

** Cash flows represents cash flows during the year on net basis.

8) Figure in brackets represent cash outflow from respective activities.
9) As breakup of cash and cash equivalents is also available in Note No. 14, reconciliation of items of cash and cash equivalents as per Consolidated Cash Flow Statement with the respective items reported in the Consolidated Balance Sheet is not required and hence not provided.

The accompanying notes 2 to 38 are an integral part of the consolidated financial statements.

As per our report of even date attached.

For **LODHA & CO.**
Chartered Accountants
Firm's Registration No. - 301051E

For and on behalf of the Board of Directors

| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| (R. P. Singh) | Nitin Bagaria | Pramod Patwari | Dr. Arvind Krishna Saxena | Vivek Saraogi |
| Partner | Company Secretary | Chief Financial Officer | Whole-time Director | Managing Director |
| Membership No. 052438 | | | DIN - 00846939 | DIN - 00221419 |

Place of Signature: Kolkata
Date: 19th May, 2018

# Notes forming part of the Consolidated Financial Statements

## Note No. : 1 Corporate information

The consolidated financial statements comprise financial statements of Balrampur Chini Mills Ltd. ("BCML" or "the Company" or "the Parent") and its two associates; Visual Percept Solar Projects Pvt. Ltd. ("VPSPPL") and Auxilo Finserve Pvt. Ltd. ("AFPL") for the year ended 31st March, 2018.

In respect of year ended 31st March, 2017, consolidated financial statements comprise financial statements of Balrampur Chini Mills Limited ("BCML" or "the Company" or "the Parent") and its Subsidiary Company, Indo Gulf Industries Limited ("IGIL" or "the Subsidiary Company") (collectively referred to as "the Group") and its associate, Visual Percept Solar Projects Pvt. Ltd. ("VPSPPL") .

IGIL ceased to be the Subsidiary w.e.f. 19th May, 2017.

Balrampur Chini Mills Limited ("BCML" or "the Company") is a public limited company incorporated and domiciled in India and has its registered office situated at FMC Fortuna, 2nd floor, 234/3A, A.J.C. Bose Road, Kolkata – 700020, West Bengal, India.

The Company's shares are listed on the BSE Ltd., National Stock Exchange of India Ltd. and The Calcutta Stock Exchange Ltd.

The Company is one of the largest integrated sugar manufacturing companies in India. The principal activity of the Company is manufacturing and sale of sugar. Besides this, the allied business activities undertaken by the company primarily consists of manufacturing and sale of Ethyl Alcohol, Ethanol and generation and sale of power.

The consolidated financial statements for the year ended 31st March, 2018 were approved for issue by the Board of Directors of the Company on 19th May, 2018 and is subject to the adoption by the shareholders in the ensuing Annual General Meeting.

## Note No. : 2 Consolidated significant accounting policies

### 2.1 Statement of Compliance with Ind AS

The consolidated financial statements have been prepared in accordance with Ind AS prescribed under section 133 of the Companies Act, 2013 ("Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the consolidated financial statements are approved for issue by the Board of Directors has been considered in preparing these consolidated financial statements.

Accounting Policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### 2.2 Recent pronouncements

On 28th March, 2018, Ministry of Corporate Affairs ("MCA") has issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 notifying Ind AS 115, "Revenue from Contract with Customers" and Appendix B to Ind AS 21 "Foreign currency transactions and advance consideration" which are applicable with effect from financial periods beginning on or after 1st April, 2018.

**Ind AS 115 – Revenue from Contract with Customers**

The standard requires that an entity should recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effect of this amendment on the consolidated financial statements of the Company is being evaluated.

**Ind AS 21 – Appendix B "Foreign currency transactions and advance consideration"**

This Appendix applies to a foreign currency transaction (or part of it) when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income (or part of it). The effect of this amendment on the consolidated financial statements of the Company is being evaluated.

# Notes forming part of the Consolidated Financial Statements

Note No. : 2 Consolidated significant accounting policies *(contd.)*

**2.3 Basis of preparation and consolidation**

**a) Basis of preparation**

**(i) Historical cost convention**

These consolidated financial statements have been prepared under the historical cost convention on accrual basis, except certain financial assets and financial liabilities and biological assets which are measured in terms of relevant Ind AS at fair value / costs at the end of each balance sheet date.

Historical cost is generally based on the fair value of the consideration in exchange for goods and services.

**(ii) Current and non - current classification**

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**(iii) Functional /Presentation currency and rounding-off of amounts**

The consolidated financial statements including notes thereon are presented in Indian Rupees ("Rupees"or"Rs." or "₹"), which is the Company's functional and presentation currency. All amounts disclosed in the consolidated financial statements including notes thereon have been rounded off to the nearest lacs as per the requirement of Schedule III to the Act, unless stated otherwise.

**(iv) 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 under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed for such measurement:

(i) Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: inputs other than quoted prices included within level 1 that are observable either directly or indirectly for the asset or liability.

(iii) Level 3: inputs for the asset or liability which are not based on observable market data.

**b) Basis of consolidation**

The Consolidated financial statements have been prepared in accordance with principles laid down in Ind AS 110 on "Consolidated Financial Statements" and Ind AS 28 on "Accounting for Investments in Associates and Joint Ventures".

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 31st March.

**Consolidation procedure:**

(i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiary. 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,

(ii) Offset (eliminate) the carrying amount of the Parent's investment in Subsidiary and the Parent's portion of equity of subsidiary,

# Notes forming part of the Consolidated Financial Statements

Note No. : 2 Consolidated significant accounting policies *(contd.)*

(iii) 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), and

(iv) Profit or loss and component of Other Comprehensive Income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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.

**c) Investment in associates**

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. If the Group's share of the net fair value of the investee's identifiable assets and liabilities exceeds the cost of the investment, any excess is recognised directly in Equity as capital reserve in the period in which the investment is acquired. Goodwill, if any, relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Consolidated Statement of Profit and Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of 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 Consolidated Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate.

If the Group's share of losses of associates equals or exceeds its interest in the associates (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the Group 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 associates. If the associate subsequently reports profits.

The Group 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 associates is shown on the face of the Consolidated 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 in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each balance sheet 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/loss of associates' in the Consolidated Statement of Profit and Loss.

**2.4 Revenue recognition**

Revenue is recognised to the extent it is probable that economic benefits would flow to the Company and the revenue can be reliably measured, regardless of when the revenue proceeds is received from customers.

Revenue is measured at the fair value of the consideration received/receivable taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

Revenue is recognised only if the following conditions are satisfied:

(a) The Company has transferred risks and rewards incidental to ownership to the customer;

(b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

Note No. : 2 Consolidated significant accounting policies *(contd.)*

(c) It is probable that the economic benefit associated with the transaction will flow to the Company;

(d) It can be reliably measured and it is reasonable to expect ultimate collection.

The specific recognition criteria for revenue recognition are as follows:

**(i) Sale of goods**

Sale of goods is recognised at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration. It includes excise duty and cess upto 30th June 2017 and excludes indirect taxes, trade discounts and rebates (if any).

**(ii) Income from sale of Renewable Energy Certificates (RECs)**

Income from sale of RECs is recognised on delivery of RECs to the customers' account as evidenced by the receipt of confirmation of execution of delivery instructions.

**(iii) Interest income**

For all debt instruments measured at amortised cost, interest income is recognised using the Effective Interest Rate ("EIR"). Interest income is included in "Other Income" in the Statement of Profit and Loss.

**(iv) Dividend income**

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

**(v) Insurance claims**

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

**(vi) All other income are accounted for on accrual basis.**

**2.5 Expenses**

All expenses are accounted for on accrual basis.

**2.6 Property, plant and equipment (PPE) and Capital work-in-progress (CWIP)**

**a)** All PPE are measured at cost less accumulated depreciation and accumulated impairment losses, if any. For this purpose cost include deemed cost on the date of transition and includes the purchase cost of assets, including import duties and non-refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets are capitalised as part of the cost of the asset until such time that the asset is ready for its intended use.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the part will flow to the Company and its cost can be measured reliably.

**b)** The carrying amount of the replaced part is derecognised. The costs of regular servicing of property, plant and equipment are recognised in the Statement of Profit and Loss as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use, if any, is included in the cost of the respective asset, if the recognition criteria for provisions are met.

When parts of an item of PPE have different useful lives, they are accounted for as separate components.

The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss.

**c) Depreciation methods, estimated useful lives and residual value**

Freehold land is not depreciated. Lease-hold land and lease hold improvements are amortised over the lower of estimated useful life and lease term.

# Notes forming part of the Consolidated Financial Statements

## Note No. : 2 Consolidated significant accounting policies *(contd.)*

Depreciation on other items of PPE commences when the assets are ready for their intended use. It is provided on a straight-line basis to allocate their cost, net of their residual value over the estimated useful life of the respective asset as specified in Schedule II to the Companies Act, 2013, except for certain motor vehicles and mobile phones. The said motor vehicles and mobile phones are depreciated over a period of five years and three years respectively.

The estimated useful lives are determined based on assessment made by technical experts, in order to reflect the actual usage of the assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

**The estimated useful lives considered are as follows:**

| Category | Useful life | |
|---|---|---|
| | 31st March, 2018 | 31st March 2017 |
| Buildings | 03 - 60 years | 03 - 60 years |
| Roads | 03 - 10 years | 03 - 10 years |
| Plant and equipment | 08 - 25 years | 08 - 25 years |
| Furniture and fixtures | 10 years | 10 years |
| Vehicles | 05- 10 years | 08 - 10 years |
| Office equipment | 03 - 05 years | 03 - 05 years |
| Computers | 03 - 06 years | 03 - 06 years |
| Electrical installation and equipment | 05 - 10 years | 05 - 10 years |
| Pipelines | 15 years | 15 years |

Each item of PPE individually costing ₹5,000/- or less is depreciated over a period of one year from the date the said asset is available for use.

The residual value of an item of PPE is not more than 5% of the original cost of the respective asset.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year and are given effect to, wherever appropriate.

**(d) Expenditure during construction period**

Directly attributable expenditure (including finance costs relating to borrowed funds for construction or acquisition of PPE) incurred on projects under implementation are treated as pre-operative expenses pending allocation to the assets and are shown under Capital work-in-progress. Capital work-in-progress is stated at the amount expended upto the balance sheet date on assets or PPE that are not yet ready for their intended use.

**2.7 Intangible assets (Computer Software)**

(a) Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset.

Acquired computer software is measured at original cost less accumulated amortisation and impairment losses, if any.

Cost includes acquisition price, licence fees, non-refundable taxes and costs of implementation/system integration services and any directly attributable expenses, wherever applicable for bringing the asset to its working condition for the intended use.

(b) **Amortization methods, estimated useful lives and residual value**

Computer Software is amortised on a straight-line basis over its estimated useful lives of five years from the date they are available for use.

The estimated useful lives, residual values and amortization method are reviewed at the end of each financial year and are given effect to, wherever appropriate.

(c) The cost and related accumulated amortization are eliminated from the consolidated financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Consolidated Statement of Profit and Loss.

Note No. : 2 Consolidated significant accounting policies *(contd.)*

**2.8 Inventories**

(a) Inventories (other than by-products and scraps) are valued at lower of cost and net realisable value after providing for obsolescence, if any.

Cost of inventory comprises of purchase price, cost of conversion and other directly attributable costs that have been incurred in bringing the inventories to their respective present location and condition. Borrowing costs are not included in the value of inventories.

The cost of inventories is computed on weighted average basis. Inventories are written down on a case-by-case basis if the anticipated net realizable value declines below the carrying amount of the inventories. Such write downs are recognised in the Statement of Profit and Loss. When the reason for a write-down of the inventories ceases to exist, the write-down is reversed.

Net realisable value (NRV) 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.

(b) By-products and scraps are valued at net realisable value.

**2.9 Biological assets**

Biological assets comprise standing crops (crops under development) of sugarcane.

The biological process starts with preparation of land for planting, seedlings and ends with the harvesting of crops. When harvested, cane is transferred to inventory at fair value less costs to sell or at cost whichever applicable.

For biological assets, where little biological transformation has taken place since the initial cost was incurred (for example seedlings planted immediately before the balance sheet date), such biological assets are measured at cost i.e. the total expenses incurred on such plantation upto the balance sheet date.

**2.10 Government grants**

Government grants are recognised at fair value when there is reasonable assurance that the grant would be received and the Company would comply with all the conditions attached with them.

Government grants related to PPE are treated as deferred income (included under non-current liabilities with current portion considered under current liabilities) and are recognised and credited in the Consolidated Statement of Profit and Loss on a systematic and rational basis over the estimated useful life of the related asset and included under "Other Income".

Government grants related to revenue nature are recognised on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs are adjusted with the related expenditure. If not related to a specific expenditure, it is taken as income and presented under "Other Income".

The benefit of a government loan at a below-market rate of interest or loan with interest subvention is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

**2.11 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset till such time that is required to complete and prepare the asset to get ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

All other borrowing costs are charged to the Consolidated Statement of Profit and Loss in the period in which they are incurred.

**2.12 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 and the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

# Notes forming part of the Consolidated Financial Statements

Note No. : 2 Consolidated significant accounting policies *(contd.)*

**(a) When the Company is a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. Leases under which substantially all the risks and rewards of ownership are transferred to the Company are classified as finance leases.

On initial recognition, the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Payment made under operating leases are recognised as expense in the Consolidated Statement of Profit and Loss on a straight line basis over the lease term, unless the receipts are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

**(b) When the Company is a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the escalation of lease rentals is in line with the expected general inflation so as to compensate the lessor for expected inflationary cost, the increases in the rentals is not straight lined.

**2.13 Provisions, contingent liabilities and contingent assets**

(a) A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the passage of time is recognised as finance costs.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to provision is presented in the Statement of Profit and Loss, net of any reimbursement.

(b) A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation.

A contingent liability is not recognised in the consolidated financial statements, however, is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

If it becomes probable that an outflow of future economic benefits will be required for an item dealt with as a contingent liability, a provision is recognised in the consolidated financial statements of the period (except in the extremely rare circumstances where no reliable estimate can be made).

(c) A contingent asset is not recognised in the consolidated financial statements, however, is disclosed, where an inflow of economic benefits is probable.

(d) Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

**2.14 Dividend payable**

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividend are recorded as a liability on the date of declaration by the Company's Board of Directors. A corresponding amount is recognised directly in equity.

Note No. : 2 Consolidated significant accounting policies *(contd.)*

**2.15 Foreign currency transactions and translations**

**(a) Functional and presentation currency**

The items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The consolidated financial statements are presented in Indian Rupee (INR), which is the Company's functional as well as presentation currency.

**(b) Transactions and balances**

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

Monetary assets and liabilities related to foreign currency transactions remaining outstanding at the balance sheet date are translated at the functional currency spot rate of exchange prevailing at the balance sheet date. Any income or expense arising on account of foreign exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

Non-monetary items which are carried at historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial transaction.

**2.16 Employee benefits**

**(a) Short-term employee benefits**

Short-term employee benefits in respect of salaries and wages, including non-monetary benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

**(b) Defined contribution plans**

The Company pays provident and other fund contributions to publicly administered fund as per related Government regulations.

The Company has no further obligation, other than the contributions payable to the respective funds. The Company recognises contribution payable to such funds as an expense, when an employee renders the related service.

**(c) Defined benefit plans**

The Company operates a defined benefit gratuity plan, which requires contributions to be made to The Balrampur Sugar Company Limited Employees Gratuity Fund (the Trust). Trustees administer contributions made to the Trust and contributions are invested through insurance companies.

The liability or asset recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of plan assets. The defined benefit obligation is calculated by external actuaries using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to Retained Earnings through Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

**Past service costs are recognised in profit or loss on the earlier of:**

(i) The date of the plan amendment or curtailment, and

(ii) The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

(i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and

(ii) Net interest expense or income.

# Notes forming part of the Consolidated Financial Statements

Note No. : 2 Consolidated significant accounting policies *(contd.)*

**(d) Compensated absences**

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method for the unused entitlement that has accumulated as at the balance sheet date.

The benefits are discounted using the market yields as at the end of the balance sheet date that has terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

**2.17 Share based payments (Employee stock option)**

The eligible employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to equity share capital (par value of the equity share) and securities premium reserve. The Company determines the compensation cost based on the intrinsic value method. The compensation cost is amortised on a straight line basis over the vesting period.

**2.18 Financial instruments**

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and financial liabilities at initial recognition based on its nature and characteristics.

**Financial assets**

**(a) Initial recognition and measurement**

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

The financial assets include equity and debt securities, trade and other receivables, loans and advances, cash and bank balances and derivative financial instruments.

**(b) Subsequent measurement**

**For the purpose of subsequent measurement, financial assets are classified in the following categories:**

(i) At amortised cost,

(ii) At fair value through other comprehensive income (FVTOCI), and

(iii) At fair value through profit or loss (FVTPL).

**Financial assets at amortised cost**

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

(i) The asset is held within a business model whose objective is to hold the asset for collecting contractual cash flows, and

(ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost is determined using the Effective Interest Rate (EIR) method. Discount or premium on acquisition and fees or costs forms an integral part of the EIR.

**Equity investments**

All equity investments in the scope of Ind AS 109 are measured at fair value except in case of investments in associates carried at cost.

Note No. : 2 Consolidated significant accounting policies *(contd.)*

The Company makes an election to present changes in fair value either through OCI or through profit or loss on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in OCI. Profit or loss arising on sale thereof is also taken to OCI and the amount accumulated in this respect is transferred within the equity.

**(c) De-recognition**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

**Financial liabilities**

**(a) Initial recognition and measurement**

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

The financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, derivative financial instruments, etc.

**(b) Subsequent measurement**

For the purpose of subsequent measurement, Financial liabilities are classified in two categories:

(i) Financial liabilities at amortised cost, and

(ii) Derivative instruments at fair value through profit or loss (FVTPL).

**Financial liabilities at amortised cost**

After initial recognition, financial liabilities 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.

Discount or premium on acquisition and fees or costs forms an integral part of the EIR.

**(c) De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**Derivative financial instruments**

**Initial recognition and subsequent measurement**

A derivative financial instrument, such as foreign exchange forward contracts are used to hedge foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities including derivative instruments are offset and the net amount is reported in the Balance Sheet, if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

**Equity Share capital**

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Incremental costs directly attributable to the issuance of new equity shares are recognised as a deduction from equity, net of any tax effects.

# Notes forming part of the Consolidated Financial Statements

Note No. : 2 Consolidated significant accounting policies *(contd.)*

**2.19 Impairment of assets**

**(a) Non-financial assets**

Property, plant and equipment and intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment loss previously recognised is reversed so that the asset is recognised at its recoverable amount but not exceeding the value which would have been reported in this respect if the impairment loss had not been recognised.

**(b) Financial assets**

The Company recognises loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss.

ECL impairment loss allowance is measured at an amount equal to lifetime ECL.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income or expense in the Statement of Profit and Loss. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance sheet. The allowance reduces the net carrying amount.

Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**2.20 Taxes**

Income tax expense comprises current tax and deferred tax and is recognised in the Statement of Profit and Loss except to the extent it relates to items directly recognised in Equity or in Other Comprehensive Income (OCI).

**(a) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities using the tax rates and tax laws that are enacted or substantively enacted by the balance sheet date and applicable for the period.

Current tax items in correlation to the underlying transaction relating to OCI and Equity are recognised in OCI and in Equity respectively.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Note No. : 2 Consolidated significant accounting policies *(contd.)*

**(b) Deferred income tax**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 assets to be utilised.

Unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent where 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 realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws to the extent it is likely to give future economic benefits in the form of availability to set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off deferred tax assets against deferred tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.21 Earnings per share**

(a) Basic earnings per share are computed by dividing the net profit/(loss) after tax by the weighted average number of equity shares outstanding during the year.

(b) Diluted earnings per share are computed by dividing the net profit/(loss) after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are determined as at the end of each period presented.

The number of equity shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any share split and bonus shares issues including for changes effected prior to the approval of the consolidated financial statements by the Board of Directors.

**2.22 Segment reporting**

Operating segments are identified and reported taking into account the different risk and return, organisational structure and internal reporting system.

**2.23 Cash and cash equivalents**

Cash and cash equivalents in the Balance sheet comprise cash on hand, cheques on hand, balance with banks on current accounts and short term, highly liquid investments with an original maturity of three months or less and which carry insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents, as defined above and net of outstanding book overdrafts (if any), as they are considered an integral part of the Company's cash management.

**2.24 Cash flow statement**

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

# Notes forming part of the Consolidated Financial Statements

## Note No. : 3 Use of critical estimates, judgements and assumptions

The preparation of the consolidated financial statements in conformity with measurement principle under Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of revenue, expenses, assets and liabilities including the accompanying disclosures and the disclosure of contingent assets and liabilities.

Estimates, judgements and assumptions are continuously evaluated. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

**Estimates and assumptions**

The Group based its estimates, judgements and assumptions on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The application of accounting policies that require critical judgements and accounting estimates involving complex and subjective judgments and the use of assumptions in these consolidated financial statements have been disclosed herein below.

**(i) Estimated useful life of property, plant and equipment (PPE)**

PPE represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual value of the asset are determined by the management when the asset is acquired and reviewed periodically including at each financial year end. The lives are based on technical evaluation, technological obsolesces and historical experience with similar assets as well as anticipation of future events, which may impact their lives.

**(ii) Current taxes and deferred taxes**

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes.

Deferred tax assets are recognised for unused losses (carry forward of prior years' losses) and unused tax credit to the extent that it is probable that taxable profit would be available against which the losses could be utilised. Significant management judgment 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.

**(iii) Estimation of defined benefit obligations**

The cost of the defined benefit gratuity plan 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 least each financial year end.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the actuary considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. 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.

Note No. : 3 Use of critical estimates, judgements and assumptions *(contd.)*

**(iv) Estimated fair value of unlisted securities**

The fair values of financial instruments that are not traded in an active market and cannot be measured based on quoted prices in active markets is determined using valuation techniques including the Discounted Cash Flow (DCF) model. The Group uses its judgement to select a variety of method / methods and make assumptions that are mainly based on market conditions at regular intervals.

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.

Such changes are reflected in the assumptions when they occur.

**(v) Provisions and contingencies**

The timing of recognition and quantification of the provisions and contingent liabilities requires the application of judgement to existing facts and circumstances which can be subject to change. Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies / claims / litigations against the Group.

# Notes forming part of the Consolidated Financial Statements

## Note No. : 4 Property, plant and equipment and Capital work-in-progress

(₹ in Lacs)

| Particulars | Property, plant and equipment | | | | | | | | | | | | Capital work-in-progress @ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Land (Free hold) | Land (Lease hold) | Buildings | Roads | Plant and equipment | Furniture & Fixtures | Vehicles | Office equipment | Computers | Electrical Installation and equipment | Pipelines | Total | |
| **Gross block** | | | | | | | | | | | | | |
| **Gross carrying amount as at 1st April, 2017** | **6824.83** | **399.29** | **34932.32** | **1437.18** | **99066.16** | **648.68** | **1145.69** | **156.06** | **512.28** | **9538.07** | **7004.84** | **161665.40** | **612.95** |
| Additions during the year | - | 3.25 | 1572.14 | 154.28 | 8762.63 | 109.47 | 491.05 | 24.16 | 162.28 | 1672.87 | 666.60 | 13618.73 | 13058.08 |
| Disposals/deductions during the year | 241.27 | - | 12.71 | - | 289.61 | 14.01 | 198.91 | 12.15 | 16.82 | 14.76 | 23.68 | 823.92 | 12545.82 |
| **Gross carrying amount as at 31st March, 2018** | **6583.56** | **402.54** | **36491.75** | **1591.46** | **107539.18** | **744.14** | **1437.83** | **168.07** | **657.74** | **11196.18** | **7647.76** | **174460.21** | **1125.21** |
| **Depreciation /amortisation** | | | | | | | | | | | | | |
| **Accumulated depreciation / amortisation as at 1st April, 2017** | - | 12.80 | 2448.61 | 1007.69 | 10050.49 | 238.06 | 254.91 | 52.12 | 194.04 | 5060.11 | 1396.81 | 20715.64 | - |
| Depreciation/ amortisation for the year | - | 6.42 | 1278.79 | 153.92 | 5746.37 | 84.16 | 305.75 | 28.42 | 133.39 | 886.22 | 803.28 | 9426.72 | - |
| Disposals/deductions during the year | - | - | 3.35 | - | 42.02 | 6.75 | 100.91 | 5.27 | 9.73 | 8.20 | 7.20 | 183.43 | - |
| **Accumulated depreciation / amortisation as at 31st March, 2018** | **-** | **19.22** | **3724.05** | **1161.61** | **15754.84** | **315.47** | **459.75** | **75.27** | **317.70** | **5938.13** | **2192.89** | **29958.93** | **-** |
| **Net carrying amount as at 31st March, 2018** | **6583.56** | **383.32** | **32767.70** | **429.85** | **91784.34** | **428.67** | **978.08** | **92.80** | **340.04** | **5258.05** | **5454.87** | **144501.28** | **1125.21** |
| **Gross block** | | | | | | | | | | | | | |
| **Gross carrying amount as at 1st April, 2016** | 6844.03 | 430.74 | 34528.38 | 1302.00 | 86652.04 | 554.05 | 947.59 | 127.50 | 376.82 | 7841.35 | 5169.51 | 144774.01 | 8647.05 |
| Additions during the year | - | - | 1228.11 | 136.19 | 15789.09 | 102.67 | 315.23 | 31.69 | 147.60 | 1768.26 | 1901.97 | 21420.81 | 11520.73 |
| Reclassification made during the year | - | - | 3.24 | - | (3.24) | - | - | - | - | - | - | - | - |
| Transfer to Assets classified as held for sale | 16.56 | 31.45 | 92.54 | - | 16.51 | - | - | - | 0.01 | - | - | 157.07 | - |
| Disposals/deductions during the year | 2.64 | - | 734.87 | 1.01 | 3355.22 | 8.04 | 117.13 | 3.13 | 12.13 | 71.54 | 66.64 | 4372.35 | 19554.83 |
| **Gross carrying amount as at 31st March, 2017** | **6824.83** | **399.29** | **34932.32** | **1437.18** | **99066.16** | **648.68** | **1145.69** | **156.06** | **512.28** | **9538.07** | **7004.84** | **161665.40** | **612.95** |
| **Depreciation /amortisation/ impairment** | | | | | | | | | | | | | |
| **Accumulated depreciation / amortisation as at 1st April, 2016** | - | 6.40 | 1420.49 | 572.50 | 5006.07 | 134.49 | 138.06 | 25.63 | 95.97 | 2964.72 | 684.90 | 11049.23 | - |
| Depreciation/ amortisation for the year | - | 6.40 | 1275.54 | 435.58 | 5434.55 | 107.83 | 155.48 | 27.74 | 106.30 | 2130.22 | 724.06 | 10403.70 | - |
| Reclassification made during the year | - | - | 0.18 | - | (0.18) | - | - | - | - | - | - | - | - |
| Transfer to Assets classified as held for sale | - | - | 18.32 | - | 0.00 | - | - | - | - | - | - | 18.32 | - |
| Disposals/deductions during the year | - | - | 229.28 | 0.39 | 389.95 | 4.26 | 38.63 | 1.25 | 8.23 | 34.83 | 12.15 | 718.97 | - |
| **Accumulated depreciation / amortisation as at 31st March, 2017** | **-** | **12.80** | **2448.61** | **1007.69** | **10050.49** | **238.06** | **254.91** | **52.12** | **194.04** | **5060.11** | **1396.81** | **20715.64** | **-** |
| **Net carrying amount as at 31st March, 2017** | **6824.83** | **386.49** | **32483.71** | **429.49** | **89015.67** | **410.62** | **890.78** | **103.94** | **318.24** | **4477.96** | **5608.03** | **140949.76** | **612.95** |

@ Refer Note No. 4A.

**Notes :**

a) The finance costs on specific borrowing capitalised during the year amounted to ₹Nil (Previous year ₹87.92 Lacs) using the capitalization rate of Nil % (Previous year 10.00%) per annum which is the effective interest rate for the specific borrowings. Further, the Company has also capitalised borrowing costs on its general borrowings amounting to ₹Nil (Previous year ₹442.11 Lacs) using the weighted average capitalisation rate of Nil % (Previous year 8.03%) per annum.

b) The Company has availed loans from banks and other entities against security of the aforesaid assets (Refer Note No. 20 for charge created / security terms against the said borrowings).

c) The Company has entered into various agreements in respect of land under finance lease arrangements. The lease agreements include renewal and escalation clause and do not provide the Company a right to sub-lease. For most of the lease agreements, original lease term is 30 years subject to maximum of 90 years from the date of inception.

# Notes forming part of the Consolidated Financial Statements

Note No. : 4A Capital work-in-progress

(₹ in Lacs)

| Particulars | | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|---|
| **Plant and equipment / Civil work - in - progress** | | | | | |
| Additions during the year | | | 13051.38 | | 10517.68 |
| | **(A)** | | **13051.38** | | **10517.68** |
| **Preoperative expenses/ trial run expenses** | | | | | |
| **Additions during the year :** | | | | | |
| Cost of materials consumed | | | 30.58 | | 249.10 |
| **Employee benefits expense** | | | | | |
| Salaries and wages | | 2.50 | | 57.95 | |
| Contribution to provident and other funds | | 0.23 | | 4.61 | |
| Staff welfare expense | | - | 2.73 | 0.84 | 63.40 |
| **Finance costs** | | | | | |
| Interest | | - | | 530.03 | |
| Other borrowing costs | | - | - | - | 530.03 |
| **Depreciation expense** | | | 0.15 | | 0.14 |
| **Other expenses** | | | | | |
| Consumption of stores and spare parts | | 40.96 | | 20.76 | |
| Packing material | | 10.14 | | | |
| Power and fuel | | 25.71 | | 80.30 | |
| Insurance | | - | | 0.55 | |
| Rates and taxes (excluding taxes on income) | | - | | 0.81 | |
| Professional expenses | | - | | 76.60 | |
| Miscellaneous expenses | | 25.23 | 102.04 | 49.35 | 228.37 |
| | **(B)** | | **135.50** | | **1071.04** |
| **Income during trial run :** | | | | | |
| **Inter division transfers** | | | | | |
| Steam | | - | | 15.91 | |
| Power | | - | - | 52.08 | 67.99 |
| **Credit during pre-operative / trial run :** | | | | | |
| Sale of goods | | 74.83 | | - | |
| Closing stock | | 53.97 | 128.80 | - | - |
| | **(C)** | | **128.80** | | **67.99** |
| **Total additions during the year** | **D= (A+B-C)** | | 13058.08 | | 11520.73 |
| **Balance brought forward** | | | | | |
| Plant and equipment/ Civil work - in- progress | **(E)** | | 612.95 | | 8647.05 |
| | **F = (D+E)** | | **13671.03** | | **20167.78** |
| Capitalised during the year | **(G)** | | 12545.82 | | 19554.83 |
| **Capital work-in-progress at the end of the year** | **H= (F-G)** | | **1125.21** | | **612.95** |

# Notes forming part of the Consolidated Financial Statements

## Note No. : 5 Intangible assets

(₹ in Lacs)

| Particulars | Intangible assets Computer Software (Acquired) |
|---|---|
| **Gross block** | |
| **Gross carrying amount as at 1st April, 2017** | 470.96 |
| Additions during the year | 19.64 |
| Disposals/deductions during the year | 0.01 |
| **Gross carrying amount as at 31st March, 2018** | **490.59** |
| **Amortisation** | |
| **Accumulated amortisation as at 1st April, 2017** | **190.81** |
| Amortisation for the year | 95.54 |
| Disposals/deductions during the year | - |
| **Accumulated amortisation as at 31st March, 2018** | **286.35** |
| **Net carrying amount as at 31st March, 2018** | **204.24** |
| **Gross block** | |
| **Gross carrying amount as at 1st April, 2016** | **374.46** |
| Additions during the year | 99.40 |
| Disposals/deductions during the year | 2.90 |
| **Gross carrying amount as at 31st March, 2017** | **470.96** |
| **Amortisation** | |
| **Accumulated amortisation as at 1st April, 2016** | 93.74 |
| Amortisation for the year | 99.28 |
| Disposals/deductions during the year | 2.21 |
| **Accumulated amortisation as at 31st March, 2017** | **190.81** |
| **Net carrying amount as at 31st March, 2017** | **280.15** |

**Note:**

The Company has availed loans from banks and other entities against security of the aforesaid assets (Refer Note No. 20 for charge created / security terms against the said borrowings).

## Note No. : 6 Investment in associates accounted for using the equity method

(₹ in Lacs)

| Particulars | Face value | Number of Shares | As at 31st March, 2018 | Number of Shares | As at 31st March, 2017 |
|---|---|---|---|---|---|
| **Investment in Equity instruments** | | | | | |
| **Fully paid up :** | | | | | |
| **Unquoted** | | | | | |
| Visual Percept Solar Projects Pvt. Ltd. ("VPSPPL") Associate Company (w.e.f. 24th January, 2017) | ₹10 | 8914500 | 6148.47 | 8914500 | 5097.61 |
| Auxilo Finserve Pvt. Ltd. ("AFPL") Associate Company (w.e.f. 20th March, 2018) | ₹10 | 37500000 | 3738.23 | - | - |
| | | | **9886.70** | | **5097.61** |
| Aggregate amount of quoted investments | | | Not applicable | | Not applicable |
| Aggregate market value of quoted investments | | | Not applicable | | Not applicable |
| Aggregate amount of unquoted investments | | | 9886.70 | | 5097.61 |
| Aggregate amount of impairment in value of investments | | | Nil | | Nil |

**(b) Details of the associates**

During the year ended 31st March, 2017, the Company acquired 45% interest in Visual Percept Solar Projects Pvt. Ltd. (VPSPPL) a Private limited Company, which is majorly involved in the generation and sale of power in India [Refer Note No.38(16)].

# Notes forming part of the Consolidated Financial Statements

## Note No. : 6 Investment in associates accounted for using the equity method *(contd.)*

During the year ended 31st March, 2018, the Company has acquired 50% interest in Auxilo Finserve Pvt. Ltd. ("AFPL"), a RBI registered Non-Systematically Important Non-Deposit Accepting NBFC , whose main objective is to provide and service loans to students pursuing education and provide ancillary services in relation to the said business activity and provide infrastructure or working capital loan to educational institutions [Refer Note No.38(17)].

**The Group's interest in associates is accounted for using the equity method in the consolidated financial statements.**

| Name of associate | Principal activity | Place of incorporation and principal place of business | Proportion of ownership interest / voting rights held by the Group | |
|---|---|---|---|---|
| | | | As at 31st March, 2018 | As at 31st March, 2017 |
| Visual Percept Solar Projects Pvt. Ltd. | Generation and sale of power | Mumbai, Surendranagar (Gujarat) | 45% | 45% |
| Auxilo Finserve Pvt. Ltd. | Financing activities in education sector in India | Mumbai, | 50% | Not applicable |

**The following table summarises the financial information of the Balance Sheet of the associates prepared in accordance with Ind AS:**

(₹ in Lacs)

| Particulars | AFPL | VPSPPL | |
|---|---|---|---|
| | As at 31st March, 2018 | As at 31st March, 2018 | As at 31st March, 2017 |
| Non-current assets | 1733.96 | 23707.38 | 24536.84 |
| Current assets | 5318.93 | 1628.17 | 1495.91 |
| Non-current liabilities | 26.16 | 8820.22 | 12245.03 |
| Current liabilities | 218.71 | 2852.07 | 2459.70 |
| **Equity** | **6808.02** | **13663.26** | **11328.02** |

**The following table summarises the financial information of the Statement of Profit and Loss of the associates prepared in accordance with Ind AS:**

(₹ in Lacs)

| Particulars | AFPL | VPSPPL | |
|---|---|---|---|
| | Year ended 31st March, 2018 | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
| **Revenue** | 16.17 | 5552.89 | 5888.87 |
| Other Income | 70.09 | 68.54 | 270.03 |
| Purchases of traded goods | - | - | 189.62 |
| Employee benefits expense | 564.40 | 125.40 | 133.81 |
| Finance costs | - | 690.52 | 1091.61 |
| Depreciation and amortisation expense | 20.43 | 1749.20 | 1752.96 |
| Other expenses | 431.94 | 565.43 | 704.98 |
| **Profit before tax** | **(930.51)** | **2490.88** | **2285.92** |
| Tax expenses | (215.32) | 151.18 | 743.25 |
| **Net Profit after tax for the year** | **(715.19)** | **2339.70** | **1542.67** |
| Other comprehensive income, net of tax for the year | - | (4.46) | 0.48 |
| **Total comprehensive income for the year** | **(715.19)** | **2335.24** | **1543.15** |
| Group's proportionate share of profit before tax | (11.76) | 1052.87 | 127.43 |
| Less: Deferred tax | (2.74) | 245.28 | 29.40 |
| Group's proportionate share of profit after tax | **(9.02)** | **807.59** | **98.03** |
| Group's proportionate share of other comprehensive income | - | (2.01) | 0.04 |
| Less: Deferred tax | - | (0.47) | 0.01 |
| Group's proportionate share of other comprehensive income, after tax | **-** | **(1.54)** | **0.03** |
| **Group's proportionate share of total comprehensive income** | **(9.02)** | **806.05** | **98.06** |

# Notes forming part of the Consolidated Financial Statements

## Note No. : 6 Investment in associates accounted for using the equity method *(contd.)*

**Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:**

(₹ in Lacs)

| Particulars | AFPL | | VPSPPL | |
|---|---|---|---|---|
| | As at 31st March, 2018 | As at 31st March, 2017 | As at 31st March, 2018 | As at 31st March, 2017 |
| Net assets of the associate | 6808.02 | Not Applicable | 13663.26 | 11328.02 |
| Proportion of the Group's ownership interest | 50.00% | Not Applicable | 45.00% | 45.00% |
| Group's share of net assets | **3404.01*** | | **6148.47** | **5097.61** |

* Differential of ₹334.22 Lacs with respect to carrying amount of investment is represented by preacquisition losses not forming part of goodwill/investment.

## Note No. : 7 Other investments (Non-current)

(₹ in Lacs)

| Particulars | Face value | Number of Shares / debentures | As at 31st March, 2018 | Number of Shares / debentures | As at 31st March, 2017 |
|---|---|---|---|---|---|
| **(a) Investment in Equity instruments (Designated at fair value through other comprehensive income)** | | | | | |
| **Fully paid up :** | | | | | |
| **Unquoted** | | | | | |
| Asia Sugar Industries Pvt. Ltd. | ₹10 | 250000 | 42.83 | 250000 | 40.02 |
| Fortuna Services Ltd. | ₹1 | 70287 | 0.70 | 70287 | 0.70 |
| **(A)** | | | **43.53** | | **40.72** |
| **(b) Investment in Debentures # (Measured at amortised cost)** | | | | | |
| **Fully paid up :** | | | | | |
| **Unquoted** | | | | | |
| Visual Percept Solar Projects Pvt. Ltd. Associate Company (w.e.f 24th January, 2017) | ₹100 | 1822500 | 2274.12 | 1822500 | 2212.48 |
| **(B)** | | | **2274.12** | | **2212.48** |
| **(c) Investment in Post Office National Saving Certificates (Measured at amortised cost)** | | | | | |
| **Unquoted** (Deposited with government authorities) | | | 7.49 | | 7.99 |
| **(C)** | | | **7.49** | | **7.99** |
| **D = (A + B + C)** | | | **2325.14** | | **2261.19** |
| Aggregate amount of quoted investments | | | Not applicable | | Not applicable |
| Aggregate market value of quoted investments | | | Not applicable | | Not applicable |
| Aggregate amount of unquoted investments | | | 2325.14 | | 2261.19 |
| Aggregate amount of impairments in value of investments | | | - | | - |
| Aggregate amount of investments carried at amortised cost | | | 2281.61 | | 2220.47 |
| Aggregate amount of investments designated at fair value through other comprehensive income | | | 43.53 | | 40.72 |
| | | | **2325.14** | | **2261.19** |

\# Unsecured non-convertible debentures carrying overall simple yield to maturity of 9.50% p.a. The coupon amount is payable annually @ 5% p.a. for the first six years and 14% p.a. for the next six years. The debentures are redeemable at par at the end of twelve years from the date of allotment.

# Notes forming part of the Consolidated Financial Statements

## Note No. : 8 Trade and other receivables (carried at amortised cost)

(i) Non-current *(Unsecured, considered good unless stated otherwise)*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Trade receivables** | | | | |
| Considered doubtful | | 97.63 | | - |
| Less : Allowance for bad and doubtful trade receivables | | 97.63 | | - |
| | | - | | - |

(ii) Current *(Unsecured, considered good unless stated otherwise)*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Trade receivables | | 18210.92 | | 16266.59 |
| Other receivables | | 10.39 | | 10.36 |
| | | **18221.31** | | **16276.95** |

## Note No. : 9 Other financial assets (carried at amortised cost)

(i) Non-current *(Unsecured, considered good unless stated otherwise)*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Security deposits | | 57.56 | | 72.99 |
| **Fixed deposits with banks** | | | | |
| (Bank deposits with more than 12 months maturity) | | | | |
| For Molasses storage fund (Earmarked) | 46.43 | | 34.57 | |
| Pledged with excise authorities | 45.01 | 91.44 | 25.01 | 59.58 |
| **Interest accrued but not due on** | | | | |
| Fixed deposits with banks | 5.27 | | 6.97 | |
| National saving certificates | 3.29 | 8.56 | 3.39 | 10.36 |
| | | **157.56** | | **142.93** |

(ii) Current *(Unsecured, considered good unless stated otherwise)*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Advances to employees | | 104.04 | | 68.16 |
| Security deposits | | 2.00 | | 2.00 |
| Claims receivable* | | 5053.26 | | 174.75 |
| **Interest accrued but not due on** | | | | |
| Debentures @ | - | | 13.26 | |
| Fixed deposits with banks | 16.93 | | 11.03 | |
| Others | 2.21 | 19.14 | 1.69 | 25.98 |
| Miscellaneous | | 8.06 | | 39.45 |
| | | **5186.50** | | **310.34** |
| @ Due from an associate company (₹in Lacs) | | - | | 13.26 |
| * includes claims for subsidy [Refer Note No. 38(5)(a)] | | | | |

## Note No. : 10 Non-current tax assets (net)

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Advance tax | | 29826.26 | | 18495.05 |
| Less : Provision for taxation | | 24993.71 | | 18393.55 |
| | | **4832.55** | | **101.50** |

# Notes forming part of the Consolidated Financial Statements

## Note No. : 11 Other non-current assets (Unsecured, considered good unless stated otherwise)

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Capital advances | | 144.65 | | 581.22 |
| Advances other than capital advances | | | | |
| **Other advances** | | | | |
| Advances to suppliers and others | | | | |
| Considered doubtful | 16.33 | | 16.38 | |
| Less: Allowance for bad and doubtful advances | 16.33 | - | 16.38 | - |
| **Others** | | | | |
| Prepaid expenses | 53.30 | | 35.52 | |
| Duties and taxes paid under protest | 322.54 | 375.84 | 337.43 | 372.95 |
| | | **520.49** | | **954.17** |

## Note No. : 12 Inventories

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Raw materials | 7751.62 | | 5563.85 | |
| Add : Goods-in-transit | 87.33 | 7838.95 | 5.39 | 5569.24 |
| Packing materials | | 563.60 | | 86.40 |
| **Work-in-progress** | | | | |
| Sugar | 3511.47 | | 2368.26 | |
| Molasses | 333.63 | 3845.10 | 223.97 | 2592.23 |
| **Finished goods** | | | | |
| Sugar | 151651.93 | | 204419.91 | |
| Industrial alcohol | 2884.21 | | 3443.52 | |
| Banked power | 67.12 | | 77.47 | |
| Others | 71.64 | 154674.90 | - | 207940.90 |
| Stores and spares | 5645.52 | | 5476.06 | |
| Add : Goods-in-transit | 129.05 | 5774.57 | 154.53 | 5630.59 |
| Loose tools | | 0.17 | | 0.19 |
| By-products | | 7493.94 | | 9519.72 |
| Scrap | | 28.84 | | 23.86 |
| | | **180220.07** | | **231363.13** |
| Carrying amount of inventories pledged as security for borrowings (₹in Lacs) | | 177235.38 | | 227895.75 |
| Amount of write-down of inventories recognised as expense (₹ in Lacs) | | 33236.51 | | - |
| Refer Note No. 2(2.8) for mode of valuation. | | | | |

## Note No. : 13 Biological assets

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Reconciliation of changes in book value of biological assets:** | | |
| **Opening balance** | 12.33 | 3.44 |
| Changes in fair value | 26.15 | 50.40 |
| Decrease due to harvested sugarcane transferred to inventory | 26.88 | 41.51 |
| **Closing balance** | **11.60** | **12.33** |

# Notes forming part of the Consolidated Financial Statements

## Note No. : 14 Cash and cash equivalents

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Balances with banks | | | | |
| On current accounts | | 199.29 | | 126.99 |
| Cheques on hand | | 0.05 | | 0.20 |
| Cash on hand | | 45.81 | | 75.86 |
| | | **245.15** | | **203.05** |

## Note No. : 15 Bank balances other than cash and cash equivalents

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Earmarked balances** | | | | |
| **Fixed deposits for molasses storage fund** | | | | |
| Current portion of original maturity period more than 12 months | 16.78 | | 19.57 | |
| Original maturity period up to 12 months | 113.08 | 129.86 | 95.42 | 114.99 |
| Unpaid dividend accounts | | 147.98 | | 110.51 |
| **Fixed deposits pledged with excise authorities** | | | | |
| Current portion of original maturity period more than 12 months | | 35.02 | | 20.01 |
| Other bank balances * | | 312.78 | | 0.00 |
| | | **625.64** | | **245.51** |

* Balances in escrow accounts for buy-back of equity shares and cane payment

## Note No. : 16 Loans (carried at amortised cost)

**Current** *(Unsecured, considered good unless stated other wise)*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Other loans** | | | | |
| Inter-corporate deposits | - | | 920.00 | |
| Loans to employees * | 13.28 | 13.28 | 37.34 | 957.34 |
| | | **13.28** | | **957.34** |
| * Includes loan to officer (other than directors) of the Company (₹in Lacs) | | 2.71 | | 6.64 |

**Note:** Inter-corporate deposits given for general corporate purpose are receivable on demand.

## Note No. : 17 Other current assets (Unsecured, considered good unless stated otherwise)

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Advances other than capital advances** | | | | |
| **Other advances** | | | | |
| Advances to suppliers and others | 1240.40 | | 1017.49 | |
| GST, Cenvat, Vat and other taxes / duties | 328.68 | 1569.08 | 1100.56 | 2118.05 |
| **Others** | | | | |
| Prepaid expenses | 429.66 | | 487.96 | |
| Miscellaneous | 25.35 | 455.01 | 25.27 | 513.23 |
| | | **2024.09** | | **2631.28** |

# Notes forming part of the Consolidated Financial Statements

## Note No. : 18 Share capital

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| | No. of shares | (₹ in Lacs) | No. of shares | (₹ in Lacs) |
| **(a) Authorised** | | | | |
| Equity shares of par value ₹1/- each | 400000000 | 4000.00 | 400000000 | 4000.00 |
| Preference shares of par value ₹100/- each | 2500000 | 2500.00 | 2500000 | 2500.00 |
| | | **6500.00** | | **6500.00** |
| **(b) Issued, subscribed and fully paid up** | | | | |
| Equity shares of par value ₹1/- each | 228428327 | 2284.28 | 235010467 | 2350.10 |
| | | **2284.28** | | **2350.10** |

Issue of 16910 (Previous year 17270) equity shares on Right basis has been kept in abeyance due to pending disputes.

**(c) Reconciliation of number and amount of equity shares outstanding:**

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| | No. of shares | (₹ in Lacs) | No. of shares | (₹ in Lacs) |
| **At the beginning of the year** | 235010467 | 2350.10 | 244949767 | 2449.50 |
| Add: Shares issued on exercise of Employee Stock Option [Refer Note No. 38(3)] | 17500 | 0.18 | 60700 | 0.60 |
| Add: Shares issued on rights issue earlier kept in abeyance * | 360 | - @ | - | - |
| Less: Buyback of equity shares [Refer Note No. 38(8)] | 6600000 | 66 | 10000000 | 100 |
| **At the end of the year** | **228428327** | **2284.28** | **235010467** | **2350.10** |

* The Board of Directors of the Company, at their meeting held on 15th September, 2017, allotted 360 equity shares of par value of ₹1 each of the Company at a price of ₹26 per equity share (including premium of ₹25 per equity share) on rights basis out of the Rights Issue 2004. These shares were kept in abeyance out of the Rights Issue 2004 due to pendency of certain disputes.

@ ₹360/- shown as nil due to rounding off.

(d) The Company has only one class of equity shares. The Company declares and pays dividend in Indian Rupees. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share.

(e) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(f) Shareholders holding more than 5 % of the equity shares in the Company :**

| Name of the shareholder | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| | No. of shares held | % of holding | No. of shares held | % of holding |
| Shri Vivek Saraogi | 35680017 | 15.62 | 36661967 | 15.60 |
| Shri Karan Saraogi | 17052904 | 7.47 | 17519446 | 7.46 |
| Life Insurance Corporation of India | 6450525 | 2.82 | 13852631 | 5.89 |

(g) The aggregate number of equity shares issued pursuant to Scheme of amalgamation without payment being received in cash in immediately preceding last five years - 31st March, 2018 – 526894 equity shares ( previous period of five years ended 31st March, 2017 – 526894 equity shares).

(h) The aggregate number of equity shares bought back in immediately preceding last five years ended 31st March, 2018 - 16600000 equity shares (previous period of five years ended 31st March, 2017 - 10000000 equity shares).

(i) The Company has reserved 35500 (Previous year 68000) equity shares of par value ₹1/- each for issue at a premium of ₹44/- each to eligible employees of the Company under Employee Stock Option Scheme. Refer note no. 38(3) for terms of Employee Stock Option Scheme.

# Notes forming part of the Consolidated Financial Statements

Note No. : 19 Other equity

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **(a) Capital reserve** | | | | |
| Balance as per last account | 3184.58 | | 1075.58 | |
| Add: Consolidation adjustment (net of tax Nil (Previous year: ₹632.52 Lacs) | - | 3184.58 | 2109.00 | 3184.58 |
| **(b) Capital redemption reserve** | | | | |
| Balance as per last account | 2754.10 | | 2654.10 | |
| Add: Transfer from securities premium reserve on *buy back of equity shares [Refer Note No. 38 (8)]* | 66.00 | 2820.10 | 100.00 | 2754.10 |
| **(c) Securities premium reserve** | | | | |
| Balance as per last account | 34466.26 | | 51917.94 | |
| Add: On exercise of employee stock option | 12.56 | | 48.32 | |
| Add: On rights issue of equity shares earlier kept on abeyance | 0.09 | | - | |
| Less : Utilised on buy back of equity shares | 9834.00 | | 17400.00 | |
| Less: Transfer to capital redemption reserve on buy *back of equity shares [Refer Note No. 38 (8)]* | 66.00 | 24578.91 | 100.00 | 34466.26 |
| **(d) Share options outstanding account** | | | | |
| Balance as per last account | 18.09 | | 53.12 | |
| Less: Options exercised | 4.86 | | 21.62 | |
| Less: Options forfeited | - | 13.23 | 13.41 | 18.09 |
| **(e) General reserve** | | | | |
| Balance as per last account | 64974.04 | | 64974.04 | |
| Add: Elimination on disposal of a subsidiary | 3.87 | 64977.91 | - | 64974.04 |
| **(f) Storage fund for molasses** | | | | |
| Balance as per last account | 117.75 | | 114.30 | |
| Add: Created during the year | 22.19 | | 18.61 | |
| Less: Utilised during the year | - | 139.94 | 15.16 | 117.75 |
| **(g) Retained earnings** | | | | |
| Balance as per last account | 48195.26 | | (332.27) | |
| Add: Profit for the year | 23166.49 | | 59299.32 | |
| Less: Transfer from other comprehensive income | 456.74 | | 362.92 | |
| Less: Buy back expenses, net of tax ₹Nil (Previous year ₹46.94 Lacs) [Refer Note No.38(8)] | 130.51 | | 88.70 | |
| **Amount available for appropriation** | 70774.50 | | 58515.43 | |
| **Less : Appropriations:** | | | | |
| Interim dividend paid during the year | 5875.56 | | 8574.59 | |
| Tax on interim dividend paid during the year | 1196.13 | 63702.81 | 1745.58 | 48195.26 |
| **(h) Other comprehensive income** | | | | |
| Balance as per last account | - | | - | |
| Add: Other comprehensive income for the year | (456.74) | | (362.92) | |
| Less: Transfer to retained earnings | 456.74 | - | 362.92 | - |
| **(i) Share application money pending for allotment** | | 4.50 | | - |
| | | **159421.98** | | **153710.08** |

**Notes:**

i) Capital reserve comprises of reserve arising consequent to business combination in earlier years, in accordance with applicable accounting standard and court's order as on that date.

ii) Capital redemption reserve is created consequent to redemption of preference share capital and buy back of shares. This reserve shall be utilised in accordance with the provisions of the Act.

iii) Securities premium is used to record the premium on issue of shares. This reserve shall be utilised in accordance with the provisions of the Act.

iv) The share options outstanding account is used to record the value of equity-settled share based payment transactions with employees under its employee share option plan. The amounts recorded in share options outstanding account are transferred to securities premium reserve upon exercise of stock option by employees.

# Notes forming part of the Consolidated Financial Statements

## Note No. : 19 Other equity *(contd.)*

v) The general reserve represents amount kept by the Company out of its profits for future purposes and reserve aggregating to ₹4224.23 Lacs (Previous year ₹4224.23 Lacs) arising consequent to business combination in earlier years, in accordance with applicable accounting standard and court's order as on that date. It is not earmarked for any specific purpose.

vi) The storage fund for molasses has been created to meet the cost of construction of molasses storage tank as required under Uttar Pradesh Sheera Niyantran (Sansodhan) Adesh, 1974 and the said storage fund is represented by investment in the form of fixed deposits with banks amounting to ₹176.29 Lacs (Previous year ₹149.56 Lacs).

vii) Retained earnings represents the undistributed profit / amount of accumulated earnings of the Company.

viii) Other Comprehensive income (OCI) represents the balance in equity relating to re-measurement gain/(loss) of defined benefit obligation. This would not be re-classified to Statement of Profit and Loss.

## Note No. : 20 Borrowings

(i) Non-current

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Carried at amortised cost** | | | | |
| **Term loans** | | | | |
| **From banks** | | | | |
| **Secured** | | | | |
| **Rupee loans:** | | | | |
| State Bank of India (SBI) | - | | 5833.60 | |
| Punjab National Bank (PNB) | - | | 1546.73 | |
| HDFC Bank Ltd. (HDFC) | - | - | 3450.00 | 10830.33 |
| **From entities other than banks** | | | | |
| **Secured** | | | | |
| **Rupee loans:** | | | | |
| Government of India, Sugar Development Fund (SDF) | | 1066.81 | | 1600.21 |
| | | **1066.81** | | **12430.54** |

**(a) Nature of securities for the aforesaid borrowings including current maturities of long term debt:**

i) Rupee Term Loan from SBI amounting to ₹5833.60 Lacs (previous year ₹11666.80 Lacs) under Scheme for Extending Financial Assistance to Sugar Undertakings, 2014, is secured by pari passu first charge, by way of hypothecation of all the movable and immovable fixed assets, both present and future, pertaining to all the ten sugar divisions of the Company viz; Balrampur, Babhnan, Tulsipur, Haidergarh, Akbarpur, Mankapur, Rauzagaon, Kumbhi, Gularia and Maizapur.

ii) Rupee Term Loan from PNB amounting to ₹1546.73 Lacs (previous year ₹3234.06 Lacs) under Scheme for Extending Financial Assistance to Sugar Undertakings, 2014, is secured by residual charge, by way of hypothecation of all the movable fixed assets, both present and future, pertaining to all the ten sugar divisions of the Company.

iii) Rupee Term Loan from HDFC amounting to ₹3450.00 Lacs (previous year ₹3450.00 Lacs) is secured by first charge, by way of hypothecation of movable fixed assets, both present and future, pertaining to Company's distillery divisions at Babhnan and Mankapur.

iv) Rupee Term Loan from SDF amounting to ₹1600.21 Lacs (previous year ₹2133.61 Lacs) is secured by an exclusive second charge by way of equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration divisions at Rauzagaon.

v) Release of securities in respect of a long-term loan fully repaid by the Company is pending.

# Notes forming part of the Consolidated Financial Statements

Note No. : 20 Borrowings *(contd.)*

**b) Terms of Repayment:**

| | Particulars | Rate of Interest (ROI) (%) | Amount outstanding as at 31st March, 2018 | | Amount outstanding as at 31st March, 2017 | | Period of maturity w.r.t. the Balance Sheet date as at 31st March, 2018 | Number of installments outstanding as at 31st March, 2018 | Amount of each installment (₹ in Lacs) | Details of security offered |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Current (₹ in Lacs) | Non-current (₹ in Lacs) | Current (₹ in Lacs) | Non-current (₹ in Lacs) | | | | |
| 1 | **State Bank of India** | * 12% p.a. (Fixed) | 5833.60 | - | 5833.20 | 5833.60 | 1 year | 4 | 1458.40 | Refer note no. 20 (i) (a) (i) above |
| | | **Sub - Total** | **5833.60** | **-** | **5833.20** | **5833.60** | | | | |
| 2 | **Punjab National Bank** | * 12% p.a. (Fixed) | 1546.73 | - | 1687.33 | 1546.73 | 11 months | 11 | 140.61 | Refer note no. 20 (i) (a) (ii) above |
| | | **Sub - Total** | **1546.73** | **-** | **1687.33** | **1546.73** | | | | |
| 3 | **HDFC Bank Limited** | HDFC one year MCLR (+) 0.40% effective rate 8.50% | 3450.00 | - | - | 3450.00 | 7 months 17 days | 1 | 3450.00 | Refer note no. 20 (i) (a) (iii) above |
| | | **Sub - Total** | **3450.00** | **-** | **-** | **3450.00** | | | | |
| 4 | **Government of India, Sugar Development Fund** | # Bank Rate (-) 2% i.e. 4% p.a. | 533.40 | 1066.81 | 533.40 | 1600.21 | 2 years 5 months 15 days | 3 | 533.40 | Refer note no. 20 (i) (a) (iv) above |
| | | **Sub - Total** | **533.40** | **1066.81** | **533.40** | **1600.21** | | | | |
| | | **Grand Total** | **11363.73** | **1066.81** | **8053.93** | **12430.54** | | | | |

* Entitled for interest subvention from Sugar Development Fund up to 12.00% p.a.

\# Bank rate as prevailing on the date of disbursement.

# Notes forming part of the Consolidated Financial Statements

Note No. : 20 Borrowings *(contd.)*

(ii) Current

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Carried at amortised cost** | | | | |
| **Loans repayable on demand** | | | | |
| **Working capital loans** | | | | |
| **From banks** | | | | |
| **Secured** | | | | |
| State Bank of India (SBI) | 55917.73 | | 19662.22 | |
| Punjab National Bank (PNB) | 5147.49 | | 20967.42 | |
| HDFC Bank Ltd. (HDFC) | 20371.23 | | 7587.82 | |
| ICICI Bank (ICICI) | 5115.71 | 86552.16 | - | 48217.46 |
| **Unsecured** | | | | |
| HDFC Bank Ltd. (HDFC) | | - | | 14000.00 |
| **Other loans and advances** | | | | |
| **Working capital loans** | | | | |
| **From banks** | | | | |
| **Unsecured** | | | | |
| State Bank of India (SBI) | | - | | 59284.12 |
| HDFC Bank Ltd. (HDFC) | | - | | 29818.09 |
| **From entities other than banks** | | | | |
| Unsecured | | - | | 6424.04 |
| | | **86552.16** | | **157743.71** |
| **Summary of current borrowings** | | | | |
| Secured borrowings | | 86552.16 | | 48217.46 |
| Unsecured borrowings | | - | | 109526.25 |
| | | **86552.16** | | **157743.71** |

**Nature of securities :**

**a) Working capital loans from SBI are secured / to be secured:**

i) by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of all the ten sugar divisions of the Company on pari passu basis with PNB, HDFC and ICICI.

ii) by way of exclusive hypothecation of entire current assets of all the Cogeneration units of the Company.

iii) by way of third charge on immovable and movable properties (excluding current assets and book debts), both present and future, of all the ten sugar divisions of the Company on pari passu with PNB and HDFC.

**b) Working capital loans from PNB are secured / to be secured:**

i) by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of all the ten sugar divisions of the Company on pari passu basis with SBI, HDFC and ICICI.

ii) by way of third charge on immovable and movable properties (excluding current assets and book debts), both present and future, of all the ten sugar divisions of the Company on pari passu with SBI and HDFC.

**c) Working capital loans from HDFC are secured / to be secured:**

i) by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of all the ten sugar divisions of the Company on pari passu basis with SBI, PNB and ICICI.

ii) by way of third charge on immovable and movable properties (excluding current assets and book debts), both present and future, of all the ten sugar divisions of the Company on pari passu with SBI and PNB.

**d) Working capital loans from ICICI are secured:**

i) by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of all the ten sugar divisions of the Company on pari passu basis with SBI, HDFC and PNB.

# Notes forming part of the Consolidated Financial Statements

## Note No. : 21 Other financial liabilities (Carried at amortised cost)

(i) Non-current

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Interest accrued but not due on borrowings | | 306.19 | | 459.28 |
| | | **306.19** | | **459.28** |

(ii) Current

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Current maturities of long - term debt * | | 11363.73 | | 8053.93 |
| Interest accrued but not due on borrowings | | 309.02 | | 361.11 |
| Unpaid dividend @ | | 147.98 | | 110.51 |
| Other payables | | | | |
| Retention monies | 1274.81 | | 1131.31 | |
| Security deposits | 264.82 | | 297.71 | |
| Accrued expenses | 125.39 | | 264.19 | |
| Unpaid salaries and other payroll dues | 3126.48 | | 3418.86 | |
| Others | 339.08 | 5130.58 | 582.86 | 5694.93 |
| | | **16951.31** | | **14220.48** |

* Refer note no. 20 (a) and (b) for nature of securities and terms of repayment respectively.

@ There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

## Note No. : 22 Deferred income

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Opening balance** | | 159.20 | | 1,135.06 |
| Add: Received during the year | | - | | - |
| Less: Released to the Statement of Profit and Loss | | 7.09 | | 975.86 |
| **Closing balance** | | **152.11** | | **159.20** |
| Current | | 7.09 | | 7.09 |
| Non - Current | | 145.02 | | 152.11 |
| [Refer Note No. 38(5) for other disclosures] | | | | |

## Note No. : 23 Provisions

**(i) Non-current**

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Provision for employee benefits - unavailed leave [Refer Note No. 38(9)] | | 433.41 | | 318.18 |
| | | **433.41** | | **318.18** |

**(ii) Current**

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Provision for employee benefits - unavailed leave [Refer Note No. 38(9)] | | 370.00 | | 321.29 |
| **Other provisions** | | | | |
| Provision for wealth tax | - | | 45.34 | |
| Less : Advance wealth tax | - | | 45.34 | |
| | - | | - | |
| Provision for contingencies [Refer Note No. 38(2)] | 0.63 | 0.63 | 6.94 | 6.94 |
| | | **370.63** | | **328.23** |

# Notes forming part of the Consolidated Financial Statements

Note No. : 24 Deferred tax liabilities (net)

**As at 31st March, 2018**

(₹ in Lacs)

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other equity | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|---|
| **Tax effect of items constituting deferred tax liabilities** | | | | | |
| Depreciation | 25329.04 | 2005.89 | - | - | 27334.93 |
| Investment | 796.88 | 265.39 | - | (0.47) | 1061.80 |
| | **26125.92** | **2271.28** | **-** | **(0.47)** | **28396.73** |
| **Tax effect of items constituting deferred tax assets** | | | | | |
| Carried forward tax losses / unabsorbed depreciation | 149.81 | 74.96 | - | - | 224.77 |
| Expenses allowable on payment basis | 4667.24 | (4368.18) | - | - | 299.06 |
| VRS expenses | 85.10 | (27.82) | - | - | 57.28 |
| MAT credit entitlement | 6221.37 | 2344.58 | - | - | 8565.95 |
| Others | 0.61 | (0.61) | - | - | - |
| | **11124.13** | **(1977.07)** | **-** | **-** | **9147.06** |
| **Net deferred tax liabilities / expense** | **15001.79** | **4248.35** | **-** | **(0.47)** | **19249.67** |

**As at 31st March, 2017**

(₹ in Lacs)

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other equity | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|---|
| **Tax effect of items constituting deferred tax liabilities** | | | | | |
| Depreciation | 25773.33 | (444.29) | - | - | 25329.04 |
| Investment | 231.88 | (67.51) | 632.50 | 0.01 | 796.88 |
| Others | 13.57 | (13.57) | - | - | - |
| | **26018.78** | **(525.37)** | **632.50** | **0.01** | **26125.92** |
| **Tax effect of items constituting deferred tax assets** | | | | | |
| Carried forward tax losses / unabsorbed depreciation | 149.81 | - | - | - | 149.81 |
| Expenses allowable on payment basis | 4169.27 | 497.97 | - | - | 4667.24 |
| VRS expenses | 113.47 | (28.37) | - | - | 85.10 |
| MAT credit entitlement | 5642.00 | 579.37 | - | - | 6221.37 |
| Others | 2.44 | (1.83) | - | - | 0.61 |
| | **10076.99** | **1047.14** | **-** | **-** | **11124.13** |
| **Net deferred tax liabilities / expense** | **15941.79** | **(1572.51)** | **632.50** | **0.01** | **15001.79** |

The ultimate realisation of the deferred tax assets, carried forward losses and unused tax credits is dependent upon the generation of future taxable income. Based on the historical taxable income and projection of future taxable income management believes that the Company will realise the assets carried forward as deferred tax assets.

Considering the probability of future taxable profits and following principle of prudence, deferred tax assets of ₹10819.53 Lacs (Previous year ₹3890.99 Lacs) have not been recognised in respect of some portion of unutilized MAT credit which is expiring during various assessment years upto assessment year 2033-34.

# Notes forming part of the Consolidated Financial Statements

## Note No. : 25 Other non-current liabilities

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| Deferred gain on changes in fair value of financial assets | | 30.39 | | 27.59 |
| | | **30.39** | | **27.59** |

## Note No. : 26 Trade and other payables

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Trade payables** | | | | |
| Total outstanding dues of micro enterprises and small enterprises *[Refer Note No. 38(4)]* | | 16.98 | | 42.73 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 77999.12 | | 29120.01 |
| | | **78016.10** | | **29162.74** |
| **Other payables** | | | | |
| **Payable to suppliers of capital goods** | | | | |
| Total outstanding dues of micro enterprises and small enterprises *[Refer Note No. 38(4)]* | | 87.10 | | 142.33 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 425.98 | | 228.58 |
| | | **513.08** | | **370.91** |
| | | **78529.18** | | **29533.65** |

## Note No. : 27 Other current liabilities

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|---|---|---|---|
| **Other advances** | | | | |
| Advances from customers and others | | 1151.07 | | 1283.31 |
| **Others** | | | | |
| Statutory liabilities * | 3598.45 | | 14570.30 | |
| Others *[Refer Note No. 38(4)]* | 3.17 | 3601.62 | 4.02 | 14574.32 |
| | | **4752.69** | | **15857.63** |
| * Includes excise duty on closing stock (₹in Lacs) | | - | | 13113.25 |

# Notes forming part of the Consolidated Financial Statements

## Note No. : 28 Revenue from operations

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| **Sale of goods** | | | | |
| Sugar | 370602.85 | | 301675.86 | |
| Industrial alcohol | 32888.08 | | 32420.02 | |
| Power | 27247.87 | | 24596.37 | |
| Molasses | 665.03 | | 1518.14 | |
| Renewable energy certificates | 3927.04 | | 2931.54 | |
| Others | 4741.19 | 440072.06 | 957.78 | 364099.71 |
| **Other operating revenue** | | - | | - |
| **Revenue from operations** | | **440072.06** | | **364099.71** |

## Note No. : 29 Other income

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| **Interest income on financial assets carried at amortised cost** | | | | |
| **Non-current investments** | | | | |
| Debentures | 186.46 | | 363.43 | |
| National saving certificates | 0.55 | | 0.60 | |
| | 187.01 | | 364.03 | |
| Deposit with banks and others | 39.33 | 226.34 | 52.93 | 416.96 |
| Interest income on income tax refund | | - | | 271.52 |
| Gain on sale of non-current investment in a subsidiary | | 276.51 | | - |
| Gain on sale of highly liquid investments (treated as cash equivalent) | | 835.29 | | 398.01 |
| Deferred income [Refer Note No. 38(5)(a) ] | | 7.09 | | 187.58 |
| **Other non-operating income** | | | | |
| Insurance claims | 109.22 | | 84.94 | |
| Unspent liabilities/balances written back | 711.77 | | 336.61 | |
| Provision for contingencies written back [Refer Note No. 38(2)] | 6.31 | | - | |
| Provision for doubtful advances written back | 0.05 | | - | |
| Refund of cane purchase tax | - | | 356.64 | |
| Provision for wealth tax for earlier years written back | - | | 7.87 | |
| Recovery towards balances written off earlier | - | | 0.83 | |
| Storage fund for molasses written back | - | | 15.16 | |
| Miscellaneous | 861.15 | 1688.50 | 430.90 | 1232.95 |
| | | **3033.73** | | **2507.02** |

# Notes forming part of the Consolidated Financial Statements

## Note No. : 30 Cost of materials consumed

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| Sugar cane | | 305531.30 | | 256229.79 |
| Molasses | | 490.49 | | 1121.49 |
| Bagasse | | 432.32 | | 223.02 |
| Others | | 33.42 | | 110.26 |
| | | **306487.53** | | **257684.56** |

## Note No. : 31 Changes in inventories of finished goods, by-products and work-in-progress

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| **Finished goods** | | | | |
| **Opening stock** | | | | |
| Sugar | 204419.91 | | 165311.32 | |
| Industrial alcohol | 3443.52 | | 2386.61 | |
| Banked power | 77.47 | | 113.42 | |
| Others | - | 207940.90 | 1.56 | 167812.91 |
| **Less : Closing stock** | | | | |
| Sugar | 151651.93 | | 204419.91 | |
| Industrial alcohol | 2884.21 | | 3443.52 | |
| Banked power | 67.12 | | 77.47 | |
| Others | 71.64 | 154674.90 | - | 207940.90 |
| Add: Manufactured during the trial run of capital projects | | 53.97 | | - |
| Less: Power used during the trial run of capital projects | | 1.87 | | 20.45 |
| **(Increase) / Decrease (A)** | | **53318.10** | | **(40148.44)** |
| **By-products** | | | | |
| **Opening stock** | | 9519.72 | | 8189.27 |
| **Less : Closing stock** | | 7493.94 | | 9519.72 |
| Less: Used during the trial run of capital projects | | 2.96 | | 130.96 |
| **(Increase) / Decrease (B)** | | **2022.82** | | **(1461.41)** |
| **Work- in-progress** | | | | |
| **Opening stock** | | | | |
| Sugar | 2368.26 | | 1119.96 | |
| Molasses | 223.97 | 2592.23 | 101.37 | 1221.33 |
| **Less : Closing stock** | | | | |
| Sugar | 3511.47 | | 2368.26 | |
| Molasses | 333.63 | 3845.10 | 223.97 | 2592.23 |
| **(Increase) / Decrease (C)** | | **(1252.87)** | | **(1370.90)** |
| **(Increase) / Decrease D = (A + B + C** | | **54088.05** | | **(42980.75)** |
| Less : Excise duty on stock * | | 13113.25 | | (1028.64) |
| | | **40974.80** | | **(41952.11)** |

* The amount of excise duty on stock represents differential excise duty on opening and closing stock.

# Notes forming part of the Consolidated Financial Statements

## Note No. : 32 Employee benefits expense

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| Salaries and wages | | 17980.04 | | 15959.88 |
| Contribution to provident and other funds | | 2015.87 | | 1799.44 |
| Employee stock option expense [Refer Note No. 38(3)] | | - | | (13.41) |
| Staff welfare expense | | 404.44 | | 353.55 |
| | | **20400.35** | | **18099.46** |

## Note No. : 33 Finance costs

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| **Interest** | | | | |
| On long term borrowings | 215.85 | | 766.21 | |
| On short term borrowings | 4912.58 | | 4671.46 | |
| Others * | 30.51 | 5158.94 | 45.59 | 5483.26 |
| Other borrowing costs | | 44.06 | | 59.54 |
| | | **5203.00** | | **5542.80** |
| * Includes interest on statutory dues (₹ in Lacs) | | 1.37 | | 0.38 |
| * Includes interest on shortfall in payment of advance income-tax (₹ in Lacs) | | - | | 13.98 |

## Note No. : 34 Depreciation and amortisation expense

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| Depreciation and amortisation of property, plant and equipment [Refer Note No. 4] | | 9426.57 | | 10403.56 |
| Amortisation of intangible assets [Refer Note No. 5] | | 95.54 | | 99.28 |
| | | **9522.11** | | **10502.84** |

# Notes forming part of the Consolidated Financial Statements

Note No. : 35 Other expenses

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| Consumption of stores and spare parts | | 3006.08 | | 2307.51 |
| Packing materials | | 3276.74 | | 2697.39 |
| Power and fuel | | 492.61 | | 524.48 |
| Rent | | 77.43 | | 69.40 |
| Repairs | | | | |
| Buildings | 353.73 | | 255.47 | |
| Machinery | 4676.12 | | 3472.63 | |
| Others | 204.04 | 5233.89 | 195.41 | 3923.51 |
| Insurance | | 482.22 | | 509.36 |
| Rates and taxes (excluding taxes on income) | | 563.47 | | 586.43 |
| Commission to non-executive directors | | 76.00 | | 71.81 |
| Payments to auditor* | | | | |
| As auditor for statutory audit | 45.00 | | 38.72 | |
| For taxation matters | 12.50 | | 10.15 | |
| For other services (Limited reviews and certifications) | 16.99 | | 16.56 | |
| For reimbursement of expenses | 0.53 | 75.02 | 0.51 | 65.94 |
| Cost audit fees | | 3.50 | | 3.55 |
| Net loss on foreign currency transactions and translations | | 3.86 | | 1.60 |
| Charity and donation | | 17.38 | | 35.82 |
| Corporate social responsibility expense [Refer Note No. 38(6)] | | 397.14 | | 44.23 |
| Directors' fees | | 27.67 | | 28.05 |
| Professional expenses [Refer Note No. 38(5)(a)] | | 612.33 | | 543.28 |
| Miscellaneous expenses | | 4306.38 | | 5623.77 |
| Freight and handling expenses | | 1503.40 | | 2206.68 |
| Brokerage and commission | | 516.26 | | 434.34 |
| Loss on sale/discard of property, plant and equipment (net) | | 283.11 | | 2925.77 |
| Cane commission subsidy no longer receivable written off | | - | | 2106.83 |
| Sundry debit balances/advances written off | | 75.01 | | 49.07 |
| Payment towards balances written back earlier | | 76.63 | | 0.43 |
| Allowance for doubtful receivables, loans and advances | | 97.63 | | 8.27 |
| Loss on sale of non-current investment | | - | | 458.95 |
| Bad debts written off | | - | | 24.86 |
| Transfer to storage fund for molasses | | 22.19 | | 18.61 |
| Fair value loss on financial instruments at fair value through profit or loss | | - | | 8.82 |
| | | **21225.95** | | **25278.76** |
| * Includes amount paid to previous statutory auditor (₹ in Lacs) | | | | |
| As auditor for statutory audit | | - | | 38.06 |
| For taxation matters | | 12.50 | | 10.15 |
| For other services (Limited reviews and certifications) | | 4.38 | | 16.27 |
| For reimbursement of expenses | | 0.53 | | 0.51 |
| | | 17.41 | | 64.99 |

# Notes forming part of the Consolidated Financial Statements

## Note No. : 36 Tax expense

(₹ in Lacs)

| Particulars | | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|
| Current tax (under MAT provisions) | | 7114.68 | - |
| Current tax (under normal provisions) | | - | 15788.07 |
| Tax provision for earlier years written back | | (14.12) | (1572.51) |
| Deferred tax [Refer Note No. 24] | | 4248.35 | - |
| | | **11348.91** | **14215.56** |
| **Reconciliation of tax expense** | | | |
| Profit before tax | | 34515.41 | 73491.52 |
| Applicable tax rate (using the Company's tax rate) | | **34.608%** | **34.608%** |
| **Computed tax expense** | **(A)** | **11945.09** | **25433.95** |
| **Adjustments for:** | | | |
| Income exempt for tax purpose | | - | (9.53) |
| Expenses not allowed for tax purpose | | 132.89 | 524.63 |
| Additional allowances for tax purpose | | - | (1.96) |
| Effect of tax deductions | | (7440.72) | (7786.81) |
| Changes in recognised deductible temporary differences | | 245.64 | 38.74 |
| Effect of transition adjustment under MAT | | (29.97) | (29.97) |
| Recognition of MAT credit | | - | (3956.34) |
| Unrecognised MAT credit for the year (to the extent related to profit before tax) | | 6546.76 | - |
| Changes in deferred tax rates | | 258.77 | - |
| Effect of losses carried forward | | (89.11) | - |
| Tax provision for earlier years written back | | (14.12) | - |
| Loss /(Gain) of subsidiary | | (88.55) | 17.55 |
| Share of profit in associates | | (117.77) | (14.70) |
| **Net adjustments** | **(B)** | **(596.18)** | **(11218.39)** |
| **Tax expense** | **C=(A+B)** | **11348.91** | **14215.56** |

## Note No. : 37 Other comprehensive income

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| **Items that will not be reclassified to profit or loss** | | | | |
| Re-measurements of defined benefit plans | (578.71) | | (555.04) | |
| Share of Other Comprehensive Income in an associate, to the extent not to be classified into profit or loss | (2.01) | (580.72) | 0.04 | (555.00) |
| Less: Income tax relating to items that will not be reclassified to profit or loss | | 123.98 | | 192.08 |
| | | **(456.74)** | | **(362.92)** |

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures

**1. Contingent liabilities and commitments (to the extent not provided for)**

**a) Contingent liabilities :**

(₹ in Lacs)

| Sl. No. | Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| (i) | Claims against the Company not acknowledged as debts : | | |
| | Excise duty demand - under appeal | 167.00 | 277.62 |
| | Sales tax demand- under appeal | 15.46 | 10.43 |
| | Others - under appeal/litigation | 525.45 | 704.43 |
| | | **707.91** | **992.48** |
| (ii) | Claims for acquisition of 1.99 acres of land for the Distillery unit at Balrampur and compensation there against is under dispute as the matter is subjudice | Amount not ascertainable | Amount not ascertainable |

The amounts shown in (i) above represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the final outcome of different legal processes which have been invoked by the Company or the claimants, as the case may be and, therefore, cannot be estimated accurately. The Company does not expect any reimbursement in respect of above contingent liabilities.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of the appeals.

**b) Commitments :**

(₹ in Lacs)

| Sl. No. | Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| (i) | Estimated amount of contracts remaining to be executed on capital account and not provided for | 1290.46 | 2874.15 |
| (ii) | Advance paid against above | 144.65 | 581.22 |

**2. Disclosures as required by Indian Accounting Standard (Ind AS) 37 Provisions, Contingent liabilities and Contingent assets:**

**(a) Provision for contingencies**

(i) Provisions for contingencies represent provision towards various claims made/anticipated in respect of duties and taxes and other claims against the Company based on the Management's assessment.

**(ii) Movement in Provision for contingencies:**

(₹ in Lacs)

| Particulars | Duties and taxes | Other litigation claims | Total |
|---|---|---|---|
| **Balance as at 1st April, 2017** | **6.31** | **0.63** | **6.94** |
| Provided during the year | - | - | - |
| Used during the year | - | - | - |
| Reversed during the year upon Court's final decision | 6.31 | - | 6.31 |
| **Balance as at 31st March, 2018** | **-** | **0.63** | **0.63** |
| - Non-current | - | - | - |
| - Current | - | 0.63 | 0.63 |
| **Balance as at 1st April, 2016** | **49.76** | **0.63** | **50.39** |
| Provided during the year | - | - | - |
| Transferred to liabilities associated with assets classified as held for sale | 43.45 | - | 43.45 |
| Reversed during the year | - | - | - |
| **Balance as at 31st March, 2017** | **6.31** | **0.63** | **6.94** |
| - Non-current | - | - | - |
| - Current | 6.31 | 0.63 | 6.94 |

It is not possible to estimate the timing/uncertainities relating to utilisation /reversal from the provision for contingencies. Future cash outflow in respect of the above is determinable only upon Court's decision/out of Court settlement/disposal of appeals. The Company does not expect any reimbursement in respect of above provisions.

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**(b) Contingent assets**

During the normal course of business, several unresolved claims are currently outstanding. The inflow of economic benefits, in respect of such claims cannot be measured due to uncertainities that surround the related events and circumstances. Also refer Note No. 38(14)(b).

3. The Employee Stock Option Scheme 2005 (Scheme 2005) of the Company was formulated by the Committee of the Board of Directors of the Company and approved by the Board at its meeting held on 11th August, 2005, and 31st October, 2005 and by the shareholders at the Extraordinary General Meeting of the Company held on 8th September, 2005 and in accordance with the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 prescribed by the Securities and Exchange Board of India.

   Employees covered under the Employee Stock Option Scheme are granted an option to purchase equity shares of the Company at the exercise price determined by the Remuneration Committee (presently re-named as "Nomination & Remuneration Committee") on the date the option is granted. It is based on the average daily closing market price of the equity shares of the Company during the preceding 26 weeks, prior to the date of grant.

   Under the said Scheme, Options granted have vesting period of one year and exercise period of maximum eight years.

   The shareholders of the Company at their Extra-ordinary General Meeting held on 25th May, 2009 had accorded approval to re-price the exercise price of the options granted in the years 2005-06 (1st series), 2006-07 (2nd series), 2007-08 (3rd series), and 2008-09 (4th series), which have not been exercised, and also to the exercise price in respect of options to be granted for the year 2008-09 (5th series), at 20% discount to the average daily closing market price of the Company's share, on the stock exchange it is traded most, during the preceding 26 weeks prior to the date of the meeting. Accordingly, the Remuneration Committee (presently re-named as "Nomination & Remuneration Committee") on 28th May, 2009 had re-priced the exercise price of the unexercised options for the years 2005-06 (1st series), 2006-07 (2nd series), 2007-08 (3rd series) and 2008-09 (4th series) and granted stock options for the year 2008-09 (5th series) at an exercise price of ₹45/- per equity share.

   The maximum number of options granted till date stands at 5245500 and each option is equivalent to one equity share of par value of ₹1/- each of the Company.

**The details of Options granted, lapsed and exercised as at 31st March, 2018 are as under :**

| Year of Issue | 2007-08 | 2008-09 | 2008-09 | Total |
|---|---|---|---|---|
| **Series** | **3rd Series** | **4th Series** | **5th Series** | |
| Date of grant of option | 27-11-2007 | 25-11-2008 | 28-05-2009 | |
| Initial exercise price (₹) | 72.20 | 74.20 | 45.00 | |
| Revised exercise price (₹) | 45.00 | 45.00 | Not applicable | |
| Market price on the date of grant (₹) | 90.75 | 35.40 | 82.35 | |
| Excess of initial exercise price over revised exercise price (₹) | 27.20 | 29.20 | Not applicable | |
| Excess of market price over exercise price/ revised exercise price (₹) | 45.75 | - | 37.35 | |
| **As at 31st March, 2018:** | | | | |
| Outstanding at the beginning of the year (Nos.) | - | 19500 | 48500 | 68000 |
| Granted (Nos.) | - | - | - | - |
| Exercised (Nos.) * | - | 4500 | 23000 | 27500 |
| Forfeited/lapsed and expired (Nos.) | - | 15000 | - | 15000 |
| Outstanding at the end of the year (Nos.) | - | - | 25500 | 25500 |
| Exercisable at the end of the year (Nos.) | - | - | 25500 | 25500 |
| **As at 31st March, 2017:** | | | | |
| Outstanding at the beginning of the year (Nos.) | 31500 | 23000 | 103700 | 158200 |
| Granted (Nos.) | - | - | - | - |
| Exercised (Nos.) | 3000 | 3500 | 54200 | 60700 |
| Forfeited/lapsed and expired (Nos.) | 28500 | - | 1000 | 29500 |
| Outstanding at the end of the year (Nos.) | - | 19500 | 48500 | 68000 |
| Exercisable at the end of the year (Nos.) | - | 19500 | 48500 | 68000 |

* Includes 10000 options which were exercised within 31st March, 2018 against which allotment of equity shares were pending as on 31st March, 2018.

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

Total Number of Options outstanding/exercisable as at 1st April, 2016 relating to 1st and 2nd series is Nil. Therefore, details for the same has been excluded from above table.

The weighted average share price of options exercised during the year ended 31st March, 2018 was ₹45/- (Previous year ₹45/-) for each option.

There were no modifications to the terms of Scheme 2005 either in the current year or in the previous years other than the repricing as stated above.

**The following table summarises information about outstanding stock options:**

| Particulars | As at 31st March, 2018 | | | As at 31st March, 2017 | | |
|---|---|---|---|---|---|---|
| | Numbers | Weighted average remaining life (Years) | Weighted average exercise price (₹) | Numbers | Weighted average remaining life (Years) | Weighted average exercise price (₹) |
| 4th Series | - | - | - | 19500 | 0.65 | 45.00 |
| 5th Series | 25500 | 0.16 | 45.00 | 48500 | 1.16 | 45.00 |

**Other information:**

a) Options vested upto 31st March, 2018: 4593000 (Previous year: 4593000)

b) Options exercised upto 31st March, 2018: 4422500 (Previous year: 4395000)

c) Options exercised during the year ended 31st March, 2018: 27500 (Previous year: 60700)

d) Total number of equity shares arising as a result of exercise of options as at 31st March, 2018: 4422500 (Previous year: 4395000)

(Options equivalent to 10000 equity shares were exercised within 31st March, 2018, however, the same were due to be allotted as on 31st March, 2018.

e) Options lapsed upto 31st March, 2018: 797500 (Previous year: 782500)

f) Options lapsed during the year ended 31st March, 2018: 15000 (Previous year: 29500)

g) Money realised on exercise of options upto 31st March, 2018: ₹2014.29 lacs (Previous year: ₹2001.92 lacs )

h) Money realised on exercise of options during the year ended 31st March, 2018: ₹12.37 lacs (Previous year: ₹27.32 lacs)

i) Total number of options in force as at 31st March, 2018: 25500 (Previous year: 68000)

j) Details of option granted to :-

(i) Senior Managerial Personnel: No options have been granted either during the year ended 31st March, 2018 or during the year ended 31st March, 2017,

(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year ended 31st March, 2018 - Nil (Previous year - Nil), and

(iii) Identified employees who were granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant - Nil (Previous year - Nil).

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

4. Based on the information/documents available with the Company, information as per the requirement of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 with respect to trade payables and payable to suppliers of capital goods are as follows:

**As at 31st March, 2018:**

(₹ in Lacs)

| Sl. No. | Description | Trade Payables | Payable to suppliers of capital goods | Total |
|---|---|---|---|---|
| (i) | The principal amount remaining unpaid to suppliers as at the end of accounting year * | 16.98 | 87.10 | 104.08 |
| (ii) | The interest due thereon remaining unpaid to suppliers as at the end of accounting year | 0.17 | 1.47 | 1.64 |
| (iii) | The amount of interest paid by the Company in terms of section 16, of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the suppliers beyond the appointed day during the year | 2.03 | 1.99 | 4.02 |
| (iv) | 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 Micro, Small and Medium Enterprises Development Act, 2006 | 1.02 | 0.51 | 1.53 |
| (v) | The amount of interest accrued during the year and remaining unpaid at the end of the accounting year** | 1.19 | 1.98 | 3.17 |
| (vi) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - | - |

* Included in the line item "Total outstanding dues of micro enterprises and small enterprises" under Note No. 26.

** Included in the line item "Others" under Note No. 27.

**As at 31st March, 2017:**

(₹ in Lacs)

| Sl. No. | Description | Trade Payables | Payable to suppliers of capital goods | Total |
|---|---|---|---|---|
| (i) | The principal amount remaining unpaid to suppliers as at the end of accounting year * | 42.73 | 142.33 | 185.06 |
| (ii) | The interest due thereon remaining unpaid to suppliers as at the end of accounting year | 0.63 | 1.43 | 2.06 |
| (iii) | The amount of interest paid by the Company in terms of section 16, of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the suppliers beyond the appointed day during the year | 3.28 | - | 3.28 |
| (iv) | 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 Micro, Small and Medium Enterprises Development Act, 2006 | 1.40 | 0.56 | 1.96 |
| (v) | The amount of interest accrued during the year and remaining unpaid at the end of the accounting year** | 2.03 | 1.99 | 4.02 |
| (vi) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - | - |

* Included in the line item "Total outstanding dues of micro enterprises and small enterprises" under Note No. 26.

** Included in the line item "Others" under Note No. 27.

Note No. : 38 Other disclosures *(contd.)*

5(a) The Company is eligible to receive various financial assistance from government authorities. Accordingly, the Company has recognised these government grants in the following manner:

(₹ in Lacs)

| Sl. No. | Particulars | Treatment in Accounts | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|---|
| | **Revenue related government grants:** | | | |
| (a) | Cane crush subsidy (Refer footnote (i) below) | Deducted from cost of materials consumed | 4792.83 | - |
| (b) | Production subsidy | Deducted from cost of materials consumed | - | 54.27 |
| (c) | Interest on term loans | - Deducted from interest expense on long term borrowings | 1604.68 | 2460.31 |
| | | - Shown as separate line item "Deferred income" under Other Income | - | 180.49 |
| (d) | Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) (Refer footnote (ii) below) | Deducted from Contribution to provident and other funds under Employee benefits expense | 3.45 | - |
| | **Deferred government grants:** | | | |
| (e) | Government grant relating to interest on term loans | Deducted from interest expense on long term borrowings | - | 968.77 |
| (f) | Government grant relating to property, plant and equipment | Shown as separate line item "Deferred income" under Other Income | 7.09 | 7.09 |
| | | | **6408.05** | **3670.93** |

**Note:**

(i) The Central Government pursuant to Notification No. 1(5)/2018-S.P.-I dated 9th May, 2018 issued by the Hon'ble Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) has notified a scheme for assistance to sugar mills against sugar cane crushed during sugar season 2017-18. Accordingly, ₹4792.83 Lacs has been adjusted during the year ended 31st March, 2018 as reduction in cost of materials consumed. Valuation impact with respect to 69347.00 MT of Sugar allocated for export in terms of Minimum Indicative Export quotas (MIEQ) under tradable export scrip schemes has also been given effect to in these accounts.

(ii) The Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) has been designed to incentivise employers for generation of new employment, where the Government of India will be paying the 8.33% Employee Pension Scheme contribution of the employer for the new employment.

(b) Cane commission subsidy no longer receivable was written off and shown under Note No. 35 - "Other expenses" aggregating to ₹2106.83 Lacs during the year ended 31st March, 2017 on account of reimbursement of society cane commission being no longer receivable pursuant to the notification dated 28th December, 2016 issued by the Government of Uttar Pradesh.

**6. Expenditure on Corporate Social Responsibility (CSR) activities:**

**(a) Details of CSR expenditure:**

(₹ in Lacs)

| Sl. No. | Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|---|
| (i) | Gross amount required to be spent by the Company during the year | | 500.43 | | 25.32 |
| (ii) | Amount spent during the year : | | | | |
| | i) Construction/acquisition of any asset | | | | |
| | - in cash | | 27.60 | | - |
| | - yet to be paid in cash | | - | | - |
| | ii) On purposes other than (i) above | | | | |
| | - in cash | | 369.54 | | 44.23 |
| | - yet to be paid in cash | | - | | - |

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**(b) The various heads under which the CSR expenditure were incurred in cash is detailed as follows:**

(₹ in Lacs)

| Sl. No. | Relevant clause of Schedule VII to the Act | Description of CSR activities | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|---|
| (i) | Clause (i) | Promoting healthcare including preventive healthcare | 37.39 | 4.69 |
| (ii) | Clause (i) | Eradicating hunger, poverty and malnutrition, making available safe drinking water | 50.53 | 7.87 |
| (iii) | Clause (ii) | Promoting education, including special education and employment enhancing vocational training and livelihood enhancement projects | 278.38 | 8.24 |
| (iv) | Clause (iii) | Setting up homes and other facilities for orphans, senior citizens and for socially and economically backward groups | 8.37 | 3.55 |
| (v) | Clause (iv) | Animal welfare | 1.51 | 0.51 |
| (vi) | Clause (vii) | Promoting rural sports and nationally recognised sports | 14.00 | 19.07 |
| (vii) | Clause (x) | Rural development projects | 4.77 | 0.30 |
| (viii) | Clause (xi) | Slum area development | - | - |
| (ix) | | Expenditure on administrative overheads | 2.19 | - |
| | | | **397.14** | **44.23** |

**7. Earnings per share - The numerators and denominators used to calculate Basic / Diluted earnings per share :**

| Sl. No. | Particulars | | | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|---|---|
| (i) | Amount used as the numerator Profit after tax (₹in Lacs) | | **(A)** | 23166.49 | 59299.32 |
| (ii) | Weighted average number of equity shares outstanding used as the denominator for computing Basic Earnings per share * | | **(B)** | 234948663 | 244167344 |
| (iii) | Add: Weighted average number of dilutive potential equity shares on account of Employees Stock Option Scheme | | | 18805 | 41725 |
| (iv) | Weighted average number of equity shares outstanding used as the denominator for computing Diluted Earnings per share * | | **(C)** | 234967468 | 244209069 |
| (v) | Nominal value of equity shares | (₹) | | 1.00 | 1.00 |
| (vi) | Basic Earnings per share | (₹) | **(A/B)** | 9.86 | 24.29 |
| (vii) | Diluted Earnings per share | (₹) | **(A/C)** | 9.86 | 24.28 |

* The weighted average number of shares takes into account the weighted average effect of changes in number of shares due to buy back of shares and employee stock options during the year ended 31st March, 2018 and 31st March, 2017.

**8. Buy back of shares**

**(i) Year ended 31st March, 2018**

The Board of Directors of the Company at its meeting held on 21st February, 2018 approved buy back of 6600000 equity shares of the Company, through the "Tender Offer" route using the Stock Exchange Mechanism, for an aggregate amount of ₹9900.00 Lacs (being 6.78% of the total Paid-up Equity Share Capital and Free Reserves of the Company as on 31st March, 2017), at a price of ₹150/- per Equity Share on a proportionate basis in accordance with the Companies Act, 2013 (as amended), rules made thereunder, the SEBI (Buy Back of Securities) Regulations, 1998 and other applicable circulars, clarifications and notifications and the settlement in respect of shares bought back have been completed on 28th March, 2018. Formalities pertaining to extinguishment of the shares bought back have since been completed on 4th April, 2018.

Consequent to the said buy-back, the equity share capital has been reduced by ₹66.00 Lacs and Capital Redemption Reserve of an equivalent amount has therefore been created.

Note No. : 38 Other disclosures *(contd.)*

**(ii) Year ended 31st March, 2017**

The Company had undertaken a Buy Back of up to 10000000 fully paid-up equity shares of face value ₹1/- each, representing 4.08% of the total number of Equity Shares in the issued, subscribed and paid-up Equity Share capital of the Company, from all the Equity Shareholders on a proportionate basis, through the Tender Offer route, at a price of ₹175/- per Equity Share for an aggregate amount of ₹17500.00 Lacs which was 14.72% and 14.75% of the aggregate of the fully paid-up equity share capital and free reserves as per the standalone and consolidated audited accounts of the Company for the financial year ended 31st March, 2016, respectively, which had opened on 7th February, 2017 and closed on 20th February, 2017.

Consequent to the said buy-back, the equity share capital had reduced by ₹100.00 Lacs and Capital Redemption Reserve of an equivalent amount has therefore been created.

**9. Employee Benefits :**

As per Ind AS - 19 "Employee Benefits", the disclosures of Employee Benefits are as follows:

**Defined Contribution Plan :**

Employee benefits in the form of Provident Fund, Employee State Insurance Corporation (ESIC) and Labour Welfare Fund are considered as defined contribution plan.

The contributions to the respective fund are made in accordance with the relevant statute and are recognised as expense when employees have rendered service entitling them to the contribution. The contributions to defined contribution plan, recognised as expense in the Statement of Profit and Loss are as under :

(₹ in Lacs)

| Defined Contribution Plan | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|
| Employer's Contribution to Provident Fund | 867.80 | 748.67 |
| Employer's Contribution to Pension Scheme | 661.20 | 608.44 |
| Employer's Contribution to Labour Welfare Fund | 0.01 | 0.01 |
| Employer's Contribution to Employees' State Insurance Scheme | 1.12 | 0.54 |

**Gratuity**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the said Act, an employee who has completed five years of continuance service is entitled to specific benefit. The Gratuity plan provides a lumpsum payment to employees at retirement, death, incapacitation or termination of employment. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund is in the form of a trust and is governed by the Board of Trustees who are responsible for its administration. The Company contributes all ascertained liabilities towards gratuity to the trust.

The following tables summarises the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in the Balance Sheet for the said plan:

**a) Details of funded post retirement plans are as follows :**

(₹ in Lacs)

| | Particulars | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|
| **I.** | **Expenses recognised in the Statement of Profit and Loss:** | | |
| 1 | Current service cost | 385.70 | 319.29 |
| 2 | Net interest on the net defined benefit liability/asset | (16.67) | (13.79) |
| 3 | Expense recognised in the Statement of Profit and Loss | 369.03 | 305.50 |
| **II.** | **Other comprehensive income** | | |
| 1 | Actuarial gain / (loss) arising from: | | |
| | - change in financial assumptions | 227.74 | 182.94 |
| | - changes in experience adjustments | 314.81 | 438.41 |
| 2 | (Returns)/loss on plan assets excluding amounts included in interest income | 36.16 | (66.31) |
| 3 | Components of defined benefit costs recognised in other comprehensive income | 578.71 | 555.04 |

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

(₹ in Lacs)

| | Particulars | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|---|
| **III.** | **Change in present value of defined benefit obligation :** | | |
| 1 | Present value of defined benefit obligation at the beginning of the year | 4135.70 | 3327.08 |
| 2 | Interest expense | 293.51 | 235.74 |
| 3 | Current service cost | 385.70 | 319.29 |
| 4 | Benefits paid | 444.59 | 367.76 |
| 5 | Actuarial gain / (loss) arising from: | | |
| | - changes in financial assumptions | 227.74 | 182.94 |
| | - changes in experience adjustments | 314.81 | 438.41 |
| 6 | Present value of defined benefit obligation at the end of the year | 4912.87 | 4135.70 |
| **IV.** | **Change in fair value of plan assets during the year :** | | |
| 1 | Plan assets at the beginning of the year | 4135.70 | 3327.08 |
| 2 | Interest income | 310.18 | 249.53 |
| 3 | Employers' contributions | 947.74 | 860.54 |
| 4 | Benefits paid | 444.59 | 367.76 |
| 5 | Re-measurement (Returns on plan assets excluding amounts included in interest income) | 36.16 | (66.31) |
| 6 | Fair Value of plan assets at the end of the year | 4912.87 | 4135.70 |
| **V.** | **Net Asset / (Liability) recognised in the Balance Sheet as at the year end:** | | |
| 1 | Present value of defined benefit obligation | 4912.87 | 4135.70 |
| 2 | Fair value of plan assets | 4912.87 | 4135.70 |
| 3 | Funded status [Surplus/(Deficit)] | - | - |
| 4 | Net Asset / (Liability) recognised in Balance Sheet | - | - |
| | Current liability (Short term) | - | - |
| | Non-current liability (Long term) | - | - |
| **VI.** | **Actuarial Assumptions :** | | |
| 1 | Discount rate (per annum) % | 7.50% | 7.50% |
| 2 | Expected return on plan assets (per annum) % | 7.50% | 7.50% |
| 3 | Expected rate of salary increase % | 6.00% | 5.50% |
| 4 | Retirement/Superannuation age (Year) | 60 | 60 |
| 5 | Mortality rates | IALM 2006-2008 Ultimate | IALM 2006-2008 Ultimate |
| **VII.** | **Major category of plan assets as a % of the total plan assets as at the year end :** | | |
| 1 | Administered by Insurance Companies | 99.94% | 99.95% |
| 2 | Others (cash and cash equivalents) | 0.06% | 0.05% |
| **VIII.** | **Maturity profile of defined benefit obligation** | | |
| | Expected cash flows (valued on undiscounted basis): | | |
| | Within the next 12 months | 455.23 | 392.92 |
| | Between 2 and 5 years | 1137.59 | 1093.33 |
| | Between 5 and 10 years | 2607.98 | 1841.76 |
| | Beyond 10 years | 7504.05 | 5784.16 |
| | **Total expected payments** | **11704.85** | **9112.17** |
| | The average duration of the defined benefit plan obligation at the end of the balance sheet date (in years) | 15 | 16 |

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

| | Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|---|
| **IX.** | **Sensitivity analysis on Present value of Defined Benefit Obligations:** | | | | |
| | Discount rates | | | | |
| | 0.50% Increase | | (4.58)% | | (4.52)% |
| | 0.50% Decrease | | 4.92% | | 4.87% |
| | Expected rates of salary increases | | | | |
| | 0.50% Increase | | 4.94% | | 4.91% |
| | 0.50% Decrease | | (4.64)% | | (4.60)% |
| | Attrition Rate | | | | |
| | 0.50% Increase | | 0.13% | | 0.15% |
| | 0.50% Decrease | | (0.13)% | | (0.15)% |
| | Mortality Rate | | | | |
| | 10% Increase | | 0.72% | | 0.72% |
| | 10% Decrease | | (0.72)% | | (0.72)% |

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring as at the Balance Sheet date.

All sensitivities are calculated using the same actuarial method as for the disclosed present value of the defined benefits obligation at year end.

**X. The history of funded post retirement plans are as follows :**

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 | As at 31st March, 2016 | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---|---|---|---|---|
| Present value of defined benefit obligation | 4912.87 | 4135.70 | 3327.08 | 3655.68 | 3220.20 |
| Fair value of plan assets | 4912.87 | 4135.70 | 3327.08 | 3655.68 | 3220.20 |

**b) Details of unfunded post retirement obligations are as follows:**

(₹ in Lacs)

| | Particulars | Leave encashment (Unfunded) | | | |
|---|---|---|---|---|---|
| | | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
| **I.** | **Components of employer expense :** | | | | |
| 1 | Current service cost | | 102.15 | | 21.67 |
| 2 | Interest cost | | 22.79 | | 19.40 |
| 3 | Actuarial (gain) /loss recognised in the year | | 47.78 | | 74.57 |
| 4 | Expense recognised in the Statement of Profit and Loss | | 172.72 | | 115.64 |
| **II.** | **Change in present value of obligation :** | | | | |
| 1 | Present value of obligation at the beginning of the year | | 347.08 | | 285.94 |
| 2 | Interest cost | | 22.79 | | 19.40 |
| 3 | Current service cost | | 102.15 | | 21.67 |
| 4 | Benefits paid | | 86.39 | | 54.50 |
| 5 | Actuarial (gain) /loss recognised in the year | | 47.78 | | 74.57 |
| 6 | Present value of obligation at the end of the year | | 433.41 | | 347.08 |
| **III.** | **Net asset / (liability) recognised in the Balance Sheet as at the year end:** | | | | |
| 1 | Present value of defined benefit obligation | | 433.41 | | 347.08 |
| 2 | Fair value of plan assets | | - | | - |
| 3 | Funded status [Surplus/(Deficit)] | | (433.41) | | (347.08) |
| 4 | Net asset / (liability) recognised in Balance Sheet | | (433.41) | | (347.08) |

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

| | Particulars | Leave encashment (Unfunded) | |
|---|---|---|---|
| | | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
| **IV.** | **Actuarial assumptions :** | | |
| 1 | Discount rate (per annum) % | 7.50 | 7.50 |
| 2 | Expected rate of salary increase % | 6.00 | 5.50 |
| 3 | Retirement/Superannuation age (Year) | 60 | 60 |
| 4 | Mortality rates | IALM 2006-08 Ultimate | IALM 2006-08 Ultimate |
| **V.** | **Maturity profile** | | |
| | Expected cash flows (valued on undiscounted basis): | | |
| | Within the next 12 months | 35.19 | 29.96 |
| | Between 2 and 5 years | 71.78 | 75.99 |
| | Between 5 and 10 years | 196.07 | 127.73 |
| | Beyond 10 years | 875.33 | 624.25 |
| | **Total expected payments** | **1178.37** | **857.93** |

**(c) Risks related to defined benefit plans:**

The main risks to which the Company is exposed in relation to operating defined benefit plans are :

(i) Mortality risk: The assumptions adopted by the Company make allowances for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the plans and consequently increases the plan's liabilities. In order to minimise this risk, mortality assumptions are reviewed on a regular basis.

(ii) Market and liquidity risks: These are the risks that the investments do not meet the expected returns over the medium to long term. This also encompasses the mismatch between assets and liabilities. In order to minimise the risks, the structure of the portfolios is reviewed and asset-liability matching analysis are performed on a regular basis.

**(d) Asset - liability management and funding arrangements**

The trustees are responsible for determining the investment strategy of plan assets. The overall investment policy and strategy for Company's funded defined benefit plan is guided by the objective of achieving an investment return which, together with the contribution paid is sufficient to maintain reasonable control over various funding risks of the plan.

**(e) Other disclosures :**

(i) The following are the assumptions used to determine the benefit obligation:

**Discount rate:**

The yield of government bonds are considered as the discount rate. The tenure has been considered taking into account the past long term trend of employees' average remaining service life which reflects the average estimated term of the post - employment benefit obligations.

**Rate of escalation in salary :**

The estimates of rate of escalation in salary, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

**Rate of return on plan assets:**

Rate of return for the year was the average yield of the portfolio in which the Company's plan assets are invested over a tenure equivalent to the entire life of the related obligation.

**Attrition rate :**

Attrition rate considered is the management's estimate based on the past long- term trend of employee turnover in the Company.

(ii) The Gratuity and provident fund expenses have been recognised under " Contribution to provident and other funds" and Leave encashment under Salaries and Wages under Note No. 32 - Employee benefits expense.

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**10. Segment information**

(a) The Managing Director has been identified as the Company's chief operating decision-maker (CODM) as defined by Ind AS 108 – Operating Segments. The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The CODM of the Company evaluates the segments based on their revenue growth, operating income and return on capital employed. No operating segments have been aggregated in arriving at the Business Segment of the Company.

The management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance. The Company has identified three business segments viz. Sugar, Cogeneration and Distillery and presented the same in the financial statements on a consistent basis. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment assets and segment liabilities represent assets and liabilities of respective segment. Investments, tax related assets/ liabilities and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

**(b) The following is an analysis of revenue and results from operations by reportable segments:**

(₹ in Lacs)

| Particulars | Sugar | Cogeneration | Distillery | Others | Unallocable | Adjustments and elimination | Total |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| External sales | **375674.49** | **31182.53** | **33167.46** | **47.58** | **-** | **-** | **440072.06** |
| | (303870.98) | (27552.76) | (32675.97) | (-) | (-) | - | (364099.71) |
| Inter Segment sales | **40751.17** | **21934.55** | **-** | **-** | **-** | **(62685.72)** | **-** |
| | (33087.88) | (16815.18) | (-) | (-) | (-) | (-)(49903.06) | (-) |
| **Revenue from operations** | **416425.66** | **53117.08** | **33167.46** | **47.58** | **-** | **(62685.72)** | **440072.06** |
| | (336958.86) | (44367.94) | (32675.97) | (-) | (-) | (-)(49903.06) | (364099.71) |
| **Segment profit / (loss)** | **13882.92** | **17206.88** | **10819.55** | **12.55** | **-** | **-** | **41921.90** |
| | (55766.95) | (15768.25) | (11793.00) | (-)(195.24) | (-) | (-) | (83132.96) |
| Unallocable expenditure net of unallocable income | | | | | **3470.94** | **-** | **3470.94** |
| | | | | | (4914.55) | (-) | (4914.55) |
| Interest income | | | | | | | **226.34** |
| | | | | | | | (688.48) |
| Finance costs | | | | | | | **5203.00** |
| | | | | | | | (5542.80) |
| Profit before non-controlling interests/ net profit of associates and tax | | | | | | | **33474.30** |
| | | | | | | | (73364.09) |
| Share of profit of associates | | | | | | | **1041.11** |
| | | | | | | | (127.43) |
| **Profit before tax** | | | | | | | **34515.41** |
| | | | | | | | (73491.52) |
| **Tax** | | | | | | | |
| Current tax (under MAT provisions) | | | | | | | **7114.68** |
| | | | | | | | (-) |
| Current tax (under normal provisions) | | | | | | | **-** |
| | | | | | | | (15788.07) |
| Tax provision for earlier years written back | | | | | | | **(14.12)** |
| | | | | | | | (-) |
| Deferred tax | | | | | | | **4248.35** |
| | | | | | | | (-)(1572.51) |
| **Profit after tax** | | | | | | | **23166.50** |
| | | | | | | | (59275.96) |

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**Notes:**

(i) Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed at Company level. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed at Company level. Capital expenditure consists of additions to property, plant and equipment, capital work in progress and intangible assets.

(ii) Transactions between segments are primarily transferred at cost/market determined prices. Common costs are apportioned on a reasonable basis.

(iii) Figures in brackets pertain to previous year.

**c) Other information**

(₹ in Lacs)

| Particulars | Sugar | Cogeneration | Distillery | Others | Unallocable | Adjustments and elimination | Total |
|---|---|---|---|---|---|---|---|
| Segment assets | **255939.87** | **68319.42** | **25351.76** | **514.03** | **19975.73** | **-** | **370100.81** |
| | (299263.47) | (69065.66) | (23729.73) | (-) | (10689.85) | (-) | (402748.71) |
| Segment liabilities | **84682.96** | **2075.69** | **1620.30** | **135.19** | **119880.46** | **-** | **208394.60** |
| | (47880.78) | (1977.83) | (1382.49) | (-) | (195476.26) | (-) | (246717.36) |
| Capital expenditure * | **11275.29** | **1413.50** | **1075.93** | **253.58** | **132.34** | **-** | **14150.64** |
| | (1935.26) | (6923.10) | (4407.85) | (-) | (219.90) | (-) | (13486.11) |
| Depreciation and amortisation | **4946.11** | **3281.25** | **1037.45** | **1.19** | **256.11** | **-** | **9522.11** |
| | (5508.92) | (3704.22) | (1058.54) | (8.51) | (222.65) | (-) | (10502.84) |
| Non cash expenses other than depreciation and amortisation | **197.36** | **125.92** | **114.49** | **-** | **40.17** | **-** | **477.94** |
| | (2976.11) | (356.35) | (1585.22) | (187.24) | (487.44) | (-) | (5592.36) |
| Investment in associates | **-** | **-** | **-** | **-** | **9886.71** | **-** | **9886.71** |
| | (-) | (-) | (-) | (-) | (5097.61) | (-) | (5097.61) |
| Share of profit of associates (including OCI) | **-** | **-** | **-** | **-** | **797.03** | **-** | **797.03** |
| | (-) | (-) | (-) | (-) | (98.06) | (-) | (98.06) |

*Includes depreciation, interest and other borrowing costs capitalised.

**Note:** Figures in brackets pertain to previous year.

**d) Reconciliations of amounts reflected in the financial statements**

**i) Reconciliation of assets**

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Segment operating assets | 370100.81 | 402748.71 |
| Total assets | **370100.81** | **402748.71** |

**ii) Reconciliation of liabilities**

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Segment operating liabilities | 208394.60 | 246717.36 |
| Total liabilities | **208394.60** | **246717.36** |

**e) Geographical information:**

The Company operated only in India during the year ended 31st March, 2018 and 31st March, 2017.

**f) Information about major customers:**

No single customer contributed 10% or more of the total revenue of the Company for the year ended 31st March, 2018 and 31st March, 2017.

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**11. Related party disclosures :**

**a) Name of the related parties and description of relationship**

| | | |
|---|---|---|
| i) | **Associate Companies:**<br>(Significant influence can be exercised) | 1. Visual Percept Solar Projects Pvt. Ltd. (VPSPPL) (w.e.f. 24th January, 2017)<br>2. Auxilo Finserve Pvt. Ltd. (AFPL) (w.e.f. 20th March, 2018) |
| ii) | **Key Managerial Personnel** (KMP): | 1. Shri Vivek Saraogi - Managing Director<br>2. Dr. Arvind Krishna Saxena - Whole-time Director |
| iii) | **Other related parties:**<br>**Close members of KMP :**<br>Shri Vivek Saraogi | 1. Smt. Meenakshi Saraogi - Mother<br>2. Smt. Sumedha Saraogi - Wife<br>3. Shri Karan Saraogi - Son<br>4. Smt. Avantika Saraogi - Daughter<br>5. Smt. Stuti Dhanuka - Sister |
| | **Significant influence entities:** | 1. Meenakshi Mercantiles Ltd.<br>2. Udaipur Cotton Mills Co. Ltd.<br>3. Novel Suppliers Pvt. Ltd.<br>4. Neoworth Commerical Pvt. Ltd.<br>5. Kamal Nayan Saraogi (HUF)<br>6. Vivek Saraogi (HUF)<br>7. The Balrampur Sugar Company Limited Employees Gratuity Fund |

**b) Transactions with Related parties :**

(₹ in Lacs)

| | Nature of transaction / Name of the related party | Associate | Significant influence entities | Key managerial personnel (KMP) | Close members of KMP | Total |
|---|---|---|---|---|---|---|
| **(i)** | **Sitting fees** | | | | | |
| | Smt. Meenakshi Saraogi | - | - | - | - | - |
| | | ( - ) | ( - ) | ( - ) | (0.80) | (0.80) |
| **(ii)** | **Compensation/Remuneration of KMP** | | | | | |
| | Shri Vivek Saraogi | - | - | **610.61** | - | **610.61** |
| | | ( - ) | ( - ) | (341.37) | ( - ) | (341.37) |
| | Dr. Arvind Krishna Saxena | - | - | **25.47** | - | **25.47** |
| | | ( - ) | ( - ) | (23.27) | ( - ) | (23.27) |
| **(iii)** | **Interim dividend paid to equity shareholders** | | | | | |
| | Shri Vivek Saraogi | - | - | **916.55** | - | **916.55** |
| | | ( - ) | ( - ) | (1332.88) | ( - ) | (1332.88) |
| | Dr. Arvind Krishna Saxena | - | - | **0.42** | - | **0.42** |
| | | ( - ) | ( - ) | (0.61) | ( - ) | (0.61) |
| | Smt. Meenakshi Saraogi | - | - | - | - | - |
| | | ( - ) | ( - ) | ( - ) | (498.55) | (498.55) |
| | Smt. Sumedha Saraogi | - | - | - | **235.57** | **235.57** |
| | | ( - ) | ( - ) | ( - ) | (342.97) | (342.97) |
| | Shri Karan Saraogi | - | - | - | **437.99** | **437.99** |
| | | ( - ) | ( - ) | ( - ) | (138.13) | (138.13) |
| | Smt. Avantika Saraogi | - | - | - | **89.47** | **89.47** |
| | | ( - ) | ( - ) | ( - ) | (131.13) | (131.13) |
| | Smt. Stuti Dhanuka | - | - | - | **119.94** | **119.94** |
| | | ( - ) | ( - ) | ( - ) | (175.42) | (175.42) |
| | Meenakshi Mercantiles Ltd. | - | **180.00** | - | - | **180.00** |
| | | ( - ) | (261.66) | ( - ) | ( - ) | (261.66) |
| | Udaipur Cotton Mills Co. Ltd. | - | **157.94** | - | - | **157.94** |
| | | ( - ) | (229.59) | ( - ) | ( - ) | (229.59) |
| | Novel Suppliers Pvt. Ltd. | - | **74.67** | - | - | **74.67** |
| | | ( - ) | (108.54) | ( - ) | ( - ) | (108.54) |
| | Kamal Nayan Saraogi (HUF) | - | **189.30** | - | - | **189.30** |
| | | ( - ) | (275.18) | ( - ) | ( - ) | (275.18) |
| | Vivek Saraogi (HUF) | - | **4.09** | - | - | **4.09** |
| | | ( - ) | (5.95) | ( - ) | ( - ) | (5.95) |

# Notes forming part of the Consolidated Financial Statements

## Note No. : 38 Other disclosures *(contd.)*

(₹ in Lacs)

| | Nature of transaction / Name of the related party | Associate | Significant influence entities | Key managerial personnel (KMP) | Close members of KMP | Total |
|---|---|---|---|---|---|---|
| (iv) | **Amount paid upon buyback of equity shares** | | | | | |
| | Shri Vivek Saraogi | **-** | **-** | **1472.93** | **-** | **1472.93** |
| | | ( - ) | ( - ) | (2485.62) | ( - ) | (2485.62) |
| | Dr. Arvind Krishna Saxena | **-** | **-** | **0.67** | **-** | **0.67** |
| | | ( - ) | ( - ) | (1.13) | ( - ) | (1.13) |
| | Smt. Sumedha Saraogi | **-** | **-** | **-** | **384.85** | **384.85** |
| | | ( - ) | ( - ) | ( - ) | (658.65) | (658.65) |
| | Shri Karan Saraogi | **-** | **-** | **-** | **699.81** | **699.81** |
| | | ( - ) | ( - ) | ( - ) | (1175.04) | (1175.04) |
| | Smt. Avantika Saraogi | **-** | **-** | **-** | **159.89** | **159.89** |
| | | ( - ) | ( - ) | ( - ) | (293.38) | (293.38) |
| | Smt. Stuti Dhanuka | **-** | **-** | **-** | **208.58** | **208.58** |
| | | ( - ) | ( - ) | ( - ) | (375.11) | (375.11) |
| | Meenakshi Mercantiles Ltd. | **-** | **287.61** | **-** | **-** | **287.61** |
| | | ( - ) | (482.92) | ( - ) | ( - ) | (482.92) |
| | Udaipur Cotton Mills Co. Ltd. | **-** | **252.35** | **-** | **-** | **252.35** |
| | | ( - ) | (423.72) | ( - ) | ( - ) | (423.72) |
| | Novel Suppliers Pvt. Ltd. | **-** | **119.30** | **-** | **-** | **119.30** |
| | | ( - ) | (200.32) | ( - ) | ( - ) | (200.32) |
| | Kamal Nayan Saraogi (HUF) | **-** | **302.47** | **-** | **-** | **302.47** |
| | | ( - ) | (507.87) | ( - ) | ( - ) | (507.87) |
| | Vivek Saraogi (HUF) | **-** | **6.54** | **-** | **-** | **6.54** |
| | | ( - ) | (10.98) | ( - ) | ( - ) | (10.98) |
| (v) | **Contribution to employees defined benefit plans** | | | | | |
| | The Balrampur Sugar Company | **-** | **947.74** | **-** | **-** | **947.74** |
| | Limited Employees Gratuity Fund | ( - ) | (860.54) | ( - ) | ( - ) | (860.54) |
| (vi) | **Interest income (at amortised cost)** | | | | | |
| | Visual Percept Solar Projects Pvt. Ltd. | **186.46** | **-** | **-** | **-** | **186.46** |
| | | (28.94) | ( - ) | ( - ) | ( - ) | (28.94) |
| (vii) | **Balance Outstanding:** | | | | | |
| | Investment in debentures (at amortised cost) | **2274.12** | **-** | **-** | **-** | **2274.12** |
| | | (2212.48) | ( - ) | ( - ) | ( - ) | (2212.48) |
| | Interest accrued but not due on debentures | **-** | **-** | **-** | **-** | **-** |
| | | (13.26) | ( - ) | ( - ) | ( - ) | (13.26) |
| | Remuneration payable | **-** | **-** | **330.00** | **-** | **330.00** |
| | | ( - ) | ( - ) | (150.00) | ( - ) | (150.00) |

Note: Figures in brackets pertain to previous year.

Note No. : 38 Other disclosures *(contd.)*

**c) Details of remuneration paid/payable to KMP:**

(₹ in Lacs)

| Particulars | Year ended 31st March, 2018 | | | Year ended 31st March, 2017 | | |
|---|---|---|---|---|---|---|
| | Shri Vivek Saraogi | Dr. Arvind Krishna Saxena | Total | Shri Vivek Saraogi | Dr. Arvind Krishna Saxena | Total |
| **Short-term employee benefits** | | | | | | |
| - Salary | 240.00 | 20.03 | 260.03 | 150.00 | 18.29 | 168.29 |
| - Commission | 330.00 | - | 330.00 | 150.00 | - | 150.00 |
| - Perquisites | 11.81 | 3.24 | 15.05 | 23.37 | 2.94 | 26.31 |
| | **581.81** | **23.27** | **605.08** | **323.37** | **21.23** | **344.60** |
| **Post-employment benefits** | | | | | | |
| - Contribution to Provident Fund | 28.80 | 2.20 | 31.00 | 18.00 | 2.04 | 20.04 |
| | **610.61** | **25.47** | **636.08** | **341.37** | **23.27** | **364.64** |

The above remuneration does not include provision for gratuity and leave encashment, which is determined for the Compnay as a whole.

d) The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.

e) The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in current year and previous year for bad or doubtful debts in respect of the amounts owed by related parties.

f) The remuneration of directors is determined by the Nomination & Remuneration Committee having regard to the performance of individuals and market trends.

**12. Disclosure under Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Company has neither given any loan nor has advanced any amount either during the year ended 31st March, 2018 or year ended 31st March, 2017. Hence, the requirements under the said Schedule is not applicable to the Company and no information is required to be disclosed.

**13. Details of loans and investments covered under section 186 (4) of the Companies Act, 2013 :**

Details of loans given and investments made are given in the respective note.

**14.** (a) The Company's Writ Petition against withdrawal of the New Sugar Industry Promotion Policy 2004 admitted by the Lucknow Bench of the Hon'ble Allahabad High Court vide its order dated 9th May, 2008 is pending for decision. As an interim measure, the Order permits limited protection from remission of taxes namely Entry Tax on Sugar, Trade Tax on Molasses and Cane Purchase Tax. Accordingly, the Company continued to avail remission of these taxes and levies and ₹120.44 Lacs (Previous year ₹56.84 Lacs) has been accrued for in this respect.

In the assessment of Entry Tax on Sugar and Trade Tax on Molasses for the years 2008-09 to 2014-15, relating to four sugar units, namely, Akbarpur, Mankapur, Kumbhi and Gularia aggregating to ₹5909.42 Lacs (including ₹1366.33 Lacs pertaining to 2013-14 and 2014-15 determined during the year ended 31st March, 2018) has been assessed, though these units are also eligible under the aforesaid scheme. However, no demand has been raised on the Company in view of the limited protection by the Hon'ble High Court as aforesaid. These units are eligible for incentive, pending decision of the Court and the protection available in this respect, therefore, the aforesaid amount of ₹5909.42 Lacs has not been considered as contingent liability.

(b) The Company's claim for recoverable incentive under the New Sugar Industry Promotion Policy, 2004 of the Government of Uttar Pradesh is pending for decision by the Lucknow Bench of the Hon'ble Allahabad High Court.

Amount receivable against the aforesaid claim being unascertainable and contingent in nature would be accounted for on final decision.

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**15.** The Company had entered into a Share Purchase Agreement (SPA) on 27th January, 2017 inter-alia with Ganesh Explosives Pvt. Ltd. (GEPL) for sale of its entire shareholding of 53.96% in Indo Gulf Industries Ltd. (IGIL) consisting of 5162470 equity shares of ₹1/- each subject to compliance and completion of the formalities under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI (SAST) Regulations, 2011") and the conditions precedent in terms of the SPA.

Pursuant to the completion of the Open Offer formalities by the acquirer (GEPL), IGIL had ceased to be the Subsidiary of the Company w.e.f. 19th May, 2017.

**The results of IGIL for the year ended 31st March, 2017 are as follows:**

(₹ in Lacs)

| Particulars | Year ended 31st March, 2017 |
|---|---|
| Total income | 12.79 |
| Total expense | 63.51 |
| (Loss) before tax | (50.72) |
| Tax expense | - |
| (Loss) for the year | (50.72) |

**Assets and liabilities of IGIL classified as held for sale as at 31st March, 2017 are detailed as follows:**

(₹ in Lacs)

| Particulars | As at 31st March, 2017 |
|---|---|
| **Assets** | |
| Property, plant and equipment | 138.73 |
| Cash and cash equivalents | 53.52 |
| Bank balances other than cash and cash equivalents | 139.71 |
| Loans | 1.36 |
| Other financial assets | 0.97 |
| Other current assets | 14.23 |
| **Assets classified as held for sale** | **348.52** |
| **Liabilities** | |
| Borrowings | 558.38 |
| Other financial liabilities | 34.98 |
| Other current liabilities | 0.27 |
| Provisions | 43.45 |
| **Liabilities associated with assets classified as held for sale** | **637.08** |
| **Net assets classified as held for sale** | **(288.56)** |

**16. Exercise of Call Option Agreement**

On 24th January, 2017, the Company had exercised the said Call Option and acquired 8914500 equity shares of VPSPPL at ₹25/- per equity share of ₹10/- each fully paid up, constituting 45% of the voting rights VPSSPL pursuant to which, VPSPPL became an Associate of the Company.

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**17.** The Board of Directors of the Company at its meeting held on 15th September, 2017 considered and approved an investment upto ₹3750.00 lacs as first tranche and a cumulative investment of ₹17500.00 lacs in tranches over a period of five years in Auxilo Finserve Private Limited ("AFPL"), a non-listed NBFC private limited company based in India and engaged in financing activities in education sector. The objects of the said Company includes but not limited to invest into financing activities in education sector in India.

On 20th March, 2018, the Company was alloted 37500000 Equity shares of AFPL at par value of ₹10 each aggregating to ₹3750.00 lacs on preferential issue basis constituting 50% of the the shareholding in AFPL, pursuant to which, AFPL became an associate of the Company.

**18. Additional Information as required under Schedule III to the Companies Act, 2013:**

**As at 31st March, 2018 :**

| Name of the entity | Net assets i.e. total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount (₹ in Lacs) | As % of consolidated profit or loss | Amount (₹ in Lacs) | As % of consolidated other comprehensive income | Amount (₹ in Lacs) | As % of consolidated total comprehensive income | Amount (₹in Lacs) |
| **Parent** | | | | | | | | |
| Balrampur Chini Mills Ltd. | 93.89 | 151819.51 | 96.55 | 22367.92 | 99.66 | (455.21) | 96.49 | 21912.71 |
| **Associate - (Investment as per equity method)** | | | | | | | | |
| Auxilo Finserve Pvt. Ltd. | 2.31 | 3738.24 | (0.04) | (9.02) | - | - | (0.04) | (9.02) |
| Visual Percept Solar Projects Pvt. Ltd. | 3.80 | 6148.47 | 3.49 | 807.59 | 0.34 | (1.54) | 3.55 | 806.05 |
| | **100.00** | **161706.22** | **100.00** | **23166.49** | **100.00** | **(456.75)** | **100.00** | **22709.74** |

**As at 31st March, 2017 :**

| Name of the entity | Net assets i.e. total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount (₹ in Lacs) | As % of consolidated profit or loss | Amount (₹ in Lacs) | As % of consolidated other comprehensive income | Amount (₹ in Lacs) | As % of consolidated total comprehensive income | Amount (₹in Lacs) |
| **Parent** | | | | | | | | |
| Balrampur Chini Mills Ltd. | 96.94 | 151251.13 | 99.87 | 59201.29 | 100.01 | (362.95) | 99.87 | 58838.34 |
| **Subsidiary - Indian** | | | | | | | | |
| Indo Gulf Industries Ltd. | (0.18) | (288.56) | - | - | - | - | - | - |
| Non-controlling interests in subsdiary | (0.02) | (28.83) | (0.04) | (23.36) | - | - | (0.04) | (23.36) |
| **Associate - (Investment as per equity method)** | | | | | | | | |
| Visual Percept Solar Projects Pvt. Ltd. | 3.26 | 5097.61 | 0.17 | 98.03 | (0.01) | 0.03 | 0.17 | 98.06 |
| | **100.00** | **156031.35** | **100.00** | **59275.96** | **100.00** | **(362.92)** | **100.00** | **58913.04** |

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**19. Financial instruments**

**A. Financial instruments by category**

**As at 31st March, 2018**

(₹ in Lacs)

| Sl. No. | Particulars | Refer Note No. | Total fair value | Carrying value | | | |
|---|---|---|---|---|---|---|---|
| | | | | Cost | Amortised cost | FVTOCI | Total |
| **(i)** | **Financial assets** | | | | | | |
| (a) | Investments | 7 | 2325.14 | - | 2281.61 | 43.53 | 2325.14 |
| (b) | Trade and other receivables | 8 | 18221.31 | - | 18221.31 | - | 18221.31 |
| (c) | Cash and cash equivalents | 14 | 245.15 | - | 245.15 | - | 245.15 |
| (d) | Bank balances other than cash and cash equivalents | 15 | 625.64 | - | 625.64 | - | 625.64 |
| (e) | Loans | 16 | 13.28 | - | 13.28 | - | 13.28 |
| (f) | Other financial assets | 9 | 5344.05 | - | 5344.05 | - | 5344.05 |
| | **Total** | | **26774.57** | **-** | **26731.04** | **43.53** | **26774.57** |
| **(ii)** | **Financial liabilities** | | | | | | |
| (a) | Borrowings | 20 | 87618.97 | - | 87618.97 | - | 87618.97 |
| (b) | Trade and other payables | 26 | 78529.19 | - | 78529.19 | - | 78529.19 |
| (c) | Other financial liabilities | 21 | 17257.50 | - | 17257.50 | - | 17257.50 |
| | **Total** | | **183405.66** | **-** | **183405.66** | **-** | **183405.66** |

**As at 31st March, 2017**

(₹ in Lacs)

| Sl. No. | Particulars | Refer Note No. | Total fair value | Carrying value | | | |
|---|---|---|---|---|---|---|---|
| | | | | Cost | Amortised cost | FVTOCI | Total |
| **(i)** | **Financial assets** | | | | | | |
| (a) | Investments | 7 | 2261.19 | - | 2220.47 | 40.72 | 2261.19 |
| (b) | Trade and other receivables | 8 | 16276.95 | - | 16276.95 | - | 16276.95 |
| (c) | Cash and cash equivalents | 14 | 203.05 | - | 203.05 | - | 203.05 |
| (d) | Bank balances other than cash and cash equivalents | 15 | 245.51 | - | 245.51 | - | 245.51 |
| (e) | Loans | 16 | 957.34 | - | 957.34 | - | 957.34 |
| (f) | Other financial assets | 9 | 453.27 | - | 453.27 | - | 453.27 |
| | **Total** | | **20397.31** | **-** | **20356.59** | **40.72** | **20397.31** |
| **(ii)** | **Financial liabilities** | | | | | | |
| (a) | Borrowings | 20 | 170174.25 | - | 170174.25 | - | 170174.25 |
| (b) | Trade and other payables | 26 | 29533.65 | - | 29533.65 | - | 29533.65 |
| (c) | Other financial liabilities | 21 | 14679.76 | - | 14679.76 | - | 14679.76 |
| | **Total** | | **214387.66** | **-** | **214387.66** | **-** | **214387.66** |

**B. Fair value hierarchy**

The fair value of the financial assets and financial liabilities are 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.

The following methods and assumptions were used to estimate the fair values:

i) Fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade and other receivables, loans and other current financial assets, current borrowings, trade and other payables and other current financial liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

ii) The carrying value of debentures approximate their fair value as the instruments are at prevailing market rate.

Note No. : 38 Other disclosures *(contd.)*

**The Company uses the following fair value hierarchy for determining and disclosing the fair value of financial instruments:**

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**The following tables provide the fair value hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis:**

**(i) Financial assets and financial liabilities measured at fair value on a recurring basis as at 31st March, 2018:**

(₹ in Lacs)

| Sl. No. | Particulars | Refer Note No. | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|
| | **Financial assets** | | | | | |
| | **At FVTOCI** | | | | | |
| | Investments in equity instruments | 7 | - | - | 43.53 | 43.53 |
| | **Total financial assets** | | **-** | **-** | **43.53** | **43.53** |

**(ii) Financial assets and financial liabilities measured at fair value on a recurring basis as at 31st March, 2017:**

(₹ in Lacs)

| Sl. No. | Particulars | Refer Note No. | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|
| | **Financial assets** | | | | | |
| | **At FVTOCI** | | | | | |
| | Investments in equity instruments | 7 | - | - | 40.72 | 40.72 |
| | **Total financial assets** | | **-** | **-** | **40.72** | **40.72** |

There have been no transfers between Level 1 and Level 2 either during the year ended 31st March, 2018 or year ended 31st March, 2017.

**Description of significant unobservable inputs to valuation:**

The following table shows the valuation technique and inputs for financial instruments:

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Investments in unqoted equity shares | Adjusted net asset method | |

**Reconciliation of opening and closing balances for Level 3 fair value:**

(₹ in Lacs)

| Particulars | Investments in unqoted equity shares | Options | Total |
|---|---|---|---|
| **Balance as at 1st April, 2016** | **41.50** | **706.92** | **748.42** |
| Net re-measurement gain recognised and deferred during the year | (0.78) | - | (0.78) |
| De-recognition during the year | - | 706.92 | 706.92 |
| **Balance as at 31st March, 2017** | **40.72** | **-** | **40.72** |
| Net re-measurement gain recognised and deferred during the year | 2.81 | - | 2.81 |
| De-recognition during the year | - | - | - |
| **Balance as at 31st March, 2018** | **43.53** | **-** | **43.53** |

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**20. Financial risk management objectives and policies**

The Company's principal financial liabilities includes borrowings, trade payables and other financial liabilities.

The Company's principal financial assets include trade receivables, cash and cash equivalents and other financial assets.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management under the supervision of Board of Directors oversees the management of these risks. The policies framed with respect to risks summarised below provides assurance that the Company's financial risks 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.

**(a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other risks, such as regulatory risk and commodity price risk.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings obligations. These borrowings are at floating rate of interest and to that extent risk arising due to fluctuation thereof is mitigated to certain extent.

**(ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

**(iii) 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 by well integrated business model by diversifying into cogeneration and distillation, thereby utilising the by-products for the benefit of the Company.

**(b) 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's sugar sales are mostly on cash. Power and ethanol are sold to government entities, thereby the credit default risk is significantly mitigated.

The Company uses judgement in making these assumptions and selecting the inputs for assessing the impairment calculation, based on the Company's past history, existing market conditions as well as future estimates at the end of each balance sheet date.

Financial assets are written off when there is no reasonable expectation of recovery, however, the Company continues to attempt to recover the receivables. Where recoveries are made, these are recognised in the Statement of Profit and Loss.

**(i) Trade receivables**

Trade receivables are non-interest bearing and are generally on credit terms of 3 to 60 days.

An impairment analysis is performed at each balance sheet date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial assets disclosed under Note No.8.

Note No. : 38 Other disclosures *(contd.)*

**The ageing analysis of the receivables has been considered from the date the invoice falls due:**

| Particulars | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|---|---|
| Upto 6 months | 18301.99 | 16103.63 |
| 6 to 12 months | 1.37 | 162.96 |
| More than 12 months | 5.19 | - |
| **Total** | **18308.55** | **16266.59** |

**(ii) The following table summarises the change in the loss allowances measured using life time expected credit loss model for trade receivables:**

| Particulars | Amount (₹ in Lacs) |
|---|---|
| Balance as at 1st April, 2016 | - |
| Provided during the year | - |
| Reversed during the year | - |
| Balance as at 31st March, 2017 | - |
| Provided during the year | 97.63 |
| Reversed during the year | - |
| Balance as at 31st March, 2018 | **97.63** |

No significant changes in estimation were made during the reported period.

**(iii) Balances with banks**

Credit risk from balances with banks is managed in accordance with the Company's policy.

The Company's maximum exposure to credit risk for the components of the balance sheet as at 31st March, 2018 and 31st March, 2017 is the carrying amounts as stated under Note No. 14 and 15.

**(c) Liquidity risk**

The Company's objective is to meet the funding requirement and maintain flexibility in this respect through the use of cash credit facilities, short term loans and commercial papers.

**The table below summarises the maturity profile of the Company's financial liabilities :**

(₹ in Lacs)

| Sl. No. | Particulars | Less than 1 year | 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **A.** | **As at 31st March, 2018** | | | | |
| (i) | Borrowings | | | | |
| | (excluding current maturities of long - term debt) | 86552.16 | 1066.81 | - | 87618.97 |
| (ii) | Trade and other payables | 78529.19 | - | - | 78529.19 |
| (iii) | Other financial liabilities | 16951.31 | 306.19 | - | 17257.50 |
| | **Total** | **182032.66** | **1373.00** | **-** | **183405.66** |
| **B.** | **As at 31st March, 2017** | | | | |
| (i) | Borrowings | | | | |
| | (excluding current maturities of long - term debt) | 157743.71 | 12430.54 | - | 170174.25 |
| (ii) | Trade and other payables | 29533.65 | - | - | 29533.65 |
| (iii) | Other financial liabilities | 14220.48 | 459.28 | - | 14679.76 |
| | **Total** | **201497.84** | **12889.82** | **-** | **214387.66** |

# Notes forming part of the Consolidated Financial Statements

Note No. : 38 Other disclosures *(contd.)*

**21. Capital management**

**(a) Risk management**

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders of the Company. The Company's objective while managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and other stake holders.

The Company manages its capital structure and makes adjustments in light of changes in the financial condition and the requirements of the financial covenants and return of capital to shareholders.

In order to achieve this overall objective, the Company's capital management, amongst other things, also aim to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. The Company has complied with these covenants and there have been no breaches in the financial covenants of any interest-bearing loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2018 and 31st March, 2017.

**(b) Final dividend / Interim dividend**

| Particulars | Year ended 31st March, 2018 | | Year ended 31st March, 2017 | |
|---|---|---|---|---|
| **Year to which interim dividend relates** | | **2017-18** | | **2016-17** |
| Interim dividend paid per equity share (₹) | | 2.50 | | 3.50 |
| Gross amount of Interim dividend (₹in Lacs) | | 5875.56 | | 8574.59 |
| Dividend distribution tax on above (₹in Lacs) | | 1196.13 | | 1745.58 |

**22.** The previous year's figures have been regrouped, rearranged and reclassified wherever necessary to make them comparable with those of the current year's figures.

As per our report of even date attached.

For **LODHA & CO.**
Chartered Accountants
Firm's Registration No. - 301051E

**Sd/-**
(R. P. Singh)
Partner
Membership No. 052438

Place of Signature: Kolkata
Date: 19th May, 2018

For and on behalf of the Board of Directors

| Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|
| Nitin Bagaria | Pramod Patwari | Dr. Arvind Krishna Saxena | Vivek Saraogi |
| Company Secretary | Chief Financial Officer | Whole-time Director | Managing Director |
| | | DIN - 00846939 | DIN - 00221419 |

# Form AOC-I

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

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures as at 31st March, 2018:**

**Part "A": Subsidiaries**

| Sl. No. | Particulars | Detailed Information | |
|---|---|---|---|
| | | As at 31st March, 2018 | As at 31st March, 2017 |
| 1. | Name of the subsidiary * | Not applicable | Indo Gulf Industries Ltd. |
| 2. | The date since when subsidiary was acquired | | 30/08/07 |
| 3. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | | Not applicable |
| 4. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | | Not applicable |
| 5. | Share capital (₹in lacs) | | 95.67 |
| 6. | Reserves and surplus (₹in lacs) | | (384.23) |
| 7. | Total assets (₹in lacs) | | 348.52 |
| 8. | Total liabilities (₹in lacs) # | | 637.08 |
| 9. | Investments (₹in lacs) | | Nil |
| 10. | Turnover (₹in lacs) | | 12.79 |
| 11. | (Loss) before taxation (₹in lacs) | | (50.72) |
| 12. | Provision for taxation (₹in lacs) | | Nil |
| 13. | (Loss) after taxation (₹in lacs) | | (50.72) |
| 14. | Proposed Dividend (₹in lacs) | | Nil |
| 15. | Extent of shareholding (in %) | | 53.96 |

* There is/was no other subsidiary of the Company during the year/previous year.

# includes preference share capital aggregating to ₹250.00 lacs considered as non-current borrowings in the Ind AS financial statements of the Subsidiary Company.

Notes:

| | | | |
|---|---|---|---|
| (i) | Names of subsidiaries which are yet to commence operations | Not applicable | Not applicable |
| (ii) | Names of subsidiaries which have been liquidated or sold during the year | Indo Gulf Industries Ltd. | Not applicable |

# Form AOC-I *(contd.)*

**Part "B": Associates and Joint Ventures**

**Statement pursuant to section 129 (3) of the Companies Act, 2013 related to Associate Companies**

| Sl. No. | Particulars | Detailed Information | | |
|---|---|---|---|---|
| | | As at 31st March, 2018 | | As at 31st March, 2017 |
| 1. | Name of Associates ^ | Auxilo Finserve Pvt. Ltd. | Visual Percept Solar Projects Pvt. Ltd. | Visual Percept Solar Projects Pvt. Ltd. |
| 2. | Latest audited Balance Sheet Date | 31/03/18 | 31/03/18 | 31/03/17 |
| 3. | Date on which the Associate was associated or acquired | 20/03/18 | 24/01/17 | 24/01/17 |
| 4. | Shares of Associate held by the company on the year end | | | |
| | - Number | 37500000 | 8914500 | 8914500 |
| | - Amount of Investment in Associates (₹in lacs) | 3750.00 | 2228.63 | 2228.63 |
| | - Extent of shareholding (in %) | 50% | 45% | 45% |
| 5. | Description of how there is significant influence | By virtue of voting power | By virtue of voting power | By virtue of voting power |
| 6. | Reason why the associate is not consolidated | Not applicable | Not applicable | Not applicable |
| 7. | Networth attributable to shareholding as per latest audited Balance Sheet (₹in lacs) | 3404.01* | 6148.47 | 5097.61 |
| 8. | **Profit for the year #** | | | |
| | i. Considered in Consolidation (₹in lacs) | @ (357.59) | 1050.86 | @ 694.42 |
| | ii. Not considered in Consolidation (₹in lacs) | (357.60) | 1284.38 | 848.73 |

^ There was no other associate of the Company during the previous year.

* Differential of ₹334.22 Lacs with respect to carrying amount of investment is represented by pre-acquisition loss not forming part of goodwill/investment.

# includes Other comprehensive income for the year, net of tax.

@ proportionate share pertaining to pre-acquisition period considered in capital reserve and post-acquisition period considered in profit for the year.

Notes:

| | | | |
|---|---|---|---|
| (i) | Names of associates which are yet to commence operations | Not applicable | Not applicable |
| (ii) | Names of associates which have been liquidated or sold during the year | Not applicable | Not applicable |
| (iii) | The Company does not a joint venture, hence, the requirements under this Part is not applicable to the Company and no information is required to be disclosed. | | |

As per our report of even date attached.

For **LODHA & CO.**
Chartered Accountants
Firm's Registration No. - 301051E

For and on behalf of the Board of Directors

| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| (R. P. Singh) | Nitin Bagaria | Pramod Patwari | Dr. Arvind Krishna Saxena | Vivek Saraogi |
| Partner | Company Secretary | Chief Financial Officer | Whole-time Director | Managing Director |
| Membership No. 052438 | | | DIN - 00846939 | DIN - 00221419 |

Place of Signature: Kolkata
Date: 19th May, 2018

# NOTES

# NOTES

# Corporate Information

## Chairman Emeritus
Kamal Nayan Saraogi

## Chief Mentor
Meenakshi Saraogi (Smt.)

## Board of Directors
Sumit Mazumder,
*Chairman & Independent Director*

Vivek Saraogi,
*Managing Director*

R. N. Das (IAS Retd.),
*Independent Director*

D. K. Mittal (IAS Retd.),
*Independent Director*

Naresh Dayal (IAS Retd.),
*Non-Executive Director*

Krishnava Dutt,
*Independent Director*

Novel S. Lavasa (Smt.),
*Independent Director*

Sakti Prasad Ghosh,
*Independent Director*

Dr. Arvind Krishna Saxena,
*Whole-time Director*

## Chief Financial Officer
Pramod Patwari

## Company Secretary
Nitin Bagaria

## Corporate Identification Number
L15421WB1975PLC030118

## Registered Office
FMC Fortuna, 2nd Floor,
234/3A, A.J.C. Bose Road,
Kolkata 700 020

## Website
www.chini.com

## Bankers
State Bank of India
HDFC Bank
Punjab National Bank
ICICI Bank

## Statutory Auditors
M/s. Lodha & Co.,
Chartered Accountants

## Registrar and Share Transfer Agent
Karvy Computershare Pvt. Ltd.
Karvy Selenium Tower B,
Plot No. 31-32, Gachibowli,
Financial District,
Nanakramguda,
Hyderabad- 500032

## Sugar Factories
**Unit 1: Balrampur**
(Including Distillery and Cogeneration units)
Dist: Balrampur, Uttar Pradesh

**Unit 2: Babhnan**
(Including Distillery and Cogeneration units)
Dist: Gonda, Uttar Pradesh

**Unit 3: Tulsipur**
Dist: Balrampur, Uttar Pradesh

**Unit 4: Haidergarh**
(Including Cogeneration unit)
Dist: Barabanki, Uttar Pradesh

**Unit 5: Akbarpur**
(Including Cogeneration unit)
Dist: Ambedkarnagar, Uttar Pradesh

**Unit 6: Rauzagaon**
(Including Cogeneration unit)
Dist: Faizabad, Uttar Pradesh

**Unit 7: Mankapur**
(Including Distillery and Cogeneration units)
Dist: Gonda, Uttar Pradesh

**Unit 8: Kumbhi**
(Including Cogeneration unit)
Dist: Lakhimpur Kheri, Uttar Pradesh

**Unit 9: Gularia**
(Including Cogeneration unit)
Dist: Lakhimpur Kheri, Uttar Pradesh

**Unit 10: Maizapur**
Dist: Gonda, Uttar Pradesh

A TRISYS PRODUCT
info@trisyscom.com

**Balrampur Chini Mills Limited**
**CIN:** L15421WB1975PLC030118
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